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WTO: Support grows for India in solar tiff with US

D. Ravi Kanth, Live Mint

Geneva, January 15, 2018 : The European Union, Canada, Brazil, China, and Japan were among those who supported India on Friday in the solar panel dispute with the US at the World Trade Organization (WTO), people familiar with the development said. According to these countries, Washington's demand for trade retaliatory measures against India is unjustified.

In the face of sharp differences, the matter was referred to arbitration.

At a meeting of the WTO's dispute settlement body (DSB) on 12 January, the US and India clashed over Washington's decision to seek trade retaliatory measures without establishing that New Delhi failed to remove local content requirements for manufacturing solar cells and solar modules by the 14 December deadline.

India, which lost the dispute in 2016, had agreed to remove all the inconsistent measures for implementing the Jawaharlal Nehru National Solar Mission, under which government imposed local content requirements for manufacturing solar modules and solar cells.

On 19 December, the US sought permission from the WTO for imposing trade retaliatory measures against India because of New Delhi's failure to comply with the DSB's recommendations in the dispute. The US did not provide any evidence to prove its claim that India failed to implement the trade body's recommendations. Normally, a complainant is required to prove whether the erring member failed to

bring its measures in compliance with the WTO rules under Article 21.5 of the dispute settlement understanding before seeking retaliation.

In a sharp response on 3 January, India said the US's request is "vague" and "invalid" since India "has ceased to impose any measures found inconsistent with the recommendations and rulings of the DSB."

At the meeting on Friday, the US said "none of the reasons cited by India have any basis in Article 22.6 of the DSU (dispute settlement understanding) and thus cannot prevent the DSB from granting the authorization requested by the United States." India's assertions are "irrelevant, and would contradict and undermine the DSU as agreed by Members," the US maintained.

Further, "India is incorrect that the United States has not sufficiently indicated a level of nullification and impairment or why it considers India has not complied, that there is an obligation on a complaining party to seek to negotiate compensation, or no request under Article 22.2 may be made before procedures are completed under Article 21.5," the US maintained.

Also, "India's claim of compliance is unsubstantiated and limited to the mere assertion." "Therefore, the US has had no opportunity to evaluate any concrete compliance steps taken by India because India identified none," it argued.

India rejected the US claims, saying it made repeated requests for entering into a sequencing agreement that would suggest how the two parties would proceed in case of non-compliance. "The US has refused to sign a sequencing agreement with India," India said, suggesting "this goes against the standard practice of WTO members acting in good faith." "In fact, in a recent dispute against the US's countervailing measures on certain hot-rolled carbon steel flat products from India, India acceded to US' request for a sequencing agreement," India maintained. Further, "if the United States had any doubts or concerns regarding India's compliance, they could have sought discussions", India said, suggesting that Washington remained silent on why it believed that there is no compliance.

In short, a compliance panel will prove India's implementation of the DSB's recommendations and thereby negate the need for any proceedings for trade retaliatory measures, India said.

The EU maintained that India's communication of 3 January provided a "strong objection" to the US demand for retaliatory measures. Therefore, the DSB could not agree to the US request for retaliation at Friday's meeting, the EU said.

Canada maintained the US request will adversely affect the rights of the responding member as it did not provide any proposed level of retaliation. Brazil, China, and Japan also sided with India that the US

request lacked legal basis for retaliations since it failed to suggest any specific figure for the retaliatory measures, according to a person present at the meeting.

“The US is known for cherry-picking in trade disputes as it had adopted inconsistent positions time and time again depending on its interests without regard to rules,” said a trade delegate from an industrialized country, who asked not to be identified. “Recently, it had asked Canada not to proceed with a trade dispute raised against several “systemic” issues in the US’ anti-dumping and countervailing measures because of the fear that it would expose the inconsistent practices of the US,” the delegate said.

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India mulls ‘mini meet’ of 40 WTO members

The Hindu

New Delhi, January 18, 2018 : India is considering holding a mini-ministerial meeting of about 40 World Trade Organization (WTO) members to discuss ways to increase global trade, Commerce Minister Suresh Prabhu said.

These are days of partnership as working with all trade partners will benefit the world, he said.

“We are thinking of organising a mini-ministerial in India sometime in March, wherein we would like to invite friends like the U.S., Africa and Latin America, about 30-40 of them, and try to find out how we can actually create new big trade volumes in the world,” he said.

Mr. Prabhu was speaking at the third edition of the geo-political conference ‘Raisina Dialogue’ here on Wednesday.

He said the idea of the meeting was to deliberate on ways to “create bigger markets,” rather than finding out ground of contentious issues.

‘TPP rules could spell disaster for India’s free trade pacts’

Amiti Sen, Business Line

New Delhi, January 28, 2018 : The provisions of the proposed Trans Pacific Partnership (TPP) — which is fast becoming the template for many free trade pacts being negotiated around the globe despite the US opting out of it — could spell disaster for the Indian industry and generic companies if applied to the country, according to some economists.

“As the existing provisions of the TPP could have a profound influence on the evolution of rules of international trade and the negotiations at the WTO forum and in bilateral trade negotiations, it is crucial to understand how its provisions could affect developing countries, particularly India,” said Abhijit Das, head of the Centre for WTO Studies, whose co-edited book with his colleague Shailja Singh, ‘TPP: A framework for future trade rules’, was released on Saturday.

Although the US has walked out of the TPP, the 11 remaining members, including Japan, Australia, Canada, New Zealand, Singapore, Malaysia, Brunei, Mexico, Peru, Chile and Vietnam, continue to be in talks to implement it. The US has indicated that it could use the rules contained in the TPP in its bilateral trade negotiations.

With the threat of the TPP model looming large over the world, the book, which has a series of reports by economists and legal experts on various facets of the TPP, including market access for goods, intellectual property and government procurement, lays down how exactly India could be affected in each area.

The TPP envisages a zero tariff regime for most of goods being traded. “If India were to conform to the template of rules on market access in goods ...the domestic industry may not be able to face import competition in a duty-free regime. On the agriculture front, the farmers will be continuously exposed to the risk of being knocked out of the market by cheap and subsidised exports, particularly from the US, Australia and New Zealand,” the book cautioned.

The intellectual property rights chapter has many WTO/TRIPS plus provisions. “The TPP rules on patents will lead to ever greening of patents which will have serious adverse impact on the generic pharmaceutical industry in India and outside,” the book pointed out. There are at least a dozen provisions

in different chapters of the TPP that would severely restrict the entry into the market, or the reimbursement for use, of generic medicine, it added.

If India were to conform to the provisions on government procurement in the TPP, its export prospects in government procurement markets may continue to remain low, the book said. This would be on account of the low import penetration in government procurement markets in developed countries in general. On the other hand, India would lose the flexibility of using government procurement as a policy instrument for bolstering its manufacturing, undermining the ‘Make in India’ initiative.

India, at present, is negotiating the mega trade pact Regional Comprehensive Economic Partnership with the 10-member ASEAN and the bloc’s free trade partners including China, Japan, South Korea, Australia and New Zealand. It is fighting pressure from most other members to bring down its tariff on goods to zero on more than 90 per cent items.

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‘Trans-pacific pact could hurt India’

The Hindu

New Delhi, January 24, 2018 : If India were to join the mega-regional Free Trade Agreement (FTA) called the Trans-Pacific Partnership (TPP) and adopt its norms, they would severely hurt the country’s agriculture, manufacturing, services and the generic pharma industry, according to a new book.

Titled “Trans-Pacific Partnership Agreement: A framework for future trade rules?” the book — co-edited by Abhijit Das, Professor and Head, Centre for WTO Studies (CWS), Indian Institute of Foreign Trade (IIFT) and Shailja Singh, Legal Consultant, CWS — has done an analysis of the almost the 5,544 pages of the TPP text. Released on January 27, the book comes in the backdrop of U.S. President Donald Trump’s statement at the World Economic Forum that he was open to the pact provided it offered substantially benefits for his country.

It was under his orders that the U.S. had withdrawn from the TPP early last year. The other 11 countries (Japan, Australia, Canada, New Zealand, Singapore, Malaysia, Brunei, Mexico, Peru, Chile and Vietnam) that were part of the agreement are now expected to ink an amended version in March.

Stiff competition

According to the book, if India were to conform to the TPP template of rules on market access in goods, it would pose severe challenges to India's manufacturing sector. The domestic industry may not be able to face import competition in a duty-free regime, it added.

On the agriculture front, the farmers will be continuously exposed to the risk of being knocked out of the market by cheap and subsidised exports, particularly from the U.S., Australia and New Zealand. The TPP template may pose severe challenges to the government in regulating services in the future, the book claimed.

Ms. Singh said the TPP also "would severely restrict the entry into the market, or the reimbursement for use, of generic medicine. If India were to adopt [TPP] rules, it would require significant changes in the domestic regulatory regime..." She added India's export prospects in government procurement markets may continue to be low, if it entered the pact.

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Trade remains sore point between India, ASEAN

Nayanima Basu, Business Line

New Delhi, January 24, 2018 : While all 10 leaders from the Association of South-East Nations (ASEAN) have gathered in India to celebrate India's 68th Republic Day, two-way trade continues to remain a pain-point in the ties even as both sides look at strengthening strategic ties.

India and ASEAN signed the trade pact on services and investment in September 2014. However, out of the 10 member countries, two are yet to ratify the treaty – Indonesia and Cambodia. In the case of Indonesia, it believes that if it signs the agreement, then Indian professionals will flood their markets, in other words, take their jobs away, sources told *BusinessLine*.

India had been urging ASEAN countries – Singapore, Thailand, Malaysia, Cambodia, Myanmar, Brunei, Laos, the Philippines, Indonesia and Vietnam – to ratify and implement the services pact at the earliest as it continues to get impacted by the free trade agreement (FTA) in goods, sources said. India and ASEAN had signed the goods FTA in 2009 and it was implemented in 2010. However, under the pact while imports from ASEAN countries have seen a rise, exports from India to that region have not seen a significant jump.

During his bilateral meeting on Thursday with Indonesian President Joko Widodo, Prime Minister Narendra Modi is expected to raise this issue. On the other hand, Cambodia is not ratifying it because of its internal legislative issues, said another official, involved in the talks.

“Indonesia has always been wary of India flooding their jobs market. And this is unlikely to change if one goes by their posturing in RCEP, which is in limbo. The traditional market access issues with ASEAN remains. They will continue to put India in tenterhooks unless India agrees to be flexible in RCEP,” said Biswajit Dhar, Economics Professor, Jawaharlal Nehru University. All the 10 ASEAN countries are also part of the China-led proposed mega trade pact – Regional Comprehensive Economic Partnership (RCEP) – which also includes India, Japan, South Korea, Australia and New Zealand.

However, India is now looking at ASEAN more from the strategic perspective in terms of maritime security rather than enhancing trade. This is crucial to counter China as ASEAN seeks greater participation from India even as they face Beijing’s expansionist policy in South China Sea. “The ratification will happen soon. However, the government is now more focussed on maritime cooperation and security, especially in the backdrop of India becoming a rising power in maritime links and rise of the Indo-Pacific region,” said Prabir De, Professor, Research and Information System for Developing Countries (RIS), and Coordinator, ASEAN-India Centre (AIC), India.

This is for the first time that all 10 leaders of the ASEAN region have participated in the Republic Day celebrations as chief guests.

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ASEAN pushes India to conclude RCEP this year

New Delhi, January 22,2018 : Mounting pressure on New Delhi to give an early consent to the Regional Comprehensive Economic Partnership — a mega regional trade pact being negotiated by sixteen nations — the 10-member ASEAN expressed hope that India would not let the bloc down in its efforts to conclude the agreement this year.

“I believe India will stand with the ASEAN to conclude the RCEP this year...and will not disappoint,” said Enggartiaso Lukita, Indonesian Trade Minister, at the ASEAN-India business and investment meet in New Delhi on Monday.

Indonesia played a key role in pushing for negotiations on RCEP in 2011 and is keen, like most other ASEAN members, for its early conclusion. Other members of RCEP include China, South Korea, Japan, Australia and New Zealand.

India, however, refused to take responsibility for the long-winding negotiations. “It is important to address the sensitivities and aspirations of all participants,” said Suresh Prabhu, Commerce and Industry Minister, at the meet.

New Delhi’s discomfort

New Delhi is not comfortable with the ambitious dismantling of import tariffs being pushed for by the ASEAN, especially as it would also mean allowing duty-free access to Chinese goods. The Indian industry does not want the country to commit to high levels of liberalisation as it fears that it could get out-priced in the domestic market.

Prabhu stressed on the need for other RCEP members to deliver in the area of services to arrive at an agreement. So far proposals in the area of services, including on work-visas for movement of professionals, have been disappointing with no member ready to make meaningful contributions.

“The RCEP agreement is based on the three pillars of goods, investment and services. We have to work towards a balanced and collectively satisfactory outcome,” the Minister said.

Representatives from Brunei, Cambodia, Myanmar and the Philippines also spoke at the meet which was co-organised by industry body CII as a run up to the Republic Day celebrations. Heads of state from the ASEAN countries are scheduled to participate in the celebrations.

The RCEP aims to be the largest free-trade bloc in the world, covering about 3.5 billion people and 30 per cent of the world’s gross domestic product.

While India improved upon its initial offers late last year, this was rejected by other RCEP members as they felt it was only a marginal improvement. India’s offers range between an average of 70 per cent and 80 per cent, with the maximum elimination commitment for Asean countries.

All members have to submit their revised offers this month which will be discussed at the next round in Indonesia in February.

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India needs to be extra cautious in RCEP trade deal: CEA Arvind Subramanian

Live Mint

New Delhi, January 31, 2018 : India needs to be extra cautious and take into account geostrategic issues while moving ahead with the Regional Comprehensive Economic Partnership (RCEP) trade deal as it will also mean opening up the market to China, chief economic adviser Arvind Subramanian said.

“I am a little bit ambivalent about RCEP, as it will involve a lot of opening up to China. We have a natural complementarity vis-à-vis Europe. We export labour-intensive goods to Europe and they export capital-intensive goods to us. In case of the Asean and China, it’s not the same thing. So what’s the advantage for us (in RCEP)? I am not saying it’s bad or it’s wrong, but I am saying we need to think more carefully about that. There is also the geostrategic dimension we need to take into account. So that’s a more difficult and richer discussion that the government needs to have,” said Subramanian in a post-Economic Survey interview.

India has a \$50 billion (around Rs3.2 trillion) trade deficit with China. Tensions between the nations have been high in the past over Chinese military intrusions, most recently in the Doklam area of Bhutan, and the China-Pakistan Economic Corridor, which is proposed to pass through Pakistan-Occupied Kashmir.

The fact that most RCEP members are not ready to open up their services market, as proposed by India, makes the proposed deal more disadvantageous for India, said Subramanian. “If other nations are not going to open up services and if it’s all about opening up manufacturing, then it’s a different dynamics.”

RCEP is a grouping of the Asean's (Association of Southeast Asian Nations) 10 members plus India, China, Japan, South Korea, Australia and New Zealand. It envisages regional economic integration leading to the creation of the world's largest regional trading bloc, accounting for nearly 45% of the world's population with a combined gross domestic product (GDP) of \$21.3 trillion.

Asean members have been putting pressure on India to open up its market for more than 90% of their traded goods, while they remain reluctant to India's proposal to allow free movement of Indian skilled professionals in the RCEP region. There is growing clamour for India to either exit RCEP or resist its early conclusion.

Former foreign secretary S. Jaishankar, at a recent presentation before the parliamentary standing committee on commerce, called for "observance of due restraint" and not concluding trade arrangements not in India's medium-term interests.

Commerce minister Suresh Prabhu last week insisted on concluding a "balanced and collectively satisfactory" RCEP agreement that includes a services pact. "It is important to address the sensitivity of member countries and their aspirations as negotiations gather momentum. We would all aim to achieve an RCEP that results in the realization of the potential of the three key pillars of RCEP—goods, services, investment—in a manner that is balanced and collectively satisfactory. Keeping this in view, India will be working closely and constructively with all RCEP member nations, particularly Asean, towards early conclusion of negotiations," he said, while hosting the Asean trade ministers' meet to mark 25 years of dialogue partnership between the two sides.

Stressing why RCEP needs a strong services pact, Prabhu said globally, trade in services is growing faster than merchandise trade. "Services are becoming a dominant driver of growth in both developed and developing countries. Services contribute almost two-thirds of India's GDP and surplus in services trade finances almost half of our trade deficit. India currently runs an around \$10 billion trade deficit with the Asean grouping," he added.

A government official, who was earlier involved in the RCEP negotiations speaking under condition of anonymity, said Asean cannot agree to India's proposal for opening up its services market as the grouping's members have themselves not opened up their services markets to each other. "The best way forward is to conclude a low-ambition RCEP deal and get done with it," he added.

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India, ASEAN to work towards enhancing trade, says PM Narendra Modi

The Economic Times

New Delhi, January 25, 2018 : Prime Minister Narendra Modi today said India and the ASEAN will work towards further enhancing trade that has touched USD 70 billion, growing 25 times in the last 25 years.

Highlighting the importance information and communication technology, he said it will forge new bond of digital connectivity between India and Association of Southeast Asian Nations (ASEAN) and help connect remote areas.

The nature of ASEAN-India partnership has evolved significantly, he said, while proposing a dialogue on digital financial inclusion and investment promotion to deepen understanding and cooperation in financial matters.

"Our trade has grown 25 times in 25 years. Investments are robust and growing. We will further enhance trade ties and work towards greater interaction among our business communities," Modi said at the ASEAN-India Commemorative Summit here.

Trade between the 10-nation regional block and India has grown to USD 70 billion 2016-17, he said, adding that investments between ASEAN and India are robust and growing.

The ASEAN comprises Thailand, Vietnam, Indonesia, Malaysia, the Philippines, Singapore, Myanmar (Burma), Cambodia, Laos and Brunei.

With regard to information and communication technology cooperation, the Prime Minister emphasised on a new area of cooperation through a regional high capacity fibre optic network to digitally connect remote areas.

"India offers to undertake a pilot project on rural connectivity which will create digital village in Cambodia, Laos PDR, Myanmar and Vietnam. Success of this project could be replicated in other ASEAN countries," he said.

Modi also put forth India's offer for a training programme for professionals from ASEAN countries on telecom and networking technology to share best practices in policy, regulation and technological development.

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Full implementation of India, Asean FTA to boost trade

The Economic Times

New Delhi, January 23, 2018 : Full implementation of the free trade agreement (FTA) in goods between India and the Asean bloc will help boost trade between the two regions, Minister of State for Commerce and Industry C R Chaudhary said today.

He said however that connectivity and infrastructure are major challenges to further push the trade ties between India and the Association of South East Asian Nations.

India and the 10-nation bloc signed the FTA in goods in 2009. Under the pact, two trading partners set timelines for eliminating duties on maximum number of goods traded between the two regions.

The 10 Asean members are Brunei, Cambodia, Indonesia, Malaysia, Myanmar, Singapore, Thailand, the Philippines, Laos and Vietnam.

The agreement has resulted in increase in trade, and "once the full implementation of tariff (or basic customs duties) reduction scheduling is done", it is expected to create more trade opportunities for both the sides, he said at the Asean-India Business and Investment Meet and Expo being held here.

Chaudhary said both the regions are working to improve connectivity and infrastructure to promote trade and investments.

"India is working with Asean on multiple connectivity projects," he said, adding that the country has made considerable progress in the construction of trilateral highway -- India-Myanmar-Thailand.

This highway begins from Moreh in Manipur and ends in Bangkok, going through Myanmar. There are talks to extend the project to Cambodia, Laos and Vietnam.

Kaladan Multi Modal Transit Transport Project (KMTTP) is also under implementation. The project aims to improve connectivity between Indian ports on the eastern seaboard and Sittwe port in Myanmar.

These projects would also help develop the north eastern states of India, Chaudhary said.

He also said that the Asean India maritime transport cooperation agreement will help in enhancing cooperation and communication between the two regions besides removing barriers for increasing maritime trade.

There is also a proposal to establish rail link between India and Vietnam.

India's exports to Asean increased to about USD 31 billion in 2016-17 from USD 25.15 billion in the previous fiscal. Imports too grew to USD 40.61 billion in 2016-17 from USD 40 billion in the previous year.

he commerce ministry said in a statement that the Asean -India expo is showcasing products and services in areas including manufacturing, engineering, ICT, healthcare, tourism, environment, agriculture, Science & technology, logistics and retail.

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Trade wars fought every single day: US trade secretary

Sidhartha, The Economic Times

New Delhi, January 25, 2018 : Days after raising import duty on solar panel and washers, the US seemed to harden its stance in what was seen to be setting the stage for a trade war with China. US trade secretary Wilbur Ross fired the latest salvo here by saying, "Trade wars are fought every single day. Unfortunately, every single day there are various parties violating the rules and taking advantage. There have always been trade wars: The difference now is US troops are now coming to the ramparts."

He was responding to a question on fears of the US action igniting a trade war.

Since coming to power a year ago, president Donald Trump has taken a series of steps that are meant to protect American industry as part of the administration's "America First" policy and raised fears of rising protectionism, which PM Narendra Modi said on Tuesday posed a bigger threat than climate change and terrorism.

Ahead of Trump's much-awaited arrival in the Swiss ski resort, Ross said the administration's net focus will be on property rights, steel and aluminium, sectors where China has a significant presence.

Trump has walked out of the Trans Pacific Partnership agreement but there were signs of revival of the deal led by Canada, Australia and Japan, that is expected to change the way trade is conducted. Asked about the move by Canada, US treasury secretary Steven Mnuchin made it clear that the US had to gain from the deal. "We are fans of bilateral trading agreements. We believe in free and fair trade. Anyone who wants to do trade with us in reciprocal basis is free to do it. We're looking to increase exports."

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China says United States is real threat to global trade, not itself

Live Mint

Beijing, January 22, 2018 : The United States, not China, threatens the global trade system, China's foreign ministry said on Monday, after US President Donald Trump's administration called US support for Beijing's joining the World Trade Organization (WTO) in 2001 a mistake.

WTO rules have proved ineffective in making China embrace a market-oriented trade regime, and the United States "erred" in backing China's entry to the trade body on such terms, the office of the US Trade Representative said last week.

Its report came as Trump weighs a series of trade actions against Beijing, including a decision in a “Section 301” investigation into China’s alleged theft of intellectual property, expected in the next few weeks.

Foreign ministry spokeswoman Hua Chunying said that since China joined the WTO, it had strictly followed the body’s rules, carried out its obligations and contributed to the development of the multilateral system.

Other countries have benefited from trade with China, which has stuck by the route of reform and opening up and has supported an open global economy, she added.

“I think everyone has seen that it’s precisely the United States’ unilateralist methods, and the sounds it’s made on unilateralism, that are an unprecedented challenge to the multilateral trade system,” Hua told a regular news briefing.

“Many WTO members have already expressed worry about this,” she added.

“So we hope the United States can correctly view China and at the same time take their own actual steps to protect the multilateral trading system.”

China has sought to portray itself as a champion of global trade in the face of Trump’s “America First” policies, despite criticism from foreign businesses, and their governments, that many parts of its market are protected from foreign competition.

Critics also say Chinese industrial policies seek to assimilate and supplant foreign technology.

White House officials have said China has failed to follow through on promises to move toward a market-oriented economy.

Trump told *Reuters* in an interview last week that he was considering a big “fine” against China for forcing US companies to transfer their intellectual property to China as a cost of doing business there.

In Beijing, many experts believe Washington is unwilling to pay the heavy economic price needed to upset prevailing trade dynamics between the two countries, including China’s record high trade surplus of \$275.81 billion with the United States in 2017.

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Pivoting to enhance India's services exports

Rajeev Kher & Pralok Gupta, Live Mint

January 28, 2018 : India's exceptional performance in exporting information technology (IT) services has been instrumental in its integration with the global economy. However, this growth story has been under threat in the wake of anti-globalization and protectionist measures in major destination markets. So far, India's focus in trade negotiations has been mainly on temporary movement of professionals (mode 4) and outsourcing using telecommunication services (mode 1).

Mode 4 is always attached with some political sensitivity due to perceived fear of job losses in the destination country. Though such fears are mostly misplaced, countries put significant restrictions on mode 4 and many countries, including the US, UK and Australia, have increased such restrictions in recent times. With growing protectionism and political sensitivity, our efforts at accessing traditional markets through mode 4 have come up against a lot of resistance. While market diversification can provide some relief, it is likely to take much longer to materialize given the many hurdles the IT industry must cross in the new markets such as language, culture, political acceptance, etc.

The Indian IT industry is already witnessing the uncertainty caused by the Hire American-Buy American movement unleashed by the Donald Trump administration. The EU General Data Protection Regulation (GDPR), which is set to kick in from May, will also create difficult challenges for the outsourcing industry. One of the major stumbling blocks in the conclusion of the India-EU free-trade agreement negotiations has been the issue of data privacy. The GDPR has more advanced rules on data privacy, therefore, any relaxation from the EU on data privacy is unlikely. One needs to await the report of the Srikrishna Committee and consequent emergence of India's data privacy law to see if a convergence with the EU regulation is likely. Therefore, mode 1 trade is also likely to see significant hurdles soon. In such a scenario, what is the way forward for India for increasing its services exports?

India should focus on attracting more foreign consumers in its territory, referred to as mode 2 in services trade parlance. Such refocusing on mode 2 is required for more than one reason. First, most of the countries do not put severe restrictions on this mode and had also liberalized it in their World Trade Organization commitments. Therefore, enhancing trade through this mode is not dependent on importing countries, rather on the actions that are within the ambit of the exporting country.

Second, the three sectors that are most important for mode 2—tourism services, education services and medical tourism—also have a high employment multiplier. Hence, an increase in foreign consumers will not only lead to enhanced foreign exchange earnings but also an increase in employment opportunities, the top priority of the government.

Third, much required diversification in India's services exports basket could also be achieved through this refocusing. India's services exports are often termed a "one-trick pony" to indicate overreliance on IT services exports. An increase in mode 2 exports will lead to services exports diversification not only within the services sectors but also in terms of destination markets.

When it comes to the tourism sector, in spite of its rich potential, India is not able to attract foreign tourists and had a share of a mere 1.1% of international tourist arrivals in 2015. The fact that India attracted only around 13 million foreign tourists while having 36 Unesco World Heritage sites, whereas countries like Turkey, Malaysia and Thailand had more than double the arrivals with only half the number of heritage sites, is a telling commentary on India's capacity to convert its tourism resources to national wealth. No doubt the visa regime has been significantly simplified but there are many issues that need to be addressed urgently—most important among them, building an image of a tourist-friendly globalized nation that warmly welcomes an outsider who might have different ethnicity, language or food habits. The state governments have a critical responsibility here.

India also has a potential for developing itself as an education hub for students from South and South-East Asia, and Africa. While establishing 20 world-class universities is an ambitious dream, it might not be achievable anytime soon. Here again, the role of state governments is very important as they are responsible for financing and operating these universities. Many reputed foreign educational institutions have not been able to set up their Indian campuses as relevant legislative amendments have remained as drafts. This sector seems to be waiting for a major push in the desired direction.

A number of hospitals in India are providing advanced treatment at much lower costs compared to the developed world. Hence, they are able to attract patients from neighbouring countries and Africa. Some very useful efforts are being made by the agencies involved in offering information and assistance. However, foreign patients are often tempted by touts who leave no stone unturned in fleecing them. There are still issues around obtaining health visas, accessing good quality hospitals, following up treatments, etc. This sector seems to have done the best so far, driven by the interest shown by private hospitals. An improved infrastructure, a more friendly national ethos to foreigners and a greater sense of commitment and ethics among professionals can work wonders in this sector.

Both of India's key demand areas (mode 1 and mode 4) are unlikely to see any positive momentum in the near future. It's time to shift gear and focus on mode 2 where enhancing efficiency and boosting services exports depend primarily on domestic measures and not on removing restrictive measures by foreign countries. The fact that reforms in all of these sectors will help national employment goals and benefit domestic consumers as well is, of course, icing on the cake.

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Remembering Peter Sutherland, the ‘father of globalization’

D. Ravi Kanth, Live Mint

January 19, 2018 : When he visited New Delhi in early 1990s, Peter Sutherland called on then-Prime Minister P.V. Narasimha Rao in South Block. As the last director general of the General Agreement on Tariffs and Trade (GATT), Sutherland chose to visit India to drum up support for the new entity that would soon replace GATT. Opposition to the Dunkel Draft covering the final results of the Uruguay Round (UR) of trade negotiations was intense in India. The Narasimha Rao government, however, made up its mind to sign off on the UR agreement that would create the World Trade Organization (WTO).

Launched in Punta del Este in 1986, UR faced numerous hurdles during its seven years of negotiations. The two trans-Atlantic trade elephants—the US and the European Union (EU)—were constantly fighting on agriculture and other issues. India also severely opposed the entry of services and trade-related intellectual property rights (TRIPS), among other areas, during the negotiations. To ward off opposition from India to TRIPS, the US and the EU dangled the carrot of integrating the textiles and clothing sector, one of the most discriminatory areas of trade in those days, into the multilateral trade framework.

With Narasimha Rao’s principal secretary Amarnath Varma having already agreed to crucial TRIPS provisions in 1989, when Varma was the industry secretary in the Rajiv Gandhi government, services remained the only black hole. It was still not clear what concrete gains India was going to make in services given the absence of firm offers for short-term services providers from the US and other industrialized countries. India also remained unclear about the commitments that it was going to undertake in agriculture, particularly the public distribution programmes which were cleverly subjected to aggregate measurement of support (AMS, or most trade-distorting domestic subsidy programmes) commitments.

Against this backdrop, Rao told Sutherland that India’s concerns were not adequately addressed in services and other areas. He asked the GATT director general to ensure that there are equitable gains for all members. Sutherland felt uncomfortable when the prime minister abruptly left the room after making that brief pronouncement. That was how international civil servants were treated in those days, unlike now when leaders provide a red carpet.

Sutherland, the combative Irish rugby player and a former EU commissioner, concluded the UR agreement on 15 December 1993 at the official level. Subsequently, for his tough negotiating skills and capacity to hammer on the heads of the US and the EU to bridge their differences in agriculture which ultimately resulted in the conclusion of the UR pact, Sutherland came to be regarded as the “father of globalization”. Countries looked up to him as an honest broker unlike his successors, who were willing to genuflect to the dictates of Washington.

Ironically, almost a quarter century after that meeting with Rao, the former GATT and WTO director general began working on the free movement of people. During a visit to Geneva three years ago, as the United Nations secretary general's special representative on migration, Sutherland admitted he did not foresee that free movement of people, even the controlled movement of natural persons under the general agreement on trade in services (GATS), will remain hurdled with escalating barriers. He was angry over the escalating immigration barriers erected by the US and the EU in the wake of the destructive crises they had set off in the Middle East.

But his mission to convince the governments for adopting a more humane and humanitarian approach to the issue of migration remained unfulfilled after cancer cut off his existence last week. Of course, the "shithole" approaches to migration in Washington and Brussels any way would not have enabled him to address the burning issue. Nevertheless, Sutherland will be remembered as the most credible director general of the WTO and particularly for his courage to call a spade a spade. Surely, all his dreams of creating a manageable globalization with a human face are evaporating rapidly as nations now race towards free trade and plurilateral (more than two countries) deals. And the push for such negotiations is coming from none other than the country that created the GATT/WTO but is now singularly focused on wrecking it.

Last week, around the time when Sutherland died, the new US envoy in New Delhi, ambassador Kenneth Juster, was making a strong case for a US-India free trade agreement (FTA). "I want to see a US-India FTA... a strategic view of our economic relationship could eventually lead to a road map," Juster said at Carnegie India, a branch of the US think tank in New Delhi, according to news reports. "India needs to take strategic view of the economic relationship, so a road map to FTA could be laid," he said. The US envoy also highlighted the need to close the trade deficit between India and the US which is around \$20 billion (Indo-US bilateral trade is estimated around \$115 billion in 2016). He suggested five pillars for energizing the Indo-US partnership. They include stronger defence ties, a strategic economic relationship, energy and environment, and inclusive development and cooperation in the region. Further, he mooted the prospect of US companies leaving China and setting up shop in other alternative markets such as India. "India can seize the strategic opportunity through trade and investment to become an alternative hub for US business in the Indo-Pacific region," Juster maintained.

Ironically, these upbeat pronouncements from Washington's point man in New Delhi came close on the heels of the Buenos Aires meeting when the US blocked India's core trade initiative to secure a credible multilateral instrument for addressing hunger. It also coincided with the current spate of difficulties faced by H-1B visa holders in the US. But, the US overtures must have raised the spirits of India's foreign policy mandarins who seem favourably disposed towards Washington.

Even Israeli Prime Minister Benjamin Netanyahu mooted the idea of a free trade agreement with India along with enhanced defence cooperation. It is a strange coincidence that a new triumvirate—Donald Trump, Benjamin Netanyahu, and Narendra Modi—has emerged on the global stage. In some ways, it seems like a defining moment in global politics with three important leaders having almost identical

perspectives on issues concerning the current migration crisis. All three are expected to meet the Davos Man representing movers and shakers of global business next week in the Swiss Alp mountains!

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