INDIA'S TRADE NEWS AND VIEWS
1 February to 28 February 2018

[India calls for changes in WTO to transform world economy](#)

India today called for bringing changes in Geneva-based World Trade Organisation (WTO) to transform the global economy…

[Some 'new issues' raised at WTO may be relevant for India: Prabhu](#)

Marking a slight shift in India's stance so far at the World Trade Organisation where it has opposed new issues such as…

[WTO: anti-multilateral attacks and mini-trade ministerial in Delhi](#)

Hosting a mini-trade ministerial summit is tricky. More so, when the global trading system is in a shambles…

[India, 37 others seek WTO dispute body's aid to fill up Appellate Body vacancies](#)

A formal submission has been made by 38 World Trade Organisation members including…

[Five Nordic countries pitch for FTA with India](#)

The five Nordic countries of Denmark, Norway, Finland, Iceland and Sweden today pitched for a Free Trade Agreement…

[India, Korea for early conclusion of CEPA review](#)

India and Korea today committed to early conclusion of the review of the free trade agreement between the two nations…

[Negotiators asked to redouble efforts to finalise India-Canada eco pact: NarendraModi](#)

Prime Minister NarendraModi today said negotiators have been asked to redouble efforts to finalise comprehensive economic…

India to insist on delinking MSMEs from e-commerce at BRICS meet

With China pushing for greater cooperation in e-commerce amongst the BRICS group, New Delhi…

In free trade u-turn, PM NarendraModi raises India's import duties

Less than a month after he declared to the World Economic Forum that India was open for business, Prime Minister…

US, EU, Canada see red on India raising pulses tariff

India's decision to raise the import duty on pulses has irked top farm produce exporting countries…

Free trade fantasies

US Ambassador Kenneth Juster's comments on an eventual free trade pact between the two countries calls for introspection…

US tells India to cut tariffs astrade friction heats up

US businesses and diplomats are pressing India to cut tariffs, industry and government sources say, after New Delhi's…

Donald Trump threatens 'tax' on countries that exploit US trade

President Donald Trump threatened anew on Tuesday to impose a "reciprocal tax" on countries…

India not doing any favour to US by slashing import duties on imported motorcycles: Trump

United States President Donald Trump has for the second time in a month raised the issue of high import duty charged…

US to push for 'reciprocal tax' on trade partners –Trump

US President Donald Trump said on Monday he would push for a "reciprocal tax" against countries…

China worried over US trade relations as surplus narrows

China expressed concern today over the US ramping up trade investigations as official data showed its surplus…

Tea Board for preferential trade pact with China

India and China should look at working out a preferential trade agreement so as to boost import…

Canada, US exchange barbs over NAFTA talks as stress rises

Canada and the United States exchanged barbs on Tuesday over sluggish negotiations to update NAFTA…

World Trade Outlook Indicator suggests global trade growth to stay above trend

The World Trade Outlook Indicator (WTOI) released by the World Trade Organization on 12 February…

India reviews anti-dumping duty on steel wheels from China

India has started a probe to review whether the existing anti-dumping duty on flat base steel wheels imported…

Solar dispute: WTO sets up panel on India's requests

The World Trade Organisation's Dispute Settlement Body (DSB) has agreed to India's request for setting…

necessarily represent the views of the Centre for WTO Studies (CWS) and have been put together solely for informational and outreach purposes.

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

The Centre for WTO Studies was set up by the Department of Commerce, Government of India in 1999. The intent was to create an independent think tank with interest in trade in general and the WTO in particular. The Centre has been a part of the Indian Institute of Foreign Trade since November 2002. The Centre provides research and analytical support, and allied inputs to the Government for WTO and other trade negotiations. The Centre also has its own body of publications, and conducts outreach and capacity building programmes by organizing seminars, workshops, and subject specific meetings to disseminate its work, create awareness on recent trade topics and build consensus between stakeholders and policy makers.

Comments and queries may be directed to cws@iift.ac.in. If you no longer wish to receive this email, please reply to this message with unsubscribe in the subject line

India calls for changes in WTO to transform world economy

The Economic Times

Visakhapatnam, February 25, 2018 :India today called for bringing changes in Geneva-based World Trade Organisation (WTO) to transform the global economy.

Commerce and Industry Minister Suresh Prabhu said that the global trade has benefitted all the nations in terms of creation of jobs and promoting economic activities.

"Now the question is whether we should make WTO better or forget it. Organisations need reformation all the time and it needs to be changed with change in times," he said here at the CII's Partnership Summit.

Prabhu said the WTO was created on certain solid principles including democracy and transparency and even the smallest country has a say in the 164-member organisation.

"That is something which is a very unique characteristic. Therefore, we must bring in transformation in the WTO itself to transform the world economy. To bring that transformation, we have to put constant efforts," he said.

As part of such efforts, Prabhu said, India is organising a mini-ministerial meeting on March 19 and 20.

India has invited representatives from several countries to discuss, debate and "find out ways of how to move forward," he added.

"This forum is not meeting one against the other. It is not against any country in the world. This is congregation, which will be represented by all countries in the world," the minister said.

The meeting, a sort of mini-ministerial, has been convened by India in the aftermath of failure of trade talks at Buenos Aires last year on account of differences among the members of the World Trade Organisation (WTO).

ndia has invited ministers from the US, European Union, Australia, China, New Zealand and several African countries.

The talks at the WTO's 11th ministerial conference collapsed after the US went back on its commitment to find a permanent solution to the public food stockholding issue, a key matter for India.

In a separate session, he said after achieving ease of doing business targets, "we should move to peace of doing business" as companies should enjoy doing the business.

[Back to top]

Some 'new issues' raised at WTO may be relevant for India: Prabhu

Business Line

New Delhi,February 14, 2018 :Marking a slight shift in India's stance so far at the World Trade Organisation where it has opposed new issues such as investment facilitation and global e-commerce rules being pushed by several developed countries, Commerce Minister Suresh Prabhu has said that some of the new issues being raised by others may also be of relevance for India.

The Minister said existing issues such as agriculture are critical livelihood issues, and remain extremely important for India.

Prabhu was speaking at a two-day brainstorming session with trade experts, former bureaucrats and other Ministries and Departments on what the country's stand should be on key issues following the lacklustre Ministerial Meet of the WTO in Buenos Aires (MC-11) in December last.

Comprehensive engagement

"This is probably the largest and most comprehensive engagement ever with almost all stakeholders. Stakeholders were diverse. Some had completely opposite views. That is what we wanted. The idea was to brainstorm on what we should do post-MC 11 and how we should progress," Prabhu said addressing the media at the conclusion of the two-day session on Tuesday.

The Minister emphasised that special and differential treatment remains a critical aspect of the WTO's framework and it is non-negotiable for India, an official release said.

India has invited about 40 countries to participate in an informal meet of WTO countries on March 20 to identify ways in which the global trade talks could be re-vitalised.

"The countries invited to the mini-ministerial do not belong to one interest group. They are representing the whole world and the agenda of the meeting is how to keep WTO alive and kicking. It is important to have such a discussion as people raised doubts about the relevance of WTO at Buenos Aires," the Minister said.

The invitees include the US, the EU, Australia, Pakistan and many others from across Africa and Asia.

New Delhi has so far been opposed to new issues being discussed at the WTO but there is a growing feeling among certain sections of the government and academia that the country need not oppose negotiations in issues such as investment facilitation where controversial portions such as investor-state dispute are not part of the discussion.

“We have taken stock of all the points and counter-points raised by participants on sensitive issues such as investment facilitation and e-commerce. The inputs from the meeting would play a significant role in helping the Commerce Ministry firm up its stand for future negotiations at the WTO,” a Commerce Ministry official told *BusinessLine*.

[Back to top]

WTO: anti-multilateral attacks and mini-trade ministerial in Delhi

D. Ravi Kant, Live Mint

February 14, 2018 :Hosting a mini-trade ministerial summit is tricky. More so, when the global trading system is in a shambles and multilateral trade liberalization is being ridiculed. The US President Donald Trump “seems to hold a steadfast belief that protectionism works,” *The Economist*, which supports a liberal trade order, wrote on 25 January. Trump’s decision to slap punitive duties, of up to 30% on imports of solar panels and up to 50% on imports of washing machines from China and South Korea on 22 January came under intense criticism. By using “tariffs not sparingly, but repeatedly and aggressively,” Trump has declared that he is open “for business, just not the healthy sort,” it said.

Prior to that belligerent safeguard action, Washington declared its intent to wreck the global trade dispute resolution body of the World Trade Organization (WTO) on grounds that its verdicts are against American practice in slapping anti-dumping and countervailing actions. The US also denied India and other poor countries a global instrument to address hunger, which is claiming tens of millions of lives annually the world over. Indeed, the US’s decision to pull the plug on vital developmental issues at the WTO Buenos Aires ministerial meeting in December failed to surprise the participants. “We are proud to defend the interests of US stakeholders at the WTO, including our farmers and ranchers, who need a result on agriculture that is based on the realities of today, rather than a 16-year-old, outdated and unworkable framework,” the US trade representative Robert Lighthizer declared a day after the collapse of the meeting. “MC11 (the eleventh ministerial conference) will be remembered as the moment when the impasse at the WTO was broken,” he argued.

Against this backdrop, India’s decision to host an informal ministerial meeting of around 40 countries on 19 March in New Delhi seems like an audacious move. It is not the first time that India is hosting such a meeting. The previous United Progressive Alliance government led by the Congress party convened two meetings in 2005 and 2009. At the 2005 New Delhi meeting, then trade minister Kamal Nath declared that India will leave no stone unturned to secure credible outcomes on issues concerning its poor farmers in agriculture. That meeting also witnessed tensions between India and Brazil when Kamal Nath refused to endorse the Brazilian candidate for the WTO's top job. Instead, India backed the European Union's former trade commissioner Pascal Lamy for the top job in 2005, and in return, secured a place for an Indian candidate in Lamy's team.

During the 2009 meeting in New Delhi on "Re-Energizing Doha- A Commitment to Development," Nath's successor Anand Sharma, who wanted to tell the world that he is one step ahead of Nath, posed several issues for ministers to debate. The "objectives of the Delhi ministerial," declared then commerce secretary Rahul Khullar, is to weave the "separate threads" in the Doha negotiations together "into a response of solidarity to move the multilateral process forward."

"This is what the Delhi meeting attempts to achieve … It brings together groups from across the spectrum of interests and positions in the Doha negotiations, in a microcosm of the WTO itself, in a bid to give a determined push to the multilateral process," Khullar said.

However, the New Delhi meeting got embroiled in a bilateral trade spat between the US and China over the safeguard duties imposed on Chinese tyres by the Obama administration. That issue almost stole the thunder from the call for solidarity to move the multilateral process forward.

Indeed, one must give the devil its due: there is a certain historical consistency in what the global military and trade hegemon unilaterally does regardless of the dangers it posed to the multilateral trade order. For example, the US imposed illegal safeguard duties on steel in 2001, immediately after launching the Doha Development Agenda trade negotiations; on tyres in 2009, immediately after deciding to junk the Doha trade negotiations and opt for the Trans-Pacific Partnership (TPP) agreement; and now on solar panels and large washing machines after embarking on "America First" trade policies.

Against this backdrop, it is going to be a Herculean task to salvage the multilateral trading system when it is being single-handedly torpedoed by Uncle Sam. Surely, commerce minister Suresh Prabhu, who is going to chair the Delhi meeting for two days during 19-20 March, must be aware of this stark protectionist reality. At a closed-door dinner meeting of select trade minister on 25 January on the margins of the annual World Economic Forum in Davos, Prabhu said India wants to address issues concerning agriculture and development to kick-start work on the multilateral process.

But other trade ministers from the European Union (EU), Canada, Japan, Norway, Switzerland and Hong Kong among others who took part in the dinner remained tone deaf to Prabhu's call for multilateral resurgence. Instead, they sang in chorus that they will opt for "plurilateral" (more than two countries, but a small number) initiative on electronic commerce and even other issues such as investment facilitation, disciplines for micro, small, and medium enterprises, and trade and gender.

In an interview, following the dinner meeting in Davos on 26 January, South Africa's trade minister Rob Davies castigated attempts to bring "digital two dozen rules" into the WTO by the sponsors of the plurilateral initiative on e-commerce. The digital two dozen rules, which refer to the commitments negotiated by the US and 11 other countries in the TPP, were never accepted by the majority of WTO countries, including India and China. "If you cannot get something in the multilateral system it doesn't mean you form a group and then write the rules and expect those rules to be adopted at the WTO," Davies said.

Therefore, the New Delhi meeting next month faces the prospect of being hijacked by the deadly pre-emptive strikes by the US, EU, Japan, Canada, Norway and Singapore among others to intensify plurilateral work on e-commerce instead of addressing the unresolved issues in agriculture and development multilaterally as WTO members are mandated to do under the Doha agenda. The moot issue is how will Prabhu stop these anti-multilateral attacks in New Delhi that are bound to reinforce the plurilateral moves in the WTO.

[Back to top]

India, 37 others seek WTO dispute body's aid to fill up Appellate Body vacancies

AmitiSen, Business Line

New Delhi, February 27, 2018 :A formal submission has been made by 38 World Trade Organisation members including India, the EU, China, Russia, Brazil, Russia, Turkey and Vietnam to the Dispute Settlement Body seeking a decision on launching of a selection process to fill the three vacancies in the seven-member Appellate Body pending for long.

"Most WTO members, including New Delhi, feel that the US has been allowed to block the process of filling up vacancies in the Appellate Body for too long and the DSB should intervene. Any further delay could severely hit the dispute settlement mechanism and the credibility of the WTO," a government official told BL. The DSB will consider the proposal in its meeting on February 28.

It remains to be seen if the DSB can rule in favour of starting the selection process without seeking the approval of all members such as the US.

“The DSB has to ultimately take all members on board. However, it is good that so many members have raised the issue at the DSB as it puts on record the concern felt by so many about the delay in appointments,” said BiswajitDhar, Professor, JNU.

The Trump administration blocked the appointment process of judges on the ground that the functioning of the Appellate Body needs to be improved including bringing about amendments to a rule (Rule 15) which allows judges to continue working on cases they were assigned to before their terms ended. Members, opposing the blockade, have argued that the issue could be settled separately and the appointment procedure should be allowed to go on.

The 38-member group has proposed that the DSB should establish a Selection Committee, consistent with established procedures, composed of the Director-General and the Chairpersons of the General Council, the Goods Council, the Services Council, the TRIPS Council and the DSB, to be Chaired by the DSB Chair.

“The Selection Committee should be requested to carry out its work in order to make recommendations to the DSB within 60 days after the deadline for submitting nominations of candidates, so that the DSB can take a decision to appoint three new Appellate Body members as soon as possible,” the communication stated.

The US blocked the appointment of the judges also because of some judgements went against it and Washington alleged that the Appellate Body had over-reached and created law through legal rulings.

“There is just no reason for the US to question the Appellate Body’s functioning as it has so far functioned in a fair and balanced way. India has recently lost two disputes with the US — one on poultry imports and the other on local sourcing in the solar energy sector — but it doesn’t mean we will cry foul,” the official said.

[Back to top]

Five Nordic countries pitch for FTA with India

The Economic Times

February 27, 2018 :The five Nordic countries of Denmark, Norway, Finland, Iceland and Sweden today pitched for a Free Trade Agreement (FTA) with India to increase business ties.

Ambassadors of the Nordic countries based in New Delhi were in Kolkata today to deliberate on issues relating to trade and cultural ties with India.

Speaking on behalf of them, Ambassador of Denmark Peter Taksoe-Jensen said all the five Nordic countries are small economies and dependent on liberal trading.

"We are pushing to get the matter approved from 2007 and let us see whether the negotiations can be revived. Some of the decisions taken by the Central government (like rise in customs duties announced in the Budget for 2018-19) may not lead to it," he said at an ICC-organised interaction here.

Ambassador of Iceland Thorir Ibsen said though his country was not a part of the European Union, unlike Denmark, Finland and Sweden, participation in the greater trading arena was through the internal market of the European Free Trade Agreement (EFTA).

Nina IrmeliVaskunlahti, Ambassador of Finland, said it was extremely important to send the message to the Indian government, that the recent imposition of customs duties on certain components would make it "difficult for 'Make in India' to become possible".

Bilateral trade volume between India and the five Nordic countries was USD 4.3 billion, of which USD 2.2 billion was exports to India and the rest imports, according to latest data.

Besides Iceland, Norway is also not a part of the EU.

Sweden was represented by its Second Secretary EbbaLittorin.

[Back to top]

India, Korea for early conclusion of CEPA review

The Economic Times

New Delhi, February 27, 2018 :India and Korea today committed to early conclusion of the review of the free trade agreement between the two nations with a view to intensifying bilateral economic cooperation.

The Comprehensive Economic Partnership Agreement (CEPA) between the two countries was implemented in January 2010 and is currently under revision.

"We are committed to an early conclusion of the review on which we have been working since 2016 and I hope that we can address it in the very short future," Commerce Secretary Rita Teaotia said.

Korean Trade, Industry and Energy Minister Paik Ungyu too pitched for early conclusion of CEPA review.

While appreciating the growth in bilateral trade from USD 12 billion in 2010 to over USD 20 billion in 2017, Teaotia flagged the issue of widening trade deficit.

"Today at 11.4 billion dollars it is certainly not a sustainable position and this widening trade deficit has aroused concerns in many quarters that for long term sustainability we will need to work towards a mutually beneficial and a more balanced trade," she said.

Teaotia said the preferential tariffs which were in the progressive elimination categories have now become fully operational, as a result of which about 70 per cent of tariff lines in Indian schedule and 88 per cent of the lines in Korea schedule are already at zero duty under CEPA.

"Despite these concessions having come into place, the question is why has it (CEPA) not been utilised to the extent possible? We need to work together to identify and address these impediments and increase the utilisation rate of the CEPA so that industry on both sides can benefit from the concessions," she said.

The commerce secretary further said it is now time to realise the outcomes of the CEPA discussions.

As part of efforts to augment bilateral strategic relationship, she said India and Korea are working to establish a future strategy group under which joint projects will be taken up in the areas of new technologies such as artificial intelligence, Internet of Things, future manufacturing, robotics and green tech

In his address at the India-Korea Business Summit, Ungyu proposed swift conclusion of the CEPA review and hoped that it would further open doors of trade.

The purpose of CEPA of expanding trade and investment will soon be realised, he said, adding, "We should concentrate our capacities on finalising the upgraded agreement to reach a balance of interest at the earliest possible date."

The minister said the atmosphere for bilateral cooperation is brighter than ever, and the two nations need to further expand trade and investment.

[Back to top]

Negotiators asked to redouble efforts to finalise India-Canada eco pact: NarendraModi

The Economic Times

New Delhi, February 23, 2018 :Prime Minister NarendraModi today said negotiators have been asked to redouble efforts to finalise comprehensive economic partnership agreement as well as investment protection pact with Canada.

"To realise the full potential of bilateral trade and investment, both sides will renew efforts to expand and diversify bilateral economic and commercial relations. They will also intensify negotiations to finalise a Comprehensive Economic Partnership Agreement and a BFIPPA (Bilateral Foreign Investment Promotion and Protection Agreement)," said a joint statement.

The statement was issued following talks between Modi and visiting Canadian Prime Minister Justin Trudeau.

Earlier in a press statement, Modi said negotiators have been asked to redouble efforts for finalising the two agreements.

"We need to have an institutional framework for bilateral economic cooperation. In this context, negotiators should redouble their efforts to finalise Bilateral Investment and Promotion Agreement, and Comprehensive Economic Partnership Agreement," he said.

As per the joint statement, the two prime ministers welcome the conclusion of, and progress on, cooperation agreements/MoUs in areas such as civil nuclear science and technology, education, audio-visual co-production, information technology, intellectual property and sports.

The two leaders agreed to encourage the private sectors to further explore investment opportunities in both countries, including through India's flagship programmes such as Make in India, Start-Up India, Digital India and Smart Cities, as well as Canadian programmes such as the Innovation and Skills Plan, the Canadian Technology Accelerators, the Start-Up VISA Program and the Global Skills Strategy.

"The leaders welcomed the signing of commercial agreements which will create new economic opportunities and jobs in both countries. They applauded the launch of the Canada-India Accelerator Program for Women Tech Entrepreneurs, as well as the decision to convene a Canada-India Track 1.5 Dialogue on Innovation, Growth and Prosperity," it said.

Modi and Trudeau emphasised the importance of ensuring access to sufficient, safe and nutritious food for all, and noted that transparency and predictability of market access conditions, including sharing of information on production of agricultural commodities, are key in advancing the food security goals of both countries.

"India and Canada will work closely together to finalize an arrangement within 2018 to enable the export of Canadian pulses to India free from pests of quarantine importance, with mutually acceptable technological protocols," the joint statement said.

The Canadian Food Inspection Agency will continue to work closely with the Agricultural and Processed Food Products Export Development Authority to facilitate access for Indian organic products.

[Back to top]

India to insist on delinking MSMEs from e-commerce at BRICS meet

AmitiSen, Business Line

New Delhi, February 27, 2018 : With China pushing for greater cooperation in e-commerce amongst the BRICS group, New Delhi will stress on keeping issues of micro small and medium enterprises (MSMEs) de-linked from online retail, at a meeting of the contact group for economic and trade issues (CGETI) of the five-member bloc in Johannesburg this week.

“This is first of the two CGETI meetings that South Africa will host this year which will be followed by the BRICS Summit. Since China has been promoting e-commerce at BRICS with increased fervour, New Delhi has to ensure that ambitions don’t rise in the area and countries are not forced to take on commitments under the garb of providing market access for MSMEs,” a government official told *BusinessLine*. The BRICS includes Brazil, Russia, India, China and South Africa. Together the nations represent more than 40 per cent of the world population and an estimated 22 per cent of the world GDP.

The CGETI, which includes trade officials from all five nations, reports to Trade Ministers. It proposes institutional frameworks and measures to expand cooperation on economic and trade issues.

China, which held the presidency of BRICS in 2017, did its bit to officially expand the scope of e-commerce discourse amongst the five countries last year. It played a key role in setting up of the BRICS e-commerce working group. While the agenda of the working group largely talks about just promoting cooperation and enhancing interaction amongst BRICS stakeholders on e-commerce, under the category head of research on e-commerce a number of market access issues have also been included. “China is eager to include all issues under e-commerce talks including participation of MSMEs, existing barriers to cross-border e-commerce among BRICS and regulatory and legal framework,” the official said. India is also resisting China’s attempts to include negotiations on e-commerce rules at the World Trade Organisation.

New Delhi will focus on the issues of cooperation amongst MSME, cooperation between service suppliers, business visas and a framework for curbing non-tariff measures at the meet, the official added.

There would also be discussions on development of e-ports to improve trade efficiency between BRICS, but it has already been decided that setting up such ports would be voluntary.

“Intellectual property rights is also on the agenda, but discussions are expected only on exchange of information on existing frameworks,” the official said. The CGETI in Johannesburg will be held during March 1-2.

[Back to top]

In free trade u-turn, PM NarendraModi raises India’s import duties

Financial Express

February 15, 2018 :Less than a month after he declared to the World Economic Forum that India was open for business, Prime Minister NarendraModi has raised import duties to their highest in three decades, setting the stage for a protracted trade war. As he prepares to seek re-election next year, Modi has been ensnared by a global wave of protectionism that could threaten the foreign direct investments India needs to achieve double-digit growth. He has made it more expensive to import parts for automobiles, cameras, televisions, electricity meters and smartphones, risking trade disputes from allies like the U.S. and Germany to rivals like China.

“India has taken a dramatic protectionist turn,” Richard Rossow, an Indian policy expert at the Washington-based Center for Strategic and International Studies, wrote in a note. “The scale of India’s protectionist leap is surprising and likely to elicit a strong response from the United States and other major trading partners.”

President Donald Trump signaled tit-for-tat duties against India’s barriers on motorcycles, while the German Ambassador to India, Martin Ney, questioned the decision to raise custom duty on the import of auto components. The U.S. commerce department on Tuesday said it was examining imports of welded pipes from India and five other countries.

All this could add up to bad news for India at the World Trade Organisation.

“This can escalate at the WTO,” said Rahul Shukla, Delhi-based executive director at Pricewaterhouse Coopers Pvt. “If they really want to help local industry there’s so much more that could be done, and it’s true that industry needs help. But these are the highest barriers we have seen in a long while.”

India’s move comes as it faces the widest trade deficit in three years and a resilient rupee. Data from the government is due on Thursday and though it is expected to show a pull back for January, India’s yawning deficit with Asian powerhouse China is a matter of concern.

Indian imports from China have soared in the past few years, out pacing exports and leaving the local industry, especially the medium and small sectors, gasping for survival. And exports from the $2.3 trillion economy have slowed at a time when the global economy is ticking higher.

High Barriers
Finance minister ArunJaitley announced in his Feb. 1 budget speech that the barriers would push the government’s flagship ‘Make in India’ program to encourage local manufacturing. Yet some believe the electoral costs incurred by Modi after a chaotic roll out of the national goods and services tax — including significant disruptions to businesses — may have driven the government to resort to protectionism.

Indeed, a study by the Reserve Bank of India found the implementation and refund delays under the new tax regime had led to working capital constraints for firms, which in turn hurt exports in October 2017.

The barriers will remain in place for another two-to-three years to help small and medium companies, said VanajaSarna, chairwoman of India's Central Board of Excise and Customs in an interview.

But the move may end up hurting local businesses, said BipulChatterjee, executive director at New Delhi-based think tank CUTS International.

"A hike of 15 to 20 percent is not much for Chinese and South Korean companies — they can easily absorb it. This will end up hurting Indian competitiveness more than the government imagines," he said.

[Back to top]

US, EU, Canada see red on India raising pulses tariff

AmitiSen, Business Line

New Delhi, February 22, 2018 :India's decision to raise the import duty on pulses has irked top farm produce exporting countries, including Canada, Australia, the EU and the US. At the World Trade Organisation, they have raised questions over Delhi's claims of achieving food security objectives.

According to a Geneva-based trade official, India has responded saying the recent increase in tariff was based on the demand-supply equation and that it did not breach WTO rules.

A Commerce Ministry official said that "By linking the decision to increase import duties on pulses with food security some developed countries are trying to create confusion. Since India cites food security concerns to demand that its MSP programmes should not be subjected to caps, some members want to show that the country's policies are faulty. We will not allow the discussion to be diverted."

Canada's concern

India raised the import duty on yellow peas to 50 per cent in November 2017 while imposing a Customs levy of 30 per cent on chana (gram) and masoor (red lentil) in December 2017. Canada has already taken up the issue of raised import duties on yellow peas with Delhi as it is the biggest supplier of the variety to India and fears that its pulses trade will be adversely affected.

Other countries that have raised concerns on the import duty on pulses include Russia and Ukraine. The matter was on top of the agenda of the meeting of the WTO Committee on Agriculture's earlier this week.

Delhi explained that the objective behind the move was to balance the interests of consumers and suppliers. "India said that the increase in applied tariff is within the country's committed bound rate of tariff," the Geneva-based official said.

India's pulses production in 2016-17 increased substantially resulting in a glut and prices falling in the domestic market. The production of chana, for instance, surged about 40 per cent to 23 million tonnes resulting in prices falling below the MSP.

Protecting domestic prices

"The imposition/increase in the import duty on pulses was needed to ensure that domestic prices did not dip further raising the distress levels of farmers," the Commerce Ministry official said.

[Back to top]

Free trade fantasies

Amiti Sen, Business Line

February 7, 2018 : US Ambassador Kenneth Juster's comments on an eventual free trade pact between the two countries calls for introspection. If India agrees to such negotiations, it is likely to find itself in a trap. There is no way New Delhi can get substantial concessions from the Americans. The maximum it can hope for is increased market access for a handful of sectors such as textiles, and gems and jewellery. The US will not soften its stance on harsh work visa rules and compulsory social security contributions for short-term Indian workers. Washington has shown over the years that it only wants to make things harder for Indian IT companies in the US employing non-Americans. If anything, the protectionist Trump regime could make things worse on the visa front.

However, there would be immense pressure on India to bring down duties on a range of items; Trump has been incessantly complaining about the "unfair" trade surplus that countries like India enjoy. US efforts to make India change its IPR rules to favour global drug giants will increase several fold. Succumbing to such pressure and allowing ever-greening of patents could spell doom for India’s generic medicine producers and millions of patients. The US would also demand changes in investment rules (especially on investor state disputes) and concessions for e-commerce and multi-brand retail.

To believe that India could just say no to the demands and no harm would be done is naïve. Once negotiations are in full swing there would be no stopping the US from using geo-political pressure (for instance, on its stand vis-à-vis Pakistan) to try and get what it wants. In the past (as far back as 2008), smaller countries like Colombia have alleged facing “humiliation” while negotiating FTAs with the US. For India, handling the Americans at the WTO where many developing countries are supporting its cause, is hard enough. Trying to negotiate a bilateral free trade pact could be a disaster.

[Back to top]

US tells India to cut tariffs as trade friction heats up

Business Line

New Delhi, February 22, 2018 :US businesses and diplomats are pressing India to cut tariffs, industry and government sources say, after New Delhi’s move to increase customs duties on dozens of products to help its flagship Make-in-India drive aggravated differences over trade.

Ford, which has two plants in India, has sought a reversal of the new tariffs on auto components, while Apple Inc is concerned its iPhones have become even more expensive in the price-conscious $10 billion smartphone market.

India and the United States have built close political ties and Prime Minister NarendraModi was in Washington last summer, bear-hugging President Donald Trump in his personalised style of diplomacy. But trade friction is casting a shadow.

A US State Department spokesperson in Washington told *Reuters* that India should lower trade barriers, which were holding back economic ties.

Trump threatens ‘reciprocal tax’

Trump has already called out India for its duties on Harley-Davidson motorbikes, and this month Modi ordered them cut to 50 per cent from 75 percent for high-end bikes.

But that has not satisfied Trump, who pointed to zero duties for Indian bikes sold in the United States, saying he would push for a “reciprocal tax” against countries, including US allies, that levy tariffs on American products.

“It is important that India make greater efforts to lower barriers to trade, including tariff and non-tariff barriers, which will lower prices to consumers, promote development of value chains in India,” said the State Department spokesperson, referring to Trump’s comments on motorbikes.

The US Congress has been pushing over the past year for greater pressure on India to dismantle economic barriers, and now House Republicans have raised the issue of the new round of duties with New Delhi.

“We conveyed our concerns to the Indian government last week to raising tariffs above WTO rates especially as it relates to information technology,” a Republican aide in Washington told Reuters.

Import taxes

India announced higher import tax on electronics products such as mobile phones and television sets in December, and then on 40 more items in the budget this month. These included goods as varied as sunglasses, juices and auto components.

India says the move is aimed at giving local industry the chance to grow and is part of a broader plan to lift the share manufacturing makes up of GDP to a quarter, from around 15 percent, and create the tens of thousands of jobs needed for a young workforce.

U.S. commerce department referred questions to the U.S. Trade Representative's (USTR) office in Washington, where a spokesman declined to comment.

The Indian commerce ministry did not respond to a request for a comment on the U.S. criticism of the import taxes.

But a senior finance ministry official defended the decision to raise duties, saying it reflected a trend in other parts of the world.

“When all the major economies, including the U.S. and China, are following protectionist policies, why are we being questioned,” the official said.

Trade ties

Bilateral trade between India and the United States has grown to about $115 billion in 2016 from $20 billion in 2001. The United States buys close to a fifth of India’s goods and services exports and its trade deficit has widened from $13 billion in 2006 to $31 billion in 2016.

The USTR’s office is “fairly negative” on India at this point and is analysing the impact of the customs trade tariffs on various American companies, an industry source aware of the matter told Reuters.

“They are more vigilant than earlier, they are in bulldog mode under Trump,” the source said. A spokesperson for the USTR’s office declined to comment.

Even before the new round of hikes, India has been seen as one of the most protected major economies. The United States had an average tariff rate of 3.4 per cent on imported goods in 2016, compared with 13.5 percent for India, according to the World Trade Organisation (WTO).

Ford, Apple pitch for lower tariff

Apple, whose top-end iPhone costs nearly $1,700 after the company raised prices twice in recent months due to higher duties, is in talks with other firms on whether the issue could be raised at the WTO, an industry source said.

Apple did not respond to a *Reuters* request for comment.

Ford and European carmaker Volkswagen have written to Indian Finance Minister ArunJaitley saying the new tariffs are going to hurt the auto sector and should be reviewed, sources said.

AnuragMehrotra, Ford India’s Managing Director, said the company has invested $2 billion in the country and the government’s move would hit the automobile sector.

“Like many, we also see it as the return of protectionism,” Mehrotra told Reuters, adding he expected car prices to rise up to 4 percent due to new duties.

Andreas Lauermann, the head of Volkswagen's India unit said it “remains a challenge to invest further” because of sudden tax hikes.

[Back to top]

Donald Trump threatens ‘tax’ on countries that exploit US trade

Indian Express

Washington, February 13, 2018 :President Donald Trump threatened anew on Tuesday to impose a “reciprocal tax” on countries that he says abuse their trade relationships with the US, promising to release more details this week. But White House aides said no immediate action was expected.

Trump mentioned the plan during a White House meeting with a group of governors and local leaders who were invited to discuss the USD 1.5 trillion infrastructure proposal he sent to Congress yesterday.

Trump has floated the idea of a reciprocal tax in the past, promising to slap it on countries, including allies, that take advantage of the United States.

The president also addressed ongoing negotiations over the North American Free Trade Agreement and complained that Canada, which is a party to that trade pact along with Mexico and the US, doesn’t treat the US well. He also complained about Mexico’s treatment of the US.

“We cannot continue to be taken advantage of by other countries,” Trump said. “We cannot continue to let people come into our country and rob us blind, and charge us tremendous tariffs and taxes, and we charge them nothing. We cannot allow that to happen. We cannot allow it to happen.”

He also complained about the US losing “vast amounts of money” in trade with China, Japan, South Korea and other countries.

"They understand where I'm coming from," Trump said, adding that he's talked with all of those country and "they understand it."

"It's a little tough for them, because they've gotten away with murder for 25 years," he said. "But we're going to be changing policy."

[Back to top]

US to push for 'reciprocal tax' on trade partners –Trump

Indian Express

Washington, February 13, 2018 :US President Donald Trump said on Monday he would push for a "reciprocal tax" against countries, including US allies, that levy tariffs on American products, but officials did not provide details on how such a tax would be structured or what goods it would apply to. During his populist 2016 presidential campaign, Republican Trump railed at countries that had trade surpluses "taking advantage of the United States" and he revisited the theme on Monday. "We cannot continue to let people come into our country and rob us blind and charge us tremendous tariffs and taxes and we charge them nothing," Trump told reporters at a White House event to announce a proposed infrastructure plan.

The United States loses "vast amounts of money with China and Japan and South Korea and so many other countries … It's a little tough for them because they've gotten away with murder for 25 years. But we're going to be changing policy," he said.

Trump said his administration will impose a "reciprocal tax" to charge other countries – "some of them are so-called allies but they're not allies on trade."

He did not specify how such a tax would be structured, or whether he meant that U.S. tariff rates should be raised to equal to those charged by other major trading partners. Administration officials were not immediately able to elaborate on the president's comments.

Trump cited motorcycle maker Harley-Davidson as an example of the problem of unfair trade. Harley is building a factory in Thailand, partly because its U.S.-built bikes face a 60 percent tariff there.

The United States has pledged to the World Trade Organization a relatively low, 3.5 percent applied tariff rate, compared to 9.9 percent for China and 5.2 percent for the European Union. For some products, the gap is much wider, such as in passenger vehicles, where the United States charges 2.5 percent tariffs, versus 25 percent in China and 10 percent in the EU.

It was also unclear whether Trump was reviving the idea of a border adjustment tax, an idea rejected by congressional Republicans in last year's tax reform effort.

Retailers and some import-dependent industries strongly opposed the plan for a 20 percent tax on imports aimed at offsetting the value-added tax refunds that some countries grant to their exporters. The National Retail Federation at the time called it a "bad tax" that would "drive up the prices of countless products Americans use every day."

Trump asked Commerce Secretary Wilbur Ross if he agreed with the idea of a reciprocal tax during the infrastructure event. Ross said, "sure," and proceeded to say that the United States for too long had offered trade concessions to other countries that were no longer needed. "Well, we gave away so much unilaterally that we really have to claw it back," Ross added.

[Back to top]

India not doing any favour to US by slashing import duties on imported motorcycles: Trump

Dipanjan Roy Chaudhury, The Economic Times

New Delhi, Feb 28, 2018 :United States President Donald Trump has for the second time in a month raised the issue of high import duty charged by India on high-end motorcycles such as those made by Harley-Davidson and said that the US wants fair and reciprocal trade deals, highlighting continuing differences between the two countries on tariffs.

Addressing a gathering of governors of states at the White House on Monday, Trump made light of India's move to slash the import duty to 50%. Referring to his recent conversation with Prime Minister NarendraModi, he said the "fantastic man" had informed him that India had reduced tariffs on imported motorcycles but added that the US was "getting nothing".

The US President's comments assume significance, coming as they do ahead of the World Trade Organisation mini-ministerial to be held in Delhi. Experts said the Trump administration has a strong stand vis-a-vis all countries that are contributing to its increasing trade deficit.

ET has learnt that differences between India and the US have sharpened since the NarendraModi government raised duties on certain imported goods in the budget for 2018-19 presented on February 1. US officials as well as companies have approached the Modi government during this period, according to people aware of the matter. They said the US as well as Germany have raised concerns over budget proposals to increase duties on certain items.

On Monday, Trump said: "When they (Harley-Davidson) send a motorcycle to India, as an example, they have to pay 100 per cent tax – 100 per cent. Now, the Prime Minister, who I think is a fantastic man, called me the other day and said we are lowering it to 50 per cent. I said okay, but so far we're getting nothing. So we get nothing. He gets 50 (per cent), and they think we're doing — like they're doing us a favour. That's not a favour."

"I wasn't sure – he said it so beautifully. He's a beautiful man. And he said, 'I just want to inform you that we have reduced it to 75, but we have further reduced it to 50.' And I said, huh. What do I say? Am I supposed to be thrilled? And that's not good for you people, especially as governors. It's just not reright. And we have many deals like that," he said.

Trump said the US gets "zero" when it buys an Indian motorcycle. "So when they have a motorbike – a big number, by the way – they have a company that does a lot of business. They have a motorcycle or a motorbike that comes into our country – the number is zero. We get zero. They get 100 per cent, brought down to 75; brought down, now, to 50. Okay," he said.

"It (Harley-Davidson) is a great company. When I spoke with your chairman or the president of Harley, they weren't even asking for it because they've been ripped off with trade so long that they were surprised that I brought it up. I'm the one that's pushing it more than they are, but it's unfair. And India sells us a lot of motorbikes," he said.

[Back to top]

China worried over US trade relations as surplus narrows

Financial Express

Beijing, February 8, 2018 : China expressed concern today over the US ramping up trade investigations as official data showed its surplus with America narrowed in January after reaching record levels last year. This week China announced an investigation into imports of a US agricultural product after President Donald Trump's administration launched a spate of new trade tariffs and probes into Chinese goods. The Trump administration has shown no signs of letting up, with major decisions looming on Chinese aluminium, steel and intellectual property practices. The tensions are raising the spectre of a tit-for-tat trade war between the world's two largest economies. "There has been an upward trend in US investigative organs looking into China's products and launching trade relief cases," said Ministry of Commerce spokesman GaoFeng during a press conference. "China is worried about this." The US imposed new tariffs on Chinese-made solar panels and washing machines this year after hitting aluminium foil and plywood last year. China has so far held off from retaliating by adding new tariffs on US imports, but Beijing has indicated it may not show such restraint for much longer. This week China initiated an anti-dumping investigation into sorghum imports from the US, worth almost $1 billion last year. That was a sliver of the $14 billion in US soybean imports, which China hinted could be in its crosshairs as well. It was America's largest export to China last year.

Gao did not deny reports Chinese authorities were looking into soybean and cotton imports, after a journalist from state news agency Xinhua asked about reported meetings regarding the two items over anti-dumping and anti-subsidy issues. "Recently we did hold a symposium with enterprises that import and export agricultural products," Gao said, noting it was to "understand the operation of foreign trade in agriculture". Though Gao denied it was connected to "Sino-US trade frictions", he said "related agricultural companies did indeed mention issues in the Sino-US agricultural product trade" with some producers "expressing concerns about the impact of imported agricultural products".

Official data released by China's General Administration of Customs may relieve some pressure generated by its vast trade surplus with the US. It reached record highs during Trump's first year in office — $375.2 billion by US counting, or $275.8 billion according to Chinese data. In January, China's trade surplus with the US dropped to $21.9 billion, from $25.6 billion in December. The figure is roughly equal to the surplus China posted with the US in January 2017.

Still, analysts worry the persisting deficit will compound sensitive trade relations between the two countries. "The uncertainty surrounding Sino-US trade ties remains a key potential downside risk in the near term," said Betty Wang, senior China economist at ANZ bank. There is a large gulf between the two sides on how they view the massive deficit. "Generally Sino-US trade interests are relatively balanced," Gao said, after explaining the gap shrinks when considered on a value-added basis.

[Back to top]

Tea Board for preferential trade pact with China

Kolkatta, February 22, 2018 :India and China should look at working out a preferential trade agreement so as to boost import of Chinese green tea to India and export the country's black variety.

According to Prabhat K Bezboruah, Chairman, Tea Board of India, while India exports 8-8.5 million kg of tea to China each year, export of Chinese green tea to India is currently only to the tune of 350,000 kg.

India imposes 150 per cent import duty on tea from China, while China imposes 50 per cent duty on tea from India. Nearly 80 per cent of China's annual tea production of around 2,600 million kg (mkg) is green tea while the remaining 18 per cent is Oolong variety. On the other hand, nearly 95 per cent of India's annual production of close to 1,260-1,270 mkg is black tea. "Chinese green tea imports to India are not significant but have the potential to grow. The two countries need to work out preferential trade agreement so that Chinese green tea can come in at lower import duty," Bezboruah said at a B2B event of a Chinese delegation from Dali, a city in China's southwestern Yunnan province.

According to him, there is a good demand for green tea in India and its consumption has been growing steadily. "If the import duty on high-end Chinese green tea is brought down then Indians will have access to good quality tea which is also considered to be healthy," he said.

However, according to market sources, India produces approximately 20 mkg of green tea in a year and the production has been growing keeping pace with the steady rise in demand.

India-China collaboration

According to Chen Jian, Secretary of Committee of the CPC of Dali, who brought a 22-member business delegation, India and China can collaborate in the areas of tea, tourism, culture, education and healthcare.

"We firmly believe co-operation between India and China in the areas of tourism and education will help strengthen ties between the two countries," Jian said. Tea Board Chairman also felt that both the countries could co-operate and collaborate in the area of tea research. "India and China are not competitors as far as tea is concerned, but rather complement each other."

[Back to top]

Canada, US exchange barbs over NAFTA talks as stress rises

Indian Express

Ottawa, February 15, 2018 :Canada and the United States exchanged barbs on Tuesday over sluggish negotiations to update NAFTA, reflecting mounting tensions over trade talks that appear unlikely to conclude on schedule.

The talks have effectively stalled as Canada and Mexico seek to address wide-ranging US demands for changes to the North American Free Trade Agreement. The early March deadline for wrapping up the talks has been extended to at least early April, officials said. But participants have said privately it could take months longer than that.

Steve Verheul, Canada's chief negotiator, told an Ottawa audience that the United States aimed to weaken Canada and Mexico rather than ensure that the $1.2 trillion trilateral trade pact benefited all three members.

A few minutes earlier, US Trade Representative Robert Lighthizer pointedly said in Washington that talks with Mexico over NAFTA were going well. He made no mention of Canada.

US President Donald Trump frequently threatens to walk away from NAFTA unless big changes are made. He blames the pact for US manufacturing job losses and his remarks about quitting have unsettled financial markets.

Verheul said the talks had achieved little progress on major issues so far and characterized US negotiators as inflexible. His comments were easily the gloomiest public remarks about the talks yet by a Canadian official.

"The US approach is to focus on the US perspective only, rather than a North American perspective. So they are looking to strengthen the US and by doing that weaken Canada and Mexico within the North American economy," Verheul told a conference organized by the Canadian Global Affairs Institute.

Canada has made a number of what it calls creative proposals to address the US insistence that the North American content of autos be raised. Washington also wants a clause that would allow any NAFTA member to pull out after five years.

Verheul said a US demand that would slash the amount of government procurement contracts for Canadian and

Mexican firms “is the worst offer ever made by the US in any trade negotiation”. Mexico has said the autos rule of origin would have to be toughened, but gave no details.

Verheul declined to directly address Lighthizer’s comment, telling reporters Canada would not walk away. “We have no choice but to continue to … impress on the US that this cannot be a winner-takes-all agreement,” he said.

“It’s going to take a lot more time at the negotiating table to try to grind through these issues.”

Last week, Canadian Prime Minister Justin Trudeau said Canada “might very well be better off” not signing up to an updated version of the NAFTA trade pact rather than accepting a bad deal.

[Back to top]

World Trade Outlook Indicator suggests global trade growth to stay above trend

D. Ravi Kant, Live Mint

Geneva, February 13, 2018 :The World Trade Outlook Indicator (WTOI) released by the World Trade Organization on 12 February suggests solid trade volume growth in the first quarter of this year despite little change in the WTOI’s current value of 102.3 from 102.2 in November.

It indicates “strong results for air freight, container shipping and export orders”, suggesting that “while the trade recovery may moderate in due course, it will likely continue in the coming months and remain above trend.”

According to the component indices of the WTOI’s current value of 102.3, while the container port throughput at 104.3 and air freight at 103.2 are firmly above trend, export orders at 102.8 have reached their highest level since 2011. Clearly, these three components indicate sustained recovery.

In contrast three other components- automotive products at 101.0, agricultural raw materials at 100.8 and electronic components at 94.1- suggest "a weakening of consumer sentiment." These results, the WTO claims, "are somewhat stronger" than its most recent trade forecast issued on 21 September. That forecast had suggested merchandise trade volume growth of 3.6% for 2017 and 3.2% in 2018. The WTO will issue the next trade forecast in April.

The WTO has maintained that WTOI is not intended as a short-term forecast, suggesting that it provides an indication of trade growth in the near future. WTOI aims to identify turning points and gauge momentum in global trade growth. Further, readings of 100 indicate growth in line with medium-term trends, while reading above 100 suggest above trend growth and below 100 indicate reverse. "The WTOI has recorded readings of 102 or higher since February 2017, which coincided with a strengthening of global trade flows," it argued.

[Back to top]

India reviews anti-dumping duty on steel wheels from China

Financial Express

New Delhi, February 14, 2018 :India has started a probe to review whether the existing anti-dumping duty on flat base steel wheels imported from China should continue, keeping in mind interest of domestic manufacturers. The Directorate General of Anti-Dumping and Allied Duties (DGAD), an investigation arm of the commerce ministry, would also examine whether the expiry of the duty is likely to lead to continuation or recurrence of dumping and hurt the domestic industry. KalyaniMaxion Wheels and Wheels India Ltd have filed an application seeking review and continuation of the existing anti-dumping duties on import of the wheels. The DGAD, in a notification, said it "hereby initiates investigation to review the need for continued imposition of the duties in force". It said the present investigation is for sunset review of existing anti-dumping duty.

The authority has considered the period of October 2016 to September 2017 as the period of investigation. It would also consider the data of 2014-17 for the probe. In 2013, the finance minister had imposed the duty for five years. The duty was up to $613 per tonne on import of the product from China. India has imposed anti-dumping duty on as many as 98 products imported from China, as on December 27 last year.

The products on which the duty was imposed include flax fabrics, vitamin C, certain fibres and chemicals. Trade deficit with China is always a concern for India. It stood at $36.73 billion during April-October this fiscal. Countries initiate anti-dumping probes to determine if the domestic industry has been hurt by a surge in below-cost imports. As a counter measure, they impose duties under the multilateral WTO regime. Anti-dumping measures are taken to ensure fair trade and provide a level-playing field to the domestic industry. They are not a measure to restrict imports or cause an unjustified increase in cost of products.

[Back to top]

Solar dispute: WTO sets up panel on India's requests

AmitiSen

New Delhi, February 28, 2018 :The World Trade Organisation's Dispute Settlement Body (DSB) has agreed to India's request for setting up a panel to determine whether the country complied with a previous ruling striking down its domestic content requirements for solar cells and modules.

India had requested a panel following a submission made by the US where it had accused New Delhi of not complying with the ruling and also sought permission to take retaliatory action.

The first request for a panel was struck down by the US on February 9, but the DSB, in its meeting on Wednesday, agreed to India's second request as WTO rules don't allow a blockage more than once.

"India reiterated that it has complied with the findings of the panel and the Appellate Body in the dispute over domestic content requirements for solar cells and modules, and that the logical course for disagreements over whether a member has complied with a WTO ruling is recourse to compliance panel proceedings," said a Geneva-based trade official.

US stands its ground

The US, on its part, once again declared that India has no basis for asserting compliance with the ruling and that it continues to apply the WTO-inconsistent measures.

The US also said it reserved its right to move forward with its request for WTO authorisation to take countermeasures, the official added.

The countermeasures would consist of suspension of tariff concessions and related obligations (including most-favoured-nation obligations) on a list of products of India, to be drawn from the harmonised tariff schedule of the US, the country had earlier said.

The European Union, Singapore, South Korea, China, Canada, Japan, Chinese Taipei, Indonesia, Norway and Russia reserves their third-party rights to participate in the panel proceedings.

India has said it has brought about changes in rules and procedures under the Jawaharlal Nehru National Solar Mission, and power-purchase agreements no longer mandated domestic sourcing of cells and modules.

[Back to top]

Will India capture the 'pulse' of export market?

G Chandrashekhar, Business Line

February 28, 2018 :Pressured by the domestic market conditions — large harvests, low prices over the last one year — the Centre recently lifted the prohibition on export of all varieties of pulses. A blanket ban on pulses export was imposed over ten years ago in 2007 as a knee-jerk reaction to rising domestic prices then.

In response to trade representation, one variety, Kabuli chickpea, was exempted from the ban. In recent years, Kabuli chickpea shipments averaged around two lakh tonnes (lt). Prior to total ban, India used to export respectable quantities of pulses — mainly masur (lentil) and to a less extent tur/arhar (pigeon pea), urad (black matpe) and moong (green gram).

Indian pulses were quite popular in overseas markets, especially in countries with large expatriate Indian population.

A tough fight

With India out of reckoning for ten long years, new origins have entered the world market with aggressive export plans. Myanmar and East African nations are relatively new entrants to the pulses export market and their volumes started to increase with expansion of India's import needs. Now, it is not going to be a cakewalk for Indian pulses in the overseas markets. There is already fierce competition among various supplying countries: Canada, Australia, Russia, Ukraine, the US and others to garner a larger share of the limited export pie , especially after India imposed import restrictions. No wonder, export offer prices are dropping by the day.

Admittedly, India will find it tough to re-enter the market after a long hiatus as it will be bogged down by credibility issue. Indeed, there is a loss of confidence about the stability of the country's trade policies. Reliability of steady supplies is in doubt.

Export surplus

Another question that arises is whether India has genuine export surplus. Despite two back-to-back bumper harvests, the country is surely not self-sufficient yet. Yet, opening up pulse export makes eminent commercial sense. While allowing import is a consumer-friendly step, any restriction on export would be anti-farmer.First, it is necessary to gain the confidence of overseas buyers. So, a commitment not to restrict export must be made by the government.

Boosting export trade

The Commerce Ministry wants farm exports to rise from the present $30 billion to $100 billion in the coming years. Pulses can make a small contribution. Dal exports have some prospects as Indian cuisine is becoming popular around the world. Dal export will also help improve capacity utilisation of dal mills and lend stability to domestic prices. Given the present supplies, price and market conditions, India can hope to export about five lakh tonnes of various varieties of dal. This calls for a strategic approach to export promotion.

Trade pacts

Importantly, we must leverage our bilateral and free trade agreements with South Asia and South-East Asia. For instance, Bangladesh imports about 12-15 lakh tons of pulses, while Sri Lanka imports roughly three lakh tons. We have SAFTA, APTA, ASEAN and other agreements involving many countries.

The Commerce Ministry must set off a dialogue with trade partners in the region and persuade them to import from India. Of course, over a period of time, India must generate genuine export surplus.

The writer is a global agri-business and commodities market specialist. Views are personal.

[Back to top]