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US, EU, Japan pile pressure to remove local content clause

Amiti Sen, Economic Times

July 20, 2012, New Delhi: India's majortrade partners-the US, the EU and Japan-have stepped up pressure to remove local content requirement clause in the ambitious national solar mission project and manufacture of certain electronic products.

However, New Delhi is preparing to defend its policies strongly at the World Trade Organization right till the dispute panel level.

"There is a possibility that US may launch a formal dispute against India, especially for the domestic content clause in the National Solar Mission, but we will fight it," a commerce department official told
ET.

The US, the EU and Japan recently asked for a special meeting of the Trade Related Investment Measures or Trims committee of the WTO to address concerns on domestic content requirement or compulsory local-sourcing clause in some policy measures in India, Brazil, Indonesia and Russia.

India's decision to grant preference to domestically manufactured electronic products on security grounds, taken earlier this year, and the 30% mandatory domestic sourcing requirement in the JNSSM were strongly criticised by the three members.

The US expressed concern about telecom licensees in India having to purchase telecom equipment locally and wanted to know if the domestic sourcing requirement covered all private agencies.

"The US wanted to know which clause of security exceptions was being invoked and how security concerns are addressed by domestic content and value addition requirement," the official said.

India maintained that security issues are sacrosanct for all WTO members, and a detailed discussion was not possible since these issues are sensitive and confidential and are dealt on the basis of advice from security agencies.

The EU asked for a timeline on when detailed guidelines of the IT policy was expected, but India refused to give any date.

"We do not expect much trouble on electronic goods sourcing as we are well within our rights to take such measures for security reasons," the official said.

The ground, however, may be a bit wobbly when it comes to defending the requirements under the JNSSM that asks all investors to compulsorily use solar modules manufactured in India and source at least 30% of input locally.

The Trims does not allow any member to impose sourcing restrictions without ample justification. New Delhi is now waiting for the next Trims committee meeting to see what the US, the EU and Japan plan to do on the matter. "We are prepared to fight it till the end, and we will do so," the official said.

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Cheap steel imports to flood market

Probal Basak & Ishita Ayan Dutt, Business Standard

Kolkata, July 20, 2012: The Comprehensive Economic Partnership Agreement (Cepa) with Korea and Japan is turning out to be the latest trouble for the Indian steel industry, already grappling with mining and land issues.

Imports of hot rolled coil (HRC), a benchmark product, from Korea surged 125 per cent and from Japan, 72 per cent, in 2011-12 over the previous year. While the flood is likely to continue further, experts say this is not just hurting the domestic steel industry in a weak market, but, in the short term, could be a disincentive for foreign direct investment (FDI).

A slew of Japanese companies — Kobe, JFE, Sumitomo and Nippon — are either a part of the India story, in some way or other, or are actively looking at it, while South Korea's Posco is still waiting in the wings. All these companies are in a way incentivised to sell the steel produce in their country and flood the Indian market. It will act as disincentive for these global steel majors to invest in producing steel in India.

"The trade pacts are not helping India, while affecting the industry adversely. Production and employment are taking place in those countries. We should encourage FDI instead," said Jayant Acharya, director, commercial & marketing, JSW Steel.

Consider this: Maruti Suzuki India Ltd (MSIL) has been importing steel from Japan and Korea much before the bilateral agreement came into existence. But it would stand to lose significantly if steel is moved to the sensitive list for exclusion under the CEPA, as is being demanded by the steel companies. The impact of withdrawal from Korea would be Rs 7.7 crore and from Japan, Rs 10 crore.

"We have imported over 190,000 tonnes in 2010-11 and over 200,000 tonnes in 2011-12, which are about 29 per cent and 28 per cent of our total requirements. Import quantity is dependent on demand changes and not on the bilateral agreement," said S Maitra, chief operating officer (supply chain), MSIL.

Steel industry representatives feel the onslaught of imports could lead to loss of jobs for Indians. "It might lead to idling of steel capacity. Most of the plants without captive iron ore are operating at much less than full capacity," they pointed out.

In view of the pressure the industry is facing, the government had increased the import duty on most steel products from five per cent to seven per cent in the budget. However, it doesn't quite affect the imports from Korea and Japan since under the provisions of Cepa the rate is subsidised at 3.125 per cent for Korea, while Japan attracts 3.3 per cent for 2012-13. The rate will reduce to zero by the beginning of
2017.

"I don't understand why these countries should enjoy concessional rates," asked Nitin Johri, director (finance) Bhushan Steel. Johri's sentiments were echoed by Essar Steel Executive Director (strategy & business development) Vikram Amin. "There is a definite case to exclude steel products from the ambit of the Free Trade Agreement (FTA) with Korea and Japan. Considering the high value addition in the steel industry and employment generation potential, it makes immense sense to export steel rather than exporting iron ore and importing steel," Amin said.

Though cumulative imports from these countries constitute more than 40 per cent of all flat steel imports into India, during November-December, the rise was as high as 400-600 per cent.

Industry representatives said, the Federation of Indian Chambers of Commerce and Industry (Ficci) has already taken up the matter with the government.

According to Acharya, it should be a level playing field. While cost of production in India is more or less at par with Korea or Japan, the financing cost is more conducive in those countries.

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Japan likely to ban shrimp imports from India

George Joseph, Business Standard

24 August 2012, Kochi: The detection of ethoxyquin, an antioxidant, in the shrimps exported to Japan has badly hit India's export prospects to that country. Japan had already rejected more than 10 consignments of shrimps exported from India in the recent weeks, causing heavy losses to exporters and shrimp farmers.

High level sources said as the issue is yet to be sorted out, Japan is likely to ban shrimp imports from India. There have been a lot of cancellations from Japan and this has badly affected exporters based in Odisha and West Bengal. It is learnt that the commerce ministry had called for an urgent meeting in Chennai on August 27 and a high level delegation is likely to visit Tokyo soon.

The problem has also caused a drastic reduction in the prices of shrimp in the global market, with these falling 25-35 per cent in two-three weeks. There is also a fall in export orders from other major import destinations like the Europe and the US.

Odisha and West Bengal regions are the most affected areas as around 60 per cent of the black tiger variety of shrimp produced in these regions is exported to Japan. G Mohanty, president of Seafood Exporters Association of India (SEAI), Odisha region, told Business Standard that Japan had started the testing of ethoxyquin, without any notice to exporters or to the government. He said the aquaculture sector in Odisha and West Bengal is in crisis as the prices had dropped heavily. "There will not be any shrimp aquaculture production in the coming years," he added.

"Already importers have been asked not to ship the cargo until the issue is sorted out. So, a large number of containers are now stocked in Kolkata," said Taj Mohamed, president, SEAI, West Bengal region.

Due to this India suffered a serious setback in marine product exports during the April-June period of the current financial year as the country's products lost their sheen in major export markets like Europe and Japan. Cumulative export in the period dropped to 131,000 tonnes, valued at Rs 2,700 crore, as against 165,000 tonnes, valued at Rs 2,870 crore in the same period of the last financial year. This shows a fall of 20 per cent in volume and five per cent in value. In dollar terms, the decrease was 20 per cent at $515 million as against $645 million. Last fiscal, exports increased 6.02 per cent in volume and 28.65 per cent in rupee terms when compared to those in 2010-11.

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Pharma exports: India asks Japan to remove non-tariff barriers

Press Trust of India

New Delhi, September 2, 2012: India has asked Japan to remove all non-tariff barriers to help the domestic industry take advantage of the comprehensive free-trade agreement and increase share in the Japanese market.

The issue was flagged by Commerce and Industry Minister Anand Sharma in his meeting with Japanese minister of economy, trade and industry Yukio Edano last week in Cambodia. Both the ministers met on the sidelines of the 44th ASEAN Economic Ministers meeting.

"The Indian minister has strongly urged the Japanese side to remove all non-tariff barriers so that real benefits envisaged under the Comprehensive Economic Partnership Agreement (CEPA)," an official said. The CEPA between India and Japan came into effect from August 1, 2011. Both the sides expect that it would boost bilateral trade to $25 billion by 2014.

The official said though there is a considerable increase of drugs exports to Japan, but India's share is still less than 1 per cent of total Japanese pharmaceutical market.

"The demand of generic medicines in the Japanese market and the capability of India to meet this demand will prove a win-win situation for both the countries," the official said.

Indian pharmaceutical industry was set to gain in a big way from the pact as Japan, the world's second largest market, had agreed to cut duties on imports of Indian generic drugs.

As per the pact, the Japanese government would accord no less favourable treatment to the applications of Indian companies than it accords to the like applications of its own persons for drug registration. This would greatly help Indian pharmaceutical companies.

An industry expert said that Indian companies are still facing non-tariff barriers like tedious registration process and language in Japanese market.
India has also asked Japan to soon start negotiations on nursing and healthcare professional services. During the meeting, the Japanese side raised concern over delay in signing of a pact for setting up of a solar power project in Neemrana, Rajasthan.

"On this, the Indian minister assured Japan that the matter has been taken up with the concerned authorities for expeditious finalisation," the official added.The two-way trade between the countries has increased to $18.31 billion in 2011-12 from $13.82 billion in 2010-11.

India's exports to Japan mainly include petroleum, gems and jewellery, transport equipment and machinery, while imports include iron and steel, electronic goods, chemicals and metals.

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Steel minister disapproves plea for removing steel from Japan, Korea FTA

Press Trust of India

September 24, 2012, New Delhi: Disapproving the demand for removal of steel from free trade pacts with Japan and South Korea, Steel Minister Beni Prasad Verma today advised the industry to become more competitive by reducing cost of production.

"I don't know what the industry is clamouring for. They have to understand that when import duty would be near zero by 2025, they have to compete. You have to lower operation cost, raise competency level and deploy latest technology. Only then, your cost of production will come down," Verma told PTI.

In view of growing imports of steel from Japan and Korea, leading private sector producers JSW Steel and Essar Steel had earlier this month demanded taking steel out of the purview of free trade pact with the two Asian economic superpowers.

India had signed FTA with South Korea in January 2010 and with Japan in August last year. Under FTA, duties on most of the products, traded between the countries, are either eliminated or reduced sharply.

Verma said since India is a signatory to the WTO, it has to reduce import duty to near zero by 2025. It would be better if the domestic industry gears up from now on to achieve the competitiveness. "There is still a 3.5% duty on steel imports. So, the industries in India must gear up to competition because, today or tomorrow you will enter into that near zero phase," he said.

Moreover, India has an adverse balance of trade with both Japan and Korea leaving it with less bargaining power to lobby for a product removal from the FTA purview.

"When you are contributing less (to bilateral trade), your negotiating power is also less. When you are in surplus, you can say we want to put iron, steel and others out of the purview," he said. JSW Steel's Chairman and Managing Director Sajjan Jindal had alleged that since economies of Japan and South Korea are not doing well, they are dumping lots of steel into India at a very low price, taking advantages of these FTAs.
Essar Steel Executive Director (strategy and business development) Vikram Amin said, "There is a definite case to exclude steel products from the ambit of the FTA with Korea and Japan."

India's steel imports stood at 6.83 million tonne (MT) in 2011-12.

According to Joint Plant Committee of the Steel Ministry, imports went up to 2.88 MT during April-July period of the current fiscal over 1.88 MT in the same period of last year, notching a growth of over 53%.

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Mamata Banerjee seeks bailout for seafood exporters from commerce ministry

Sutanuka Ghosal, Economic Times

October 3, 2012, Kolkata: West Bengal chief minister Mamata Banerjee has written to the Union commerce and industry minister Anand Sharma to bail out the seafood exporters who have sent black tiger shrimp consignments to Japan.

The importing nation has rejected the consignments on the ground that they have high levels of ethoxyquin. Banerjee wants the Centre to immediately negotiate with the Japanese authorities so that exporters, who are largely from West Bengal and Odisha, don't suffer a huge loss this year.

The two eastern states together export tiger prawns worth Rs 1,200 - Rs 1,500 crore annually to Japan.

But the Asian nation has suddenly reduced the ethoxyquin content in shrimps to 0.01 parts per million (ppm) without informing the Indian government or the exporters. It has not only come as a major blow to exporters but to 50,000 farmers who have taken to aquaculture. It is learnt that 200 containers of shrimp have been rejected over the past few weeks by Japan on the detection of ethoxyquin.

Taj Mohammed, regional president (West Bengal) of Sea Food Exporters Association of India (SEAI), said: "Anand Sharma has taken up the issue with his Japanese counterpart. We are hoping that the Japanese authorities will amend their regulation."

The commerce ministry has rushed a delegation led by the chairman of Marine Products Export Development Authority (MPEDA) and comprising the director of Export Inspection Council and the resident director-designate of MPEDA in Japan. G Mohanty, regional president (Odisha) of SEAI, said: "There are no international norms fixed for ethoxyquin levels in shrimps by authorities in America or the European Union, for instance. And, even Japan permits it up to a certain level in fish."

Fishmeal forms an important component of feed for shrimps. To avoid rancidity in fishmeal, a large range of anti-oxidants are used. Ethoxyquin is one of the most popular and effective anti-oxidants used worldwide, M K Ram Mohan, deputy director, MPEDA said. Mohanty added that Japanese importers are requesting the Indian exporters to take back the consignments.

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Centre sounds hopeful on Japan lifting ban on shrimp import

TNN

October 4, 2012, Bhubaneswar: The Union government is hopeful of Japan lifting its curbs on import of shrimps from India, said director, Export Inspection Council of India (EICI), S K Saxena. Around two months ago, Japan had put restrictions on importing shrimps from India on the ground that the seafood contained higher levels of ethoxyquin, an anti-oxidant and also an ingredient in shrimp feed, than it could allow.

Saxena, who along with chairperson of Marine Products Export Development Authority (MPEDA) and others recently visited the East Asian island nation, termed the Japanese decision "non-scientific". "We have represented our case to Japan's health authorities and food safety commission and requested them to remove the non-technical barrier," Saxena told TOI.

"For fish, the maximum residue limit (MRL) of ethoxyquin fixed by Japan is one ppm (parts per million). But there is no prescribed limit for shrimps, which means Japan has put the curbs based on default standards," explained Saxena, who was here last week to hold discussions on the issue with Odisha government representatives.

"The presence of ethoxyquin in Indian shrimp consignments was found to be 0.1 ppm, which is very low and posed no problem. Hence, the Japanese decision was not backed by any scientific evidence," he said, adding, "The Japan government did not consult us before imposing the restrictions. We have told them that we will be constrained to move the World Trade Organisation (WTO) unless they act fast and remove the barrier."

Industry insiders said presence of ethoxyquin in fish and shrimp was not surprising because it being an anti-oxidant was used in fish meal and shrimp feed. "Shrimp is being exported from India during the last few decades to different countries. We use the same practice and same feed for all countries, but barring Japan no other country has raised any objection. This has forced us to suspect foul play by competing countries," said president, Seafood Exporters Association of India (Odisha chapter) G Mohanty.
Japan's restrictions on shrimp import has hit Odisha as an estimated 50,000 people are directly or indirectly engaged in shrimp culture in the state, said sector insiders. State fisheries and animal resources development secretary Satyabrata Sahu said he was optimistic that the issue could be resolved. "There is no need to panic. I believe this is a temporary trade obstacle, which could be overcome at the earliest," he added.

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India Japan trade targeted to double, hit $25-billion mark by 2014

PTI

5 October, 2012, Kolkata: The bilateral trade between India and Japan has been targeted to almost double to USD 25 billion by 2014, Consul General of Japan Mitsuo Kawaguchi said today.
"The value of two-way trade between our two countries has reached USD 14 billion in 2010-11. Target is to increase it to the USD 25 billion mark by 2014. I think it won't be an over ambitious target because our bilateral trade is still far below potential and there is enough room to expand it," he said at an event organised by Calcutta Chamber of Commerce.

He said India's export to Japan had started showing an uptrend even before the Comprehensive Economic Partnership Agreement was signed. The CEPA was signed in February 2011 and came into force in August last year.

India's export to Japan was about USD five billion in 2010-11, against around USD 3 billion earlier.

Kawaguchi said India's exports to Japan mainly included mineral fuels, mineral oils, natural and cultured pearls, precious and semi-precious stones, iron and steel, fish and crustaceans, and fodder.

On the other hand, Japan exports items to India include boilers, machinery appliances, optical, medical and surgical instruments, and articles of iron and steel.

Besides, he said, foreign direct investment from Japan to India between April 2000 and 2009 was USD 13.3 billion, placing that country in the fourth place after Mauritius, Singapore and Britain.

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Anti-dumping duty on chemical imports from EU, Iran, Japan

Business standard

28 October 2012, New Delhi:The government has imposed anti- dumping duty of up to $1,537 per tonne on shipments of a chemical used in beauty products, from EU, Iran, Indonesia and Japan, saying it was being exported to India below cost price.

The Revenue Department imposed the duty on import of 'Melamine', following recommendations by the Directorate General of Anti-Dumping and Allied Duties (DGAD) in the Department of Commerce.

Anti-dumping duty is aimed at ensuring fair trading practices and creating a level-playing field for domestic producers vis-a-vis foreign producers and exporters resorting to dumping.

"The anti-dumping duty imposed...Shall be levied for a period of five years (unless revoked, amended or superseded earlier)," the Revenue Department said in a notification.

Earlier, the DGAD had carried out a probe into the imports of the chemical. The investigation found that the product was dumped into India below the normal price and thus caused "material injury" to the domestic industry.

Besides being used in innumerable products of beauty and utility, melamine is also used for laminates as it offers good hardness, resistance to scratch, stain, water and heat.

The notification said while the restrictive duty will be $1,446 per tonne on import of Melamine from Iran, the duty has been fixed at $1,537 from the other three destinations. Anti-dumping duty varies from product to product and country to country.

India initiated 275 anti-dumping investigations between 1992 and March, 2012, involving 42 countries.
The countries prominently figuring in anti-dumping investigations are China, Korea and Singapore and the major product categories on which anti-dumping duty has been levied are chemicals and petrochemicals, pharmaceutical, steel and consumer goods.

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No demand from steel companies to ban import from Japan, South Korea: Anand Sharma

PTI

26 November 2012, New Delhi: Government has not come across any demand from domestic steel makers for removing steel from the purview of free trade agreements (FTAs) with Japan and South Korea or imposing ban on imports from the two countries, Parliament was informed today.

"No," Commerce and Industry Ministry Anand Sharma informed the Lok Sabha in a written reply.

He was replying to a question whether indigenous steel makers have demanded the removal of countries like Japan, South Korea and China from the list of preferential Free Trade Agreement countries or for the imposition of ban on import of steel from these countries.

The minister's answer is in contrast to demands made by leading steel makers like JSW Steeland Essar Steel.

The two steel majors have sought removal of steel from the purview of FTAs with Japan and South Korea, while voicing concern on rising imports from the two Asian economic powers.

"Japan and Korea are pushing for more steel into India. There is more than 300% increase in imports of steel in just one year from these countries. So, the government needs to sit back and take a look at this. Steel should be outside of the purview of FTA," JSW Steel's Chairman Sajjan Jindal had said in September.

Steel Minister Beni Prasad Verma had also rejected their demand earlier and had said, "I don't know what the industry is clamouring for. They have to understand that when import duty would be near zero by 2025, they have to compete".

According to the Joint Plant Committee of the Steel Ministry, imports went up to 4.25 million tonne (MT) during April-October period of the current fiscal as against 3.27 MT in the same period of last year, a growth of 30 per cent.

In 2011-12, India's total steel import stood at 6.83 MT. In January, 2010, India had signed FTA with South Korea and with Japan in August last year. Under FTA, duties on most of the products, traded between the countries, are either eliminated or reduced sharply.

After FTA came into existence, import duty on Korean and Japanese steel products were reduced to 3.13 per cent from five per cent in 2010. Imports from other geographies attract 7.5 per cent import duty.

Cashing in on duty benefits, Japan and South Korea have also become leading exporters of steel to India replacing the traditional exporters European Union and Russia.

According to a Commerce Ministry data, Japan and South Korea together sold steel products worth $ 2.873 billion in 2011-12 to Indian consumers.

During the first half of the current fiscal, steel imports from the two countries were worth $ 1.653 billion.

As per the data, China has been the largest exporter of steel products to India, amounting over 25 per cent of total Indian imports at $ 2.738 billion in 2011-12. During the April-September period of the current fiscal, imports from China had been at $ 1.198 billion.

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Shrimp Export: India protests unscientific, unjustified standards

Amiti Sen, Economic Times

4 December 2012: India has raised with the World Trade Organisation what it calls "unscientific and unjustified" health standards imposed by Japan on its shrimp exports.

The move comes as more than 140 containers of frozen Indian shrimps await clearance at Japanese ports. Japan, which has recently lowered the acceptable level of ethoxyquin in shrimps, has since August rejected seven Indian consignments of the seafood. Ethoxyquin is an anti-oxidant widely used in shrimp feed.

"We have raised the issue with the sanitary & phytosanitary committee of the WTO. We believe the new standards that have been imposed are unscientific and unjustified," a commerce department official told ET.

According to industry estimates, export of shrimps from Odisha and West Bengal has fallen by up to 50% in the last four to five months due to the Japanese restrictions. In 2011-12, shrimps accounted for half of India's total seafood export of $3.5 billion.

While India is not immediately filing a case against Japan at the WTO, it hopes that discussing it at the SPS committee will generate pressure on Japan to respond positively.

"There are other countries like Vietnam that are facing similar entry barriers in Japan for their shrimps. We hope to generate enough pressure at the WTO forum to force Japan to reconsider," the official said. "If this doesn't work, we could consider a formal case against this restrictive measure."

The commerce department has also sought a clarification on why the testing procedures were institutionalised selectively only in 2012, despite the notification being made in 2005.

Japanese authorities rejected shrimps from India in August after the level of ethoxyquin, an anti-oxidant, in some shrimps was found to be in the 0.02-0.04 ppm range. Japan's newly introduced health standards tolerate ethoxyquin levels up to 0.01 ppm.

"Figures supplied to us unofficially by the marine products export development authority reveal that more than 140 containers that have reached the Japanese port face the risk of rejection," the official said.
New Delhi's primary concern is that Japan has not carried out a risk assessment for setting the tolerance limit for the chemical and the extremely low default level of 0.01 ppm has been set without any scientific justification.

"Most of the countries, including the US and the EU, and international bodies like Codex have not prescribed any limit for ethoxyquin in fish and shrimp. So far, there is no evidence to prove that ethoxyquin at a level above 1ppm is injurious to health," MPEDA chairman Leena Nair said.

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Exclude steel products from free trade agreements with Japan, Korea: Assocham

Udit Prasanna Mukherji, Times of India

Kolkata, 7 February 2013: Amid growing concerns of steel companies arising out of free trade agreements (FTAs) with Japan and Korea, apex industry body Assocham has sought immediate exclusion of steel products under Chapter 72 of the International Trade Centre (ITC) code from the Indo-Korea and Indo-Japan Comprehensive Economic Partnership Agreement (CEPA).

"Reinstate import duty rates for exports of all steel products from Republic of Korea and Japan to India under Chapter 72 of the ITC code as per the normal prevailing import duty rates," appealed the industry body in a communication to the union steel minister Beni Prasad Verma.

"On behalf of the Indian steel industry, we at Assocham have time and again registered the growing concerns of the domestic steelmakers towards the unabated rise of steel imports from Japan and South Korea thereby taking undue advantage of concessional duty rates under the CEPA Free Trade Agreements (FTAs)," said DS Rawat, secretary general of Assocham.

"The FTAs should be evolved on the spirit of complementing the need and necessities of partner economies rather than exploitation for self-centric objectives," said Rawat.

"Unfortunately, with large surplus floating steel capacity together with rising steel production and declining demand for steel both Japan and South Korea have amply utilised the concessional duty rates under the CEPA FTA for salvaging part of their surplus steel thereby flooding steel exports into India," he said.

In its submission, Assocham has also stated that CEPA FTAs are extensively committed to the trade aspects which majorly favour the needs and necessities for exports of surplus manufactured and engineering goods by these countries and have no specific commitment to investment which is the major requirement by India.

"It is imperative that FTAs should focus on investment into manufacturing sector along with infrastructure development in India instead of encouraging import of manufactured goods from partner economies to salvage their surplus into India," Rawat said.

Further, Assocham has strongly recommended for exclusion of steel products under Chapter 72 from negotiations of the ensuing Indo-Australian FTA.

For all ensuing and "under discussion" FTA proposals, India should not negotiate any duty concessions for steel products under Chapter 72 with all the partner economies having surplus steel and/or the country is reeling under economic slowdown, it has said.

The apex chamber has also specifically requested to the minister of commerce and industry to review the representations from Assocham sent last year on May 5 and August 6 along with the oral submissions to joint secretary-commerce (Foreign Trade).

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India takes up issue of growing trade deficit with Japan

Business Line (The Hindu)

New Delhi, 17 May 2013: India has raised concerns with Japan over the rising trade deficit with the country following implementation of the bilateral comprehensive economic partnership agreement (CEPA) about two years ago.

It has sought more market access for Indian pharmaceuticals and agriculture and marine produce to help bridge the deficit.

Commerce and Industry Minister Anand Sharma in a meeting with Japanese Foreign Minister Fumio Kishida in Tokyo on Friday, pointed out that while trade was growing satisfactorily after the implementation of the CEPA, the increasing trade deficit was an area of great concern.

"The Minister specially urged for market access for Indian agricultural and marine produce and Indian pharmaceuticals," an official release said.

India's trade deficit with Japan was at $3.6 billion in 2010-11 before the CEPA was implemented and it almost doubled in 2012-13 to $6.3 billion. Its export to Japan in 2012-13 was $6.26 billion compared with imports of $12.50 billion.India is keen to access Japan's pharmaceuticals market, expected to touch $100 billion soon, as it holds a lot of scope for the country's generic producers. Japan, as part of the CEPA, had promised easier registration procedures for Indian drug producers, but not much has moved on the ground.

Corridor Project

Sharma also met Japanese Prime Minister Shinzo Abe and apprised him of the progress made in the implementation of the Delhi-Mumbai Industrial Corridor project, which was conceptualised during Abe's 2007 to India.

"Abe expressed satisfaction over the amount of work put into the project and mentioned that Japanese companies are looking forward to partner with India in project implementation," the release said.

Japan has already committed $4.5 billion in the first phase of project implementation, while India has committed an equal amount for development of infrastructure for creation of new industrial townships along the corridor. Japan has taken 26 per cent equity in the project.

The CEO of Japan Bank of International Cooperation (JBIC) Hiroshi Watanabe met Sharma and assured him of full financial support for the project and other infrastructure projects in India.

Sharma also met the Japanese Minister of Economy Trade and Industry Toshimitsu Motegi. The Minister's visit comes ahead of Prime Minister Manmohan Singh's visit to Japan, the release said.

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Japan keen to shift jobs, yen from China to India

Pramit Pal Chaudhuri and Jayanth Jacob, Hindustan Times

Tokyo/New Delhi, 30 May 2013: Hundreds of Japanese companies may shift factories from China to India, bringing with them big investments and thousands of jobs, and a remilitarising Japan is likely to emerge as an attractive source of technology for India. A deepening of joint military exercises between the two countries will offer India a chance to thumb its nose at China, which recently staged an audacious intrusion into our territory in Ladakh. It's becoming increasingly clear that the Indo-Japanese relationship is now more than just exports and imports: It is about how Tokyo can transform India.

As Prime Minister Manmohan Singh said in Tokyo: "Greater investment by Japanese companies in India's large market will be in our economic as well as strategic interest." As the Chinese fumed, Japan rolled out the honours for Singh. In a rare gesture, the Japanese emperor hosted a private lunch for the PM and his wife, protocol usually reserved for visiting head of states only. Singh and his Japanese counterpart Shinzo Abe enjoy a strong personal rapport. Japan wants to build up India as an alternative, economic and military, to China, and Singh signalled strongly that India welcomed the idea. The first phase of this is giving India a modern infrastructure: the Delhi Metro, the Delhi-Mumbai Industrial Corridor and now, bullet trains. The second is shifting the thousands of Japanese factories in China to India. And on Wednesday, the two sides stepped up defence ties, with an offer from Tokyo for US2 amphibian aircraft, more bilateral naval exercises and defence technology cooperation. The backdrop is deteriorating Sino-Japanese ties. Tokyo believes the Chinese regime is whipping up anti-Japanese sentiment to absorb rising middle class nationalism. China's muscle-flexing over the Senkaku islands and anti-Japanese protests inside China are two sides of the same Beijing policy. Beijing ultimately wants Tokyo to end its defence ties with the US and accept Chinese suzerainty, believe Indian and US diplomats. One, as Chinese attack their employees and as labour costs keep rising, Japan Inc wants to move elsewhere. Japan is the second-largest foreign investor in China, with accumulated investment of over $70 billion. But a Japan Export Trading Oraganisation survey last year showed India emerging as the most preferred alternative site for Japanese FDI. India is seen as a difficult place to invest, but helping India's rise has a strategic benefit that is becoming increasingly important to Tokyo. In the past decade, says an Ernst and Young study, Japan is already the second largest foreign job creator in India. This is with only 300 Japanese firms in India. If a fraction of the 14,000 Japanese firms in China were to move, the result would be a job tsunami. Two, Japan is preparing to re-militarise and India is a perfect partner. Abe will seek to increase defence expenditure and even change Japan's pacificist constitution this autumn. India, which has begun bilateral naval exercises with Japan, will also be the first country to import military equipment from postwar Japan.

Because it has no hangups about Japan's World War II past, India would also provide legitimacy to Abe's re-militarisation. Three, China does not fear its neighbours individually. But it is concerned about them ganging up. Japan is still the third largest economy in the world and technologically far ahead of China. Abe seems to want to use Japan's capacities to enhance Indian power and make it a genuine geopolitical balancer to the Middle Kingdom. A close Indo-Japanese relationship would also bring the US into the picture -- a trilateral equation that has Beijing gnashing its teeth. "China's recent territorial actions only reinforce the logic of strong Indo-Japanese ties," says Hemant Singh, ex-Indian ambassador to Japan. Singh's speeches, with their call for deepening Indo-Japanese ties and support for freedom of the seas -- a code word for opposition to Chinese maritime claims -- is music to Tokyo's ears and geopolitical din to Beijing's. Hence the dark warning from the Chinese People's

Daily to Abe that any attempt to make India part of an anti-Chinese alliance were doomed. "The conspiracy of these petty burglars is doomed to fail," it said, pointing to how "successfully" New Delhi and Beijing settled the recent Ladakh border intrusion.

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India may gain little from Japan, Korea ban on US wheat imports

M. R. Subramani, Business Line (The Hindu)

Chennai, 2 June 2013: Though suspension of wheat imports from the US by Japan and South Korea is likely to offer opportunities to other nations exporting the foodgrain, India is unlikely to gain much from the development. During the weekend, Japan, the second largest wheat importer in Asia after Indonesia, and South Korea suspended wheat purchases from the US after a non-approved genetically modified wheat was found growing on a farm in Oregon.

The US is nowhere nearer to finding how this happened; though the Department of Agriculture officials said that a probe was on to see how the wheat which has a gene altered to make it resistant to herbicides reared its head. The US has allowed cultivation of various genetically-modified crops such as corn, soyabean, cotton and alfa-alfa grass but not wheat. As an immediate reaction to the finding of the wheat, prices on the Chicago Board of Trade dropped. However, prices in the other origins such as Europe gained. Prices of Europe, Australian and even Black Sea region wheat have gained. But this is likely to be a short-term gain. Once the US comes out with the result of its probe, things could change, said Tejinder Narang, a consultant with a wheat export firm. Impact on Indian wheat is likely to be minimal since it is treated more as a feed wheat abroad, where the US wheat is a soft one for milling, he said. This also means India, which is trying to export more wheat from its warehouses, may not find a buyer in Japan or South Korea in the short-term. It will be hard for India to meet Japan's specifications. They also need more clean wheat which goes against the Indian grain. Though facilities for cleaning wheat have come up at places such as Adani port, they are yet to be accepted,. said Pramod Kumar, Director of Sunil Agro Mills in Karnataka. Maybe, Korea could accept our wheat,. he said. Even Korea considers Indian wheat for feed purpose only, said Narang. It is not easy for Indian wheat to gain in markets where they look for high-protein produce which the US will be able to deliver. Japan mills have specifications for their products and we won't be able to meet them, said M.K. Dattaraj, former president of the Roller Flour Mills Federation of India. India is looking to export wheat to cut its warehouse stocks. As on May 1, the Food Corporation of India held 11.7 million tonnes of wheat as stocks. This is almost thrice the norms fixed by the Centre for buffer stocks that help meet any food emergency in the country. In April, the Government gave its approval to export three million tonnes of wheat but there have been a few buyers for Indian wheat abroad. This is because India is looking for a price of $300 a tonne that is much higher than the prevailing prices in the global market. The Government appeared a bit desperate to export wheat since it has estimated the current year's crop at 93.9 million tonnes. Some Indian wheat has been sold at $280 a tonne c&f for delivery in August. This is against $265 quoted for Black Sea region wheat,said Narang.

Indian wheat is finding its way through West Asian and North African markets. Still, prices are considered high. Though Indian wheat can be cleaned and efforts could be made for its acceptance for milling by mills abroad, the cost is seen prohibitive. There will be at least 2-3 per cent wastage when Indian wheat is cleaned. This could mean a loss of $10 a tonne. Even if $7 a tonne premium is given for clean wheat, it will still be a loss proposition, he said. Australia will be able to supply the quality that Japan requires, said Pramod Kumar. Canada can also supply quality wheat to Japan. But all these could be short-term developments only, Dattaraj said. Wheat prices at the New Delhi Lawrence market, a benchmark for the country, increased to Rs 1,590 a quintal on Saturday. On the National Commodities and Derivatives Exchange, wheat for delivery in July closed at Rs 1,624. On the Chicago Board of Trade, wheat July contracts quoted at $7.05 a bushel or $259 a tonne.

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