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Large FDI from China way to address huge trade deficit: Manmohan Singh

PTI

Beijing, 22 October 2013: Expressing concern at the "unsustainable imbalance" in trade with China, Prime Minister Manmohan Singh today welcomed enhanced Chinese investment and the proposal to set up an industrial park in India as a way to overcome the growing trade deficit.

"India faces an unsustainable imbalance in its trade with China. One of the ways of overcoming the trade deficit is for India to attract larger flows of Foreign Direct Investment from China," Singh, who is starting his three-day visit here today, said in an interview to official Chinese media.

Bilateral trade touched $66.5 billion last year, of which China's exports to India totalled to about $47.7 billion. The burgeoning trade deficit has touched almost $20 billion amid declining Indian exports of raw materials like iron ore.

"We are happy that more Chinese firms are looking to India as an investment destination. During his visit to India, Premier Li (Keqiang) suggested that we look at the option of establishing a Chinese Industrial Park in India where companies and firms from China could cluster together," he said.

"We welcome this idea. Recently, a Chinese delegation visited India and had good discussions with our concerned officials. We have also shown them a few possible sites for a Chinese Industrial Park. We will work with the Chinese side in implementing the idea," he said.

To a question on the progress of the discussion of Regional Trading Arrangement (RTA) between China and India, he said the large trade deficit is causing concern in India. Both countries asked their Commerce Ministers to explore the idea of RTA, for which some studies were conducted a few years ago, he said.

"I am sure the Commerce Ministers will continue to discuss this idea. But I must be honest that there is a great deal of concern in our industry, given the large and growing deficit in our trade with China. When conditions are more propitious and trade is more even, we will find it more feasible to discuss an RTA or an FTA between our countries," he said.

On China's offer to build High Speed Railways (HSR) in India, he said India has not yet taken a decision on building HSR. "We are aware of China's High Speed Railway development. India is currently undertaking techno-economic studies on HSR. We have not yet made a decision on whether to go forward with construction of HSR in our current stage of development," he said.

Meanwhile, the railway authorities of India and China have been in touch with each other and are considering cooperation in station development, heavy-haul freight traffic and raising the speed of passenger trains on existing tracks, he said.

On the proposal to build a corridor linking Bangladesh, China, India, Myanmar (BCIM), he said India is promoting regional connectivity for balanced economic and infrastructure development within the country and accelerated integration with the neighbourhood, including Southeast Asia.

"We believe that the BCIM Economic Corridor can potentially reinforce our existing connectivity initiatives and we have expressed our support in principle to the idea during Premier Li Keqiang's visit to India," he said.

"To take the idea forward, we need to first get the support of the other two countries, namely Bangladesh and Myanmar and together study the various practical elements of such a corridor, its alignment, funding, responsibility of member countries, economic potential, soft infrastructure requirement, etc," he said. "Following our agreement during Premier Li's visit to set up a Joint Study Group of all four countries, we have set up the Indian component of this JSG (Joint Study Group). India will participate with great enthusiasm in its deliberations," he said.

On the prospect of India-China cooperation in BRICS (Brazil, Russia, India, China and South Africa) framework and progress of India's capital implementation of the BRICS Development Bank, Singh said the bloc's cooperation draws strength from bilateral relationships between its individual members, including between India and China, "which have acquired significant depth and substance".

There are many functional areas of cooperation such as urbanisation, agriculture, health, science and technology under BRICS in which India and China find synergies, he said.

"It is a matter of satisfaction that BRICS Development Bank, which was first mooted during the New Delhi Summit in March 2012, has registered significant progress," he said. "There is now agreement on key issues. I hope that BRICS technical experts would be able to resolve the remaining issues before the next summit," he said.

Singh said that setting up of the New Development Bank would send a strong signal of collective capacity of BRICS to help each other as well as other developing countries to address challenges relating to deficit of long-term infrastructure financing, state-run Xinhua news agency reported.

"Another important BRICS initiative is the Contingent Reserve Arrangement, which will help stimulate trade among our countries," he said.

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India slaps $787/tn anti-dumping duty on Chinese paracetamol

PTI

New Delhi, 30 October 2013: India has imposed anti-dumping duty of USD 787 per tonne on import of Paracetamol, a widely used medicine, from China for five years to protect interest of domestic players from the cheap shipments.

"The anti-dumping duty imposed (on Paracetamol) under this notification shall be effective for a period of five years...," said the Central Board of Excise and Customs (CBEC) in the Revenue Department.

The duty will be at USD 787 per tonne, it said.

The duty has been slapped on recommendation of the Directorate General of Anti-dumping Duty, which carried out a review of the impact of the levy on its import from China.

The anti-dumping duty, a WTO compatible levy to discourage imports, was first imposed on the bulk drug in 2001 and extended through different stages till September 2013.

The DGAD after a 'Sunset Review' had concluded that despite the anti-dumping measures, dumping of paracetamol originating in or exported from China has continued unabated causing injury to the domestic industry.

"Should the present anti-dumping duties be revoked, dumping of the subject goods may in all likelihood intensify, causing further injury to the domestic industry," the Authority had concluded while recommending to the revenue department continuation of the levy in August.

Paracetamol is a bulk pharmaceutical active ingredient, displaying analgesic and antipyretic properties. It is used in a number of OTC drug formulations in the form of powders, granules, injectibles and tablets.

The DGAD carried the review or probe for 15 months January, 2011 to 31st March, 2012.

Import of the drug increased from 6,385 tonne in 2008-09 to 10,834 tonne during the period of investigation (POI).

Capacity utilisation of the domestic industry was 85 per cent in 2008-09, but it has come down to 79 per cent in the POI. The annual demand for the drug is about 25,380 tonnes.

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Kolkata to Kunming: Indian and Chinese strategies converging to build land and trade ties in North East

Subir Bhaumik, Economic Times

5 December 2013: During Prime Minister Manmohan Singh's Beijing visit in October, Kunming and Kolkata were declared sister cities. Much as Delhi and Beijing or Bangalore and Chengdu were.
But Beijing and Delhi have shared little besides being the political capital of two emerging Asian giants and Bangalore and Chengdu are two huge icons of the new economy of China and India. On the other hand, Kolkata and Kunming have a popular forum that was started off by academics but has graduated into a platform for development of trade, business, cultural and academic exchange.

The forum holds an annual dialogue every year, bringing together business chambers and academic bodies based in Kunming and Kolkata, both cities hosting it alternatively every year. The ninth K2K forum was held in Kolkata last month and ended up with a declaration, that urges Indian and Chinese governments to work towards opening an effective land corridor for growth of mutual trade and people to people contact.

This might sound like a bit of a climbdown from the Bangladesh-China-India-Myanmar (BCIM) economic corridor that India and China have agreed to explore during Manmohan Singh's visit. Beijing is upbeat on this corridor: it sees this as a firm step toward economic integration between the world's second and third largest economies.

India has a few security concerns including possible Chinese economic preponderance in an area of the country which is poorly developed. But Delhi sees the BCIM corridor as a way to boost investment and growth in India's eastern and northeastern states. So it has agreed to explore the possibilities of the BCIM economic corridor.

Highway, My Way

But the Indian and Chinese delegations at the K2K realised that a land corridor, a trans-national highway, was a pre-requisite for the ambitious BCIM economic corridor.

Without physical connectivity between Kunming and Kolkata, sister cities at two ends of the BCIM continuum, there was very little chance for the corridor to take off.

So the K2K process not only helps India to explore the potential and challenges of the BCIM economic corridor but also lays the base for it by asking for land connectivity between Yunnan and eastern and northeastern India that would involve Bangladesh and Myanmar. It helps China explore the economic potential of the region through which the Kolkata-Kunming highway would pass, so that it can frame its investments in the region.

After the third plenary of the Communist party of China in November, the party has laid 'decisive emphasis on market forces.' China cannot afford to go wrong on where and what to invest in. The BCIM region is varied but economically challenging because it is made of frontier regions of the four countries that have been afflicted by trans-border insurgencies and trade in drugs and weapons, but have been ignored by global investors. The leader of the Chinese delegation at the K2K forum admitted that 'proper research was needed to identify the right kind of investments' in the proposed corridor.

Eastern Promises

This process is crucial to the success of India's Look-East foreign policy. At the core of this is the conviction that engaging neighbours through its northeast is crucial to allow the troubled region to develop and prosper. Without the northeast in the equation, India's Look-East could well be taken forward by sea. It is easier to access south-east Asian countries from the ports on India's east coast.

For India, Look-East also makes sense only if it is trying to tap into markets in China's west and southwest, which are far from its eastern coast. Yunnan, China's biggest province in the region , is being used by Beijing for a 'bridgehead' strategy to boost trade and connectivity with south and south-east Asia. Premier Li Keqiang has said that this strategy and India's Look-East policy complement each other.

The land corridor is crucial to both China's bridgehead and India's Look-East. This year's forum also went beyond Bengal and had Bihar and the northeastern states in the process. Bihar says it is keen to look for Chinese investments in the food processing industry.

Business Buddies

Tripura says it wants Chinese investments in rubber-based industries as the state is now India's second largest rubber producing state after Kerala, but has failed to attract much Indian domestic investment. Manipur wants Chinese investments in bamboo-based industries, to begin with. Many companies see the possibility of a popular tourism circuit on the Kolkata-Kunming axis that could attract not only outbound Indian or Chinese tourists, whose numbers are growing , but also Western adventure-seekers looking for the undiscovered. In much the same way as demand for Indian black tea seems to be growing in China and that of Chinese green tea is growing in India.

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Hong Kong hopes to treble trade with India to $50 billion in 6 years

Business Line (The Hindu)

Mumbai, 6 December 2013: The Hong Kong Government intends to take the bilateral trade with India to $50 billion in the next six years from $17 billion at present.

Hong Kong has emerged as the major trading hub for the Indian gem and jewellery industry after the US. Hong Kong would like to replicate the jewellery industry's success to other sectors such as information technology, home textiles, gift items and food industry.

Export market

India has become the fourth largest export market for Hong Kong, with export to India touching $8 billion in the first nine months of 2013, while India's export to the country was at $8.8 billion. India was the seventh largest sourcing destination for Hong Kong.

Speaking to the media, Benjamin Chau, Deputy Executive Director Hong Kong Trade Development Council, said Indian jewellers are already tapping Dubai and the Hong Kong markets to circumvent the prolonged sluggish demand in the US.

Though Indian gems and jewellery exports have slowed down in the last few months, due to the various measures implemented by the Government, the sector constitutes about 19 per cent of the total exports from India. The Indian gold jewellery market is growing at 15 per cent per annum and the diamond jewellery market at 27 per cent per annum.

Rising CAD

Concerned over rising current account deficit due to large scale gold imports, the Government had progressively hiked import duty to 10 per cent and had made it mandatory for gold importers to export 80 per cent of the gold consignment before placing fresh orders for gold import.

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Trade gap with China at $31 bn in 2013

Ananth Krishnan, The Hindu

Beijing, 11 January 2014: India's trade deficit with China reached a record $31.4 billion in 2013, with two-way trade declining last year by 1.5 per cent on account of a sharp decline in Indian exports, new trade figures released here on Friday showed. Indian exports to China last year totalled $17.03 billion, a 9.4 per cent fall from last year, out of $65.47 billion total bilateral trade, according to figures released by the Chinese General Administration of Customs (GAC). Chinese exports to India, in recent years largely comprised machinery, were up 1.6 per cent.

Friday's annual figures marked the second straight year of declines, highlighting the unexpected slowdown in rapidly growing trade ties that came to be seen as one of the key drivers of a relationship amid political uncertainties such as the long-running boundary dispute.

Bilateral trade reached a record $74 billion in 2011, when China became India's largest trading partner. Trade declined to $66.5 billion the following year on account of the global slowdown and a 20 per cent drop in Indian exports. The fall in exports was largely due to curbs on the export of iron ore, which had emerged as India's single biggest export to resource-hungry China. Friday's data showed an overall recovery in China's foreign trade outlook, recording 7.6 per cent year-on-year growth, although missing the government's 8 per cent target. Despite the challenge from grim global demand and an appreciating currency, China's exports grew 7.9 per cent to $2.21 trillion, the GAC said.

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Growing trade imbalance cause of concern: Montek to China

PTI

Beijing, 18 March 2014: India on Tuesday raised its concerns to China over “unsustainable” trade deficit of USD 35 billion per year as their top planners worked out strategies to join hands in upgrading Indian railway tracks to operate high-speed trains.

“I must, at this stage, mention the growing imbalance in our trade which is a cause of concern in India,” Deputy Chief of the Planning Commission Montek Singh Ahluwalia said here, addressing the third Strategic Economic Dialogue (SED) forum.

“Trade is an important indicator of economic cooperation and we are happy at the remarkable expansion that has taken place,” he said, expressing hope that bilateral trade would reach the official target of USD 100 billion by 2015.

“We recognise that trade does not have to be balanced between each pair of countries. However, India’s trade deficit over the last three successive years has been in excess of USD 35 billion per annum which is not sustainable,” he said.

It needs to be reduced to sustainable levels by more exports from India to China, and also by China building manufacturing capacities in India for goods it currently export, Mr Ahluwalia said.

Under Railways, the two sides agreed to pursue specific collaboration arrangements in heavy haul, station redevelopment and raising speed of existing trains in India.

Nodal agencies have been designated to work out implementation of modalities in this regard, a press release issued at the end of the talks on Tuesday said.

Highlighting India’s competitive advantage in niche engineering products, IT-enabled services, cotton textiles and home furnishings, and pharmaceuticals, Mr Ahluwalia said the two governments have a large role to play in pushing it up.

“I hope the Chinese government will help to provide our exports greater access to the market so that the target of USD 100 billion can be achieved in a more balanced manner,” he said.

The bilateral trade touched USD 65.47 billion, a slight dip of 1.5 per cent year-on-year. The bilateral trade declined to USD 66.7 billion 2012 from around USD 74 billion in 2011.

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India begins probe into stainless steel dumping by China, Korea

PTI

New Delhi, 25 April 2014: India has initiated an investigation into alleged dumping of a certain variety of stainless steel by China, Korea and Malaysia following a complaint by Jindal Stainless Ltd.

The commerce ministry's designated authority, the directorate general of Anti-Dumping and Allied Duties (DGAD), has begun a probe into alleged dumping of "certain Hot-Rolled Flat Products of Stainless Steel 304 series".

In a notification, the DGAD has said the applicant has provided sufficient evidence that the normal value of the product in these countries is significantly higher than the net export price. The evidences have prima facie indicated that the product is being dumped from China, Republic of Korea and Malaysia, it said.

"The authority finds sufficient prima facie evidence of dumping of subject goods by the countries, injury to the domestic industry and causal link between the dumping and injury, the authority hereby initiates an investigation ...," the notification said. In the probe, the directorate would determine the existence, degree and effect of alleged dumping and will recommend amount of anti-dumping duty, "which if levied would be adequate to remove the injury to the domestic industry".

The DGAD is the nodal agency under the commerce ministry for such investigations.

The period of investigation is April 2012 to June 2013. However, for the purpose of analysing injury, the data of previous three years (2009-2012) would also be considered, the notification added.

The country's largest stainless steel producer, Jindal Stainless Ltd, in its submission has said that the "application has been made by or on behalf of the domestic industry".

This particular variety of the steel is used for manufacture of process equipment, re-rolling, reactor vessels, material handling equipments, railways, pipes and tubes, automotive components, building and construction, industrial fabrication and power sector.

Unlike safeguard duties, which are levied in a uniform way, anti-dumping duties vary from product-to-product and from country to country.

Countries initiate anti-dumping probes to check if their domestic industries have been hurt because of a surge in cheap imports. As a counter measure, they impose duties within the multilateral regime of the WTO. Anti-dumping measures are taken to ensure fair trade and provide a level playing field to domestic industry. It is not a measure to restrict imports or cause an unjustified increase in the cost of products.

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Dumping duty on Chinese nylon tyre cord fabric to continue

K. R. Srivats, Business Line (The Hindu)

New Delhi, 20 May 2014: The Finance Ministry has extended by one more year the validity of anti-dumping duty on nylon tyre cord fabric imports from China. The anti-dumping duty, which was earlier valid until April 28 this year, will now be applicable until April 28 next year, the revenue department has said.

NTCF finds application in different kinds of automotive tyres such as bus and truck tyres, two-wheeler tyres, cycle tyres and light commercial vehicle tyres.

This fabric is used for reinforcement of tyres.

This revenue department move follows the Designated Authority in the Commerce Ministry initiating a sunset review on anti-dumping duty imposed on NTCF imports from China.

The Association of Synthetic Fibre Industry on behalf of two of its member companies—SRF Ltd and Century Enka – had filed a petition requesting sunset review by the Designated Authority in the Commerce Ministry.

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India may back solar duties after probe says US, China dumped

Natalie Obiko Pearson, Mint

New York, 14 May 2014: India may recommend duties on US and Chinese solar imports after finding evidence of dumping, broadening a global trade dispute in the $130 billion market.

More than 20 overseas suppliers, including First Solar Inc and Yingli Green Energy Holding Co, sold equipment in India for as little as half the cost as in their home markets and undercut local prices by as much as a third, according to a summary of a 1 1/2 year probe by the Ministry of Commerce & Industry sent to the parties involved on Tuesday and obtained by *Bloomberg News*.

The document indicates the ministry will recommend duties on imports from the US, China, Taiwan and Malaysia, said Jagdish Agarwal, spokesman for the Solar Independent Power Producers Association, which opposes tariffs.

If Asia's third-biggest solar market imposes duties, it would escalate a protectionist trend that's threatening the viability of projects as they compete against conventional power sources. The US applied tariffs as high as 250% on Chinese products in 2012, and the European Union followed with its own measures a year later. Australia on Wednesday announced a dumping probe.

India, which had virtually no solar power in 2010, has built $10 billion worth of projects and driven down the cost of generation by half, making it cheaper today than grid power in Delhi and Mumbai. Tariffs will derail that trajectory, making solar power more expensive and causing projects to fail, said Vinay Rustagi, joint managing director of Bridge to India Energy Pvt., a New Delhi-based consulting company.

'Wafer-thin margins'

It will make most large-scale projects, currently developed on wafer-thin margins, unviable, Rustagi said. Developers, who depend on imports for 90% of panels, could back out of projects, government programs may be scrapped, and India could set itself back two years on its goal to make solar competitive with conventional power, he said.

Tuesday's document was the first indication of which side India's government is favoring since the start of the probe in November 2012. The dispute pits local panel and cell makers against project developers and overseas manufacturers.

We disagree that we have dumped imports, Tempe, Arizona-based First Solar, the largest US panel-maker, said in an e-mailed statement. The preliminary decision by the Indian authorities, if upheld, would make serving the Indian market very difficult.

The ministry has until 22 May to decide whether to impose duties before the case expires. Any tariffs it proposes could take six months to implement and may be scrapped by a new government, said Bridge to India's Rustagi.

Results in national elections will be announced in two days. Narendra Modi, the frontrunner who pioneered India’s first incentives for large-scale solar power, has called for a clean- energy revolution during the campaign.

Inferior quality

The document upheld many of the arguments submitted by domestic makers Indosolar Ltd., Websol Energy System Ltd and Jupiter Solar Power Ltd, concluding that the domestic industry suffered material injury due to dumped imports.

The ministry dismissed arguments by the opposing side that Indian products are inferior in quality. Opponents including China Sunergy Co,Canadian Solar Inc, JA Solar Holdings Co. cited World Trade Organization rules, which say an anti-dumping probe can’t be initiated if the producers supporting the application account for less than 25% of national production. Indosolar, Websol and Jupiter account for just 12% of production, according to the opponents’ submissions.

Project dropped

The value of photovoltaic imports into India has reached $2.4 billion since 2010 when the nation started its solar program, according to commerce ministry data. Domestic manufacturers benefited little from that growth, idling 70% of their production capacity after losing orders to foreign competitors.

Duties won’t create globally competitive Indian manufacturers because they can’t match the scale of Chinese rivals, according to Bridge to India. BlackRock Inc-backed SunEdison Inc dropped a project in India last month on doubts that local producers can meet demand.

The annual production capacity of China’s Yingli, the world’s biggest panelmaker, dwarfs the largest Indian maker by 10 times, according to data compiled by Bloomberg. If India imposes tariffs, developers would probably look to Singapore and South Korean suppliers instead, said Jenny Chase, head of solar analysis for Bloomberg New Energy Finance in Zurich.

Parties involved in India’s anti-dumping probe have until 16 May to respond to the document.
Yingli spokeswoman Qing Miao wasn’t available when called at her office and didn’t respond to an e-mail requesting comment. JA Solar Holdings Co. and Canadian Solar Inc., also among the biggest Chinese exporters to India, didn’t respond to inquiries.

Commerce secretary Rajeev Kher and D.P. Mohapatra, a director in the ministry who signed the document, didn’t respond to e-mails and phone calls seeking comment.

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