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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.

G-20 trade ministers discussed 'urgent need' to improve WTO

Live Mint

Mar Del Plata, September 15, 2018: Trade and investment ministers from G20 countries meeting in Argentina said there was an "urgent need" to improve the World Trade Organization, a joint statement said on Friday. With US President Donald Trump readying tariffs on another $200 billion in Chinese goods, the ministers said they were "stepping up the dialogue" on international trade disputes, according to the statement issued at the summit. It did not provide any details of possible WTO reforms or how dialogue on trade was being increased.

"Obviously the new tariff measures are not positive," Argentina's Production and Labor Minister, Dante Sica, said in a news conference at the end of the one-day meeting. "But we need to see how things evolve."

German Deputy Economy Minister Oliver Wittke said the joint declaration sent a powerful signal about the importance of strengthening WTO “especially in times of ‘America first’ and increasing global protectionism,” with next steps to follow when G20 leaders meet in Argentina at the end of November. “We have to use this momentum,” Wittke said in a statement released by the ministry after the summit.

Outside the meeting, smoke filled the air in the normally tranquil seaside city of Mar Del Plata where the conference is being held. Protesters burned makeshift American flags and chanted against free trade orthodoxy and Trump’s support of Argentina’s cash-strapped President Mauricio Macri, whose fiscal belt-tightening has garnered a backlash from the country’s working-class.

“We’re standing here in solidarity with the workers of Latin America. While those politicians sleep in fancy beds, communities starve because of trade and adjustment policies that hurt the most vulnerable,” protester Maralin Cornil, 30, said.

Argentina holds the G20’s rotating presidency this year, and is re-negotiating a $50 billion stand-by financing deal with the IMF, cutting its fiscal deficit targets and reducing costs to ensure it can continue paying its international debts.

Trump has said he would attend the summit’s final meeting with other heads of state, in Buenos Aires on November 30.

The Trump administration has demanded that China cut its $375 billion trade surplus with the United States, end policies aimed at acquiring U.S. technologies and intellectual property, and roll back high-tech industrial subsidies.

While Trump has threatened to pull the United States from the WTO, China has called for WTO reform to make the global trade system fairer and more effective.

The 23-year-old trading club is run on the basis of consensus, meaning that every one of its 164 members has an effective veto and it is almost impossible to get agreement on any change to the rules.

Sica also said that talks on a free trade deal between the European Union and the Mercosur trade bloc of Argentina, Brazil, Paraguay and Uruguay were wrapping up, with an agreement likely by the end of the year.

“We are in the final stages regarding the most delicate aspects of an EU-Mercosur agreement and we are concluding with the political and technical details,” Sica said.

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India to seek ease of workers’ movement at WTO

Kirtika Suneja, The Economic Times

New Delhi, September 14, 2018: India will, for the first time, organise a seminar at WTO to revive other countries’ interest in improving workforce mobility in the wake of rising protectionism, a top official told ET.

NEW DELHI: Faced with new issues of ecommerce and investment entering multilateral trade negotiations, India will counter with its own push and demand for easier movement of professionals across countries at the World Trade Organisation (WTO) next month.

India will, for the first time, organise a seminar at WTO to revive other countries’ interest in improving workforce mobility in the wake of rising protectionism, a top official told ET. “We’re organising a workshop on Mode 4 of services to bring in the key proponents and opponents of the subject," the official said.

Movement of natural persons is one of the four ways through which services can be supplied internationally. Called 'Mode 4' in trade parlance, it includes natural persons such as independent professionals and contributes 1-2% of services trade globally, according to WTO.

Mode 4 is recognised by WTO as a means of supplying services. However, it does not concern persons seeking access to the employment market in the host country nor does it affect measures regarding citizenship, residence or employment on a permanent basis.

"Such a workshop is happening for the first time as movement of professionals is our core interest and this will help us in strategising for future," the official added.

The workshop, which was in the works for almost four years, will begin on October 10. Brazil, Argentina and Peru have supported India's proposal for the event.

STOCKTAKING EXERCISE

The commerce department is discussing India's stand on various issues at WTO with officials from departments of industrial policy and promotion, telecom,

information technology, fisheries, food and agriculture.

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India is standing still as global trade changes

Live Mint

September 11, 2018: Donald Trump, Nitin Gadkari and Suresh Prabhu have vastly different remits. Between them, however, they summed up India's trade dilemmas last week. It makes for a worrying scenario.

On 7 September, the US President signalled his intention to go all in in his trade war with China. If he goes ahead with the tariffs on an additional $267 billion worth of Chinese goods, in addition to previous tariffs that have been put in place or proposed, it will cover the entirety of imports from China. Admittedly, there is no certainty this will play out as Trump might want. The previous tranche of tariffs on $200 billion worth of Chinese goods is still in the ether because of the pressure brought by US companies alarmed at the prospective hit to their investments and value chains.

That said, the implications for the World Trade Organization (WTO) are not encouraging. Trump's earlier steel and aluminium tariffs were imposed under Section 232, a provision of the Trade Expansion Act of 1962. This piece of US legislation allows national security exceptions to WTO free trade obligations, invoked under Article XXI of the General Agreement on Tariffs and Trade. The targeted countries have lodged a complaint at the WTO. There is no good end to this. If the WTO allows the tariff, similar tariffs on the ostensible basis of national security are bound to mushroom among its members. If it disallows the tariff, it challenges a country's sovereign right to define its national security, a sure path to irrelevance.

The proposed $200 billion tariffs, meanwhile, are even more likely to run into heavy weather at the WTO. They have been imposed under Section 301 of the 1974 Trade Act, which allows for unilateral measures. However, the US had agreed in 2000 to impose punitive tariffs only after a WTO ruling. It has not done so here. The tariffs Trump mooted on 7 September will doubtless face the same problem. All of which is to say that bilateral and plurilateral trade agreements might get even more of a push. They have become increasingly important as the Doha Development Agenda deadlock has stalled progress at the WTO. Little wonder the number of regional trading agreements (RTAs) has exploded over the past decade.

Potentially one of the highest value RTAs is the Regional Comprehensive Economic Partnership (RCEP), accounting for 25% of global gross domestic product and 30% of global trade. Last week, Union minister for commerce and industry Suresh Prabhu revealed that RCEP members have agreed to New Delhi's long-standing demand that liberalization in services accompany trade liberalization in the negotiations. But that doesn't mean an end to India's coyness about signing on the dotted line, as Prabhu made clear.

The pushback against the RCEP within the government and from Indian industry is not entirely baseless. The steel and pharma industries, for instance, have reason to be worried about being swamped by Chinese imports. It isn't the only one. However, some perspective is useful. RCEP's detractors point to the free trade agreements (FTAs) with Japan and Korea. After signing on them, India's trade deficit with both countries has risen over the past few years. True enough. But, as Naushad Forbes has pointed out in *Business Standard*, the deficit with China, with which India has no FTA, has risen much more sharply over the same period. Plainly, the problem goes beyond FTAs. For one, the rupee's real effective rate has appreciated by 20% over the past four years. More broadly, as the NITI Aayog put it in its April note cautioning against the RCEP, opening the Indian market would be dangerous because "proper standards and processes are not in place in India." The nature of India's export basket doesn't help, dominated as it is by goods of relatively low sophistication. This prevents it from developing dense "clusters" of exports, which typically accrete around more sophisticated goods, and, in turn, from gaining the competitive edge required to boost export numbers.

Union minister for road transport, highways and shipping Nitin Gadkari's statement last week that the government is working on an import substitution policy for industrialization is exactly the wrong way to address these problems. We have seen how this story ends in the decades before 1991. It is also a violation of the basic economic truth that a tariff on imports is an equivalent tax on exports. Unfortunately, the Narendra Modi government has been moving in a protectionist direction since at least 2016. The Union budget this year brought that shift front and centre.

In the past, this newspaper has advocated playing hardball on the RCEP when it comes to liberalizing services. It seems New Delhi is gaining ground on that front. Doubtless, it still has tough negotiating ahead of it when it comes to deciding what percentage of tariff lines to cut duties on—the RCEP wants 92% while New Delhi is holding firm at 86%—and lower market access for China.

That is not, however, reason enough to give in to the increasingly loud domestic constituency advocating trade protectionism. New Delhi would be better served by focusing on structural reforms, such as rationalizing India's tariff structure, as recommended by the Chelliah Committee back in 1993, and plugging the many gaps in the Foreign Trade Policy 2015-2020. Global trade is changing, and swiftly. New Delhi must keep up.

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Donald Trump wants to stop subsidies to growing economies like India, China

The Indian Express

Chicago, September 8, 2018: President Donald Trump on Friday said he wants to stop the subsidies that growing economies like India and China have been receiving as he wants the US, which he considers as a "developing nation", to grow faster than anybody.

Addressing a fundraiser event in the Fargo city of North Dakota, he also accused the World Trade Organization (WTO) of allowing China to become a "great economic power".

"We have some of these countries that are considered growing economies. Some countries that have not matured enough yet, so we are paying them subsidies. Whole thing is crazy. Like India, like China, like others we say, 'oh, they're growing actually'," Trump said.

He said that they call themselves developing nations and "under that category they get subsidies."

“We have to pay them money. This whole thing is crazy, but we’re going to stop it. We’re going to stop it. We have stopped it.

“We are a developing nation, too, OK? We are. As far as I’m concerned, we are a developing nation. I want to be put down in that category because we are growing, too. We are going to grow faster than anybody,” Trump said amidst applause from the audience.

Attacking the WTO, Trump said he thinks that the World Trade Organization was probably the worst of all. “But a lot of people don’t know what that is, that allowed China to become this great economic power”.

On the trade deficit between the US and China, which has led to a tariff war between the world’s top two economies, he said, “I’m a big fan of (Chinese) President Xi Jinping, but I told him, ‘we have to be fair’.”

“We can’t let China take USD 500 billion a year out of the United States and rebuild itself,” he added.

The President also said that the US should get paid for securing the wealthy countries from the outside harm.

“I think it’s fine, but they got to pay us for this. We’re watching the whole world and they take it for granted.

“For years and years we’ve been protecting these countries. They’re making a fortune. They’ve had very little military cost. We have the biggest military cost in the world. Most of it goes to protecting outside countries, some of whom don’t even like us,” Trump said.

“We’re protecting countries that have — I got to say, they do have respect for us now, but they didn’t have any respect for us, and they got to pay. They got to pay, you know, when they’re wealthy,” he said.

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Donald Trump’s next trade war shot could hit Americans from head to toe

Live Mint

Sydney/Hong Kong, September 11, 2018: US President Donald Trump’s next salvo in the trade fight could tax the shirt off America’s back—literally.

The US president’s threat to impose tariffs on virtually everything the country imports from China means everyday items including clothes and shoes in closets across America could be targeted, from Victoria’s Secret bras and Under Armour sports gear to Nike shoes. There will likely be no escape for Apple smartphones, either.

Trump on Friday said he’s lined up an additional $267 billion of Made-in-China products to tax “on short notice if I want.” Coupled with already proposed levies on $200 billion of goods that would crank up the price of household goods like fridges and freezers, the move would drag the American consumer squarely into Trump’s fight, with manufacturers and retailers from Target Corp. to Samsonite International SA warning tariffs will result in higher prices.

Here’s how the trade war might smack Americans next from head to toe:

On the noggin

The US imported about $1 billion worth of sunglasses, goggles and other eye wear last year from China, making it the top supplier, according to data from the US International Trade Commission. Chinese-made Prive Revaux sunglasses now sold online at Walmart.com and priced at $29.95 may not be such a bargain.

China is also the top source for scarves and shawls, and the second-biggest supplier of hearing aids, according to US data. At least one piece of headgear looks to be exempt from an import tariff: “Make America Great Again” caps are “proudly made in the USA,” according to donaldjtrump.com, Trump’s campaign website.

Covering the gut

That weekend favourite, the do-it-all sweater, is in danger. The US imported $4.6 billion of them from China in 2017 and another $606 million in T-shirts, tank tops and other casual shirts. Trump has tried to keep clothing staples in American closets out of the tariff fight, especially with mid-term elections due in November. Shoppers trying to keep warm this winter may see prices rise at Macy’s and Burlington Stores Inc. China is also the top exporter to the US of men’s and women’s overcoats.

Hand-in-hand

Chinese-made gloves and mittens sold by Walmart Inc. and other American retailers are also on the list of targets as winter approaches. Chinese watches and jewellery might be next, likely putting pressure on companies such as Fossil Group Inc., which relies on Chinese factories to supply many of its timepieces and specialty items.

In the pockets

Apple Inc. warned of higher prices on Apple Watches and AirPod headphones if proposed US tariffs on $200 billion worth of Chinese goods kick in. A range of speakers and earphones and more Apple products—from iPhones to iPads—could see higher price tags if additional levies are imposed. The company is deeply dependent on Foxconn Technology Group and other suppliers with operations in China for iPhones and other products. “All tariffs ultimately show up as a tax on US consumers,” Cupertino, California-based Apple told the Office of US Trade Representative in a letter this month.

Below the belt

America imports more women’s underwear from China than from any other country. Last year, Made-in-China bras, girdles, corsets, suspenders and garters sent to the US were worth $1.2 billion, according to trade data. Even budget-conscious American men in the market for underwear and briefs may be out of luck: China is the biggest supplier of those, too. Victoria’s Secret and Hanesbrands Inc. may see costs for many of their intimates rise.

Shake a leg

It may be time to change workout gear. Gym attire from Under Armour Inc. at Foot Locker and Lululemon Athletica Inc. stores will become dearer if Trump is true to his word. The same goes for the $1.3 billion of pantyhose, socks and other legwear sent to the US from China last year.

On the run

Former San Francisco 49ers quarterback Colin Kaepernick might get a good deal on Nike sneakers with the company's new ad campaign. The rest of us may have to pay more for running, tennis or soccer shoes. About $11.5 billion of footwear from China was shipped to the US last year. Getting to work in a downpour will become more expensive with a tax on Chinese rubber boots. And Chinese-made insoles may cost more, too.

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US suggests fresh round of talks with China on tariffs

D. Ravi Kanth, Live Mint

Geneva, September 13, 2018: The US seems to be acting with bravado by calling on China to enter into another round of negotiations in their festering trade war before imposing tariffs on imports of $200 billion Chinese goods, analysts said.

On Wednesday, the Trump administration signalled that it wants to hold another round of negotiations with China before imposing proposed tariffs Chinese goods under the 301 provisions. President Donald Trump threatened that he would take a "very tough stand" against China.

The US suggestion to hold another round of talks at the highest level “follows a steady rise in political pressures on President Trump to ease up on trade fights—which have pinched consumers and prompted painful retaliation against US exports—ahead of November elections in which his Republican Party risks losing congressional control,” The Wall Street Journal reported on 12 September.

“Chinese officials said they’ve grown wary of the Trump administration’s unpredictable decision-making process and may be hesitant to accept without a clear sign that US negotiators have authority to speak for the President,” it reported.

Beijing has signalled its intention to impose retaliatory tariffs on American goods of more than $7 billion because of Washington’s failure to implement the World Trade Organization (WTO) dispute settlement recommendations. China sought authorization from the WTO on Monday to impose trade retaliatory tariffs on American goods of more than $7 billion saying the US has failed to comply with the dispute settlement body’s recommendations in a dispute involving controversial anti-dumping methods adopted by the US against Chinese goods.

The US was required to implement the trade body’s recommendations by 22 August. The US-China dispute involves US anti-dumping duties on various Chinese machinery, electronics, metals, and minerals that goes back to 2013.

The WTO’s highest appeals body had pronounced that the methodologies adopted by the US, particularly the controversial zeroing methodology, violated global trade rules.

Zeroing results in increasing the overall dumping margins and has been condemned by the WTO’s Appellate Body in several trade disputes.

Meanwhile, the US is busy shoring up its alliance with its traditional trade allies such as Canada, the European Union, and other Western nations for launching a combined assault on China. Trump had already indicated his intention to subject Chinese goods of more than $500 billion to retaliatory tariffs.

Numerous US organizations representing thousands of companies in industries including retailing, toy manufacturing, farming and technology, said they “are cooperating on a lobbying campaign called Tariffs Hurt the Heartland to oppose tariffs (on Chinese_ imports.”

But Trump seems to be in no mood to relent. He indicated on Tuesday that Canada wants to strike a deal for revamping the North American Free Trade Agreement (NAFTA). “They want to make a deal very much. Me? If we make it, that’s good. And if we don’t make it, that’s okay too.”

Canada’s foreign minister Chrystia Freeland confirmed that the discussions with US Trade Representative Robert Lighthizer were “very productive” but “nothing is done until everything is done,” according to the Washington Trade Daily of 12 September.

On a separate track, the European Union and the US are closing ranks against China. After months of tit-for-tat threats, the two trans-Atlantic trade elephants on Monday signalled their intention to conclude a partial agreement in the area of technical barriers to trade. “An early harvest in the area of technical barriers to trade” could be concluded between the European Union and the US by November, the US Trade Representative Ambassador Lighthizer announced on Monday.

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Trump denies pressure for trade deal as China welcomes US talks invite

Steve Holland & Michael Martina, Reuters, Live Mint

Geneva, September 13, 2018: US President Donald Trump said on Thursday that the United States was under no pressure to make a trade deal with China, even as Chinese officials welcomed an invitation from Washington for a new round of talks with more US tariffs looming.

He said on Twitter that a Wall Street Journal story on Wednesday about the talks invitation from Treasury Secretary Steven Mnuchin amid rising US political pressure on Trump to ease up on trade fights “has it wrong.”

“We are under no pressure to make a deal with China, they are under pressure to make a deal with us,” Trump tweeted. “Our markets are surging, theirs are collapsing. We will soon be taking in Billions in Tariffs & making products at home. If we meet, we meet.”

The administration is readying a final list of $200 billion in Chinese imports on which it plans to levy tariffs of 10-25% in coming days, greatly expanding the trade war between the world’s two largest economies.

News confirmed by White House economic adviser Larry Kudlow that the Trump administration had invited Chinese officials to restart trade talks gave a lift to Asian stocks, including Chinese shares and the yuan currency.

Chinese Foreign Ministry spokesman Geng Shuang told reporters that China welcomed the invitation, and the two countries were discussing the details.

“China has always held that an escalation of the trade conflict is not in anyone’s interests. In fact, from last month’s preliminary talks in Washington, the two sides’ trade talk teams have maintained various forms of contact, and held discussions on the concerns of each side,” he said.

Two people familiar with the effort said Mnuchin’s invitation was sent to his Chinese counterparts, including Vice Premier Liu He, the top economic adviser to Chinese President Xi Jinping, for talks in coming weeks, with the time and the venue still to be agreed.

“There’s some discussions and information that we received that the Chinese government – the top of the Chinese government wished to pursue talks,” Kudlow told Fox Business Network on Wednesday. “And so, Secretary Mnuchin, who is the team leader with China, has apparently issued an invitation.”

A meeting among Cabinet-level officials could ease market worries over the escalating tariff war that threatens to engulf all trade between the world’s two largest economies and raise costs for companies and consumers.

But Kudlow was non-committal over the chances of a breakthrough, adding: “I guarantee nothing.”

The last talks, between mid-level US and Chinese officials on 22 and 23 August, failed to reach any agreement.

Raise or fold

So far, the United States and China have hit $50 billion worth of each other’s goods with tariffs in a dispute over US demands that China make sweeping economic policy changes, including ending joint venture and technology transfer policies, rolling back industrial subsidy programs and better protecting American intellectual property.

The Trump administration’s $200 billion tariff list would hit a broad array of internet technology products and consumer goods from handbags to vacuum cleaners and bicycles to furniture.

Trump said last week that he also had tariffs on an additional $267 billion worth of goods ready “on short notice if I want.”

China has threatened retaliation, which could include action against U.S. companies operating there. China’s Commerce Ministry said both sides would want to avoid escalation. “I believe both countries would not be willing to see such a situation,” ministry spokesman Gao Feng said on Thursday.

Growing dismay

The invitation, first reported by the Wall Street Journal, comes amid a swelling chorus of opposition to tariffs from Western business circles.

On Thursday, the US business lobbies AmCham China and AmCham Shanghai published a joint survey showing that the negative impact on US companies in China of tit-for-tat tariffs Washington and Beijing have imposed on one another was “clear and far reaching.”

More than 60% of US companies polled said the US tariffs were already affecting their business operations, while a similar percentage said Chinese duties on US goods were having an impact on business.

The European Union Chamber of Commerce in China released its own survey on Thursday saying the tariffs were causing “significant disruptions” to global supply chains and “seriously impacting” non-Chinese and non-American companies.

A day earlier, more than 60 US industry groups launched a coalition — Americans for Free Trade — to take the fight against the tariffs public.

The Global Times, published by the ruling Communist Party’s People’s Daily, cautioned against seeing the invitation from Washington as a sign that the Trump administration had softened its stance. “Washington’s overall attitude is still tough, but they do not reject a ‘talk and fight’ strategy. By doing so, they can both ease the anxiety of American society and gradually collapse the will of the Chinese side,” the newspaper said in an editorial on Thursday. “China must hold the expectation that it is probably not the time when both sides can reach an agreement.”

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China asks WTO for sanctions in US trade dispute

Live Mint

Geneva, September 11, 2018: China will ask the World Trade Organization next week for permission to impose sanctions on the United States, for Washington’s non-compliance with a ruling in a dispute over US dumping duties that China initiated in 2013, a meeting agenda showed on Tuesday.

The request is likely to lead to years of legal wrangling over the case for sanctions and the amount. Last year China won a WTO ruling in the dispute, which related to several industries including machinery and electronics, light industry, metals and minerals, with an annual export value of up to $8.4 billion.

The United States and China have activated additional tariffs on $50 billion of each other’s goods since July, as trade friction between the world’s two biggest economies worsened, despite several rounds of negotiations.

Trump has criticised China’s record trade surplus with the United States, and has demanded that Beijing cut it immediately.

Tension has also persisted over limits on US firms’ access to Chinese markets, intellectual property protection, technology transfers and investment.

In August, China unveiled a proposed list of retaliatory tariffs on $60 billion of US goods ranging from liquefied natural gas to some types of aircraft, should Washington activate the tariffs on its $200 billion list.

The tariffs, ranging from 5% to 25%, would apply to 5,207 products, and US actions will determine whether China adopts the additional duties, Beijing said at the time.

China has either imposed or proposed tariffs on $110 billion of US goods, representing most of its American imports, though crude oil and large aircraft are still not targeted for penalties.

The $200 billion of Chinese goods on the US list includes some consumer products such as cameras and recording devices, luggage, handbags, tires and vacuum cleaners, with additional tariffs ranging from 10% to 25%.

Spared until now, mobile phones, the biggest US import from China, would be engulfed if Trump activates the $267 billion tariff list.

Trump's threatened tariffs cover a total of $517 billion in Chinese goods, which would exceed last year's goods imports of $505 billion from China.

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The importance of forging a united front amid a full-blown trade war

D. Ravi Kanth, Live Mint

Geneva, September 13, 2018: New alliances emerge when things seem to fall apart. This is more so in the current international trading system built on the principles for maximizing dollar-and-cents gains. The European Union (EU), the world's largest trading entity, is a classic player for making alliances. Just when the Trump administration is launching an all-out trade war with China by subjecting all Chinese products to crowbar tariffs, the EU stuck a partial trade deal with the US on Monday.

"We discussed how to move forward and identify priorities on both sides, and how to achieve concrete results in the short to medium term," EU trade commissioner Cecilia Malmstrom tweeted after a meeting with US ambassador Robert Lighthizer in Brussels on 10 September. "Lots of work remains this autumn," she suggested.

For the past several months, the EU along with the US and Japan are busy forging a common front as part of a "trilateral" process against China for bringing new disciplines on industrial subsidies, state-owned enterprises, and intellectual properties. So, the trans-Atlantic alliance has sprung back to life after Donald Trump's cowboy threats of retaliatory measures against Brussels.

The alliance with the EU has also become important for the US, which is finding it difficult to make a significant dent in its trade war with China. “The Trump administration has been seeking to temper its trade fights with its strategic allies in recent weeks, including the negotiation of a deal to reform NAFTA (North American Free Trade Agreement) with Mexico and Canada, in an effort to focus on its escalating trade dispute with Beijing,” wrote James Politi and Jim Brunsden in Financial Times on 10 September.

On a separate front, the EU is quietly promoting reforms at the Centre William Rappard that houses the World Trade Organization (WTO). Much of the EU proposals “for modernizing the World Trade Organization” must surely have been discussed with the US during the Malmstrom-Lighthizer meeting. For Trump and his trade policy chief Lighthizer, the WTO and its existing rules had overly benefited China in global trade since 2001. The EU shares many of the US’ concerns about China’s alleged trade-distorting policies. These “distortions”, according to the EU, are “associated with non-market policies and practices in major trading nations that WTO does not seem to address adequately.” Little wonder that the EU’s leaked non-paper, reviewed by Mint, targets China.

Brussels calls for making the WTO system “flexible enough to accommodate different sets of ambition among its membership”, and enable plurilateral negotiations among more than two countries for making different sets of rule-making goals to address “the 21st-century trade realities”. The EU wants to bring “differentiation” to deny special and differential flexibilities in the existing rules to China, India, South Africa, and Indonesia among others. “A new approach to development and special and differential treatment based on a case-by-case, needs driven analysis” must be promoted, according to the EU.

Facing opposition from developing countries and in an attempt to jettison the consensus principle that guides the multilateral trading system, the EU lamented that “it has not been possible to advance negotiations in the WTO for a number of years, with the exception of the agreement on trade facilitation and agricultural export subsidies” because of the lack of flexibility within the system. Hence, the demand for plurilateral initiatives that go against multilateral trade priorities.

Last week, Canada has also circulated a nine-page draft discussion paper called Strengthening and Modernising the WTO almost on the lines of the EU’s non-paper. Canada, which is facing sustained heat from its neighbour US in the ongoing NAFTA-revamp negotiations, has gone a step further than Brussels by proposing to convene a ministerial meeting of 13 countries next month (24-25 October) in Ottawa. The

13 countries that will take part in the Ottawa meeting include the EU, Japan, Canada, Switzerland, Norway, Australia, New Zealand, Singapore, South Korea, Brazil, Chile, Mexico and Kenya.

The Canadian paper says “the combination of disruption and paralysis has begun to erode respect for rules-based trade, and the institutions that govern it, paving the way for trade distorting policies.” Consequently, Canada has called for reforms in all three “main functions of the WTO” that include the monitoring function, the dispute settlement system and the negotiating arm for bringing new rules.

In short, both the EU and Canada remain silent about the lawlessness being caused by the US in the global trading system. Instead of forming a credible front against the 800-pound gorilla in the room, the EU and Canada want to create opportunistic alliances for foisting more obligations on the countries of the Global South.

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Donald Trump planning crowbar tariffs on over $500 billion of Chinese goods

D. Ravi Kanth, Live Mint

Geneva, September 10, 2018: The Donald Trump administration is preparing grounds for an all-out trade war with China by slapping unilateral crowbar tariffs on more than $500 billion of Chinese goods despite mounting opposition from American companies, analysts said. US President Donald Trump on Friday signalled his intention to impose tariffs on additional $267 billion, in addition to the proposed 25% duty to be levied on $200 billion of Chinese goods. “The $200 billion we’re talking about could take place very soon, depending what happens with them. To a certain extent, it’s going to be up to China,” President Trump told reporters on Air Force One.

The US has already imposed additional tariffs of 25% on $50 billion of Chinese goods on 23 August under Section 301 on grounds of alleged theft of American intellectual property rights and forced transfer of technology from US companies by China. With additional tariffs on the proposed $200 billion Chinese goods, the total IPR (intellectual property rights)-related tariffs on Chinese goods will go up to $250 billion.

The administration is currently struggling to finalize the list of Chinese goods of $200 billion that would be subjected with additional tariffs because of opposition from American businesses.

Many US companies making bicycles to laptops and mobile phones, including Apple Inc., are seeking exemptions from the proposed tariffs on $200 billion Chinese goods, while cautioning that the tariffs will adversely hit America's economic interests.

In a joint letter issued to the US Trade Representative ambassador Robert Lighthizer last week, many US business and industry lobby groups warned that "continuing the tit-for-tat tariff escalation with China only serves to expand the harm to more US economic interests, including farmers, families, business and workers." "Unilaterally imposing tariffs on hundreds of billions of dollars in goods invites retaliation and has not resulted in meaningful negotiations and concessions," they warned, Financial Times reported on 7 September.

But President Trump and China hawks in his administration such as Peter Kent Navarro, director of White House National Trade Council, and USTR ambassador Lighthizer reckon their actions against China are essential to stop China in its tracks from causing damage to the future of American high-tech industries. "I hate to say that (the proposed 25% tariffs on $200 billion Chinese goods), there is another $267 billion ready to go on short notice if I want. That totally changes the equation," the President said on Friday. "I'm being strong on China because I have to be," Trump said.

In response to American actions, China chose to retaliate against what it called the unilateral actions of the Trump administration on a balanced and measure-for-measure basis. Until now, China has hit back with retaliatory tariffs on a vast range of American products, including soybeans and beef, against each American action that began with solar panels and large residential washing machines followed by steel and aluminium and now IPR-related tariffs.

Significantly, Trump left none of his close trade allies such as Mexico, Canada, the European Union (EU) and Japan in doubt that he is going to retaliate against them if they fail to satisfy US trade concerns. EU has not only provided additional market access for American agricultural products but is also willing to consider bringing its auto tariffs, particularly on cars, to zero.

Canada is waging a grim rearguard battle in ongoing negotiations to revamp the North American Free Trade Agreement (NAFTA) to ensure its core concerns for preserving Chapter 19 binding dispute resolution mechanism, the dairy management board, and existing intellectual property protections for new drugs called biologics. It remains to be seen whether Canada's prime minister Justin Trudeau who said a no deal is better than a bad deal with the US in the NAFTA-revamp negotiations will be able to safeguard his country's interests.

Japan, which is hit with steel and aluminium duties, is watching what President Trump would do on auto tariffs under the Section 232 national security provisions. "If the Trump administration goes ahead to impose additional tariffs on cars and other auto products, Japan will retaliate," said a trade official from Japan, who asked not to be identified.

Notwithstanding Trump's trade war with China, the EU, Japan, Canada, and other western countries are eager to make a joint alliance with the US for crafting new trade disciplines and rules to stop China from providing subsidies and other supports to its industry even under legitimate World Trade Organization rules.

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US-China trade war: Beijing welcomes talks offer with Washington as new tariffs loom

The Financial Express

Beijing, September 13, 2018: China welcomed on Thursday the US offer to hold fresh trade talks, adding that the two are discussing the details and providing some hope with the world's top economies could step back from the brink of an all-out trade war.

The sides have been engaged in an escalating tit-for-tat trade fight for months but on Wednesday it emerged that US Treasury Secretary Steven Mnuchin had invited top Chinese officials to discuss the issue.

"The Chinese side believes that the escalation of the trade conflict is not in the interest of either party," commerce ministry spokesman Gao Feng told reporters at a regular news briefing. Beijing "has indeed received an invitation from the US and holds a welcoming attitude to it", said Gao, noting the "two sides are still communicating on the specific details".

News of the invite comes as it emerged Thursday that US firms in China are beginning to feel the pinch of tariffs already imposed on the Asian giant. Mnuchin's offer comes just under a week after US President Donald Trump threatened to impose tariffs on all USD 500 billion worth of imports from China.

The possible resumption of negotiations sent Asian markets rallying with Hong Kong surging 2.5 per cent — having fallen for six straight days and into a bear market — and Shanghai more than one per cent higher.

Trump imposed his first phase of tariffs this summer on USD 50 billion of Chinese goods, including high-end technology parts and manufactured goods, while Beijing fired back dollar-for-dollar at US soybeans, autos and other farm goods.

Top White House economic advisor Larry Kudlow told Fox Business Network on Wednesday: “Secretary Mnuchin, who is the team leader with China, has apparently issued an invitation. Talking is better than not talking, so I regard this as a plus.”

The next wave of 25 per cent tariffs on a further USD 200 billion in imports will loom over any talks — after a public consultation period for affected businesses came to an end last Thursday.

Beijing has pledged to hit back with five to 25 per cent tariffs on USD 60 billion in US imports in retaliation for any measures from the US.

The majority of American companies in China say they are hurting from the escalating trade spat, reporting increased costs, lower profits and stepped-up scrutiny, according to an American Chamber of Commerce in China survey released Thursday.

The business lobby urged Washington to reconsider its approach. More than half of US firms are already feeling Beijing’s wrath from non-tariff measures like heightened regulatory scrutiny, more inspections and slower customs clearance, according to the survey.

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Suresh Prabhu says India, US must boost bilateral trade to $500-600 billion

The Economic Times

September 1, 2018: India seeks US partnership to boost various sectors and grow the bilateral trade to USD 500-600 billion from USD 125 billion currently, with a good strategy under a stipulated time, commerce and industry minister

Suresh Prabhu

said in Mumbai on Thursday.

"The US-India bilateral trade is declining for various reasons and we should not be happy with bilateral trade of USD 125 billion. We must set a clear cut target of USD 500-600 billion in a stipulated time period. We are willing to come out with complete strategy and am sure that the companies from both country's will benefit," Prabhu said Thursday.

Speaking at a US-India Business Council event, Prabhu said that we can resolve some issues through talks. India offers lot of opportunities in sectors including agriculture, pharmaceuticals, infrastructure, start-ups and make "India-US partnership greater again" in line with President Trump's call of Let's make US great again.

The geo-politics has changed so much in the last few months, geo-economics is also changing rapidly. "In this context, I see a clear defined role and responsibility for US-India to work together not just for our mutual benefit but also for the benefit of rest of the world," Prabhu said.

India will become USD 5 trillion economy in the next 7-8 years and USD 10 trillion by 2035, he said.

India becoming economically strong would only mean, US has a friend and partner, who is stronger than before and strong India will be in the long term interest of US, he reiterated.

The country's aviation sector is expected to provide big investment opportunity as it is one of the fastest-growing in the world and has recorded 50 months of double-digit traffic growth. As many as 100 new airports would be built in the next 10 to 15 years for about USD 60 billion, Prabhu said, adding that the country's infrastructure sector also offers investment opportunity of USD 250 billion every year.

India is looking setting up of special economic zones (SEZ) only for the US companies, he added.

Prabhu also said US-India must have specific programme for sharing information of start-ups from both the countries.

Further, he called US to join hands with India to explore export opportunities in 54 African nations, where both US and India can make joint pitch for exports of American and Indian products. Prabhu also urged the US to be partner with India to create new dynamic agenda for the World Trade Organisation (WTO).

The minister said that the government will announce the new industrial policy soon. A key thrust in the proposed policy, which will replace the Industrial Policy of 1991, is to reduce regulatory hurdles and encourage adoption of technologies of the future such as robotics and artificial intelligence.

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India-US 2+2 dialogue: Talks on between New Delhi, Washington for ‘new and better’ trade deals, say officials

The Financial Express

Washington, September 11, 2018: Negotiations for “new and better” trade deals between the US and India that meet the needs of both the countries are at the beginning stages, senior Trump administration officials have said. India and the US last week held their maiden 2+2 Dialogue in New Delhi during which a long-negotiated defence pact under which critical and encrypted defence technologies will be provided to the Indian military by the US was inked. According to the Principal Deputy Assistant Secretary of State for South and Central Asia Alice Wells, primarily being a strategic dialogue, trade related issues were also discussed.

“A number of administration officials just recently came back from India. They expressed their willingness to negotiate new and better trade deals, and those conversations are at the beginning stages,” White House Press Secretary Sarah Sanders told reporters at her daily news conference. The conversation between the two countries was how can they grow their trade relationship in a fair and reciprocal manner, Wells told reporters during a separate conference call.

Tariffs and non-tariff barriers, she said, have been the subject of long-standing concern. But we’re working with the government of India to address these market access challenge issues. “We have a variety of ongoing high-level discussions that are taking up these issues. Specifically, what I heard out of the 2+2 is a commitment by our leadership to the importance of resolving this and coming out as a fair agreement that meets the needs of both the US and India, the private sector as well as people,” Wells said.

Responding to a question, she said that “there wasn’t specific conversation” on aluminum and steel during the 2+2 Dialogue. There is acknowledgement that the US is India’s best trading partner. The US is certainly India’s top markets for exports. Bilateral trade expanded USD 12 billion in 2017 and now totals USD 126 billion and two-way investment expanded almost USD 57 billion, Wells said. “Tariffs and non-tariff barriers have been the subject of long standing concern. But we’re working with the government of India to address these market access challenge issues.

“We have a variety of ongoing high-level discussions that are taking up these issues. Specifically, what I heard out of the 2+2 is a commitment by our leadership to the importance of resolving this (issue) and coming out as a fair agreement that meets the needs of both the US and India, the private sector as well as people,” Wells added. Meanwhile, former foreign secretary S Jaishankar, who is now part of the Tata Group, met Congressman Pete Sessions to discuss ways to strengthen relationship with India.

“Specifically, we discussed how our two countries can partner together to advance our commercial and strategic partnership, strengthen the bonds that unite our two countries, and create economic opportunity for American workers in the United States,” Sessions said. “Currently, India is our 9th largest trading partner but it is my hope that our bilateral trade continues to grow,” he added.

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Tough negotiations ahead for RCEP

The Economic Times

September 1, 2018: Indian companies have started to make in-roads into China and are improving on their competitiveness as well as scaling up operations.

Issues have been identified and will have to be negotiated hard as India steps forward to participate in the Regional Comprehensive Economic Partnership (RCEP), an Indian business leader said here Saturday.

"A weakening Chinese currency is a big issue," said Rashesh Shah, President of the Federation of Indian Chambers of Commerce and Industry (Ficci) on the sidelines of the ongoing meetings related to RCEP and ASEAN-India.

Chinese exports are "very competitive", he pointed out, adding that as of now the bilateral trade between India and China was heavily in favour of the latter.

But, India is open to being part of the RCEP, which is in the making of the world's largest trade block and markets, covering more than three billion people, combining the population of India and China, with 650 million in ASEAN as well as those of Japan, South Korea, Australia and New Zealand.

"India is looking at a lot of FTAs (free trade agreements) and RCEP very closely," said Shah who is part of the series of meetings going on in Singapore this weekend.

India, he said, cannot be absent from trade pacts. India has to be part of these linkages, he stressed.

"We are seeing all over the world that the multilateral agreements are weakening and you need a more regional bilateral agreements such as FTAs to ensure that there is a lot more access in each other's markets," he added.

He also said that Ficci member companies are supporting the country's participation in RCEP.

Indian companies have started to make in-roads into China and are improving on their competitiveness as well as scaling up operations.

He sees Indian companies increasing shipments of auto components, pharma products and IT services to RCEP markets.

The Indian government, he said, had been actively consulting the local industries on export challenges, issues such as market access, connectivity and visas related issues.

Meanwhile, Indian High Commissioner to Singapore, Jawed Ashraf, has twitted Saturday that "RCEP negotiations under the able leadership of Singapore as ASEAN Chair covered ground, but much work remains to be done by all members before November's East Asia Summit in Singapore".

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Focus on boosting exports, import curbs may not help control CAD: FIEO to govt

Live Mint

New Delhi, September 15, 2018: The government should focus primarily on boosting exports to check the widening current account deficit (CAD) as imposing curbs on imports may not have a significant impact, exporters' body Federation of Indian Export Organisations (FIEO) said on Saturday. FIEO President Ganesh Gupta said the government should not restrict imports to address rising current account deficit (CAD) and fall in rupee. "I do not think that we should restrict imports unless we want to join bandwagon of protectionism and hope that it will spur Make in India," he told PTI.

He also said that CAD at 2.5% of GDP should not be a cause of concern as anything below 3% is not alarming. "We have sizeable forex reserves to cover 10 months of imports," he added.

The government Friday announced an array of steps, including removal of withholding tax on Masala bonds, relaxation for foreign portfolio investments, and curbs on non-essential imports, to contain the widening CAD and check the rupee depreciation.

FIEO director general Ajay Sahai said the government should immediately ease liquidity for exporters. He said that if the government wants to impose curbs on non-essential items, they can consider products such as high-end electronics goods, refrigerators, watches, gold, and high-end footwear and garments.

However, trade experts raised concerns over imposing import restrictions on goods like gold as it will not help in checking trade deficit. “It’s very unlikely to help. The government has to consider the pros and cons carefully about such steps,” professor Biswajit Dhar of Jawaharlal Nehru University said. He said that knee-jerk solutions will not help and the government should take medium term view, for instance steps for revival of the manufacturing sector.

The CAD, which is the difference between inflow and outflow of foreign exchange, widened to 2.4% of the GDP in the first quarter of 2018-19. Large trade deficit and rupee decline against the US dollar are putting pressure on the CAD.

The rupee touched an all-time low of 72.91 against the US dollar on 12 September and it closed at 71.84. The domestic currency has declined around 6% since August. Petrol and diesel prices have also touched record highs. Trade deficit soared to a near five-year high of $18 billion in July, but dipped slightly at $ 17.4 billion in August.

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Govt forms panel to look at draft e-commerce policy issues

Live Mint

New Delhi, September 9, 2018: With concerns being raised on some proposals of the draft e-commerce policy, the government has set up a group of secretaries to look into the issues, according to an official.

The group will be chaired by the secretary in the department of industrial policy and promotion (DIPP). The other members of the group include secretaries of the ministry of electronics and information technology and department of commerce. Representatives of Niti Aayog and department of economic affairs are also members of the group.

“The group would look into all the issues of e-commerce sector,” the official said. The first meeting of the group is likely to be held this week.

Commerce and Industry minister Suresh Prabhu last month tweeted that he had received few concerns regarding the draft e-commerce policy following which he directed officials to conduct another round of consultation with stakeholders to address them.

The draft e-commerce policy has suggested several steps to promote the growth of the fast growing sector. It said online retail firms may have to store user data exclusively in India in view of security and privacy concerns. The draft stated that any group company of an online retailer or marketplace may not be allowed to directly or indirectly influence the price or sale of products and services on its platform, a move that could completely restrict e-tailers from giving deep discounts.

The draft has also suggested introduction of a pre-set timeframe for offering differential pricing or deep discounts by e-commerce players to customers.

Further, the draft recommended permitting 49% foreign direct investment (FDI) in inventory-based business-to-customer e-commerce model. Currently, FDI in such businesses is prohibited and it is allowed only in the marketplace model. The department of industrial policy and promotion has reportedly ruled out FDI in inventory-based e-commerce.

Besides, it discussed about adopting a common definition of e-commerce for the purpose of domestic policy making and international negotiations as currently there is no commonly accepted definition.

In the context of international trade negotiations, policy space for granting preferential treatment and imposing customs duties on e- transmission to digital items created in India will be retained.

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Study shows low IPR awareness in India

Neetu Chandra Sharma, Live Mint

New Delhi, September 8, 2018: Despite being actively engaged in research and new innovations, over 35% people are not aware of intellectual property rights (IPR), a latest study revealed.

The study conducted by Einfolge, an international patent analytics and market research company, stated that design patents, geographical indication (GI) and trade secrets need more attention to get the benefits of IP rights.

The conceptual study on ‘Intellectual Property: Rights, Need & Awareness’ reveals that majority of respondents — students, scholars, teachers and managers — from 203 educational institutions in Karnataka, Tamil Nadu, Kerala and Telangana were not fully aware about the benefits of IP and other related issues. Also, around 35% respondents were not aware about IPRs.

The respondents had minimal awareness about monetary benefits of acquiring an IP right, commercialization of acquired IP rights, or the legal troubles that one might land in for using a pirated product, the study stated.

“We conducted the survey both online and offline among students and technical staff to know how knowledgeable they are on intellectual property rights,” said Binod Singh, co-founder and director, Einfolge, and author of the study report.

“From the responses, it’s good to know that IPRs havr been made a part of the curriculum. Even though the knowledge on IPRs is spreading through awareness programmes and curriculums, we can identify few areas which need attention such as design patents, global indication and trade secrets,” he added.

“The responses also pointed out that most people are not aware of the existence of an IP department in their college and more than 70% people in institutes have no thoughts of registering an IP,” Singh said.

Trade-related aspects of intellectual property rights (TRIPS) have become a game changer for many companies in India. This is also a global scenario with companies using IPR to strategic advantage.

The study recommended that educators need to incorporate IP into their curriculum discussions to increase knowledge on the importance and benefits of protecting IPRs.

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