

VLADIMIR PUTIN: Dear ladies and gentlemen!

I am glad to meet again and to have the possibility to discuss with leading Russian and Indian entrepreneurs the prospects for bilateral business cooperation.

You know that over the last few years our countries achieved significant progress in developing their national economies. Mr Prime Minister told me today during our consultations that in these past years India's economy has grown by more than 7 percent per year. Russia has a similar level of growth – about 6,9 percent. We need to give due credit to our Indian colleagues because they manage to keep inflation much lower than what it is in Russia. Core inflation amounts to 4 percent and this year it was around 6 percent. In any case, the country is developing well and this is a good basis for expanding business contacts and for undertaking new projects.

In 2006 and according to preliminary data, the volume of trade between our countries – we talked about this several times today –reached 3,8 billion dollars. It increased by 20 percent. As a whole, these rates are not bad, but of course the volume of trade is quite insignificant. The Prime Minister set the task of reaching 10 billion by 2010. What does this imply? That growth should be no less than 30 percent per year.

It is obvious that implementing tasks on such a large scale requires further diversifying our teamwork. In fact, we need to coordinate our approaches to bring our cooperation to an entirely new level. Today we talked about this in detail with the Prime Minister. We agreed to encourage the development of the Programme for the Development of Trade and Economic Cooperation until 2010. We consider that the proposals and recommendations that this document contains will help us significantly expand our business contacts and stimulate our interregional relations. As presented in this document, the development of bilateral trade is hindered, among other things, by high transport costs. In this respect, problems can be lessened as we develop new possibilities and increase the effectiveness of the North-South transport corridor.

One of the fundamental bases for our cooperation should be the high-tech sector. And I think that you will agree that the majority of necessary conditions to ensure this already exist. Recently both Russian and Indian academics have made quite a few discoveries in metallurgy, as well as biomedical, laser and information technologies.

Within the Comprehensive Long-Term Programme for Scientific and Technical Cooperation, more than 130 joint and promising projects are now being developed. I would also point out that we have an agreement to establish a Russian-Indian Centre for Technology Transfer in Moscow. And the issue of establishing three sectoral technology centres is also in its final stages.

Establishing a technopark in Russia with the participation of Indian companies is quite a promising project. The implementation of major investment programmes on Indian territory also has good prospects. Financial resources from India's debt to Russia could be used to finance these programmes. Moreover, we have already acquired positive experience in this regard. There are certain agreements that, I hope, our finance ministries will agree on during our visit and will then provide us with more opportunities to use this financial resource, including for the representatives of Indian business sitting in this room.

All of us perfectly understand the fiscal role of finance ministries. In Russia, in India or in any other

country finance ministers operate more or less the same way. In addition to their fiscal role, they also have the task of helping business. I hope that our finance ministries will reach the necessary agreements.

I will emphasise that among the assets our countries have is the rich and, what is in many respects a unique, history, of constructing nuclear power installations on India's territory. And I am convinced that in light of India's plans to increase the capacities of nuclear power reactors, this cooperation will be especially in demand.

Our countries also have important prospects in the fuel and energy sector. In this respect, implementing the Sakhalin-1 project in which Indian oil and gas business is participating actively has a great deal of value. This project is already producing results and in December 2006, as is well known, the first tanker with Sakhalin oil arrived at an Indian port.

We are interested in expanding teamwork in other directions. They include constructing installations for the extraction and transportation of oil and natural gas to India and adjoining regions.

In general, Russian companies such as Gazprom, Stroitransgaz, Silovye mashiny, Zarubezhvodstroi have already strongly penetrated the Indian market and demonstrate important opportunities for effective bilateral cooperation.

We give great value to stimulating direct interregional ties. And I am very glad that our delegation includes leaders from Russian regions. Our countries have established a solid and positive basis for cooperation. Indian partners have close business contacts with the Republic of Tatarstan, the Moscow Region, the Sverdlovsk region, the Astrakhan region and others. We intend to further increase our cooperation in this respect.

Our countries' business communities are not sitting and waiting for instructions. A number of significant projects have been put forward and already been partially realized. They include a newly established Business Council for Cooperation with India and we are studying the opportunity of opening a Russian Trading House in India.

I would also like to draw your attention to the forthcoming first Russian-Indian Forum for Trade and Investment. It will take place in Delhi on 12-13 February 2007 and promises to be a significant event for our business contacts. About 200 companies have decided to participate in this forum, and that is only from the Russian side. And this will certainly benefit from the support of the Government Cabinet of the Russian Federation.

Economic and investment projects certainly require serious information support. As a whole, it is necessary to more actively publicise the positive experiences of our countries' business cooperation. In our opinion, there is not enough such information. At the very least, this does not help businessmen orient themselves according to the present realities in Russia and India today. It does not help choose the priorities for our cooperation nor the fields of cooperation. And in this respect the protocol between the customs services of our countries will allow us to improve the exchange of information on goods and vehicles that travel between Russia and India.

And in conclusion I would like to wish all those gathered in this room new business achievements and promising joint ventures. I wish you projects that will correspond to the high level of strategic partnership

between our countries.

Thank you very much for your attention.

HABIL KHORAKIWALA: High Excellency Mr. Vladimir Putin, President of the Russian Federation, Mr. Murli Deora, Honourable Minister of Petroleum and Natural Gas, Mr. A. N. Shokhin, President of the Russian Union of Industrialists and Entrepreneurs, My colleagues from CII and ASSOCHAM, Senior government officials, Senior business leaders from both India and Russia, Members of the media, Ladies and gentlemen, It is indeed a matter of great honour for me to be speaking here today on behalf of the Indian industry. I extend a very warm welcome to High Excellency Mr. Vladimir Putin, President of the Russian Federation, and the accompanying delegation.

It also gives me great pleasure to welcome our Honourable Minister of Petroleum and Natural Gas, Mr. Murli Deora. Friends, as you all know, Mr. Deora has always been a strong supporter of Indian industry and economic growth. He has played a vital role in giving shape to the reforms programme of the government, especially in the oil and gas sector. We welcome you, Sir.

Your visit to India, Mr. President, takes place at a time when both our countries are going through a historic transformation. Led by strong domestic demand, an even stronger export performance, rising investments, and large-scale foreign capital inflows, the economies of both India and Russia are today growing at a fast pace.

While in the case of Russia, the last three years have seen an average annual growth of 7%, in India's case the figure is an equally impressive 8%. And this is just the prologue to the great economic story that we would see unfold in the years to come.

Ladies and gentlemen, the now famous Goldman Sachs BRIC report states in no uncertain terms that the emerging economies of Brazil, Russia, India and China will increase their footprints on the global economic landscape in the 21st century. And it is the rise of these economies in the world that would lead to rewriting of the rules that govern global trade and investments.

Indo - Russian Economic Cooperation - Present Status

So against this background, where do we, India and Russia, stand in terms of our economic engagement?

Statistics show that Indo - Russian trade in 2005-06 was of the order of USD 2.75 billion. Talking about investments, we all know that the engagement here is led by the public sectors of the respective economies and focus is too narrow, namely defence and hydrocarbons.

Sir, we have to answer the question of why, despite the strong strategic and political ties between two time-tested friends, bilateral trade and business ties remain low. What would it take to bring about a confluence of our scientific capabilities, our business acumen, and our human capital?

India and Russia - Potential Areas For Cooperation

1. High-Technology

Ladies and gentlemen, since 1990 we have drifted apart and this is especially the case in the field of science and technology. It is time that we start the process of deepening our economic engagement with emphasis on the high-tech sector.

We can immediately establish synergies in biotechnology, nanotechnology, metallurgy, aviation and the manufacture of aviation-related equipment.

The key is commercial use of technologies. We must therefore develop an institutional mechanism that will link Indian institutions and their Russian counterparts and thereby spur innovation and the commercialization of new technologies.

2. Civilian Nuclear Technology

Another critical area is civilian nuclear technology. We must engage profoundly and soon.

3. Emerging Areas

The 21st century will be the knowledge century. And the leaders of this century will be those who will be ahead of the technology curve. And remaining ahead of the curve demands innovation not just in individual areas but also in areas that are the result of the convergence of various disciplines. We are already witnessing a convergence between pharmaceuticals, biotechnology and nano-technology. The simultaneous convergence of information technology, telecommunications and entertainment is also underway.

I believe that our two countries should come together and take a leadership role as partners in progress in these very promising areas.

To take the case of the energy sector, it is a well-known fact that as India moves ahead on its growth trajectory, the greatest challenge it faces is that of a substantial deficit between its domestic production and its actual requirements of hydrocarbon resources.

Russia, on the other hand, is the world's largest producer and exporter of natural gas. It is also the world's second largest oil producer and a major exporter of oil to Europe and increasingly to Asia.

Sir, Russia's support to India in the field of energy will go a long way in meeting our energy security needs. What is our common strategy and how do we fructify it, is a burning question.

Companies from the two countries can undertake joint projects in offshore oil exploration, investment in each other's downstream sector as well as in third countries. Russian expertise and technologies can prove valuable for reviving and improving the productivity of mature fields in India. I suggest that we further strengthen our cooperation in the critical area of energy and energy-related technologies by involving both the public and the private sector.

Friends, a resurgent Russia with a booming oil industry and nearly a trillion-dollar economy presents huge opportunities for Indian business. Similarly, the 'new India', has a lot to offer to our Russian friends.

I take this opportunity and request Russian companies to look at enhancing their investments in India,

particularly in sectors such as infrastructure, food processing, electronic hardware, coal gasification, chemicals and plastic products.

On the trade front I propose that the two sides look at raising bilateral trade from the present USD 2.75 billion to USD 5 billion by 2010. It is the considered view of Indian industry that this is achievable provided we address the following four critical issues.

Issues

I suggest that the difficulties faced by Indian businessmen in obtaining a visa to Russia be looked into expeditiously. One can consider granting multiple entry visas for an extended period of time to individuals that obtain certification from authorised apex chambers in India.

Second, the issue of optimizing the Indo - Russian shipment route. Though shipping services between Mumbai and the Novorossisk port on the Black sea have started, Indian cargo still comes through Ukraine and other European ports. The North-South corridor provides the shortest route between India and Russia and I propose that this be commissioned at the earliest possible moment.

Third, the issue of the expansion of inter-banking cooperation. Today the transfer of funds takes a long time and there is no coherent letter of credit system (LCs). It is therefore my suggestion that we work towards enhancing the presence of our respective banks in each other's country.

Fourth, the issue of utilizing the remaining funds under the Rupee-Rouble Debt Agreement. And here we propose that the unused money under the 'Rupee-Rouble Debt Agreement' be used to provide initial capital to Russian companies for investments in India. Once this money is used to leverage the entry of a few Russian companies into India, other companies would automatically follow irrespective of the funding support.

Ladies and gentlemen, I would like to end by saying that identifying potential is one thing and harnessing that potential is another. For a long time now much has been said and written about the possible areas of synergy for India and Russia. Time has now come to put words into practice and transform the willingness into actual co-operation.

We must strengthen the economic pillar of our relationship. We must determinedly go much beyond the BRIC's predictions and become leaders in the 21st century, not in words but in deeds and in deliverables.

Thank you.