

Washington Fails to Deter India-Russia Ties as Trade Explodes to \$50 Billion

By [Ahmed Adel](#)

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Trade between India and Russia exceeded \$50 billion this year, Indian Foreign Minister Subrahmanyam Jaishankar said, setting a new record by an astronomical amount. It comes as the South Asian and Eurasian Giants deepen their ties despite major attempts by Washington to prevent this.

"There is an X factor when it comes to the relationship between India and Russia, which has remained good and has enhanced to a Special and Privileged Strategic Partnership. I signed an agreement along with DPM Manturov for future units of the Kudankulam Nuclear Power Project in Tamil Nadu. The bilateral trade between India and Russia can increase from the present \$50 billion to \$100 billion in the next few years," said Jaishankar, while interacting with the Indian diaspora in Moscow on December 26 as part of his five-day visit and after explaining that trade exchange with Russia was previously between \$12 billion and \$14 billion.

"Our relationship with Russia has been stable over the past many decades as the leadership has taken care to nurture it, and there are strong people-to-people connections between our two nations. We support Russia for their BRICS Presidency and will continue to be their partner," India's top diplomat added.

He also indicated that India and the Eurasian Economic Union (EAEU) – made up of Russia, Kazakhstan, Belarus, Armenia, and Kyrgyzstan – will begin negotiations on a free trade agreement at the beginning of 2024. Both countries already prepared a draft trade agreement in March 2020, but its consideration was postponed due to the COVID-19 pandemic.

The fact that Jaishankar visited Moscow in the last week of the year to meet with his Russian counterpart Sergey Lavrov and with the Russian Minister of Industry and Trade Denis Manturov among others, demonstrates the importance that India places with its relationship

with Russia, something to the immense frustration of the US.

The Biden administration has told foreign governments, including India, that now is not the time for “business as usual” with Russia, as the US President makes no secret of his efforts to try to isolate Moscow. Since the beginning of the Ukraine conflict, the Biden administration has been trying to disrupt Russia’s economy through sanctions and export control measures, which created hurdles in India’s trade ties with the country. Both countries have acknowledged that billions of dollars of payments are stuck in banks due to difficulties in transferring payments created by the sanctions.

New Delhi has also expressed serious concern about the West’s import restrictions on Russian diamonds. Russia and India complement each other in the diamond industry, with the former being the largest producer globally while the latter is the world’s top exporter of polished diamonds.

It is recalled that the Indian Air Force (IAF) admitted to a committee of the Indian Parliament earlier this year that Russian defence exports to India have been delayed due to Western sanctions on the Russian military-industrial complex.

Russia and India signed in December 2021 the “Agreement on Military Technical Cooperation Program” for 2021-2031, which provides for the licensed production of T-90 tanks and Su-30 MKI fighter jets, along with the sale of S-400 systems. According to New Delhi’s aims of achieving self-reliance in defence production, Russia assists India in establishing manufacturing facilities for AK-203 rifles and BrahMos missiles, contributing to the fact that Russia is India’s largest supplier of arms.

Nonetheless, despite the difficulties created by the sanctions, New Delhi has shown Western powers that it will not shy away from Russia and instead will rapidly deepen trade relations. Due to this, Washington is forced now to show a greater understanding of India-Russia ties, which was spurred on mostly by the West’s favouritism towards Pakistan and financing of regional jihadi groups during the Cold War.

The success of Jaishankar’s visit to Moscow will ultimately be judged on the outcome of the meetings, such as whether a significant deal will be signed between Russia and India, which can be seen as a breakthrough. Although energy trade appears to be replacing defence as the key pillar of New Delhi-Moscow relations, evidenced by the fact that Russia is now the largest supplier of crude oil to India, it does not diminish security as a major concern, including financial security, especially in the face of US pressure. Yet, even a breakthrough deal is unlikely to garner major public backlash in the West as they now understand that they cannot deter the growing relations between India and Russia, meaning it will only be a matter of time until \$50 billion worth of trade becomes \$100 billion.

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Ahmed Adel is a Cairo-based geopolitics and political economy researcher. He is a regular contributor to Global Research.

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