



INDIA'S TRADE NEWS AND VIEWS

15 May to 31 May 2016

[Brexit a 'serious risk to growth': G7 leaders](#)

A British secession from the European Union (EU) in next month's referendum could have disastrous economic consequences, G7 leaders warned today at the close of a summit in Japan. The...

[India: An agricultural powerhouse of the world](#)

The anatomy of global agriculture has undergone a complete metamorphosis in recent decades and is structurally very different now. According to the World Fact book of the CIA in...

[India miffed at Pakistan for not extending MFN status](#)

India has once again raised its voice over Pakistan not extending it the Most-Favoured Nation (MFN) trade status; even as it warned its neighbour that such a stance was in violation...

[When a small change is big](#)

Most of the reforms that address the 'doing business' environment are essentially related to procedural and transactional issues on the ground. In other words, these are micro-level issues that are...

[Washington to keep out private sector in dialogue with New Delhi](#)

Weeks before Prime Minister Narendra Modi's visit to Washington, the US government has said it will not allow formal participation of the American industry in the government-to- ...

[Intellectual Property Rights: New policy may power R&D, national growth](#)

At last count, a total of 2.37 lakh patent applications and over 5.44 lakh trademark registrations were deemed as pending, some of these hanging fire for years. The main reason ...

[All you need to know about the new IPR Policy](#)

Finance Minister Arun Jaitley released India's National Intellectual Property Rights (IPR) Policy recently. The Policy which is in compliance with WTO's (World Trade Organisation) agreement ...

[India to seek WTO panel to rule on U.S. visa fees row](#)

India will soon ask the World Trade Organisation (WTO) Dispute Settlement Body to establish a panel of experts to adjudicate its dispute with the U.S. over the increase in visa fees...

[India's digital engagement with WTO on the rise](#)

India's digital engagement with WTO is on the rise as the country accounted for third largest number of visitors to the global trade body's website in 2015...

[Two day conclave on the theme of increasing US-India trade to \\$500 bn](#)

Indo-American Chamber of Commerce (IACC) is holding a two-day national conclave on the theme, 'Increasing US India Trade to \$500 billion', in Hyderabad on June 3...

[India could lose at least \\$2 bn in apparel exports under TPP](#)

Come 2017 and India might lose \$2 billion or more in terms of garment and fabric exports owing to the Trans-Pacific Partnership (TPP) being implemented among the 12 member ...

Iron ore exports needs tax relief to compete globally

Indian iron ore export mining industry needs tax relief to compete globally, after its four-year absence from the international market, an industry official has said..

Groundnut exports from India fell by 32% in 2015-16

Higher prices in local market, followed by a ban by Vietnam, the largest importer, have resulted in a fall in groundnut exports by 32 per cent in 2015-16...

India coffee output to fall to lowest in two decades

Coffee output in the next crop year is expected to drop by around a quarter to the lowest in nearly two decades as poor rains and hot temperatures hit plantations during the crucial ...

Govt may cut sugar import duty to cool prices

The government said Saturday it will consider lowering import duty on sugar and banning exports of the sweetener if prices spike further from the current level...

India may temporarily hold off on cancelling raw sugar import duty

Indian authorities are expected to hold off before cutting or cancelling a 40% raw sugar import duty as a last resort to tackle surging domestic prices as the country shifts from net ...

India's wheat imports hit 500,000 tonnes as drought cuts supplies

Indian flour mills have signed deals to import about 500,000 tonnes of Australian and French wheat this year for shipment between July and September as drought reduces...

*Disclaimer: **India's Trade News and Views** is a fortnightly e-bulletin that compiles and disseminates India-specific trade related news and featured articles. The stories covered do not necessarily represent the views of the Centre for WTO Studies (CWS) and have been put together solely for informational and outreach purposes.*

Centre for WTO Studies, 7th Floor, IIFT Bhawan, B-21, Qutab Institutional Area, New Delhi - 110016

Tel: 91-11-26965124, 26965300, 26966360 Ext-725,710 Fax: 91-11-26853956 Email: cws@iift.ac.in

The Centre for WTO Studies was set up by the Department of Commerce, Government of India in 1999.

The intent was to create an independent think tank with interest in trade in general and the WTO in particular. The Centre has been a part of the Indian Institute of Foreign Trade since November 2002. The Centre provides research and analytical support, and allied inputs to the Government for WTO and other trade negotiations. The Centre also has its own body of publications, and conducts outreach and capacity building programmes by organizing seminars, workshops, and subject specific meetings to disseminate its work, create awareness on recent trade topics and build consensus between stakeholders and policy makers.

Comments and queries may be directed to cws@iift.ac.in. If you no longer wish to receive this email, please reply to this message with unsubscribe in the subject line.

Brexit a 'serious risk to growth': G7 leaders

Business Standard

May 27, 2016: A British secession from the European Union (EU) in next month's referendum could have disastrous economic consequences, G7 leaders warned today at the close of a summit in Japan. The grouping is the latest to sound the alarm over the possibly far-reaching dangers of one of the continent's largest economies opting to go it alone.

"A UK exit from the EU would reverse the trend towards greater global trade and investment, and the jobs they create, and is a further serious risk to growth," they said in a declaration after talks largely focused on kick starting the world economy. The comments highlight international concern over the possibility of a so-called "Brexit", as British voters prepare for a June 23 referendum to decide whether to leave the 28-country bloc.

Leaders and ministers from the powerful Group of Seven democracies reiterated their concerns in Japan, although they were careful to stress that the decision was up to the people of Britain. "This summit is sending the signal that all of us hope that Great Britain remains a member of the European Union," German Chancellor Angela Merkel said, after meeting with her counterparts from Britain, Canada, France, Italy, Japan, and the United States.

"But of course the decision has to be made by the British voters," she added. UK Prime Minister David Cameron has been campaigning for Britain to stay in, with recent polls suggesting a widening lead for supporters of continued EU membership. However, the "leave" campaign is putting up stiff competition, with a number of high-profile supporters, including former London mayor Boris Johnson.

They have sought to tap into discontent over what is popularly seen as the EU's tendency to overreach, which many in the island nation see as a threat to its distinct identity. However, opponents of Brexit say a vote to leave the EU would spark political and economic turmoil for the region, which could spread to other parts of the world. They warn global sell-offs and violent currency fluctuations could follow.

They say that the reduction in inward migration that the "out" camp wants would leave Britain short of plumbers, builders, mechanics and waiters, crimping the economy. It would also force white collar jobs from London, with bankers and lawyers decamping to rival financial capitals such as Frankfurt or Paris.

The International Monetary Fund has warned of a potentially severe global market reaction to a "Leave" vote, while G7 finance ministers at a meeting earlier this month warned of the prospect of a global "shock".

[\[Back to top\]](#)

India: An agricultural powerhouse of the world

Business Standard

Mumbai, May 18, 2016: The anatomy of global agriculture has undergone a complete metamorphosis in recent decades and is structurally very different now. According to the World Fact book of the CIA in 2014, the global agricultural output was \$ 4,771 billion. But a full 42 percent of this output comes from just six countries – China (\$ 1,005 billion) is the largest producer, followed by India (\$ 367 billion). The US is third (\$ 279 billion), followed by Brazil (\$ 130 billion), Nigeria (\$ 122 billion) and Indonesia (\$ 121 billion). As one can see, five of the six global leaders in agricultural output are developing countries. In fact, China and India alone account for close to 30 percent of the global total.

According to the Food and Agriculture Organization (FAO), there are more than 570 million farms in the world, and 70-80 percent of them are family farms, accounting for more than 80 percent of the world's food in terms of value. Only four percent of these farms are present in high-income countries. Clearly, family farming forms the backbone of agriculture in developing countries.

Meanwhile, the world's population is projected to grow from about 7 billion in 2012 to 9.6 billion people by 2050. According to Alexandratos, N and J Bruinsma in 'World agriculture towards 2030/2050', food supplies need to increase by 60 percent (estimated at 2005 food production levels) in order to meet the food demand in 2050. India's domestic demand for food and fibre is expected to go up considerably as the country has the second-largest economically active population in the world.

The need of the hour is strategic thinking and rapid but thoughtful action that will result in increase in production and reduction in wastage. The UN-[FAO](#) estimates that nearly 30 percent of foods produced are wasted post-harvest, resulting in huge economic losses in addition to a negative environmental footprint. Food availability and accessibility can be made better by increasing production, improving distribution, and reducing these losses. Thus, reduction of post-harvest food loss is a critical component of ensuring global food security.

In the next 10-15 years, it is expected that 75 percent of primary agricultural production will come from Asia, South America and Africa. Efforts have to be made to protect crops from pre-planting to post-harvest for ensuring enough food is produced to feed the world. Thus, crop protection is a key component in guaranteeing food security.

India: Leading the agriculture revolution

Contrary to popular perception, India's agriculture is a success story, worthy of professional discussions in global forums. India ranks 11th and 12th globally in services and manufacturing sectors respectively, and second in the world in the agricultural sector. Indian agriculture in the 21st century is structurally dissimilar, diverse, stronger and superior to the one that existed during the Green Revolution.

In the three decades from the 1970s until the late 90s, India's agricultural GDP grew from \$ 25 billion to \$ 101 billion registering an absolute growth of \$ 76 billion. However, in the next 14 years from 2000 to 2014, it leaped from \$ 101 billion to \$ 367 billion, registering an astonishing growth of \$ 266 billion. In other words, the growth in agriculture in the last 14 years was 350 percent higher than the one achieved in the previous 30 years.

Another fact that many are unaware of is that this growth is being led by states not conventionally perceived as agriculturally progressive. The drivers of India's growth are actually high-value segments such as dairy, horticulture and inland fisheries. These three segments provide farmers with year-round income and account for 60 percent of India's agricultural GDP. No wonder, the states of Uttar Pradesh, undivided Andhra Pradesh and Maharashtra now make up the top three in agricultural production, relegating grain-centric states like Punjab and Haryana to 10th and 12th rank respectively.

Indian agriculture is no longer an underdog. It has progressed rapidly in recent years and ranks now as the second-largest food producer in the world, touching \$ 367 billion in 2014. The country's agricultural production is far above that of the US, which once supplied food grains to India to tide over our domestic food shortage. Unknown to many, India's international trade in agricultural products fetches higher earnings for the country than trade in services or manufacturing.

As a nation, we have several strengths that poise us well. India has a high diversity of topography, climate and soil, so it is inherently a multi-product agricultural powerhouse. No other country produces as many crops as we do. India's cropping intensity is the highest in the world. The country's small-sized, family farms practice a unique kind of mixed agri-horti-livestock farming, which is a cost-effective model ideal for other developing nations with small farms. Indian farmers multi-task, and shift with ease from crop cultivation to animal husbandry, thereby remaining engaged throughout the year. By and large, this versatility has transformed the Indian agricultural sector into a global leader.

As per the WTO, India ranks 19th in merchandise exports, but 6th in agricultural exports. This shows India's global competitiveness in agriculture. In 2014, the world's exports in agricultural products stood at \$ 1,765 billion and India's share of this was 2.5 percent. With better focus, India's agri-exports can easily achieve at least 5 percent share within next three years.

India must focus its resources, attention, skills and expertise on the agriculture sector to ensure self-reliance in terms of future food supply, and a steady growth of income from exports.

The government has to take steps to aid and enhance India's agricultural production with proven farming technologies and agri-inputs. For instance, despite India growing the maximum varieties of edible oils, it is the largest importer with 14 million tonnes, worth \$ 10 billion per year. The second largest agri commodity that India imports is pulses, predominantly dry peas (*Pisum sativum*). There is an urgent need to change this. Step by step, efforts have to be made to move India forward to achieving self-sufficiency in these crops, furthering the country's food security.

Ensuring rural prosperity

Seventy percent of India's population is rural, and contributes about 50 percent of India's GDP. Agriculture is the biggest private enterprise in India in over 600,000 villages. That India ranks second globally in agricultural production demonstrates that it is rural economic activity that is responsible for (and key to) India's growth and place on the world stage.

A study by the United Nations Sustainable Development Solution Network shows that improved farming practices result in increased productivity in agriculture, livestock and fisheries. Improved infrastructure and better access to markets promote rural prosperity.

Encourage 'Farm in India' for a bright future

According to the World Bank, India has brought about a landmark agricultural revolution that has transformed the nation from chronic dependence on grain imports into a global agricultural powerhouse that is now a net exporter of food. The government must recognise Indian agriculture as being export-oriented and a significant foreign exchange earner.

This recognition and aggressive promotion will build the right image of Indian agriculture and also stop the negative narratives. Proactive promotion will further increase India's farm exports, in turn bringing price and income stability and contribute to its rural prosperity. Finally, fast-track clearance of

investment, production proposals including innovative technologies for agri inputs will considerably help, too. The Make in India initiative is a stage with great potential to recognise and champion Indian farmers, and provide the country with opportunities for a brighter future.

[\[Back to top\]](#)

India miffed at Pakistan for not extending MFN status

Business Line

New Delhi, May 27, 2016 : India has once again raised its voice over Pakistan not extending it the Most-Favoured Nation (MFN) trade status, even as it warned its neighbour that such a stance was in violation of World Trade Organisation (WTO) norms.

“The fact that Pakistan has not extended MFN status to India even after lapse of close to 20 years since India unilaterally did, is not in keeping with the WTO norms,” said Vikas Swarup, spokesperson, Ministry of External Affairs (MEA).

India’s tough talk comes a day after Pakistan sought WTO support on the proposed China-Pakistan Economic Corridor (CPEC) during the visit of the global trade body’s Director General Roberto Azevêdo to Islamabad.

“CPEC is a two-country initiative, part of which is proposed on the Indian territory under Pakistan’s illegal occupation. Our views in this regard are well-known,” Swarup said, adding that Pakistan should instead focus more on the initiatives taken by the South Asian Association for Regional Cooperation (SAARC).

“Pakistan is a SAARC member and as such it is expected to contribute constructively to regional connectivity initiatives, including those that it did not support in the last SAARC Summit,” Swarup said.

Pakistan will host the SAARC Summit in November this year. Reacting to Pakistan’s allegations that India imposes high non-tariff barriers (NTB) on their exports, Swarup said it is they who continue to impose barriers on Indian goods.

“As far as we are concerned, there are high NTBs in the region, not on Pakistan but from it. Pakistan does not allow movement of all importable items from India through Wagah. In fact, it allows only 138 items through Wagah. This is the biggest NTB for thousands of Indian tariff lines that have to be routed through Karachi, raising costs, including for consumers in Pakistan,” he added.

The initiative to normalise trade ties between the two countries was resumed during the UPA-II regime in 2011. Pakistan had then committed to the 2012 deadline to grant MFN status to India, but it never did. It also did not abide by its promise to allow all goods to be traded through the Attari-Wagah border, and continues to maintain a negative list of over 1,200 goods that are barred from being imported from India.

[\[Back to top\]](#)

When a small change is big

Pritam Banerjee, Business Line

May 17, 2016: Most of the reforms that address the ‘doing business’ environment are essentially related to procedural and transactional issues on the ground. In other words, these are micro-level issues that are often not in the public eye or part of the bigger narrative of reforms agenda. Trade facilitation is a classic example.

In the larger narrative, the WTO Bali Trade Agreement is seen as a game-changer. In reality, most of the key challenges related to clearance of goods at the border in India go much beyond the Bali-related obligations. A discussion of some of the main trade facilitation challenges facing business in India would illustrate this.

Some challenges

Many products require clearances from agencies other than customs: for example, pharmaceuticals require clearance (or ‘no objection’) from the Additional Drug Controller (ADC). Such clearances often take up a lot of time, especially if the process requires collection and testing of the products. The newly launched ‘single-window’ initiative of customs aims to address this problem by having a single common declaration for both customs and these other agencies, and having these agencies give their ‘no objection’ or clearance online through this electronic single window.

The problem is that these agencies still require a separate submission of physical documents and do not have processes in place that would use the information already available in the customs declaration to

clear the goods in advance, prior to their arrival at the port or airport. For example, ADC could use the information in the common declaration to determine in advance whether samples would need to be collected and inform the trader and make arrangements for the same, thereby saving precious time in the clearance process. But this is not possible in the current system.

It is also important to note that the customs and excise systems have not been integrated. Separate declarations for the same customs clearance transaction are still required for these two wings of the same department. Hopefully this will be addressed in the future and the proposed GST Network (GSTN) is integrated with IceGate, the e-commerce portal of the Central Board of Excise and Customs.

Another key proposed reform is the development of a paperless clearance system. To be effective this would mean that all supporting documents required for customs clearance would be submitted online and physical paper copies would not be required. For example, a scanned copy of commercial invoice with a digital signature affixed to it would be acceptable and a physical copy would not be required.

The paperless system implementation process needs to ensure that officers on the ground do not continue to ask for paper copies, and at no stage of the process is there a requirement for a paper copy duly signed and endorsed by a customs officer. If implemented with zero tolerance for any exceptions, this reform would revolutionise the customs clearance environment and take care of a significant portion of rent-seeking that happens due to the collusion between dishonest elements in customs administration and trade.

Avoiding delays

A critical trade facilitation reform announced in this year's budget by the finance minister is to provide deferred duty payment facility to certain 'trusted entities'. This essentially means that the 'trusted entity' would have the ability to pay duty after the goods have been cleared and received by the importer.

Since a significant portion of the delay in clearance happens at the duty payment stage, this could help substantially cut clearance time and transaction costs. But in order to be effective, deferred duty payment should be extended to as many categories of 'large and trusted' entities and should cover all major manufacturers. This would provide a much needed push to the global supply chain integration for Make in India. Another crucial item in the reform agenda relates to risk management systems (RMS) integrated into customs online clearance platform. RMS ensures that only a small portion of the shipments that are being cleared are selected for further inspections and checks based on robust risk parameters, while the rest are cleared automatically.

An efficient RMS is critical in an environment where volume of trade has increased much faster than number of officers deployed. A large number of shipments marked for further processing would put an increasingly high workload on a small number of officials, leading to delays. India's RMS still picks a

relatively large number of shipments for further processing. This needs to be changed and a target of 90 per cent automatic system-based clearance needs to be set. It also needs to be noted that while customs has implemented RMS, the other border agencies have not. This discrepancy leads to delays in clearance by other agencies. The IT and RMS systems of the other agencies need to be brought up to speed.

These reforms seem like minutiae. But the path to actual trade facilitation is essentially a matter of detail and effective implementation on the ground. For example, a paperless electronic system can be stymied by constant demands for paper copies due to ‘doubts’ of the officer. The behaviour of an individual officer is a ‘micro’ issue which adds up to a ‘macro’ challenge in overall systemic reforms.

About policy

Another example is the frequent IT-related glitches in the customs online platform that lead to a hold-up in clearances and temporary falling back on ‘manual’ clearances with its attendant lack of transparency. The overall downtime of the system may be less than 5 per cent, but it is enough to create a poor ‘doing business’ image for the country.

The actual shape of the final policy is also important. For example, deferred duty payment could only be extended to a chosen few due to vested interests. Thus a ‘trusted’ freight forwarder who gets such a facility would be in a position to corner a large share of the market.

Thus, it is important that the top leadership in government, including the customs department, do not take their eyes off the ball. India has taken bold steps in trade facilitation in recent months that go much beyond the Bali obligations. It is time to show that these steps are towards real and meaningful changes on the ground.

[\[Back to top\]](#)

Washington to keep out private sector in dialogue with New Delhi

Nayanima Basu, Business Line

New Delhi, May 26, 2016: Weeks before Prime Minister Narendra Modi’s visit to Washington, the US government has said it will not allow formal participation of the American industry in the government-to-government dialogue with India as far as trade and investment issues are concerned.

India and the US have two main dialogue mechanisms —Trade Policy Forum (TPF) and Strategic and Commercial Dialogue (S&CD) — to discuss and resolve all outstanding economic issues. But, the American industry lobbies believe that both these forums have so far been ineffective in removing some of the hurdles they face in doing business with India.

As a result, they had been pressurising the Obama administration to make them a party in the two dialogues, sources told *BusinessLine* .

However, as talks of Modi's visit to the US started gaining momentum, the private sector in the US upped its ante. As many as 14 members of the US House Ways & Means Committee wrote to US Trade Representative Michael Froman and Commerce Secretary Penny Pritzker asking for a formal role in TPF and S&CD, which has now been denied, sources said.

“Private sector involvement could be particularly useful to advance IPR issues as part of the TPF discussions. With direct private sector involvement and input, the S&CD and TPF can perhaps better serve to generate substantive improvements in India's business climate, on IPR and other areas of concern,” the letter written by House Ways & Means Committee members to the US government said.

Interestingly, the American private sector plays a substantial role in similar dialogues between the US and China. Hence, it wanted the same treatment in dealing with India.

Critical of IP laws

The US investors and business had been severely critical of India's intellectual property laws and patents regime, especially in the field of pharmaceuticals. They have also been vociferous against the country's taxation regime, with a special focus on retrospective tax and transfer pricing issues.

The US has been also pushing hard for concluding the Bilateral Investment Treaty (BIT) that will ensure adequate protection to American investors keen to bring in big-ticket investments here.

“These dialogues (TPF and S&CD) are important channels to resolve outstanding commercial issues, but must move beyond rhetoric to capture concrete deliverables,” said Jay Timmons, President, National Association of Manufacturers (NAM), in a letter to the US government on May 2.

On the other hand, the Indian industry representatives, under the aegis of the Confederation of India Industry (CII), have established a Track-II dialogue with the American industry lobbies to discuss all business and industry policy related matters.

Recently, Commerce and Industry Minister Nirmala Sitharaman told the Rajya Sabha that India is contemplating filing as many as 16 disputes against the US at the World Trade Organisation (WTO).

In February, India lost the two-year solar dispute case against the US. It had complained that India had violated global trading norms by insisting on domestic content requirement.

Modi will meet US President Barack Obama on June 7 in Washington.

[\[Back to top\]](#)

Intellectual Property Rights: New policy may power R&D, national growth

The Indian Express

Anil Sasi, May 17, 2016 : At last count, a total of 2.37 lakh patent applications and over 5.44 lakh trademark registrations were deemed as pending, some of these hanging fire for years. The main reason for these pendency figures (updated March 10, 2016) has been attributed to the shortage of manpower in the country's intellectual property offices. The unclogging of the pendency and quality examination are at the heart of improving the robustness of India's Intellectual Property Rights (IPR) system, something that the government has moved towards by announcing the country's first IPR policy.

The new National Intellectual Property Rights policy seeks to put in place a legal framework that will encourage the IPR regime and reduce the time taken by the government to approve a trademark to a month by 2017. Currently, the process takes more than 12 months on an average. The policy, approved by the Cabinet last Thursday, nominates the Department of Industrial Policy and Promotion (DIPP) as the nodal agency for regulating intellectual property rights in the country.

For those in industry, the government's move to streamline the IP related laws under a single department is a big positive, considering that this will help in streamlining of the intellectual property framework in the country. As of 2014, India's spend on research and development (0.8 per cent of GDP) significantly lagged global counterparts such as China (1.9 per cent), Korea (3.8 per cent) and the US (2.7 per cent). In 2015, India ranked a dismal 29th out of 30 countries in the International IP Index released by the Global Intellectual Property Center of the US Chamber of Commerce, a ranking that measures the overall IP environment in a country. China was ranked 19th in the same list.

All you need to know about the new IPR Policy

The Hindu

May 14, 2016 : Finance Minister Arun Jaitley released India's National Intellectual Property Rights (IPR) Policy recently. The Policy which is in compliance with WTO's (World Trade Organisation) agreement on TRIPS (Trade Related aspects of IPRs), aims to sustain entrepreneurship and boost Prime Minister Narendra Modi's pet scheme 'Make in India.'

Here are the highlights:

The Policy aims to push IPRs as a marketable financial asset, promote innovation and entrepreneurship, while protecting public interest. The plan will be reviewed every five years in consultation with stakeholders. In order to have strong and effective IPR laws, steps would be taken — including review of existing IP laws — to update and improve them or to remove anomalies and inconsistencies.

The policy is entirely compliant with the WTO's agreement on TRIPS. Special thrust on awareness generation and effective enforcement of IPRs, besides encouragement of IP commercialisation through various incentives.

India will engage constructively in the negotiation of international treaties and agreements in consultation with stakeholders. The government will examine accession to some multilateral treaties which are in India's interest, and become a signatory to those treaties which India has de facto implemented to enable it to participate in their decision making process, the policy said.

It suggests making the department of industrial policy and promotion (DIPP) the nodal agency for all IPR issues. Copyrights related issues will also come under DIPP's ambit from that of the Human Resource Development (HRD) Ministry. Trademark offices have been modernised, and the aim is to reduce the time taken for examination and registration to just 1 month by 2017. The government has already hired around 100 new examiners for trademarks. Examination time for trademarks has been reduced from 13 months to 8 months, with the new target being to bring the time down to one month by March 2017.

Films, music, industrial drawings will be all covered by copyright. The Policy also seeks to facilitate domestic IPR filings, for the entire value chain from IPR generation to commercialisation. It aims to

promote research and development through tax benefits. Proposal to create an effective loan guarantee scheme to encourage start-ups.

It also says “India will continue to utilise the legislative space and flexibilities available in international treaties and the TRIPS Agreement.” These flexibilities include the sovereign right of countries to use provisions such as Section 3(d) and CLs for ensuring the availability of essential and life-saving drugs at affordable prices.

The policy left the country’s patent laws intact and specifically did not open up Section 3(d) of the Patents Act, which sets the standard for what is considered an invention in India, for reinterpretation.

On compulsory licensing (CL), India has issued only CL for a cancer drug. Mr. Jaitley said, “We rarely exercise this power.” The statement assumes significance as developed countries, including the US, have raised concerns over India issuing the CL. As per the WTO norms, a CL can be invoked by a government allowing a company to produce a patented product without the consent of the patent owner in public interest. Under the Indian Patents Act, a CL can be issued for a drug if the medicine is deemed unaffordable, among other conditions, and the government grants permission to qualified generic drug makers to manufacture it. The IPR policy favoured the government considering financial support for a limited period on sale and export of products based on IPRs generated from public-funded research.

[\[Back to top\]](#)

India to seek WTO panel to rule on U.S. visa fees row

Arun S, The Hindu

New Delhi, May 27, 2016: India will soon ask the World Trade Organisation (WTO) Dispute Settlement Body to establish a panel of experts to adjudicate its dispute with the U.S. over the increase in visa fees, government sources said.

This follows the failure of India and the U.S. to arrive at an amicable solution during the consultations held on May 11 and 12 under the auspices of the WTO, they said. India’s decision — to seek the setting up of the panel — is likely to be announced after Prime Minister Narendra Modi’s June 7-8 visit to the U.S. According to WTO norms, if consultations fail, the complaining country can ask the settlement body to appoint a panel.

As per the WTO rules, India notified the WTO Secretariat on March 3 that it has “initiated a WTO dispute proceeding against the U.S. regarding measures imposing increased fees on certain applicants for two categories (H-1B and L-1) of non-immigrant temporary working visas into the U.S., as well as measures relating to numerical commitments for some visas.” According to India, the measures appear to be inconsistent with the U.S. commitments under the General Agreement on Trade in Services (GATS), the WTO stated.

IT sector

India said the visa fee increase is “discriminatory” against Indian firms as these (H-1B and L-1) are the same categories that are most extensively used by Indian service suppliers, especially in the information technology sector.

India, during the consultation process, categorically stated that the Obama administration’s rationale of using the visa fee hike to raise revenue (in this case, to finance a biometric tracking system and healthcare requirements of the 9/11 terror attack victims) and Washington’s “implicit justification” of this move could “open a Pandora’s Box,” the sources said.

India warned that the U.S.’s decision to continue with the implementation of the visa fee increase could result in other nations deliberately raising customs duties on goods to increase revenue for their domestic programmes. This is because the applied duties on many goods in several countries are much lower than the duty levels on those goods they have legally committed — or bound — in the WTO, giving them ample room to increase their ‘applied’ duties up to the ‘bound’ level.

‘Protectionist’

Such ‘protectionist’ actions (of hikes in visa fees and duties) will in turn further hurt global trade, which is already going through a major slowdown owing to weak demand in many markets.

“The visa fee increase can be equated with hikes in tariffs (customs duties on goods imports). It will hurt the very trade liberalisation process ironically being championed by the U.S. itself,” an official said.

During the talks, the U.S. denied that there was anything in its legislation specifying that the visa fee hike is applicable only to Indian companies. The U.S. said there was nothing discriminatory in the legislation against Indian information technology companies, adding that since the visa fee increase is general in nature, it was not violative of any WTO rule. As per WTO norms, member countries are not allowed to normally discriminate between their trading partners.

Washington also informed that the visa fee hike was part of a legislation (the Consolidated Appropriations Act, 2016), and therefore it would not be possible to make any changes without addressing the legislation as a whole, the sources said.

Indian IT industry body Nasscom said the financial implications of the visa fee increase for the sector would be around \$400 million a year.

[\[Back to top\]](#)

India's digital engagement with WTO on the rise

Business Standard

Geneva, May 29, 2016: India's digital engagement with WTO is on the rise as the country accounted for third largest number of visitors to the global trade body's website in 2015.

Also, the country was on the top in the number of registrations for receiving email alerts about latest developments at the Geneva-based body.

"In 2015, total page views rose to 47.8million, compared with 43.6million the previous year. A total of 16% of the visitors are from the US, followed by 6per cent from Mexico, 5.75% from India and 4.5% from China," the annual report of WTO said said.

Over 2,000 web pages were created or updated during the course of the year.The number of people registered to receive email alerts when news items are published on the website stands at just over 1,00,000."The countries with the largest number of registrations are India (10%), the US (8%), Mexico (5percent), China (4%) and France (4%)," it added.

The largest categories for these alerts are university students (30%), the business community (13%), government officials (12%), the academic community (12%) and lawyers (8%).The WTO expanded its use of social media, almost doubling its number of Twitter followers.

In 2015, the multi-lateral body expanded its use of social media to provide more regular updates about WTO activities and major events, it said adding an average of 3,56,000 video clips were watched on the website every month.It said that the WTO's Twitter followers had almost doubled to 2,45,000 by the end of 2015.

WTO tweets were viewed over 6million times in 2015, the report said adding the WTO's Facebook page was 'liked' by over 1,70,000 users, a 40% increase from a year earlier.The audience for the social media

activities includes WTO delegates, students and academics.

The WTO is the only global international organisation dealing with the rules of trade between nations. As on 30 November 2015, 162 countries including India are members of this body.

[\[Back to top\]](#)

Two day conclave on the theme of increasing US-India trade to \$500 bn

Business Standard

Hyderabad, May 25, 2016: Indo-American Chamber of Commerce (IACC) is holding a two-day national conclave on the theme, 'Increasing US India Trade to \$500 billion', in Hyderabad on June 3, 2016.

Union Home Minister Rajnath Singh will inaugurate the event, which would be attended by about 300 delegates including the business leaders such as GMR Group Chairperson G M Rao among others, IACC said on Wednesday. According to IACC Senior Vice-Chairperson Govindhari, the objective of the conclave was to promote Indo-American business, trade and economic relations in investment, technology transfer, collaborations, JV_samong other areas.

Currently Indo-US trade stands at \$100 billion with a compounded annual growth rate of 13 per cent in the past 10 years. To achieve a quick four-fold increase over the present trade volume, as much as 60 per cent growth will have to come from unblocking trade in key sectors like aerospace and defence, infrastructure, and logistics, energy, services and manufacturing, Govindhari said.

[\[Back to top\]](#)

India could lose at least \$2 bn in apparel exports under TPP

Vinay Umarji , Business Standard

Ahmadabad, May 17, 2016: Come 2017 and India might lose \$2 billion or more in terms of garment and fabric exports owing to the Trans-Pacific Partnership (TPP) being implemented among the 12 member

nations. These include the US, Canada, Japan, Australia, New Zealand, Vietnam, Malaysia and South Korea, besides a few Latin American countries.

TPP member countries are supposed to source 75 per cent of raw materials such as yarn and fabric within themselves, if they are to export apparel.

With India not being part of the TPP, the country could lose in terms of yarn exports to Vietnam and other TPP member countries as well as garment exports to the US, as these would now shift to other TPP member nations.

According to a senior official at the Apparel Export Promotion Council (AEPC), while the TPP is yet to be ratified, the agreement is likely to be implemented by 2017.

“India exports \$200-300 million worth of cotton yarn to Vietnam, which would be impacted since the latter would now source the same from within the TPP members,” the AEPC official added.

According to textile and apparel experts, India would have to expedite work on the free trade agreement (FTA) with Europe to salvage the loss of opportunity because of TPP.

“About 45 per cent of India's apparel exports go to Europe. If and when the TPP is implemented, India could salvage the loss to some extent by expediting an FTA with Europe,” the AEPC official added.

What could also work in favour of India's apparel sector is the rising costs in China, which could shift apparel exports business from the neighbouring country to India.

“When TPP gets implemented, India could lose business worth \$1-2 billion. Already, investment have begun happening in TPP member nations like Vietnam. However, there is a business opportunity which India could exploit against China. The Chinese costs have risen four-fold compared to India. Hence, India could continue to invest on larger capacities and attract global apparel business that would have otherwise gone to China,” said Prashant Agarwal, joint managing director at Wazir Advisors. India's overall apparel exports as on date stands at \$17 billion

[\[Back to top\]](#)

Iron ore exports needs tax relief to compete globally

Business Standard

Singapore, May 20, 2016: Indian iron ore export mining industry needs tax relief to compete globally, after its four-year absence from the international market, an industry official has said.

"If and butts are there as we return to the competitive international market," R K Sharma, secretary-general of the Federation of Indian Mineral Industries (FIMI) said at the fourth Singapore Iron Ore Forum yesterday. "It will also be challenging to restart some of the mines after they have been closed for four years and flooded by the recent rainy season. Winning new contracts will be challenging," he said.

"The Indian iron ore exporters have contacts with Chinese buyers though their contracts have been cut off for the last four years," Sharma said. But to support the exports, FIMI has renewed call for removal of export duty on high grade Iron Ore which is at 30 per cent.

Delivering an industry address at the Singapore Forum, FIMI President H Noor Ahmed called on the Indian government to remove the export duty on high grade Indian iron ore as it has done so on the lower grade. "FIMI is putting across (to the) Government of India that exports of iron ore will not lead to any scarcity of ore for the domestic steel plants, present or future. Rather more production will lead to more exploration and discovery of more resources and create more jobs," he added.

Noor Ahmed said past exploration has yielded 9.215 billion tonnes of iron ore, taking the total reserves to 31.323 billion tonnes as April 2013 from 22.108 billion tonnes in 2000. Only 2.041 billion tonnes were mined between 2000 and 2013. Sharma said the 30 per cent export duty should be removed and help Indian iron ore exports compete in the competitive market, where currently 62 per cent FE is priced at USD 51 CIF China.

He even called for a minimum cut of 10 per cent in the export duty as has been allowed for National Mineral Development Corporation (NMDC) Ltd, the largest state-owned miner which has continued its exports to Japan and South Korea over the past four years. The higher grade Indian iron ore has to compete with the same material from Australia but it is better grade than those from Brazil, he pointed out.

[\[Back to top\]](#)

Groundnut exports from India fell by 32% in 2015-16

Vimukt Dave, Business Standard

Ahmadabad, May 28, 2016: Higher prices in local market, followed by a ban by Vietnam, the largest importer, have resulted in a fall in groundnut exports by 32 per cent in 2015-16.

Due to lower production, prices have remained at the higher level during the year.

According to the Indian Oilseeds and Produce Export Promotion Council (IOPEPC), India has exported 536,929 tonnes groundnut in 2015-16, against 788,307 tonnes in 2014-15. "Vietnam had banned the

groundnut import from April 2015 to January 2016 due to quality issues. It was the biggest drawback for the country which has translated into lower export by 32 per cent,” said Sanjiv Sawla, chairman of IOPEPC. Vietnam had imported 183,771 tonnes groundnut from India in 2014-15 but due to the ban the country’s import reduced to 18,418 tonnes in 2015-16.

Sawla said, “Several importing countries have raised complaints about quality of Indian peanuts. Major importing countries like Vietnam and Indonesia have already tightened the rules and we have to focus on it to maintain our market.” According to the IOPEPC data, export to Indonesia has also decreased to 173,966 tonnes as against 183,355 tonnes.

Production of groundnut has declined because of the poor monsoon last year. Trade estimates show groundnut production decreased to 3.2 million tonnes in kharif 2015 from 3.5 million tonnes for the corresponding period last year.

Lower output has increased groundnut prices in domestic market by 15 per cent. On an average groundnut is being traded between Rs 80,000 per tonne and Rs 95,000 per tonne in India during the year.

Mukund Shah, leading peanut producer said, “Most of the time prices of groundnut have remained on the upper side due to short supply. This has affected exports from India.”

Since last couple of years, IOPEPC is trying to convince peanut manufacturers to upgrade their units.

“Because of the new rules by several importing countries, initially volume of exports may have declined but it will be in line in next two or three years,” said Sawla.

[\[Back to top\]](#)

India coffee output to fall to lowest in two decades

Reuters

Mumbai, May 17, 2016 : Coffee output in the next crop year is expected to drop by around a quarter to the lowest in nearly two decades as poor rains and hot temperatures hit plantations during the crucial flowering stage, the head of an industry body said.

India is the world's sixth-biggest coffee producer, although is well behind leaders Brazil and Vietnam.

Nonetheless, lower production from India could provide more support to global prices, already surging

due to a drop in the output in top producer Brazil.

"Dry weather is hitting plantations in the crucial flowering stage. On a conservative basis, we are estimating a 25 per cent drop in production," Baba P. S. Bedi, chairman of the Karnataka Planters Association (KPA) told Reuters.

The southern state of Karnataka accounts for about 70 per cent of India's total output. India is likely to produce 350,000 tonnes coffee in the current season ending on September 30, according to estimates by the state-run Coffee Board.

With a 25 per cent reduction in Karnataka, production could drop to 263,000 tonnes in the 2016-17 crop years, the lowest since 1998-99.

The Coffee Board is expected to provide its first production forecasts for 2016/17 by mid-June, said D R Babu Reddy, an agricultural economist at the Board.

India, which started coffee cultivation in 1,670 with seven smuggled beans, produces mainly robusta, used primarily in instant coffee.

"Due to the back-to-back droughts, ground water has been depleted," said Bedi, pointing to lower rainfall since the start of March on top of drought last year.

Coffee growing regions in southern India received up to 70 per cent lower rainfall than normal from March to mid-May, according to the India Meteorological Department.

Higher than normal summer temperatures alongside water scarcity had badly impacted the conversion of coffee flowers into cherries, said Anil Kumar Bhandari, a large planter.

India exports three-quarters of its coffee production and production problems will dent shipments in 2016/17, said an exporter based in Bengaluru.

"This year, exporters are aggressively selling due to a recovery in global prices. Next year we will have very limited carry forward stocks," the exporter said.

Italy, Germany and Belgium are the main buyers of India's crop, paying a premium over global prices.

India's coffee exports have risen 19.4 per cent to 213,187 tonnes since the start of current marketing year on October 1.

[\[Back to top\]](#)

Govt may cut sugar import duty to cool prices

Business Standard

New Delhi May 21, 2016 : The government said Saturday it will consider lowering import duty on sugar and banning exports of the sweetener if prices spike further from the current level.

With retail prices crossing Rs 40/kg, the government has taken several steps, including imposition of stock holding limits on sugar traders and withdrawal of sugar output subsidy of Rs 4.50/kg to mills, in the last few weeks to check the price rise.

"We will take all measures to check price rise in sugar. If prices increase from the existing level, we will also look at the option of lowering import duty and banning exports," Food Minister Ram Vilas Paswan said while briefing media about the outcome of the state food ministers meet here.

He said the price rise in sugar was justified to some extent as millers were selling the sweetener at Rs 22-23/kg in the last season as against the production cost of Rs 32-33/kg, leading to huge cane arrear of Rs 21,000 crore.

With the help of government's various measures and improvement in sugar prices, Paswan said, "The arrears have come down to Rs 800 crore for the last season."

However, he said, "We want to tell millers that we cannot allow sugar prices to rise abnormally. We will take whatever measures required if prices increase from the current level."

Asked about the ideal retail price of sugar considering the production cost of Rs 32-33/kg, Paswan said, "We don't determine the market price. Mills should keep little bit margin."

Paswan also said that he has written to Maharashtra, Uttar Pradesh, Karnataka and Tamil Nadu to keep a close watch on sugar stocks held by millers to ensure availability in the domestic market.

He also asked the states to implement the stock limits effectively.

Retail sugar prices in past two months have crossed Rs 40 per kg due to 11% fall in domestic sugar output in the ongoing 2015-16 season.

Sugar production in India, the world's second largest producer, is estimated to be about 25 million tonnes in 2015-16, as against 28.3 million tonnes last year.

[\[Back to top\]](#)

India may temporarily hold off on cancelling raw sugar import duty

Business Line

Mumbai

London, May 26, 2016 : Indian authorities are expected to hold off before cutting or cancelling a 40% raw sugar import duty as a last resort to tackle surging domestic prices as the country shifts from net exporter to importer. Soaring domestic sugar prices in the world's second-biggest producer, where drought has cut yields in the main growing regions such as Maharashtra, mean that mills will increasingly spurn the export market.

Production in the current year ending September 30 is likely to drop following two drought years in a row. The federal government has asked state governments to impose stock limits on sugar to avoid hoarding by traders.

Traders spoke of market talk that India could move to either reduce or cancel the raw sugar import duty. However, no imminent action was expected. "I don't think the government will scrap the import duty any time soon," said Rohit Pawar, chief executive of Baramati Agro, which operates sugar mills in Maharashtra.

"Yes, sugar prices have risen in the past few months but now they are running just above production cost. In the past few years mills have incurred huge losses as they were forced to sell sugar below production cost." "In such a situation duty-free imports can depress local prices and cane payment arrears will start rising."

A government official, who declined to be identified, said, "Right now there is no proposal (to scrap the import duty) on the table." A Mumbai-based dealer with a global trading firm said the government had to maintain a delicate balance between the interests of farmers and consumers. Aggressive steps to dampen prices, such as a cut in the raw sugar import duty, could damage the central government's image among farmers.

"Duty-free import is the last weapon the government has to control price rises," the dealer said. "It will do it in phased manner. From 40%, it will first reduce the duty to 20%. If prices rally even after the reduction, only then it will allow duty-free imports." European traders said they also doubted that Indian authorities would move soon to cut or cancel the duty, as stocks in India were sufficiently high to make such a move unnecessary for now.

India's wheat imports hit 500,000 tonnes as drought cuts supplies

Business Line

Singapore May 25, 2016 : Indian flour mills have signed deals to import about 500,000 tonnes of Australian and French wheat this year for shipment between July and September as drought reduces domestic supplies, two trade sources said on Wednesday.

India's 2016-17 wheat imports are expected to surge more than five-fold to 2.75 million tonnes, a Reuters survey showed last month, as a severe drought linked to an El Nino weather event and unseasonal rains push domestic output down to the lowest since 2011.

Some traders are now further raising their outlook for India's wheat imports, with forecasts ranging from three million to five million tonnes. India may also reduce or remove a duty of 25% on wheat imports, traders have said.

The bulk of the deals done in the past few weeks have millers paying between \$237 and \$243 per tonne, including cost and freight, for Australian prime wheat with 12.5% protein content. For French wheat with 11% protein, millers paid around \$200 to \$205 per tonne.

Millers have bought a total 350,000 tonnes of Australian wheat and 150,000 tonnes of French wheat, traders said.

India's wheat output is likely to fall short of the official target of 94 million tonnes as a second year of drought and unseasonal rains hits yields. Traders say India's wheat production is expected to be at least five million to six million tonnes lower than the target.

Last year, the country produced 86.53 million tonnes of wheat.

Traders said that with the likely shortfall in output the government's procurement for supplies to the public distribution system and buffer stocks had fallen below targets this year.

Traders estimated government's procurement at about 22.8 million tonnes so far against a target of 30 million tonnes.

"Initially the government was aiming to buy 30 million tonnes of wheat from farmers this year, but the trend so far suggests that wheat buying is far behind last year's procurement of about 28 million tonnes," said a leading New Delhi-based trader who did not wish to be identified.

Traders said that without the huge stocks of wheat built up over the past few years of bumper harvests that the flour millers would be importing even higher volumes of the grain.

Recent government purchases of new-season wheat bumped up the national stocks of the grain to 31.4 million tonnes as of May 1, according to official data, more than four times the target of holding 7.4 million tonnes in buffer stocks.

[\[Back to top\]](#)