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Centre for WTO Studies, 7th Floor, IIFT Bhawan, B-21, Qutab Institutional Area, New Delhi – 110016
Tel: 91-11-26965124, 26965300, 26966360 Ext-725,710 Fax: 91-11-26853956
Email: cws@iift.ac.in

The Centre for WTO Studies was set up by the Department of Commerce, Government of India in 1999. The intent was to create an independent think tank with interest in trade in general and the WTO in particular. The Centre has been a part of the Indian Institute of Foreign Trade since November 2002. The Centre provides research and analytical support, and allied inputs to the

Government for WTO and other trade negotiations. The Centre also has its own body of publications, and conducts outreach and capacity building programmes by organizing seminars, workshops, and subject specific meetings to disseminate its work, create awareness on recent trade topics and build consensus between stakeholders and policy makers.

Agreement on cutting fisheries subsidies unlikely at WTO meet

Asit Ranjan Mishra, Live Mint

New Delhi, November 10, 2017: Once considered a low-hanging fruit, an agreement on cutting fisheries subsidies at the 11th World Trade Organization (WTO) ministerial conference (MC11) in Buenos Aires next month now looks unlikely as the US wants to include curbs on inland and recreational fishing against the earlier proposal for cutting down subsidies only on high-sea fishing.

"The US wants to change the basic nature of the negotiations on fisheries subsidies. Though the US is trying to target China, this could derail fisheries subsidies talks," a commerce ministry official said, speaking on condition of anonymity.

In a statement released on 3 November, the WTO said China and the US have submitted fresh proposals for the draft agreement on fisheries subsidies.

The US in its proposal said as an interim step, countries need to re-commit to complying with existing notification obligations under the Agreement on Subsidies and Countervailing Measures at MC11 and agree on additional new categories of information to be reported.

"With a more comprehensive picture of existing programs and their trade and conservation impacts, members will be better positioned to develop fisheries subsidies obligations that would be effective in achieving the objectives of addressing the worst forms of subsidies, including those that contribute to overfishing, overcapacity, and IUU (illegal, unreported and unregulated) fishing," it added.

India is open to an agreement on fisheries subsidies at the MC11 if special and differential treatment is ensured to developing countries, allowing them a longer stretch of time for compliance with protection for marginal farmers.

Developed countries claim that fisheries subsidies, estimated to be in the tens of billions of dollars annually, create significant distortions in global fish markets and are a major factor contributing to overfishing and overcapacity and the depletion of fisheries resources.

But developing countries want to protect subsidies for low-income, resource-poor fishermen for whom it is a matter of livelihood.

Both China and India provide only *de minimis* (negligible) support. China provides 8.5% while India provides 10% as product-specific and non-product specific support under *de minimis*. The two countries are also exempted from reducing their *de minimis* support under the existing Doha negotiating mandates, particularly the 2005 Hong Kong Ministerial Declaration.

In contrast, the rich countries provide support under the most trade-distorting amber box measures, the *de minimis* support and the blue box of minimal trade-distorting support programmes.

The US, the EU, Japan, Switzerland and Norway also provide a large quantum of funds under what is called green box subsidies, which are currently exempted from reduction commitments. But several studies have pointed out that even the green box subsidies provided by the rich countries are trade-distorting and need to be reined in.

India's focus at the MC11 will remain on a permanent solution to public procurement for food security, special safeguards mechanism allowing poor countries to raise tariffs temporarily to deal with import surges, and trade facilitation in services.

India is also likely to thwart any move by developed countries to push for an agreement on e-commerce rules at MC11.

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Premature to start talks at WTO on e-com: Commerce ministry

The Economic Times

New Delhi, November 1, 2017: The commerce ministry today said it would be premature to start negotiations at the World Trade Organization (WTO) on rules for the e-commerce sector as the contours of this segment are still "in the dark".

Joint Secretary in the Department of Commerce Sudhanshu Pandey said that India is focusing on making rules for domestic e-commerce players.

"Starting negotiations on WTO rules in the e-commerce would be premature as the contours of this space are still in the dark," industry body Ficci said in a statement quoting Pandey.

The official was speaking at an interactive session on 'E-Commerce, Digital Infrastructure, Trade Rules and WTO'. It was organised by Ficci and the Centre for WTO Studies.

The remarks assume significance as developed countries including the US are pushing for inclusion of new issues like investment facilitation and e-commerce in the WTO's ministerial meeting to be held in Argentina in December.

Pandey said several countries were eager to negotiate multilateral rules to govern global trade through e-commerce.

"Such rules stand to hurt the interests of most developing countries, including India. India needs to think whether it was prepared to take on the obligations that would bind its stakeholders to an international policy in a sector, which was still evolving," he added.

Since July last year, around 24 papers have been submitted by different countries to the WTO on e-commerce and nations like Japan have put out highly ambitious papers, he said.

In such a scenario, Pandey said, India needs to safeguard its domestic market which is still small.

National rule making for e-commerce is also a daunting task as there were many issues that are overlapping in nature, he said, adding that different departments are trying to address various issues to help formulate an overarching national policy for e-commerce.

Ministry of Electronics and Information Technology is working on a draft paper on e-commerce, which will be put out for comments.

Speaking at the event, Abhijit Das, Head, Centre for WTO Studies, said that there are many challenges in starting the negotiations.

These, he added, include data flow, servers, data localisation, transfer of technology and mandatory sharing of telecom infrastructure and need attention.

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India's hopes of a permanent solution for public stockholding hang in balance

D Ravi Kanth, Live Mint

Geneva, November 8, 2017: India's hopes of securing a simple and effective permanent solution for public stockholding programs (PSH) for food security hang in the balance after Australia, Pakistan, the European Union, and the United States rallied around a Russian proposal that New Delhi first agree to onerous conditions for availing of the legal instrument.

The permanent solution is a core demand of India and other members of the G33 farm coalition led by Indonesia for the World Trade Organization's eleventh ministerial conference in Buenos Aires beginning

10 December. Trade ministers had mandated WTO members to finalize the permanent solution for PSH at the conference.

According to people familiar with the development, on 1 November, the chair for Doha agriculture negotiations ambassador Stephan Karau held a closed-door meeting with trade envoys of the European Union, Brazil, India, and deputy trade envoys of China and the US, Russia, Australia, Pakistan, Norway, and Singapore, among others, to discuss two issues: transparency and notification requirements; and safeguards for the proposed permanent solution.

Russia presented a seven-page restricted "draft ministerial decision of 13 December 2017" that listed the "notification and transparency" provisions as well as "anti-circumvention/safeguard conditions." Among others, it suggests "prior" notification before implementing the PSH programme about "the value of stocks to be acquired and the average value of production for the previous three years of the product concerned."

It also wants India and other developing countries to agree to seven burdensome "anti-circumvention/safeguard" conditions. The conditions include (i) ensuring that stocks procured for PSH programs "do not distort trade or adversely affect the food security of other members"; (ii) the beneficiaries will be barred if they do not "present a full complete notification within the established timeframe"; (iii) India and other G33 members must ensure "no direct export from the (PSH) stocks shall occur upon the release of products from the stocks nor any release of products from the stocks shall occur on the condition that they are exported"; (iv) India and other users of the PSH programmes must ensure that there cannot be any increase of exports by an agreed percentage of products procured for PSH programme for food security;(v) applied tariffs for the products meant for PSH programs "shall not exceed (X%) of the average applied tariffs in the period of 2013-17"; (vi) India and other developing countries which are currently exporting rice and other agricultural products will not be able to use the permanent solution if their exports of rice or other products meant for PSH exceed 5% of global export share of the product; (vii) entities like the state trading corporation (STC) cannot engage in export of products procured under PSH programmes.

India, however, challenged the Russian proposal on both transparency and safeguard conditions. India's trade envoy J.S. Deepak said the transparency requirements demanded cannot be implemented by even major industrialized countries in the normal course. India presented concrete evidence of the transparency requirements that are normally suggested for implementing WTO agreements and the intrusive conditions demanded for the permanent solution, according to a personwho was present at the meeting and spoke on condition of anonymity.

Deepak said India will not accept any "additional" safeguard conditions beyond that stipulated in the Bali interim decision on a peace clause for PSH programmes, the person said.

The Bali decision said "any developing Member seeking coverage of programmes shall ensure that stocks procured under such programmes do not distort trade or adversely affect the food security of other Members."

Representatives of China and Indonesia present at the meeting supported India's tough stance that it is ready to negotiate on transparency and safeguards but will not go beyond the Bali interim decision, the person said.

In sharp opposition, Australia said it cannot accept any "Bali-minus" outcome, suggesting that it fully supports the Russian proposal. The US suggested Bali is a good starting point but suggested that they would support the Russian demand for safeguard requirements except in one or two areas.

Pakistan called for enhanced safeguards maintaining it was willing to look into reduced transparency and notification requirements, but only if safeguards are further strengthened. Singapore said the outcome on permanent solution must be in accordance with the Bali interim decision but it must not impose conditions on exports, according to another person present at the meeting.

In all probability, several issues concerning the safeguards, particularly the commitment to ensure that stocks procured for PSH programs are not exported will go to the wire in or Buenos Aires and might require the highest political intervention, said an African trade official who asked not to be named.

The chair has convened another meeting of eight important countries- the US, the EU, China, India, Brazil, Australia, Norway, Russia, and Indonesia on Tuesday to explore whether there can be further convergence on transparency and safeguards.

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India faces 'food security' hurdle in WTO

Amti Sen

New Delhi, November 14, 2017: India's demand for a permanent solution on public stockholding subsidies at the World Trade Organization (WTO) is being challenged by several members, including Canada, the EU and the US, which are insisting on stiffer safeguards, restricted product coverage and a linkage with pruning of overall domestic support.

“As the deadline for coming up with a permanent solution at the WTO Ministerial Meeting next month is drawing near, developed countries and also some developing nations exporting farm produce are coming up with various proposals to dilute the provision.

“This is unacceptable to both India and other members of the G-33 group as the livelihood of our farmers and poor depends on our public stockholding programmes,” a government official told*BusinessLine* .

Food purchases at fixed prices or administered prices (such as the minimum support price programme) are considered to be subsidies at the WTO and counted towards the country’s overall ceiling on trade-distorting support (fixed at 10 per cent of value of produce for developing countries).

G-33’s demands

India and the G-33 group of 62 developing countries have been protesting against the provision, which goes against food security in poorer countries. A decision on an interim solution was taken at the Bali Ministerial meet in December 2013. It was decided that no penalties would be imposed for breach of limits subject to certain safeguards (peace clause) and a permanent solution would be in place by the end of 2017.

The Buenos Aires Ministerial meet is on December 10-13 and members are trying to reach an agreement on a small package of issues, including disciplining fisheries subsidies and agriculture subsidies and a permanent solution on public stockholding.

“Attempts are now being made to make the safeguards for getting the exemption so onerous that most developing countries would not be able to use them,” said the official, privy to a recent special session on public stockholding, at the WTO. For instance, Canada said at the meeting that a permanent solution should include an *‘ex ante’* transparency requirement, and safeguards should be in place to ensure that countries should not increase applied tariffs for the products procured under public stockholding programmes. This means that countries have to inform in advance a breach or a potential breach, which, for the G-33 countries is not a feasible option.

“This provision is completely unrealistic. Why should a country on its own invite trouble by stating that its subsidies might breach the given limits? It is also difficult to calculate as the market situation is volatile,” the official said.

Language wrangle

To ensure that new food crops also get covered, India and the G-33 want the current language in the Bali Decision to be replaced by “foodstuffs” as the existing phrase — “traditional staple food crops” doesn’t cover all food crops.

The US and many other developed countries have, however, raised strong objections to changing the Bali text.

The EU, backed by Brazil, is insisting that a permanent solution should not be negotiated independently and should be tied to pruning of overall domestic subsidies, which has been rejected outright by India and the G-33.

Indonesia, speaking on behalf of the G33 at the meeting, reiterated the group’s position that the issue should not in any way be linked with domestic support, and any linkage would prevent members from achieving an outcome in Buenos Aires.

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India’s stand on fumigation agent irks WTO members

Amiti Sen, Business Line

New Delhi, November 9, 2017: Several countries, including the US and Columbia, are resisting at the World Trade Organisation India’s insistence on fumigating farm imports such as tree wood, pulses and cashewnuts with methyl bromide. They contend that the chemical has been banned in many countries because of its potential to damage the ozone layer.

In a recent meeting on pesticides, India said that it had relaxed the fumigation requirement on the condition that imports would be fumigated upon arrival. It was also in consultation with exporting nations to find alternative solutions.

In June, New Delhi was all set to implement its policy of disallowing import of certain farm items such as pulses, cashew nuts and tree wood that were not fumigated with methyl bromide in the country of origin. However, on protests by partner countries, including Canada, Delhi gave a six-month exemption. Imports can now be fumigated at Indian ports on payment of a penalty.

A government official told *BusinessLine that* “exporters are worried that if India allows the exemption to lapse, their shipments would be in trouble. Since a large number of countries have banned the chemical in their jurisdiction, they would not be able to meet India’s requirements.”

At the WTO meeting, Colombia questioned India’s demand with the US, Madagascar, Burkina Faso, Ukraine, Togo, Nigeria and Mozambique echoing their concerns.

According to Geneva-based trade official, “the countries said that while India had the right to protect plant health, measures should be commensurate with the risks. They urged India to acknowledge other treatments that would offer the same level of protection.”

India insists on methyl bromide fumigation to protect crops from nematode pests. The country’s plant quarantine department had in January informed agricultural counsellors and trade commissioners from several exporting countries that it did not intend extending the permission for fumigating at Indian ports beyond March 31, 2018.

It argued that the exemption, which had been extended to exporters of pulses for more than a decade, was leading to a depletion of India’s ozone layer.

“India is in discussion with its trade partners on alternatives that could be used for fumigation. But the option should be equally effective and not harm our environment,” the first official said.

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Mexico readying economic response if US exits NAFTA

The Indian Express

November 14, 2017: Mexico’s government is preparing a macroeconomic response in case US President Donald Trump makes good on threats to quit the North American Free Trade Agreement (NAFTA), an event which could wreak havoc on the Mexican economy and hurt the peso. Mexico’s Foreign Minister Luis Videgaray said on Monday the government and central bank were preparing a plan to address the possibility of a future without NAFTA, but gave few details. The government has said it is examining how it could adjust Mexican legislation to give investors certainty about their investments if the almost 24-year-old NAFTA collapses.

Underpinning some $1.3 trillion in annual trade between the United States, Canada and Mexico, NAFTA has been a central pillar of recent Mexican economic development. Nearly 80 percent of Mexican exports are shipped to the United States. Trade negotiators from the United States, Mexico and Canada meet in Mexico City this week to continue talks on overhauling the accord, and Videgaray reiterated the government’s position that the expectation was that talks would ultimately succeed. Mexico would continue to work on diversifying trade, protect foreign investment, review possible changes to tariff barriers, and prepare a macro-economic response from the finance ministry and the central bank, Videgaray added.

“These are the four lines a plan B must include,” he told Mexican radio. “We have to be prepared for all the scenarios and one of the scenarios is that the United States leaves the treaty, and as we have said, that is not the end of the world, the Mexican economy is much bigger than NAFTA.” Separately, the International Monetary Fund said in a report on Monday that ending NAFTA would bring back World

Trade Organization “most-favored nation” tariffs, which would disrupt Mexican-US trade, and could crimp economic growth, dampen capital inflows and raise risk premia. The IMF suggested that among various policy responses at Mexico’s disposal, “temporary foreign exchange interventions and liquidity provision could help smooth extreme volatility.”

Concerns that Trump could follow through on his threats to dump NAFTA have battered the Mexican peso in recent weeks. Additionally, Mexico should continue to implement its structural reforms and boost efforts to diversify trading relationships, which would increase competitiveness and help economic growth over the medium-term, the IMF said. The IMF sees Mexico’s economy growing 1.9 percent next year after projected expansion of 2.1 percent in 2017.

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India, Canada discuss ways for early conclusion of FTA talks

The Economic Times

New Delhi, November 13, 2017: Trade ministers of India and Canada have directed their chief negotiators to find ways for early conclusion of the proposed free trade agreement, the commerce ministry said today.

The proposed agreement, officially dubbed as the Comprehensive Economic Partnership Agreement (CEPA), came in for discussion during a meeting between Commerce and Industry Minister Suresh Prabhu and Canadian Minister for International Trade Francois-Philippe Champagne here.

Champagne is here for the 4th India-Canada Ministerial Dialogue on Trade and Investment.

Both the ministers expressed their strong commitment for taking forward negotiations for early conclusion, the ministry said in a statement.

"The ministers directed the chief negotiators to discuss and explore ways for early conclusion of the agreement," it added.

India emphasised on the importance of the services sector as a key component of the proposed pact and asked for resolution of issues related the segment.

"The Canadian side assured that they would look into the issues concerned, including movement of natural persons and what kind of provisions could be built into the CEPA," it said.

The negotiations for the agreement were launched in November 2010 to boost bilateral trade and investments.

The CEPA is a comprehensive free trade agreement under which two trade partners significantly reduce or eliminate customs duties, besides liberalising trade in services and investment norms.

The commerce ministry also said that India and Canada discussed about the progress made under the Foreign Investment Promotion and Protection Agreement (FIPA).

Both the ministers expressed hope for an early conclusion of FIPA, it added.

Further the ministers stated that the bilateral trade is "much below" the potential despite existence of huge untapped potential.

The two-way trade stood at USD 6.13 billion in 2016-17, down 1.87 per cent from the previous year.

Further, it said it was agreed during the deliberations to explore collaboration in the area of export credit insurance through India's Export Credit Guarantee Corporation Ltd. and Canada's Export Development Canada (EDC).

Canada also proposed for possible cooperation with their Canadian Commercial Corporation.

Besides, both the ministers discussed issues such as early institutionalisation of the CEO Forum mechanism and extension of derogation of pulses.

On pulses, Prabhu noted that Canada has done lot of work on geo-spatial planning and Geographical Information System and both these expertise should be utilised in areas like analysing crop production systems in India, trend forecast for next 10 years.

"...and accordingly work towards a predictable environment for potential pulses which could be supplied from Canada," it added.

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India, Canada seek to put free trade pact in fast lane

The Economic Times

November 12, 2017: India and Canada will make efforts for expeditious conclusion of a Comprehensive Economic Partnership Agreement on goods and services at the annual ministerial dialogue starting here tomorrow, said an official statement.

A high-level delegation led by the Canadian International Trade Minister Francois-Philippe Champagne is visiting India to attend the 4th Annual Ministerial Dialogue (AMD). The Indian delegation will be led by Commerce and Industry Minister Suresh Prabhu.

In the current round, India and Canada will be focusing on some of the key commercial drivers to enhance bilateral partnership, the release said.

"Efforts would be made to work towards the expeditious conclusion of the Comprehensive Economic Partnership Agreement (CEPA) for a progressive, balanced, and mutually beneficial agreement covering both goods and services," it stated.

India-Canada merchandise trade stood at USD 6.13 billion in 2016-17, down 1.87 per cent from the previous year.

The negotiations for the agreement were launched in November 2010 to boost bilateral trade and investments.

According to the release, considering the high potential for bilateral trade, the trade ministers of both countries are likely to discuss issues to explore ways of expediting the early conclusion of the CEPA and the Foreign Investment Promotion and Protection Agreement.

"They would also explore options for Indian interests in addressing the Temporary Foreign Workers Programme of Canada, which is affecting the movement of Indian professionals seeking short-term visas, address equivalence by the Canadian Food Inspection Agency for Indian organic product exports and exploring two-way investment opportunities," it said.

Though geographically separated by a long distance, the historical ties between the two countries date back to the late 19th century when Indians began migrating in small numbers to British Columbia in Canada.

"Though India's commercial ties with the US have seen an upswing in the last few years, trade and investment relations between India and Canada are yet to realise their full potential," the release said.

Given enormous complementarities, a concerted effort to boost bilateral trade and investment from both sides would provide a fruitful outcome, it added. NKD ARD

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Canada urges WTO deal on e-com, SMEs

Arun S, The Hindu

New Delhi, November 15, 2017: Canada plans to pitch for a global deal to boost trade involving e-commerce and Small and Medium Enterprises (SMEs) besides norms that will help eliminate gender barriers to trade, at the World Trade Organisation's (WTO) Ministerial Conference to be held next month, Canada's Minister of International Trade, François-Philippe Champagne said.

In an interview, Mr. Champagne said, "Canada will be pushing [for a] gender declaration... to favour more women and women entrepreneurs in trade. We are going to be pushing for [norms on] SMEs and e-commerce. We are very committed [to these] because we think these elements are real enablers for greater trade and [an agreement on these] are possible at the Ministerial Conference. " The next Ministerial Conference, which is the WTO's highest decision-making body, will be held between December 10-13 in Buenos Aires, Argentina.

On the possibility of WTO members agreeing for inclusion of a work programme on 'investment facilitation', he said, "We will see."

'Expedite FIPPA'

On bilateral issues with India, Mr. Champagne said Canadian pension funds were keen to invest in the development of infrastructure and smart cities in India. However, he said, "what is slowing down the level of (Canadian) investment (in India) is that we haven't yet finalised the bilateral Foreign Investment Promotion and Protection Agreement (FIPPA)." "That is why I was telling [commerce and industry] minister Suresh Prabhu that we need to quickly finalise the FIPPA." Mr. Champagne, who on Monday also met Finance Minister Arun Jaitley, said, "... it is in the best interests of Canada and India to finalise it [FIPPA] to bring a new momentum in our relationship."

On whether the Investor-State Dispute Settlement (ISDS) mechanism, which, among other things, enables investors to sue governments before international tribunals and seek huge compensation for the economic harms they suffer due to reasons including policy changes, will be included in the FIPPA, he said, "when there is a will there is a way."

He further said, "Both Jaitley and I are lawyers, so we have, I think, established a way forward, which takes into account the interests of Canada and the reality also from the Indian side. I am confident that, on that basis, our chief negotiators will be able to make progress." When queried if the ISDS provisions in the FIPPA would ensure a balanced outcome or whether it would be in favour of either investors or the State, Mr. Champagne said, "You will find a win-win outcome because that's what we want. Canada stands out as the flag bearer of progressive and inclusive trade." Asked whether Canada was keen on signing the FIPPA before the India-Canada Comprehensive Economic Partnership Agreement (CEPA), he said, "I want both. [But] on the FIPPA, the negotiations are more advanced, and so I spoke to Jaitley. We agree on what are the remaining issues... [and] on how to resolve them. So we have told our chief negotiators to get on with it." On the CEPA, he said, "we need to engage in discussions... From the Canadian side we are equally committed because, blame me for being ambitious ...we need to look at the full potential of our relationship."

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Proposed India-EU FTA can create jobs in India; India-Europe can share best practices to fight terror: Belgian Deputy PM

Dipanjan Roy Chaudhury, The Economic Times

November 10, 2017: Belgium is smaller compared to some of its bigger neighbours in size. But this Western European country stands out for multiculturalism besides housing several EU institutions including EU headquarters in capital Brussels. Accompanying the Belgian Royal Couple who is here on a week-long State Visit the country's Deputy PM-cum-Foreign Minister Didier Reynders in an exclusive interaction with ET's Dipanjan Roy Chaudhury explained how proposed Indo-EU FTA can create jobs in India, suggested that India and EU can share best practices to combat terrorism at micro level and noted that proposed diamond bourse in Mumbai could be win-win for both India & Belgium:

Edited excerpts:

The visit of Belgian King is happening close on the heels of Indo-EU Summit. EU is headquartered in Brussels and Belgium has a key role to play in EU process. How can proposed FTA between India and EU benefit both sides?
EU views FTA as beneficial process. EU-South Korea FTA has immensely pushed two-way trade. EU has negotiated FTA with Vietnam and Singapore besides host of non-EU states in Europe, Africa and Latin America. EU-Canada FTA has been provisionally applied. Indo-EU proposed FTA will not just push trade but also bring investments into India. This will also facilitate third country exports from India and create jobs here. More exports from India will help India enter global market in a big way. It is important to note here that substantial FDI from Belgium is flowing into India. Range of proposed FTA will benefit India to tap big EU market comprising 500 million.

BREXIT has opened up a sea of opportunity for EU as well as India. Do you think India and EU are taking adequate steps to make use of that opportunity?
Firstly, we need to manage BREXIT. And EU may need to conclude FTA with UK. BREXIT is like one sided divorce. I must say that such a decision is regretted. While India and UK will engage in direct talks on their economic partnership, EU states and India would work on expand their partnership. For example, Belgium has a very good location for logistical activity – our port is entry point for Europe.

India and EU signed a comprehensive document on countering terrorism at the Delhi Summit. Belgium is also a victim of terror. What are practical steps can India and EU take to counter terror and deradicalise youth?

Belgians have been victims of terror not only on their own soil but also in other countries including during the recent terror attack in USA. Terror is today a global challenge and we have to fight the scourge together. While the conflicts in the Arab World have given birth to terrorists and shaped movement of radicals into Europe, terrorism is also a menace that need to be tackled at micro-level. What India and EU can do is to share best practices to fight radical ideas at the micro level through right education among the youth. Terrorism is a social problem as well and governments need to work with local communities to sensitise youth.

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India, U.S. deepen engagement

The Hindu

Manila, November 15, 2017: Prime Minister Narendra Modi on Tuesday left for home after concluding his three-day visit to the Philippines where he attended the ASEAN-India and East Asia summits besides holding a series of bilateral meetings with a number of leaders including U.S. President Donald Trump.

"After a series of productive bilateral and multilateral engagements in Manila, PM @narendramodi heads for home," Ministry of External Affairs spokesman Raveesh Kumar tweeted.

United approach

On the sidelines of the summits, Mr. Modi held "very expansive" talks with Mr. Trump during which the two leaders carried out a "broad review" of the strategic landscape in Asia, signalling deeper cooperation by the two countries in dealing with sensitive security issues confronting the region.

It is learnt that the broader security architecture in the Indo-Pacific region in the backdrop of China's increasing military presence in South China Sea figured in their talks apart from a host of other regional and global issues including terrorism emanating from Pakistan, North Korea's missile tests, situation in Afghanistan and also the Gulf region.

Mr. Modi also held wide-ranging talks with Philippines President Rodrigo Duterte, covering an entire gamut of bilateral relationship. After their talks, the two countries inked four pacts providing for cooperation in a number of areas, including defence and security.

He held wide-ranging talks with his Japanese counterpart, Shinzo Abe, with a focus on ramping up the strategic partnership between the two Asian giants.

Many bilateral meets

Mr. Modi held bilateral meetings with his Australian counterpart Malcolm Turnbull, Vietnamese Premier Nguyen Xuan Phuc, Sultan of Brunei Hassanal Bolkiah and New Zealand Prime Minister Jacinda Ardern, and discussed ways to further ramp up cooperation in various key areas like trade and investment.

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ASEAN: India, U.S. deepen engagement

The Hindu

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He held wide-ranging talks with his Japanese counterpart, Shinzo Abe, with a focus on ramping up the strategic partnership between the two Asian giants.

Many bilateral meets

Mr. Modi held bilateral meetings with his Australian counterpart Malcolm Turnbull, Vietnamese Premier Nguyen Xuan Phuc, Sultan of Brunei Hassanal Bolkiah and New Zealand Prime Minister Jacinda Ardern, and discussed ways to further ramp up cooperation in various key areas like trade and investment.

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Trade ministers agree Asia-Pacific trade pact without US

Business Line

Danang (Vietnam), November 11, 2017 : Trade ministers from 11 Asia-Pacific countries agreed today to press ahead with a major trade deal without the United States, as the world’s largest economy seeks to go it alone under President Donald Trump’s ‘America First’ policy.

Trump pulled his country from the Trans Pacific Partnership (TPP) at the start of the year, dismaying allies and casting into doubt an agreement heralded for tying lower tariffs to strong environmental and labour protections.

In a joint statement this morning, the remaining countries -- dubbed the TPP-11 -- said they had “agreed on the core elements” of a deal at the sidelines of the APEC summit in the Vietnamese city of Danang, after days of stalled talks raised fears it could collapse altogether.

Francois-Philippe Champagne, Canada’s trade minister, described the breakthrough in a tweet as “big progress“.

Canada had held out to maintain environmental and labour protections linked to freer markets in the deal.

Those elements were thrown into jeopardy by America’s sudden withdrawal from the deal earlier this year, which forced the remaining countries to reconsider the merits of a pact suddenly shorn of access to the world’s largest economy.

Canada had dug in over those progressive clauses. But they are much less attractive to countries like Vietnam, Malaysia, Chile and Peru now that the carrot of access to the huge US market has been pulled.

Trump’s election has upended years of American-led moves to open up global trade.

The US president is among leaders attending the APEC summit in Danang and yesterday he ladled out more of his trademark ‘America First’ rhetoric.

In a strident address he said his country will “no longer tolerate” unfair trade, closed markets and intellectual property theft.

“We are not going to let the United States be taken advantage of any more,” he added, taking a swipe at multilateral trade deals.

Shortly after, China’s leader Xi Jinping offered a starkly different vision, casting his country as the new global leader for free trade.

Beijing is not included in the TPP, a deal initially driven through by the former US administration as a counterweight to surging Chinese power in Asia.

China has since sought to fill the free trade gap left by the United States, even if much of its own market remains protected.

Japan, the world's third largest economy, has been particularly active in pushing for a swift consensus on TPP, fearful that delays could lead to the collapse of the pact after years of negotiations and hand more regional influence to China.

Today, Trump and Xi will join leaders from across the Asia-Pacific region for closed door summit talks, including Russia's Vladimir Putin, Japan's Shinzo Abe and Canada's Justin Trudeau.

The original TPP deal was once described by the US as a "gold standard" for all free trade agreements because it went far beyond just cutting tariffs.

It included removing a slew of non-tariff restrictions and required members to comply with a high level of regulatory standards in areas like labour law, environmental protection, intellectual property and government procurement.

Without the US, TPP-11 only represents 13.5 percent of the global economy but the remaining countries are scrambling to avoid the deal's collapse, especially given the increasingly protectionist winds sweeping through the United States and Europe.

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Farm tariffs should not be tinkered with

G Chandrashekhar, Business Line

November 15, 2017: New Delhi is at a complete loss on how to tackle the problem of low agri commodity prices. Intervention may take the form of trade policy and/or tariff changes in the sense that restrictions on export or import will be placed or customs tariffs will be raised or lowered to encourage/discourage trade.

The idea of price band and policy intervention is no panacea for rates falling below MSP recently. Such quick fixes seldom deliver sustained results. On the other hand, they can distort the trade, unleash speculative forces and not deliver intended relief to growers and consumers.

A fundamental issue with effecting frequent changes in export-import policy is that it ignores India's role in the global marketplace. Despite the fact that India is a consuming economy and not an export-oriented one, farm exports are not insubstantial. Over the last three years they were worth Rs. 17-19 lakh crore(about $ 30 billion).

Major agri products shipped out of the country include rice, spices, cotton, coffee, oilseeds, oilmeals and castor oil, fresh vegetables, guargum meal and many more items. Marine products and meat too earn substantial foreign exchange. Major imports include vegetable oils, pulses, fresh fruits and vegetables, raw cashew as also wheat and sugar from time to time.

Nurturing the market

The market for export has been cultivated over long years, while the import of essentials such as edible oil and pulses is inevitable. Any tinkering with trade policy without taking into account international sensitivities and trade relations can potentially lead to a backlash and retaliatory action.

A progressive foreign trade policy is one where export and import windows both are open. The exim policy should be treated as sacrosanct and be tweaked only in rare cases. Handling tariff policy is tricky. It is not just the volume of export or import that drives commodity prices.

There are other drivers including global demand and supply, monetary policy, currency, weather and speculative funds in the bourses, apart from seasonal and regional production. Unfortunately within the Indian government there is little global commodity market commercial intelligence available so as to be able to take informed decisions on tariff changes. Bilateral pacts with various countries have to be honoured too.

It is reported that MSP will be treated as the benchmark. This dynamic tariff policy would work well on paper, but not on the ground. Exporters and importers make forward commitments and frequent changes in policies will lead to uncertainties and risk.

Since 2013, the world has had five straight years of large production of oilseeds resulting in a burdensome inventory. The Indian oilseeds and oils market is well integrated with the global market through the trade route. Any change in world market prices will get reflected here.

Oil and policy

Frequent changes in exim policy for oilseeds and oils would prove to be counter-productive because India is import-dependent for edible oil. That would make frequent tariff changes seem like a logical alternative. But they hardly exert a marked impact on domestic oilseed prices. A hike in customs duty on imported oils has had no effect on oilseed rates here.

In the case of vegetable oil, it is possible to restrict trade without imposing trade or tariff barriers. Primarily, imports need regulation in terms of registration of import contracts and monitoring of arrivals. Importantly, excessive import, if any, can be curbed by reducing the credit period for payment against imports.

A long credit period — 90 to 150 days — encourages over-trading and many importers are mired in what can be called the 'import debt trap'. Imposing a maximum credit period of 30 days will remove the incentive to indulge in over-trading.

On the pulses front, the Government has no clue what hit them over the last one year. They are trying all kinds of tricks including trade and tariff changes to lift the price of domestic pulses. These are at best negative tactics that will deliver little benefit to growers. We need affirmative action in the form of strong procurement, and distribution of pulses (after milling) through the PDS

There is inertia within the Government to act, and every ministry concerned — agriculture, food and consumer affairs, finance, to name a few — is keen to find an easier way out of the mess. Clearly, the Government's response to the developments in the pulses sector in the last one year has failed. The approach needs a thorough review. We have to look at the sector holistically covering production, processing, consumption and trade.

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