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Public stockholding of food priority issue for WTO meet

D. Ravi Kanth, Live Mint

Genva, September 8, 2017 : India's core demand for a permanent legal solution to its public distribution of foodgrain at reasonable prices is a "a priority issue" for the World Trade Organization's 11th ministerial meeting in Buenos Aires starting on 10 December, said the chair conducting negotiations on agricultural issues.

"Public stockholding for food security purposes (PSH) is a priority issue for MC 11 (Ministerial Conference 11)," said chair ambassador Stephan Karau of Kenya, who is overseeing the negotiations on agriculture for Buenos Aires.

On Tuesday, Karau issued what is known as a restricted job document on "the state of play in the agriculture negotiations" in which he listed the priority issues based on the proposals made by members.

The 11-page document states that "all members recognize that unlike other issues, there is a firm deadline and clear ministerial mandates both from Bali (the ninth ministerial conference) and Nairobi (the tenth ministerial conference), for a permanent solution to be found by MC 11."

India, a major player in the G-33 group of developing countries led by Indonesia, has repeatedly maintained that there cannot be an outcome without a permanent solution at Buenos Aires.

During closed-door meetings held before the issuance of the current document, India's trade envoy J.S. Deepak made it known in no uncertain terms that New Delhi will not tolerate any outcome at Buenos Aires without a resolution of the PSH issue, according to people familiar with the meetings.

The G-33 tabled concrete proposals on how to arrive at a permanent solution by amending the existing rules in the WTO's Agreement on Agriculture. It suggested an amendment for incorporating a new

annexure for exempting foodgrains procured specifically for public distribution purposes from subsidy-reduction commitments.

The G-33 demanded that PSH programmes be included in the list of Green Box subsidies that are currently exempted from reduction commitments. The US and the European Union annually provide more than $200 billion for Green Box programmes following the rules they finalized during the previous Uruguay Round. But, for inexplicable reasons, the public distribution programmes of developing countries were included under the so-called Amber Box measures based on 1986 prices. The Amber box measures include most trade-distorting farm subsidies and WTO members are countries are mandated to reduce them. The G-33 demanded an overhaul of these controversial provisions of the previous Uruguay Round agreement to ensure that their rising populations dominated by sizable percentage of poor people had access to foodgrains at affordable prices.

But there is opposition from the US, the EU, Australia, Canada, Brazil, among others to amending the rules to enable PSH programmes on a permanent basis with an appropriate legal shield.

Karau mentioned several caveats such as the coverage of countries for availing the benefits of PSH programmes, the products to be coverage in such programmes, the safeguards and anti-circumvention provisions to be included in the permanent solution, and the transparency provisions.

The chair said there are two proposals—one from the EU and Brazil along with Colombia, Peru and Uruguay; and another submitted by the G-33 group of developing countries led by Indonesia, India, and China among others. “The two proposals on the table suggest exempting the support provided under public stockholding programmes from the aggregate measurement of support (AMS) calculation (subsidy reduction commitment).” However, “the attached conditions (in the two proposals) differ significantly,” he said.

The chair said “several members (the US, Pakistan, the EU, Brazil, and Australia, among others) have expressed their opposition to the idea of an unlimited exemption.”

“There seems to be nevertheless a convergence of views on some key elements to be included in the solution, such as safeguards and transparency requirements,” he argued. But, “the scope and content of these elements are yet to be agreed upon,” said Karau, arguing that “many other elements would also require an agreement such as the country coverage, product coverage, and programme coverage.”

As members begin negotiations next week, it remains to be seen whether there will be a smooth passage to the permanent solution or an outcome burdened with conditions impossible to implement.

There is also no certainty that the permanent solution will involve an amendment to the Agreement on Agriculture like the creation of a brand new agreement on trade facilitation in WTO's rulebook.

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Commerce minister Suresh Prabhu's tough test: WTO ministerial in December

Asit Ranjan Mishra, Live Mint

New Delhi, September 11, 2017 : Suresh Prabhu, the beleaguered railway minister who offered to step down after successive railway accidents, has proven that he still enjoys the confidence of Prime Minister Narendra Modi, who appointed him the new commerce and industry minister on Sunday.

Prabhu replaces Nirmala Sitharaman who has been elevated as defence minister—India's second woman defence minister, after Indira Gandhi.

Prabhu is currently a member of the Rajya Sabha. He was Union cabinet minister for six years when the National Democratic Alliance (NDA) was in power under Atal Bihari Vajpayee. He moved to the Bharatiya Janata Party (BJP) from the Shiv Sena in 2014. He was Modi's sherpa for the G-20 Summit in the same year.

Speaking to *CNN News 18*, Prabhu said: "Commerce and industry is one of the key components of the Indian economy. Our manufacturing-to-GDP (gross domestic product)ratio has to improve considerably and to make that happen we are working on some initiatives like Make In India, (ease of) doing business in India. So (my priority will be) changing the GDP profile of India, to make sure that it becomes more diversified and we get more manufacturing into GDP so that more jobs can be created," he added.

The last two years of the Modi government will offer several challenges for Prabhu to prove his mettle. At the Regional Comprehensive Economic Partnership (RCEP) negotiations comprising the 10 Asean (Association of Southeast Asian Nations) economies and its six trade partners, Prabhu faces the tough challenge of championing India's trade interests at a time other countries are unwilling to open up their markets to Indian professionals. At the upcoming World Trade Organization (WTO) ministerial in Argentina's Buenos Aires in December, Prabhu will push for a permanent solution on public stockholding for India's food security, as promised by WTO members at the Bali ministerial in 2012.

Experts will be looking for practical and viable solutions to take the country out of the current industrial slump with a new industrial policy that Sitharaman had announced would be released by October. Prabhu will also have to finalise the new Foreign Trade Policy 2020-25 before demitting office in 2019. It will have to go beyond the current subsidy regimes provided to exporters which are not compliant with WTO rules.

Biswajit Dhar, professor of economics at the Jawaharlal Nehru University, said the need of the hour in the commerce ministry was continuity. “At a time we are neck deep in trouble at the RCEP negotiations and an important WTO ministerial is coming up, for the new trade minister to learn the ropes and get started with the negotiations is not an easy task. It is also unfair to the new trade minister,” Dhar said.

Amitendu Palit, senior research fellow and research lead (trade and economic policy) at Institute of South Asian Studies, National University of Singapore, said a commerce minister with cabinet rank ensures commerce gets as much importance in cabinet matters as other key portfolios like defence, finance, and power. “It also means India’s trade issues, particularly trade engagement, is presented and discussed at the highest level of the cabinet by the commerce minister, who figures at that level. This would ensure that commerce and trade issues are not marginalised by interests of other ministries in the cabinet.”

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Government think tank red-flags ecommerce entry in trade talks

Kirtika Suneja, The Economic Times

New Delhi, September 11, 2017 : Ahead of a crucial meeting of trade ministers of key developed and developing countries in October, a government thinktank has cautioned India against including ecommerce disciplines in multilateral trade fora as they will have implications on flagship programmes including Digital India, Startup India and Smart Cities. Besides, they will affect policies on open source software, open standards for e-governance, cloud services and cyber security.

India should not accede to demands for starting negotiations on ecommerce as the disciplines proposed by the US, European Union and China would curtail flexibilities available to the government to enforce its digital policies, the New Delhi-based Centre for WTO Studies (CWS) said in a working paper. It said these policies are formulated based on national considerations and the present status of the digital economy in India. The US submission on ecommerce last year talked about prohibiting digital economy in India. The US submission on ecommerce last year talked about prohibiting digital customs duties, enabling cross-border data flows, promoting a free and open internet and preventing localisation barriers.

The EU paper discusses how common principles on consumer protection, unsolicited messages, authentication and trust services and electronic contracts would contribute to a better integration, especially of small and medium enterprises, in the world economy and enhance the trust and confidence of consumers online. Although India does not have a policy mandating localisation of servers, CWS said giving up that right may be detrimental to Make in India and Smart Cities programmes.

If government relinquishes such flexibility, it may not be able to impose localisation as a condition for foreign firms to operate in India in the domain of ecommerce, it argued. Since most large foreign ecommerce companies are interested in tapping the Indian market, server localisation could be a good option for domestic economic activities and generating jobs.

Similarly, having no or limited control over real-time traffic data in case of smart cities may be harmful to national security. Another threat is in the form of disputes in case of cloud computing. Referring to the accountability of service providers with servers outside India, CWS said disputes pertaining to a country's data/server will be subject to the rules of the territory where the servers are located.

"These disciplines may adversely affect the future potential and outcome of government's initiatives by limiting the market structure, technology choice and development of domestic capacities," according to the CWS document. It stated that even without multilateral rules, global cross-border ecommerce has grown impressively and the proposals will not impart additional momentum to an already dynamic market.

"On the contrary, the proposed disciplines may adversely affect the growth of domestic industry by creating multinational oligarchs in the virtual world," it said. The findings assume significance in the wake of increased attempts by some countries to seek a negotiating mandate for ecommerce to encourage trade through electronic and digital means at WTO's ministerial conference in December.

Threat to telecom and IP
Ecommerce is also a part of Trans Pacific Partnership, Trade in Services Agreement and Regional Comprehensive Economic Partnership accord. CWS said these agreements contain disciplines similar to what the US proposed.

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Intermediating supply and demand

Rahul Matthan, Live Mint

September 8, 2017 : Our traditional understanding of the way markets function, has been based on the assumption that economic power lies with those who control the supply of scarce commodities. Competition law has, for this reason, been designed to protect consumers by preventing companies from taking undue advantage of their ability to control such products. But this economic model, based on market share and concentration that competition authorities have traditionally used to regulate industry, is becoming increasingly irrelevant today—particularly when they try to apply it to the modern technology world.

The internet operates under an entirely different dynamic from traditional markets. Tech businesses have little interest in controlling the supply. Instead, they focus on the demand side of the equation, looking to acquire more customers by creating a better user experience.

They do this by offering new forms of social and commercial interaction and by leveraging the fact that distribution, on the internet, costs next to nothing. They rely on viral marketing—on the fact that as word begins to spread about what they have to offer, more and more new subscribers will sign on.

As a result, demand on the internet has begun to funnel through a number of large platforms that intermediate between supply and demand.

This is how modern internet businesses have grown to their current stature. Social media companies create platforms through which advertisers can serve advertisements perfectly targeted to consumers with a granularity born from a deep understanding of what they want. E-commerce companies understand the shopping habits and personalized needs of their customers so well that they accurately recommend purchases so useful to their consumers that businesses large and small have almost no other option but to sign up as sellers or else lose out on the huge potential market on offer.

None of these businesses control a scarce commodity. Instead, they offer platforms that are so useful that both demand and supply voluntarily gravitate to them.

Central to the attractiveness of their proposition is the user experience that they offer. Since they are entirely data driven, they have the ability to analyse and act, in real time, on the various user insights that are generated out of the data that their services produce. They use these insights to constantly tweak their offerings. As the service gets better, more and more users are willing to sign on and as more customers get added to the platform, the data these new customers generate contributes further to quality of the insights—which further improves the user experience. This is a self-perpetuating virtuous cycle that, almost by definition, continuously operates to the benefit of the consumer.

This is the key distinction between corporations in the internet age and those of times past. When corporations grew their profits solely by controlling the supply of a scarce commodity, they did so because the product they controlled was non-substitutable and customers had nowhere else to go to buy it. Internet businesses, on the other hand, grow because their subscribers self-select to use those platforms and will only keep growing if they continue to offer customers what they need. The short history of the internet is strewn with carcasses of many once-great businesses that no one uses today.

The European Competition Commission, however, takes a more paternalistic approach. It operates on the presumption that a plurality of service providers is necessary for healthy competition and that consumers must have choice at all costs. It has, based on this principle, handed down judgments designed to make space for more platforms to spring up and grow.

This approach, in my mind, is unsuited to the modern internet age. If the purpose of the law is to ensure that the consumer always benefits, it must readjust itself to account for the new ways in which these benefits accrue. The internet allows a greater level of personalization of services than was ever possible. This customization has the potential of adding considerable value to the customer experience but is highly dependent on the wisdom of crowds—the larger the crowd, the greater is the wisdom that the platform can generate.

If that is the case, it stands to reason that a larger platform is capable of generating more benefits to its users than a market that has been fragmented to allow multiple players to provide the same service.

As the Indian competition authority begins to grapple with these issues, it would do well to independently come to a conclusion on these matters.

After all, if the true purpose of competition law is to benefit the consumer, we need to find out for ourselves what approach will best achieve that result.

Even if doing so flies in the face of what the rest of the world is doing.

Rahul Matthan is a partner at Trilegal. Ex Machina is a column on technology, law and everything in between.

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Will the BRICS thaw create a new bond?

Atul Aneja, The Hindu

September 8, 2017 : Amid flight delays owing to a typhoon, nearly 3,000 journalists from across the globe trickled into the coastal hub of Xiamen, the venue of the ninth summit of the Brazil-Russia-India-China-South Africa (BRICS) grouping, held earlier this month.

For the next few days, a sprawling media centre would be their home. Every half an hour, shuttle buses from designated hotels brought them to their new workplace. The last bus would leave the venue at 10.30 p.m., long after the sun had gone down in the neighbouring South China Sea.

The Chinese had ensured that all the arrangements were spot on, to the last detail. Journalists could access 700 work stations connected with high-speed Internet, plug-in audio links, and two electric points. Giant screens in the media hall showed the opulent red-carpet welcome for the heads. No effort was spared to ensure that messages coming from the top leaders were relayed to the media in near-real-time.

The hosts had also ensured that a vast dining area, serving a wide variety of food, was in full swing right from the crack of dawn. It met the expectations of most of the media assemblage, though the vegetarians may justifiably have had something to complain.

Impact of Doklam

For the Indian media, the Doklam stand-off naturally coloured the coverage of the BRICS summit. With the convergence of the five emerging economy heads, a new door in India-China ties seemed to be opening, as word was out soon after the conference began that a meeting between Prime Minister

Narendra Modi and Chinese President Xi Jinping had been confirmed. But how wide would this door be set ajar by the two principals? Would it be tightly shut once again by new headwinds that may be brewing, but were yet beyond perception?

China's decision not to object to the listing of Pakistan-based outfits — like the Jaish-e-Mohammad (JeM) and the Lashkar-e-Taiba (LeT) — on the list of international terrorist groups imparted guarded optimism ahead of the Modi-Xi parleys.

Critics are right in pointing out the similarity in the statement on counterterrorism read out at the BRICS summit and the language used in slamming extremism in the closing document of the Heart of Asia conference in Amritsar.

But there are crucial differences between the two. First, the Amritsar declaration was at a ministerial level. The one at BRICS in Xiamen was from the heads of state, imparting weight to the document. Second, the Chinese had earlier rejected the listing of the JeM and the LeT on the world terror roll. But, in Xiamen, the Chinese relented, marking a clear shift in their stance. How durable this shift would be is a pertinent question. Will it translate, with China's endorsement, into a much-sought-after ban on Masood Azhar, head of JeM, when his status is debated at the UN 1267 committee in October?

Next month, China is heading into a party congress, which will change the leadership complexion in Beijing — a development that is likely to impact the future course of India-China ties.

Pakistan's response to the signals emerging from Xiamen will also be crucial. A mode of denial will be unhelpful. But in case Islamabad undertakes a "clean break" from its past as advocated by its Foreign Minister Khawaja Asif, the BRICS summit may prove crucial in rebooting India's ties not only with China, but possibly with other countries in its neighbourhood, including Pakistan.

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Time for India to exit RCEP trade pact

Business Line

September 8, 2017 : Good negotiating skill is not just about delivering results. It is also about realising when saying ‘yes’ ceases to be an option. In the ambitious Regional Comprehensive Economic Partnership (RCEP) pact India is negotiating with 15 other nations including China, the rising pressure for opening up markets in goods is making negotiations unsustainable. India will not be able to justify its continued efforts to reach a compromise.

As trade ministers from the 16 member countries — including the 10-member Asean, India, China, Japan, South Korea, Australia and New Zealand — prepare to take stock of the negotiations in the Philippines this weekend, New Delhi needs to get assertive about what it cannot agree to, even if it means getting isolated in the talks.

Over to Prabhu

The meeting, scheduled on September 10 in Manila, has added significance as it could be the last ministerial meeting of RCEP countries. The plan reportedly is that the ministerial will be followed up with a meeting of the RCEP technical network committee in South Korea in October. This will come up with an implementation paper based on which outcomes for the future negotiations would be set.

Commerce and Industry Minister Suresh Prabhu, who took charge this week, needs to take urgent note of the fact that what he agrees to or opposes at Manila, could have a significant impact on the final result of the negotiations, which members hope to conclude early next year.

For most RCEP members, the sky seems to have become the limit as far as ambitions in opening up markets for goods go. As has been reported, many members have demanded that import tariffs on goods — both agricultural and industrial — must be reduced to zero for more than 92 per cent of tariff lines. This would mean that India has to phase out duties on most items and dismantle the wall protecting its industry and farmers from indiscriminate competition. What is less known is that some RCEP countries

have further suggested that tariffs should be reduced to less than 5 per cent on an additional 7 per cent of lines which would take the total coverage of items to 99 per cent.

To make matters worse for India, which is grappling with the demands already on the table, countries like Australia and New Zealand which want India to lower tariffs on items like wheat and dairy, are now insisting that the offers should not be just linked to tariff lines but to the value of the items. This means that agreeing to eliminate tariffs on a large number of items is not enough. The items should be of significant trade value too.

Rising pressures

For a country with a large number of sensitive agricultural crops and labour-intensive industry sectors, bending to such demands is a near impossibility. What is especially giving Indian industry sleepless nights is the thought of unhindered flow of goods from China with which it already has a annual trade deficit of over $50 billion. A Free Trade Agreement (FTA) with no duties on most products could increase the deficit significantly.

One may ask why India participated in the negotiations for so long if it is not in a position to offer zero tariffs on many items. The answer is that New Delhi was never averse to the idea of eliminating tariffs on a considerable number of items — the length of the list depending on the country for which it was making the offer. However, it had no clue that it would be pressured into treating all members equally and offering tariff elimination or reduction on an exceptionally long list of items, giving it very little scope to protect its sensitivities.

The gradual cornering of India by RCEP partner countries is reflected in how the negotiations have progressed over the last two years. India's first set of offer for tariff elimination based on a three-tier system — 42.5 per cent of tariff lines for China, New Zealand and Australia, a higher 65 per cent for its FTA partners South Korea and Japan and the highest offer of 80 per cent for Asean — was rejected by all members, including Asean.

Last August, India was forced to give up its proposal for a three-tier system at the ministerial meet in Laos in favour of a single offer for all. India had to satisfy itself with members agreeing to allow deviations to protect its vulnerabilities with respect to certain members (read China). The caveat, of course, was that the deviations can't be too high.

Over the past year, despite fierce opposition from its farmer groups and industry lobby, New Delhi has indicated to RCEP members that it could offer to eliminate tariffs on about 70-75 per cent of items for all members with certain deviations for countries like China, Australia and New Zealand with which it does not have FTAs.

One-sided deals

But the offer proposed by India has not satisfied the RCEP members. At the recent negotiating round in Hyderabad, India was pushed incessantly to improve its offers with Australia and New Zealand, insisting on increased market access in items like wheat and dairy. The existing situation is exactly what the Indian industry and farmer groups, protesting against the RCEP pact, were apprehensive about.

India's expected gains in goods from the RCEP pact are not significant, given the fact that the existing levels of tariffs in member countries are relatively low and there wouldn't be significant gains from further cuts. This is the main reason why India's gains in goods have been much lower than that of the partner countries in its FTAs with Asean, Japan and South Korea.

While India's gains in RCEP are to mainly come from services liberalisation, including easier work visa norms, the offers in the area have been almost non-existent. The Asean countries have refused to offer even the level of openness that exists among the 10 member group.

Moreover, many RCEP members are now insisting on inclusion of substantial commitments in the area of e-commerce and investment facilitation — the two areas where India wants to preserve its sovereign right for policymaking.

Why fear exit?

With the clock continuing to tick, it is high time India asked itself why it needs to be part of a pact where it runs the risk of putting the future of its industry and farmers at stake while getting almost nothing in return. Its fear of being the only major economy not part of a mega trade deal is no longer real. Negotiations on most large trade pacts such as the Trans Pacific Partnership, Transatlantic Trade and Investment Partnership and a new NAFTA have hit major road blocks after President Donald Trump took over in the US.

New Delhi has to realise that there is no shame in getting out of a bad deal. There is a world of wisdom in exiting while there is still time rather than signing a bad deal.

A free trade pact between the RCEP countries accounting for 45 per cent of the world population and over $21 trillion of GDP does seem attractive, but not at the price India is being asked to pay.

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India, China to set up working groups to promote exports

The Economic Times

New Delhi, September 9, 2017 : India and China have agreed to set up industry specific working groups for increasing exports with a view to bridge trade deficit with Beijing, Commerce Minister Suresh Prabhu today said.

"Concerned about growing trade deficit with China, we agreed to set up industry specific working groups, to promote more exports from India," Prabhu said in a tweet.

He is in Manila, the Philippines to attend the fifth East Asia Summit (EAS) Economic Ministers' Meeting. The minister would also participate in the trade ministers' meeting of 16 RCEP member countries.

Regional Comprehensive Economic Partnership (RCEP) is a mega trade pact among 16 countries which aims to cover goods, services, investments, economic and technical cooperation, competition and intellectual property rights.

At the sidelines of EAS meet, the minister met his Chinese counterpart Zhong Shan to discuss ways to promote bilateral trade between the countries.

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Prabhu, who recently took charge of the ministry, also met Japanese Minister of economy, trade and industry Hiroshige Seko and Korean Trade Minister Hyun Chong KIM.

India's trade deficit with China narrowed marginally to USD 51.08 billion in 2016-17 from USD 52.69 billion in 2015- 16.

India wants greater market access in China for its goods and services like IT and pharma products. The country has also insisted upon China to increase investments. RR CS ANU

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India, China unlikely to be growth poles for global economy: UNCTAD

The Hindu

New Delhi, September 7, 2017 : The world economy in 2017 is picking up but not lifting off, and while growth in China and India remains relatively buoyant, it is still at a slower pace than before the 2008 financial crisis and with serious downside risks, according to a report by UNCTAD — the United Nations' permanent intergovernmental body.

"(The world economy) Growth is expected to reach 2.6%, slightly higher than in 2016 but well below the pre-financial crisis average of 3.2%," according to the UNCTAD's 'Trade and Development Report, 2017' released on Thursday.

India's growth performance depends to a large extent on reforms to its banking sector, which is burdened with large volumes of stressed and non-performing assets, and there are already signs of a reduction in the pace of credit creation, the report said.

"Since debt-financed private investment and consumption have been important drivers of growth in India, the easing of the credit boom is likely to slow GDP growth," the report said.

Demonetisation, GST hit India

Significantly, it further said “in addition, the informal sector, which still accounts for at least one third of the country’s (India’s) GDP and more than four fifths of employment, was badly affected by the Government’s ‘demonetization’ move in November 2016, and it may be further affected by the roll-out of the Goods and Services Tax from July 2017.”

The report said China’s estimated debt-to-GDP ratio is 249%, adding that as the Chinese Government introduces measures to contain its rising debt, domestic demand could be squeezed, with adverse consequences.

The dependence on debt makes the boom in China and India difficult to sustain and raises the possibility that when the downturn occurs in these countries, deleveraging will accelerate the fall and make recovery difficult, the report said. Therefore, it said “expecting these countries to continue to serve as the growth poles that would fuel a global recovery is clearly unwarranted.”

Even if the current levels of growth in both China and India are sustained, it is unlikely that these countries will serve as growth poles for the global economy in the near future, it added.

On advanced economies, the report said the main obstacle to a robust recovery in such countries is fiscal austerity, which remains the default macroeconomic option. Capital inflows to developing countries remain negative, albeit less so than in recent years, it said, adding that unforeseen events could knock recovering economies off balance.

The growing concentration of markets is a major issue highlighted in the report, with potentially corrosive consequences for the political system. “As long as policymakers continue to brandish the austerity sword and measure policy success by asset prices and profit levels, big business will dominate in key sectors, and the already significant inequalities may worsen further,” it said. The report also examines other sources of anxiety linked to robots and gender discrimination, which are affecting job prospects in developed and developing economies alike.

The report outlines a global new deal to build more inclusive and caring economies. “This would combine economic recovery with regulatory reforms and redistribution policies, and do so with speed and at the requisite scale,” it said.

The report further said “In today’s integrated global economy, Governments will need to act together for any one country to achieve success. UNCTAD urges them to seize the opportunity offered by the Sustainable Development Goals and put in place a global new deal for the twenty-first century.”

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Indo-Singapore trade may reach $25 billion by FY20: FIEO

The Economic Times

New Delhi, September 7, 2017 : Exporters' body FIEO today said there is a huge potential to increase bilateral trade between India and Singapore to USD 25 billion by 2019-20.

India's export to Singapore grew by 23 per cent last fiscal, though overall exports expanded by only 4 per cent.

However, bilateral trade with Singapore is only 2.52 per cent of India's overall trade, Federation of Indian Export Organisations (FIEO) President Ganesh Gupta said in a statement.

"We can easily reach USD 25 billion trade with Singapore by 2019-20 from the current level of USD 17 billion," he said.

FIEO is there in Singapore to participate in the Singapore International Expo.

Gupta said the expo is providing an opportunity to MSMEs to showcase wide range of quality products to high demanding customers in Singapore.

Participants from 89 companies are representing their products from sectors including apparel, gems and jewellery, furnitures, handicrafts and textiles.

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Indian middle class offers opportunities for US exports: American diplomat

The Economic Times

Washington, September 13, 2017 : India's middle class offers major opportunities for US exports, a senior American diplomat has said, highlighting the extraordinary economic potential of the Indian market.

Acting Assistant Secretary of State for South and Central Asia Alice Wells said rising standards of living in India will drive demand for US products, services and energy in the country.

The emergence of 350 million middle class consumers will drive Indian growth and will also offer major opportunities for US exports, she said addressing a gathering of US India Business Council.

The emergence of 350 million middle class consumers will drive Indian growth and will also offer major opportunities for US exports, she said addressing a gathering of US India Business Council.

"Emerging middle-class consumers will have new demands in areas such as education, health care, and financial and professional services -- fields where US companies have much to offer. And US agricultural technology and projects can contribute to a diversified nutritional profile that can do much to advance public health in India," she said.

Wells said there is extraordinary economic potential in the Indian market.

Recent purchases by SpiceJet and Jet Airways of Boeing aircraft underscore that aviation and its related industries are always areas of massive potential, she said, adding that another area of great promise is the energy sector.

India is the third largest energy consumer in the world after China and the US and will remain one of the largest energy consumers for decades to come, she noted.

Just last month, Indian companies began increasing their purchases of US crude oil, and Indian firms are also turning to US liquefied natural gas to meet demands to diversify supplies.

And India's state gas utility, for example, signed a 20-year supply agreement with US' LNG producer Cheniere Energy which has already taken delivery of multiple shipments of gas, she said.

"Many have questioned how 'Make America Great' here and Made in India can be compatible, and indeed, we do need to do more to balance the US trade deficit with India, which totalled nearly USD 30 billion last year," Wells said.

"Yet the developments I cited are powerful examples of the vast complementarity of our economy. Rising standards of living in India will drive demand for US products, services, and energy that can help Indians live healthier and more productive lives. And that will in turn create more growth in India," Wells told the audience.

"We know this is a lot of work to get this done right, and we're willing to rely on the counsel and the partnership of the business community as we work with our Indian counterparts to realise the promise of this economic relationship," she said.

The State Department is now working closely with USTR and the Commerce Department to address their concerns, including tariff and non-tariff barriers, subsidies, liberalisation policies, restrictions on investment, and intellectual property concerns that limit market access.

"We're committed to a trade relationship that promotes prosperity in both our countries by ensuring that it's fair and reciprocal," she said.

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US to launch anti-dumping probe against steel flanges from India, China

The Economic Times

Washington, September 7, 2017 : The Trump administration has said it will initiate new anti-dumping and countervailing duty probe to determine whether imports of stainless steel flanges from India and China are being dumped in the US.

These investigations were initiated based on petitions filed by the Coalition of American Flange Producers and its individual members -- Core Pipe Products and Maass Flange Corporation on August 16, according to the Commerce Department.

The estimated dumping margins alleged by the petitioners range from 99.23 to 257.11 per cent and 78.49 per cent to 145.25 per cent for China and India, respectively.

"The Department will act swiftly, while assuring a full and fair assessment of the facts, to ensure that everyone trades on a level playing field," US Commerce Secretary Wilbur Ross said as he announced initiating of anti-dumping investigations against stainless steel flanges from India and China.

"The Trump administration will defend American workers and businesses with every tool at our disposal," he said.

The unfair subsidies alleged by the petitioners are estimated to be above de minimis.

In the anti-dumping investigation, the Commerce Department will determine whether imports of stainless steel flanges from China and India are being dumped in the US market at less than fair value.

In the countervailing duty investigations, the department will determine whether Chinese and Indian producers of stainless steel flanges are receiving unfair government subsidies.

If the Commerce Department determines that stainless steel flanges from China and India are being dumped into the US market and/or receiving unfair government subsidies, and if the US International Trade Commission (ITC) determines that dumped and/or unfairly subsidised US imports of stainless steel flanges from China and India are causing injury to the US industry, it will impose duties on those imports in the amount of dumping and/or unfair subsidisation found to exist.

In 2016, imports of stainless steel flanges from China and India were valued at an estimated $16.3 million and $32.1 million, respectively.

From January 20, 2017, through September 6, 2017, the department has initiated 62 anti-dumping and countervailing duty investigations - a 41 per cent increase over the previous year.

It currently maintains 407 anti-dumping and countervailing duty orders which provide relief to American companies and industries impacted by unfair trade.

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India wants to extend its ties with Russia's Far East: Sushma Swaraj

The Economic Times

Moscow, September 6, 2017 : India is keen to expand its economic ties with Russia's resource-rich Far East, External Affairs Minister Sushma Swaraj has said as she sought the Russian government's assistance in facilitating Indian investors in the region.

Swaraj said the leadership of the two countries had identified trade and economic relations as a top priority in their overall partnership and both the nations made "very significant" investments in each other's countries last year.

"India invested USD 5.5 billion in the oil sector in Russia. The largest Russian investment in India of USD 12.9 billion, which is also India's largest FDI, was concluded last month in the oil sector between Rosneft and Essar," she said at the India-Russia Business Dialogue at the Eastern Economic Forum held in Russia.

"Politically, India has the best of relations with Russia. We have been partners for seven decades, and our friendship has expanded to almost all sectors of human activity," Swaraj said.

Terming the meeting as the start of a new and "promising" beginning in expanding India's economic ties with the Russian Far East, Swaraj said the two countries should identify areas of common interest and encourage more interactions.

"I see this as the start of a new and promising beginning in expanding India's economic ties with the Russian Far East...I am confident that the Russian Government will assist Indian investors in the region," Swaraj said in a statement.

She also sought investment from the Russian business community.

"I would like to reiterate our invitation to regions and businesspersons of the Far East to visit India...Greater trade, commerce and investment with the Far East will help us in achieving the target of 30 billion US dollars that we have set for our bilateral trade by the year 2025," she said.

"India is one of the most dynamic economies of the world. Based on the vibrant and progressive policies of our government, the Indian economy is firmly embarked on a strong growth trajectory. Ambitious policy measures such as the introduction of the Goods and Services Tax have made doing business in India easier," Swaraj said.

She said under the 'Make in India' and 'Start-up India' flagship programmes the government had made concerted efforts to attract technology, investments and best practices from across the world.

"There has been no better time to engage with India. I can assure our Russian friends that in India, a warm welcome awaits them," Swaraj said.

She said the Russian Far East was one of the richest regions in the world and India is among the fastest growing large economies of the world.

"There is lot that can be done together. When other markets are closing we need to find new ones and create virtuous cycles of investment. Investment is in the ultimate analysis (of) an act of faith," she said.

"Today, the Russian Far East authorities are actively inviting Indian investments into their region. The areas identified as priority sectors such as machine industry, oil and gas, fisheries, agriculture, metals and mining, diamonds, timber, transport and logistics and tourism are all of interest to India," she added.

Swaraj also said that India will provide an annual grant of USD 10,000 to fund the study of Indology at the Centre of Regional and International Studies at Far East Federal University.

"This will contribute to building greater awareness about India and more exchanges," she said.

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India's push to ease worker-movement norms may turn counterproductive

Arun S, The Hindu

New Delhi, September 11, 2017 : Trade experts have cautioned that India's push to ease norms - under bilateral, regional and multi-lateral trade agreements - on movement of skilled workers across borders for short-term work, could turn out to be counterproductive if they don't protect workers' rights, including employment opportunities, adequate earnings, equal opportunity as well as stability and security of work.

India has been pitching for liberalisation of the services trade including relaxing norms for temporary movement of professionals and skilled workers in the ongoing negotiations on the proposed Free Trade Agreement (FTA) involving 16 Asia-Pacific nations (including India) as well as at the World Trade Organisation (WTO)-level trade negotiations. India is considered a strong player in the services trade globally due to its large pool of services professionals including in the Information Technology sector.

The proposed FTA involving 16 Asia-Pacific nations is officially called the Regional Comprehensive Economic Partnership (RCEP). At the WTO-level, India has proposed a Trade Facilitation in Services

(TFS) Agreement with an aim to eliminate “barriers” affecting global services trade - through binding commitments on measures including simplification of procedures for temporary entry and stay of workers, and by ensuring clarity regarding work permits and visas.

However, trade experts and civil society organisations have cautioned the Centre against the move, saying it can prove to be detrimental if such bilateral, regional and multi-lateral trade pacts do not incorporate elements mentioned in the International Labour Organisation’s ‘Decent Work Agenda’ - that includes employment opportunities, adequate earnings and productive work; decent working time, stability and security of work, equal opportunity, social security, as well as employers’ and workers’ representation.

Satyaki Roy, Associate Professor, Institute for Studies in Industrial Development (ISID), said trade negotiations need to address labour issues to ensure protection of workers’ rights. Mr. Roy said, “Developed nations protect their main resources - capital and Intellectual Property Rights (IPR) - by pitching for binding commitments on protection of investments and IPR in trade pacts. Similarly, the developing nations, including India, must ensure protection of their chief resource, which is abundant labour.”

Ashim Roy from the New Trade Union Initiative mentioned the model of ‘tied employment’, where some multinational companies (MNCs) take their workers to the countries where they have operations, but ensure that such employees work only for them, and that too without adequate pay. “While India is pushing for easing norms on temporary movement of workers, they should not result in helping the ‘tied employment’ model and workers losing their rights,” he said.

He warned that proposed agreements such as the RCEP would “allow the MNCs and global finance to access cheap labour and resource, depress wage, working and environment standards by integrating local firms and economics in the global production network that ensure maximum value capture by MNCs and developed countries. At the same time, it will protect global investment from any policy change favorable to people, including revision of minimum wage or enhancement of labour rights and community rights.”

Mr. Roy said, "The RCEP promises greater integration to global production network. Developing countries that primarily specialise in labour-intensive manufacturing and standard services are the receivers of the lowest share in value added. India's net gain ratio figures from participation in GPNs (Global Production Network) suggest a net loss through increased participation. The low-skilled workers of developing countries are the worst losers in this MNC-led global architecture of production, which the RCEP typifies."

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Govt launches online facility to resolve foreign trade issues

Business Line

New Delhi, September 8, 2017 : The Government has set up an online service facility that can be used by importers and exporters to resolve all foreign trade-related issues, an official statement said today.

The Directorate General of Foreign Trade (DGFT), which comes under the Commerce Ministry, has asked all exporters and importers to use the system — Contact@DGFT — for resolution of their matters.

Traders can raise all matters related to the directorate or other agencies of the Centre and States through this facility, which is activated at the DGFT website.

"Contact@DGFT system has been activated as a single point contact for resolving all foreign trade-related issues," the DGFT said in a notice to all regional authorities, export promotion councils, commodity boards and members of trade and industry.

It said best efforts will be made for expeditious resolution.

"In the interest of systematic monitoring and effective resolution, exporters/importers are requested not to send their queries through twitter or e-mail and use Contact@DGFT service instead," DGFT added.

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