



## INDIA'S TRADE NEWS AND VIEWS 1 June to 15 June 2017

### [No consensus in sight ahead of December WTO summit](#)

The new US trade representative, ambassador Robert Lightizer, has described India as “a valuable, strategic and economic partner...”

### [India takes US to WTO for failing to drop steel duties](#)

India has complained to the World Trade Organization (WTO) that the US has failed to drop anti-subsidy...

### [India's new trade envoy faces uphill task of resolving food security issue at WTO](#)

India's new trade envoy J.S. Deepak faces an unenviable task in securing New Delhi's core...

### [Chinese cast a shadow on Indo-Pak trade prospects: Akbar Zaidi](#)

Pakistan's political economist Prof S Akbar Zaidi today said the growing dependence on Chinese investment in Pakistan had cast a shadow on Indo-Pak trade...

### [Singapore minister for Defence and Foreign Affairs to visit India for bilateral talks in July](#)

Singapore's Senior minister of State for Defence and Foreign Affairs Maliki Bin Osman will visit New Delhi...

### [India agrees to government procurement talks in regional trade pact](#)

The commerce ministry has agreed to formal discussions on government procurement in the Regional Comprehensive Economic Partnership...

### [In a first, India to put dedicated cell to promote Russian investments](#)

India for the first time will put in place a dedicated cell to promote Russian investments in the country...

### [Government approves initial pact with South Korea for \\$9 billion export credit](#)

The Cabinet today approved signing of an initial pact with South Korea for export credit facility...

### [Work on value addition, traceability of farm exports: Rita Teotia to exporters](#)

Commerce secretary Rita Teotia on Monday asked exporters of agricultural products to improve value addition...

### [Govt to review its export target in trade policy rejig](#)

India is set to prune its ambitious export target of \$900 billion. as the Prime Minister Narendra Modi's...

### [Centre may extend sops for exporters](#)

With exporters raising concerns over the issue of working capital under the upcoming GST regime...

### [‘India to find markets to boost agri exports’](#)

Commerce Secretary Rita Teatia said on Monday that while India has emerged as the seventh largest exporter...

### [Commerce ministry engaging with stakeholders to resolve GST issues](#)

The commerce and industry ministry is organising consultations with all stakeholders...

### [3% GST opens room for cheap import of gold jewellery from FTA countries](#)

Goods and services tax (GST) of 3 per cent on gold will open a window for cheap jewellery imports from Indonesia...

### [GST will help in e-commerce export, but clarity on policy needed: Stakeholders](#)

Though e-commerce players are expecting a surge in exports after the roll-out of India's landmark Goods and Services Tax...

### [‘Trade deficit with India will not hurt U.S.’](#)

India Inc. has told the U.S. government that contribution of India to the overall U.S. trade deficit...

### [Antidumping duty imposed on 'TDI' from China, Japan, Korea](#)

The revenue department has imposed antidumping duty on import of a chemical -- used in furniture cushion...

*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](mailto: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](mailto:cws@iift.ac.in). If you no longer wish to receive this email, please reply to this message with unsubscribe in the subject line*

## **No consensus in sight ahead of December WTO summit**

D. Ravi Kanth, Live Mint

Paris, June 10, 2017 : The new US trade representative, ambassador Robert Lightizer, has described India as “a valuable, strategic and economic partner”, underlining the importance of India as a major “player” in shaping the trade agenda at the World Trade Organization (WTO), according to people familiar with the development.

During a brief one-on-one meeting with commerce minister Nirmala Sitharaman on the sidelines of the Organization of Economic Cooperation and Development (OECD) meeting in Paris on 8 June, Lightizer and Sitharaman shared their perspectives on several trade issues, including the 11th ministerial meeting of the global trade body in Buenos Aires due in December.

Trade ministers from over two dozen countries, including the US and India, sharply differed on their priorities for the Buenos Aires meeting. India said it cannot imagine any outcome at Buenos Aires without the mandated permanent solution for public stockholding programmes for food security, said several trade ministers after the meeting.

The commerce minister said an outcome on special safeguard mechanism for developing countries to curb unforeseen surges in imports of agricultural products must be finalized at the ministerial meeting for addressing continued inequities in global agricultural trade.

Indonesia, South Africa and the coordinator for ACP (Africa, Caribbean and Pacific) countries concurred with India that there must be credible outcomes on the permanent solution for public stockholding programmes for food security as well as commitments for reducing farm subsidies, the person said.

India also warned that it will not agree to commitments for reducing trade-distorting domestic agricultural subsidies, maintaining that the Doha Development Agenda mandated the industrialized countries, and not developing countries, to undertake substantial reduction commitments.

Sitharaman made it clear that any outcome on fisheries subsidies—which is being prioritized as a major deliverable for the Buenos Aires meeting—must provide enhanced special and differential flexibilities for India’s tens of millions of poor and artisanal fishermen who survive on fishing, according to a trade minister who asked not to be named.

She also flatly rejected attempts to launch negotiations on e-commerce by the European Union (EU), Japan, Korea and several other countries on grounds that it is not part of the agenda. She said India will

not accept any negotiations on investment facilitation or disciplines for small and medium enterprises as proposed by major industrialized and some developing countries.

The US said it will be guided by three principles in international trade. Outcomes in global trade must remain “free, fair, and reciprocal”, Lightizer said, maintaining that there has been no consensus on the possible deliverables for the Buenos Aires meeting.

But several other trade ministers from the EU, Japan, Australia, New Zealand, Brazil, Argentina and Korea, among others, delivered an optimistic assessment about what can be accomplished at Buenos Aires. These countries pressed for outcomes on fisheries subsidies, domestic regulation in services, trade-distorting domestic support, digital trade, investment facilitation, and small and medium enterprises.

Effectively, there is no consensus on what must be accomplished at the Buenos Aires meeting in December, South African trade minister Rob Davies told *Mint*.

WTO director general Roberto Azevedo delivered a sombre assessment by saying that he cannot see any low-hanging fruits for harvesting in Buenos Aires.

Significantly, on a separate track, members of the OECD failed to agree to a common agenda on trade, investment, and climate change because of vehement opposition from the US, which insisted on having its language incorporated in the ministerial declaration.

Consequently, the chair for the OECD ministerial conference Anders Samuelsen, the foreign minister of Denmark, issued a statement in his own responsibility on international trade, investment and climate change which reflected the views of all other members except the US.

Samuelsen said there is “recognition that trade is an engine for economic growth, job creation and welfare, and we confirm the importance of international investment and free flow of capital.” He suggested that members, except the US, agreed to “the need to stimulate trade by focusing on reducing trade barriers and costs, without lowering international standards, including through trade facilitation and collaboration.”

Ministers attending the OECD meeting also concurred with the chair “for urgent, collective and effective action in order to address overcapacity across all affected sectors, including steel, aluminium and shipbuilding”.

Barring the US, there is near consensus among OECD members “on the importance of a strong commitment to rule-based free international trade and investment so that firms are able to compete in an open market on an international level playing field”.

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

## **India takes US to WTO for failing to drop steel duties**

Tom miles, Live Mint

Geneva, June 9, 2017 : India has complained to the World Trade Organization (WTO) that the US has failed to drop anti-subsidy duties on certain Indian steel products after losing an earlier ruling, a document published by the WTO said on Friday.

India said the US had failed to meet an April 2016 deadline to comply with a WTO ruling that faulted it for imposing countervailing duties on hot-rolled carbon steel flat products from India.

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

## **India's new trade envoy faces uphill task of resolving food security issue at WTO**

D. Ravi Kanth, Live Mint

Geneva, June 1, 2017 : India's new trade envoy J.S. Deepak faces an unenviable task in securing New Delhi's core multilateral trade objectives—especially the mandated permanent solution for public stockholding programmes (PSH) for food security by the end of the year—as “some members” at the World Trade Organization (WTO) resort to diversionary tactics by not engaging in substantive discussions, according to a so-called non-paper seen by *Mint*.

Deepak, who takes over as new trade envoy on 1 June, assumes office in Geneva at a time when there is no clarity yet on what the WTO's 164 members are going to accomplish at the eleventh ministerial meeting in just about seven months in Buenos Aires, Argentina.

Known as a tough negotiator in his earlier role as India's point man in multilateral trade negotiations during 2014-15, Deepak has his task cut out on several fronts, particularly in securing the proposed permanent solution on PSH programs for food security at Buenos Aires.

After the last ministerial meeting in Nairobi in December, 2015, there are considerable hopes on truly “developmental” outcomes such as the permanent solution for PSH for food security in developing countries and the special safeguard mechanism for curbing unforeseen surges in imports of agricultural products.

Trade ministers at Nairobi had mandated their officials to finalize a permanent solution for PSH programs prior to the Buenos Aires meeting. But “some countries” have refused to engage in substantive discussions on the permanent solution after the Nairobi meeting.

On 29 May, Indonesia issued a non-paper on behalf of the G-33 group of developing and poorest countries to drive home the message of sharp concern over lack of engagement by “some members” for finalizing a permanent solution for PSH programs.

India is a leading member of the G-33 along with Indonesia, China, the Philippines, Korea, Kenya, Nigeria, Cuba, and Bolivia among others. The G-33 members have made sustained efforts over the past three years but there has been little material change because of the continued diversionary tactics adopted by “some members”.

The non-paper said: “It is a matter of concern that in the course of the dedicated sessions, some members are still questioning the justifiable objectives behind the need for a permanent solution on Public Stockholding (PSH) for food security purposes and have not engaged in substantive discussions by tabling their [counter] proposals.”

“In our [the G-33 group’s] understanding, this means that these members are questioning the Ministerial Decision which have been the bedrock of WTO as an institution,” Indonesia argued.

Without naming any country, Indonesia maintained that “onerous” conditions such as burdensome transparency notification provisions are being placed to ensure that “developing members are unable to use the mechanism.”

It is common knowledge that Australia, Canada, the European Union, and the US among others have adopted stonewalling and diversionary tactics since the Nairobi meeting in frustrating the G-33 members by raising issues outside the proposals they had submitted, according to trade envoys familiar with the development.

Indonesia said the G-33 had tabled five proposals till now to demand an amendment to the Agreement on Agriculture by inserting “a new Annex 6” to exempt food security purposes for public stockholding for food security purposes from any commitments.

But US, the EU, Canada and Australia among others raised extraneous issues outside the permanent solution, according to a trade envoy, who asked not to be quoted.

The US, for example, had suggested the need to “review the efficacy and trade effects of the existing public stockholding (programs) for food security purposes, to review the existing WTO rules and policies adopted by members and how these policies are constrained by those rules, and finally to establish best practices and provide funding for capacity building to implement the agreed best practices,” according to a trade envoy, who asked not to be quoted.

Indonesia maintained that “programmes for the acquisition of foodstuffs at administered prices” “shall not be required to be accounted for in the Aggregate Measurement of Support (AMS or amber box reduction measures).”

The G-33 has protested against US attempts to take the negotiations away from finding a permanent solution.

“Whenever the discussions on permanent solution come up,” the G-33 group said they have been “hearing some Members express their concerns such as those relating to exports from public stocks and a Member’s public stockholding programme adversely affecting the food security of other Members,” as per the non-paper.

India also wants outcomes on the special safeguard mechanism for curbing unforeseen surges in imports of agricultural products and credible improvements in the global trade in services.

Against this backdrop, the biennial ministerial meeting in South America is the most important event for WTO members. But, the US, which created the GATT (General Agreement on Tariffs and Trade) in 1948 that was replaced by the WTO in 1995, is having second thoughts about pursuing multilateral trade initiatives.

The Trump administration in Washington is increasingly preoccupied with bilateral trade agreements, and reckons that multilateral trade liberalization does not bring about positive gains to American workers.

The WTO's director-general will hold a one-on-one meeting with the new US Trade Representative Ambassador Robert Lightizer in Washington on Thursday to find out the US' trade priorities, including what it wants to accomplish at the Buenos Aires meeting, according to people familiar with the development.

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

### **Chinese cast a shadow on Indo-Pak trade prospects: Akbar Zaidi**

The Economic Times

Kolkatta, June 10, 2017 : Pakistan's political economist Prof S Akbar Zaidi today said the growing dependence on Chinese investment in Pakistan had cast a shadow on Indo-Pak trade prospects.

"Currently, the official bilateral trade is stuck at around USD 2.1 billion and I don't see it going to double in the next five years when Pakistan thinks China is the best friend," Zaidi said on the sidelines of his lecture at the Bengal Chamber here.

He believed that the prospect for Indo-Pak bilateral trade was of USD 10 billion.

"With Pakistan treating China as its best friend and putting all eggs in one basket which is unfortunate, I don't see trade is going up" Zaidi said.

He indicated that as US cutting aids since the last few years and China's aggressive investment plans in Pakistan, his country was moving close toward the dragon country.

He said though official trade with India was about USD 2.1 billion, unofficial and via third country it was about USD four billion, Zaidi said.

He said, now more Pakistani students were studying in China than in the US.

He said Pakistan was expected to gain from the investments from China of worth USD 56 billion in infrastructure, but warned that prostrating before China under the guise of China Pakistan Economic Corridor (CPEC) might lead to potential debt problems.

In both Sri Lanka and Tajikistan, with rising costs and debts incurred by the host countries, a large chunk of land was handed over to the Chinese in lieu of unpaid funds, Zaidi said.

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

## **Singapore minister for Defence and Foreign Affairs to visit India for bilateral talks in July**

The Indian Express

June 16, 2017 : Singapore's Senior minister of State for Defence and Foreign Affairs Maliki Bin Osman will visit New Delhi to attend the 9th India-ASEAN dialogue early next month, the Indian High Commission here said today. The dialogue, to be held from July 2-4, is an annual international conference of political and economic leaders, and opinion-makers of the ASEAN countries with their Indian counterparts to discuss intensification and broadening of political, strategic, economic and civil society interaction in the region. Maliki will also hold bilateral meetings with his Indian counterparts in external affairs and defence ministry in New Delhi.

The talks will also set the stage for the visit of Singapore Defence Minister Ng Eng Hen to India later this year for India-Singapore annual defence ministers' dialogue. These meetings are in addition to regular ongoing annual staff talks between the Army, Air Force and Navy of the two countries.

"India is taking steps to further facilitate bilateral exercises in India with the Singapore armed forces. We have just conveyed that Singapore armed forces personnel going to train in India under bilateral agreement will be given gratis visa," Indian High Commissioner to Singapore Jawed Ashraf told PTI. Meanwhile, defence officials from the two countries are preparing for the 25 years of the Singapore-India Maritime Bilateral Exercises (SIMBEX). India-Singapore defence relations are set to deepen further, after the 12-day deployment of India Naval ships and the visit of Chief of Naval Staff Admiral Sunil Lanba to Singapore in May for the International Maritime Review to mark 50 years of Singapore Navy and bilateral exercises SIMBEX, he said.

India is also preparing to host Singapore's Foreign Minister Vivian Balakrishnan later this year as part of the high-level bilateral meetings between the two countries. Details of the ministerial visits are being worked out.

"India and Singapore will continue to maintain a high momentum of engagement across the broad spectrum of their bilateral relations to expand and deepen the strategic partnership between the two countries.

"There have been several important developments in the recent past, including the Amravati capital city project. Singaporean companies are looking keenly at opportunities arising from implementation of Goods and Services Tax in India," Ashraf said.

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



## **India agrees to government procurement talks in regional trade pact**

Kirtika Suneja, The Economic Times

New Delhi, June 19, 2017 : The commerce ministry has agreed to formal discussions on government procurement in the Regional Comprehensive Economic Partnership (RCEP) trade agreement. Delhi had been resisting the idea so far. A working group will be set up next month to discuss the proposal. “We have been resisting it but discussions have become inevitable.

We can’t take binding commitments but can only share best practices,” said an official privy to the development.

India will host the next round of negotiations in Hyderabad in July. Public procurement relates to the process through which government, public utilities and state-owned enterprises procure goods or services for their own use.

Since India is neither a party to the WTO’s Government Procurement Agreement nor with any other country, it has the flexibility to offer certain benefits in the form of price preferences and local sourcing to domestic players in government procurement.

It doesn’t have to go for international tenders while procuring any goods and services.

Many countries feel that public procurement impacts imports and exports and should be transparent. While India has acknowledged government procurement as an important issue but at its current stage of development, it is opposed to taking binding commitments at multilateral, bilateral or regional level trade agreements.

New Zealand has been pushing for the inclusion of government procurement in RCEP and other members have evinced interest in discussing the issue.

Experts fear the move will ultimately lead to India getting cornered by other countries and eventual opening up of public procurement to other countries, which could jeopardise the Make in India programme.

“Government procurement is a useful tool to give fillip to domestic industry because we have the flexibility to give it preference. If we give market access, then we will lose that flexibility,” said a Delhi-based expert on trade issues.

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

## **In a first, India to put dedicated cell to promote Russian investments**

Dipanjan Roy Chaudhury, The Economic Times

New Delhi, June 15, 2017 : India for the first time will put in place a dedicated cell to promote Russian investments in the country to take forward St Petersburg vision statement that seeks to open new vistas of economic engagement. The idea to create this cell was mooted by PM Narendra Modi when he met CEOs of India and Russia in presence of President Vladimir Putin on June 1 after the annual summit in St Petersburg.

The cell which will report to the Prime Minister's Office will assist Russian businessmen to plan, execute, form joint ventures and search locations for their investments. The entire process hopes to cut the alleged role of middlemen who in the past were matchmakers. This dedicated cell will function under 'Invest India' – investment wing of the Indian government – which was part of the June 1 CEO forum as well as St Petersburg International Economic Forum (SPIEF) where Modi was the Guest of Honour.

“This cell will be key to push Russian investments in India in non-traditional sectors with Delhi and Moscow aiming to give economic heft to the bilateral strategic partnership,” Invest India MD & CEO Deepak Bagla who was part of India-Russian Joint CEO Forum told ET. Invest India coinciding with the Annual Summit and SPIEF has concluded two pacts with Ros Congress (Russia's business promotion agency) and Business Council for Cooperation with India (BCCI) to promote businesses and investments in each other's country.

Areas that have been prioritised for Russian investments in India and JVs include agriculture, medical equipment, pharmaceuticals, start-ups, capital goods (metallurgy), food processing and civil aviation, according to Bagla.

These are part of slew of sectors earmarked for cooperation under the St Petersburg vision statement unveiled following Modi-Putin annual Summit. Other nondefence areas that India is seeking Russian expertise include energy corridor deep-ocean technology to harness rare earth metals, ship building, inland waterways, IT sector and harnessing natural resources in the Arctic region where Russia has ownership of 15 out of total 19 ports.

In an yet another key development Russia Direct Investment Fund (RDIF) or RDIF – Russia's sovereign wealth fund has now agreed to fund Russian investments in India and vice-versa, informed Bagla. RDIF is negotiating the creation of a joint fund with the Indian side worth \$ one bln for financing projects. Last October at the Goa Indo-Russian annual Summit RDIF signed a document with India for creating joint fund.

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

## **Government approves initial pact with South Korea for \$9 billion export credit**

The Economic Times

New Delhi, June 7, 2017 : The Cabinet today approved signing of an initial pact with South Korea for export credit facility of USD 9 billion for infrastructural development in India.

The MoU is proposed to be signed between the Export- Import Bank of India (EXIM Bank) and Export-Import Bank of Korea (KEXIM) during the forthcoming visit of Finance Minister Arun Jaitley to Korea during June 14-15, 2017 for the Annual Financial Bilateral Dialogue, an official statement said.

The decision is expected to promote the country's international exports, and deepen political and financial ties between India and Korea, it added.

According to the statement, the export credit will be utilised through lending by EXIM Bank for promoting projects for priority sectors, including smart cities, railways, power generation and transmission etc in India, and for the supply of goods and services from India and Korea as part of projects in third countries.

Under the implementation strategy, the parties to the MoU will hold mutual consultations to structure the financial assistance, review the existing arrangements and related procedures.

EXIM Bank will identify viable projects in India, the statement said, adding "for projects in third countries, both parties will jointly identify viable projects."

The statement said it is understood from EXIM Bank that the \$9 billion would be extended by KEXIM by way of Investment Credit (typically export credit facility to finance projects with a certain level of Korean import content and interest rates as per OECD export credit guidelines).

Noting that the supply of goods and services from India and Korea as part of projects in third countries will be an additional avenue which this MoU will enable, the statement said it will help in exchanging mutual experience, sharing information on financing export and import operations, project assessment and knowledge generated in respective fields of activities.

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

### **Work on value addition, traceability of farm exports: Rita Teatia to exporters**

Kirtika Suneja, The Economic Times

New Delhi, June 12, 2017 : Commerce secretary Rita Teatia on Monday asked exporters of agricultural products to improve value addition and traceability to remain competitive.

"We have so far focussed on low or no value addition. Now we need to do more value addition," Teatia said at an event organised by the Agricultural and Processed Food Products Export Development Authority (APEDA) here.

India is the seventh largest exporter of farm products. It exported \$33.8 billion worth agri products in 2016-17, which is 12 per cent of the country's total merchandise exports of \$276.28 billion.

Vietnam, UAE, Saudi Arabia, the US, Iran, Iraq and Nepal are the major destinations for export of food products from India.

Noting that smaller and nimbler countries have taken away some share from India, Teaotia also asked exporters to look at organic certification.

Moreover, she emphasised on promoting traceability keeping in mind market expectations.

"Every market expects us to maintain complete traceability. We will need to work on traceability. Our value chains are fragmented...it's a complex process," she said.

APEDA has Tracenet system that helps in maintaining authentic information and related data of all the organic stakeholders.

he Tracenet system covers certification of all horticulture and agriculture crops including peanut, grapes, anar, mango and okra.

The system also helps trace meat by keeping a tab on overall exports on the basis of approved capacities of the meat plants.

The system ensure that meat is sourced from APEDA registered meat plant.

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

## **Govt to review its export target in trade policy rejig**

Shruti Srivastava, Business Standard

June 3, 2017 : India is set to prune its ambitious export target of \$900 billion. as the Prime Minister Narendra Modi's government works on reviewing the foreign trade policy amid continued global weakness and uncertainty.

The reassessment comes as India slogs it out in negotiations for a regional trade deal that would account for almost 30 per cent of global gross domestic product (GDP) and over a quarter of world exports, involving with China, the 10 Asean nations, Australia, New Zealand, South Korea and Japan, known as the Regional Comprehensive Economic Partnership.

The government unveiled its first foreign trade policy for 2015-2020 in April, setting a merchandise and services export target of \$900 billion by 2020, almost double the \$465.9 billion achieved in 2013-14. However, with the fragile global economic recovery and increasing protectionist economic policies, India is re-assessing the exports situation.

“We will review the target,” Commerce Secretary Rita Teotia told Bloomberg News in an interview on May 30. “When we fixed the target, the global situation was different and it looked achievable. Since then there has been a great deal of change. There was economic slowdown, a fall in oil and other commodity prices.”

India’s export market has been sliding since 2014-15 when it contracted by 1.29 per cent and further dipped 15.85 per cent in 2015-16 from a growth of 4.66 per cent in 2013-14, according to data from the Ministry of Commerce website.

#### Global slowdown

The exports have been adversely impacted by a global slowdown, a sharp fall in commodity prices and currency fluctuations, Teotia said. “Prices of crude and petroleum products, which are very important commodities in both exports and imports basket, made a large dent in our trade numbers”. Crude prices have declined 54 percent since June 2014. In financial year ending March, merchandise exports registered a growth of 4.7 percent at \$274.6 billion, up from \$262 billion a year before, government data show.

The Federation of Indian Export Organisations — a body set up by the commerce ministry — estimates that to achieve the \$900 billion target exports will have to grow at compounded annual growth rate of 28 percent, a tall order under the current global scenario. “This growth rate is very high,” director general of Fieo, Ajay Sahai, said by phone. “On a 15 percent growth rate, we will achieve \$725-\$750 billion by 2020.”

Global trade continues to remain subdued, he said, and with softening of crude and commodity prices the majority of the nations have “lesser appetite for imports”.

#### Foreign trade

The revised merchandise and services export target will be detailed in the mid-term foreign trade policy review scheduled before the roll out of a new nationwide sales tax from July 1. “It will be pragmatic that the government does course correction,” Sahai said. “Global conditions are not as conducive as we initially thought”.

Trade is a top priority for India. The Modi government has described infrastructure bottlenecks, high transaction costs and manufacturing constraints as the biggest domestic challenge for the exports. With the implementation of goods and services tax, however, India will become a unified market subsuming more than a dozen federal and provincial levies in a bid to free up trade.

“Theoretically GST should be better for exports due to better capturing of input tax credit. Foreign trade policy review will take into account all aspects,” Teotia said.

The commerce ministry is aligning the trade policy review with the roll out of GST. Currently, exporters are allowed duty-free import of materials that go into manufacturing products for exports. However under the new tax regime, exporters will have to pay the duty upfront and later claim refund.

## Export growth

Global trade is expected to expand 2.4 percent in 2017, up from 1.3 per cent in 2016, according to the World Trade Organization. Exports contribute over 20 percent to the GDP of Asia's third-largest economy. "If exports grow by 15 percent they add about 3 percent to the GDP. India's growth can easily go in double digit if exports grow," Sahai of Fieo said. "For every \$50 billion exports, one million jobs are created in the country."

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

## Centre may extend sops for exporters

The Hindu

New Delhi, June 11, 2017 : With exporters raising concerns over the issue of working capital under the upcoming GST regime, the Commerce Ministry is expected to provide incentives such as enhanced interest subsidy to sectors like agricultural commodities to boost exports. The incentives could be announced as part of the foreign trade policy review, an official said.

"Currently, we are not getting interest subsidy benefits. The government should consider extending this to us besides other incentives so that we can increase rice exports," KRBL CMD Anil Mittal said. KRBL is a leading rice exporter and sells basmati rice under the India Gate brand.

The Federation of Indian Export Organisations too said the cost of liquidity is high and the government should look to reduce that. "The ministry should look at increasing the interest subsidy and Merchandise Exports from India Scheme each by 2%," FIEO director general Ajay Sahai said.

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

## 'India to find markets to boost agri exports'

The Hindu

New Delhi , June 12, 2017 : Commerce Secretary Rita Teatia said on Monday that while India has emerged as the seventh largest exporter of agri-products globally, opportunities in newer markets have to be searched for further growth.

Ms. Teatia said Agricultural and Processed Food Products Export Development Authority (APEDA) of the Ministry of Commerce in association with the concerned line Ministries is addressing issues relating to market access.

She said it is important to maintain traceability and accountability in value addition chain. Goods exports during 2016-17 stood at \$276.28 billion, out of which agri exports comprised of \$33.38 billion representing 12.08% of the total exports, an official statement said. Exports of food products monitored by APEDA during 2016-17 stood at \$16.28 billion representing 48.77% of agri exports from the country. Vietnam, UAE, Saudi Arabia, USA, Iran, Iraq and Nepal are the major destinations for export of food products from India. Ms. Teatota also asked organic goods exporters to certify their products as it helps boost competitiveness in the global markets.

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

### **Commerce ministry engaging with stakeholders to resolve GST issues**

Financial Express

New Delhi, June 10, 2017 : The commerce and industry ministry is organising consultations with all stakeholders, including exporters, to resolve their issues pertaining to the Goods and Services Tax (GST). The Directorate General of Foreign Trade (DGFT), under the ministry, has constituted a GST facilitation cell to assist and advise exporters, trade and industry for smooth transition from present regime to the GST. “DGFT also convened a meeting of stakeholders to understand the issues being faced by them in GST system. These issues have been taken up with department of revenue and GSTN,” the commerce ministry said in a statement. Most of issues have been resolved by the department and GST Network, it added.

It said that exporters can email their queries concerning GST and pertaining to [foreign trade policy](#) to the facilitation cell. “All regional offices of DGFT have also constituted GST facilitation cell and the cell would headed by head of the regional office,” it said.

The ministry has announced to align the mid-term review of foreign trade policy with roll out of GST for the convenience of exporters and industry. GST is scheduled to be rolled out from July 1.

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

### **3% GST opens room for cheap import of gold jewellery from FTA countries**

Rajesh Bhayani, Business Standard

Mumbai, June 7, 2017 : Goods and services tax (GST) of 3 per cent on gold will open a window for cheap jewellery imports from Indonesia and South Korea from July 1. Now, a 12.5 per cent countervailing duty is charged on imports of such jewellery from countries with which India has free trade agreements (FTAs).

As excise duty of 12.5 per cent will be replaced with 3 per cent GST from July, the countervailing duty would also come down. There would be no import duty on such goods from FTA nations.

According to a veteran bullion market player, “Instead of a normal duty of 15 per cent on import of gold jewellery, imposing a 3 per cent tax will make it lucrative for importers to flood the Indian market with cheap jewellery.”

In February 2016, the government had proposed 12.5 per cent excise duty on gold jewellery. But jewellers were given input credit, making the effective excise rate 1 per cent. Countervailing duty was fixed at 12.5 per cent.

As the government went on increasing import duty — from nearly 1 per cent in 2011 to 10 per cent in 2013 — to restrict import of gold to control a ballooning current account deficit, some found a loophole in the notification regarding import from FTA countries. This allowed import of gold jewellery at 1 per cent.

As the quantity of such concessional imports rose, the government started taking action. The Customs department started asking for 15 per cent bank guarantee on such imports and later a 12.5 per cent excise duty helped stop such imports. However, a loophole in the notification allows importers to bring spoons and bowls made of gold. When the government changed the definition, importers shifted focus to silver articles. That loophole was also plugged later.

However, GST of 3 per cent on gold has again opened a window of low import duty of jewellery from Indonesia and South Korea. Sudheesh Nambiath, lead analyst, South Asia, at GFMS Thomson Reuters, said: “To stop such imports, a cess on imports equivalent to basic Customs duty may be helpful.”

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

## **GST will help in e-commerce export, but clarity on policy needed: Stakeholders**

The Economic Times

New Delhi, June 12, 2017 : Though e-commerce players are expecting a surge in exports after the roll-out of India's landmark Goods and Services Tax (GST) reform, industry stakeholders feel there is a need to expand the categories for benefits under the export policy.

"The subsuming of major central and state taxes in GST, complete and comprehensive set-off of input goods and services and phasing out of central sales tax (CST) would reduce the cost of locally manufactured goods and services," Vishwas Shringi, Co-founder and Chief Executive Officer, Voylla Fashion, told IANS.

"This will increase the competitiveness of Indian goods and services in the international market and give a boost to exports."



A few players in the e-commerce sector feel that under the current foreign trade policy, there is a "lack of clarity" in terms of e-commerce exports.

"The policy is not foolproof right now. It is just an overview... not the in-depth information on what exactly the process and procedure is," Navin Mistry, Director of Retail Exports, eBay India, told IANS. "The custom process of how to ship an item is not so clear," he added.

Under the Merchandise Exports from India Scheme (MEIS), introduced by the Foreign Trade Policy (FTP) 2015-20, the Commerce Ministry gives benefits to several products as "duty credit scrips". However, the category of products in e-commerce exports, which are eligible for those benefits, are very limited, said Mistry.

"The policy is limited to only six categories. It does not expand to gems and jewellery or any new category. There is potential, but people are not aware about. That is the fundamental problem right now," he said, adding that it is a challenge for a very small or a medium-sized player to come online because they do not understand the policy clearly.

According to a study titled "Exploring Potential of E-Commerce for Retail Exports of Indian MSMEs in Manufacturing Sector", the total potential for business-to-consumer (B2C) e-commerce retail exports from India is estimated at approximately \$26 billion, of which \$2 billion can be achieved by 2020 from 16 product categories.

It highlighted that in order to provide a fillip to exports of micro, small and medium enterprises (MSMEs) through e-commerce, there is an urgent need for the government to recognise retail e-commerce exports as an industry and work towards removing regulatory barriers including reviewing the FTP policy.

The study was jointly prepared by the Federation of Indian Chambers of Commerce and Industry, Indian Institute of Foreign Trade-Centre for MSME Studies and Apex Cluster Development Services. It was also supported by e-commerce platform eBay India.

E-commerce major Amazon India recently came up with a workshop for small and medium businesses to educate them on the global opportunity, brand building, documentation, listing methodology and services.

"Since our launch in India in June 2013, we have been continually exploring opportunities to support the growth of Indian sellers in the emerging digital economy," an Amazon India spokesperson, who declined to be named, said.

"As part of this, we launched our Global Selling Program here in 2015 that enables Indian businesses to take their 'Made in India' products to millions of active customers across the globe through Amazon's 10 global marketplaces."

Mistry said: "There are policy hurdles, but all fundamental pieces need to work together. It is the fundamental job of the policymakers and all agencies that are part of the chain to enable better ease of doing business."

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

## **‘Trade deficit with India will not hurt U.S.’**

Arun S, the Hindu

New Delhi, June 05, 2017 : India Inc. has told the U.S. government that contribution of India to the overall U.S. trade deficit is too low to create any significant adverse impact on the American economy.

In its comments submitted recently to the U.S. Department of Commerce and the Office of the U.S. Trade Representative (USTR), India’s premier business association, the Confederation of Indian Industry (CII) has also said: “In light of the large market share that U.S. products have in the Indian market, it is clear that the balance of trade issue that is perceived is not due to a market access problem.”

Modi-Trump meet

This development assumes significance as the \$24.3 billion goods trade deficit that the U.S. had with India in 2016 may prominently figure in the meeting between Prime Minister Narendra Modi and President Donald Trump expected later this month in Washington DC.

While the Trump administration may also take up its concerns over the protracted negotiations on the proposed Bilateral Investment Treaty, New Delhi would raise issues such as visa curbs and non-tariff barriers of the U.S. affecting India’s exports as well as the delay in talks on a bilateral totalisation (social security) pact.

The CII’s submission followed the U.S. Commerce Department and the USTR calling for comments from the public to assist in assessing, among other things, the major causes of the U.S. trade deficit as sought in President Trump’s Executive Order on March 31.

The Executive Order sought an ‘Omnibus Report’ from the U.S. Commerce Secretary and the USTR (in consultation with other U.S. government departments/agencies) within 90 days on ‘Significant Trade Deficits’.

The U.S. government said: “The trading partners with which the U.S. had a significant trade deficit in goods in 2016 were Canada, China, the European Union, India, Indonesia, Japan, Korea, Malaysia, Mexico, Switzerland, Taiwan, Thailand, and Vietnam.”

As per Trump’s Executive Order, “unfair and discriminatory practices by our trading partners can deny Americans the benefits that would otherwise accrue from free and fair trade...”

The CII stated that: “... during 2011-2015, India’s contribution to the overall trade deficit of the U.S. was only 2.5% (average).

Thus, India’s share in overall U.S. trade deficit is too insignificant to cause any adverse impact on the U.S. economy.”

As against this, China’s contribution to the overall trade deficit of the U.S. during 2011-2015 was 43.9% (average), while that of Japan was 9.4%. Germany (8.1%), Canada (4.4%), Mexico (8.2%) and Saudi Arabia (3.5%) were higher, the CII showed.

As per the U.S. government, “the U.S. (overall) annual trade deficit in goods exceeds \$700 billion, and the overall trade deficit exceeded \$500 billion in 2016.”

‘High tariffs’

While the National Association of Manufacturers, the largest manufacturing association in the U.S. – has said American manufacturers continue to be challenged by India’s “excessively high tariffs on imports of a range of manufactured products”, the CII countered this by saying that “the major products that the U.S. exports to India have tariffs between 0-10%. This is lower than the tariffs other countries place on the same products in which the U.S. trades.”

The CII said though the U.S. is among the few countries that India has a trade surplus with, this must be put in context.

“Regardless of this surplus, the U.S. is the second largest exporter to India, second only to China,” the CII said.

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

### **Antidumping duty imposed on 'TDI' from China, Japan, Korea**

The Economic Times

New Delhi, June 6, 2017 : The revenue department has imposed antidumping duty on import of a chemical -- used in furniture cushion and automobile seats -- from China, Japan and Korea.

The levy will protect domestic manufacturers of the chemical from below-cost imports.

The duty on import of the organic compound 'Toluene di- isocyanate' (TDI) in the range of USD 0.14-0.40 per kg has been imposed for six months.

The Directorate General of Anti-Dumping & Allied Duties (DGAD) had recommended the imposition of provisional anti- dumping duty on imports in its preliminary findings.

Gujarat Narmada Valley Fertilizers and Chemicals had approached the DGAD for imposition of the duty alleging dumping of the product from the three countries.

After a probe, the DGAD said the organic compound has been exported to India below normal values and the domestic industry has suffered material injury.

It had recommended imposition of provisional antidumping duty "so as to remove the injury to the domestic industry".

The product is used for production of certain type of foam, furniture cushion, industrial gaskets, protective pads for sports, and automobile seats, among others.

Imposition of antidumping duty is permissible under the World Trade Organisation (WTO) regime.

The duty is aimed at ensuring fair trading practices and creating a level-playing field for domestic producers vis-a- vis foreign producers and exporters. PTI NKDAntidumping duty imposed on 'TDI' from China, Japan, Korea

New Delhi, Jun 6 (PTI) The revenue department has imposed antidumping duty on import of a chemical - used in furniture cushion and automobile seats -- from China, Japan and Korea.

The levy will protect domestic manufacturers of the chemical from below-cost imports.

The duty on import of the organic compound 'Toluene di- isocyanate' (TDI) in the range of USD 0.14-0.40 per kg has been imposed for six months.

The Directorate General of Anti-Dumping & Allied Duties (DGAD) had recommended the imposition of provisional anti- dumping duty on imports in its preliminary findings.

Gujarat Narmada Valley Fertilizers and Chemicals had approached the DGAD for imposition of the duty alleging dumping of the product from the three countries.

After a probe, the DGAD said the organic compound has been exported to India below normal values and the domestic industry has suffered material injury.

It had recommended imposition of provisional antidumping duty "so as to remove the injury to the domestic industry".

The product is used for production of certain type of foam, furniture cushion, industrial gaskets, protective pads for sports, and automobile seats, among others.

Imposition of antidumping duty is permissible under the World Trade Organisation (WTO) regime.

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

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