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Investment facilitation at BRICS 'cannot' be model for WTO pact: India

Amiti Sen, Business Line

New Delhi, August 31, 2017 : India's willingness to participate in discussions on investment facilitation with BRICS nations — Brazil, Russia, India, China, South Africa — comes with an important caveat that the negotiations cannot be used to push a similar agreement at the World Trade Organisation, a senior government official has said.

"Early this month, trade ministers from the five BRICS nations agreed to discuss guidelines on transparency in investment facilitation on a voluntary basis. However, a clause is being added to it explicitly stating that the arrangement cannot be used to replicate a similar pact at the multilateral forum," the official told *BusinessLine.*

India wary

Although the proposed investment facilitation talks at BRICS is limited to identifying some good practices that enhance the transparency of investment policies, New Delhi has insisted on the clause of non-replication as Brazil, Russia and China have been making a case for starting negotiations on investment facilitation at the WTO.

Total outbound investments of BRICS countries is about $200 million but investments within the member countries accounts for only 6 per cent of the amount. It is expected that with more transparency in the area among members, investment flows would go up.

A formal decision on investment facilitation is likely to be taken at the BRICS Summit in China early next week.

Prime Minister Narendra Modi will represent India at the meet.

The heads of states from the five nations are also expected to give their approval to to set up a BRICS pilot e-port Network at the Shanghai port which is an electronic platform to serve as a 'single window' system for faster clearances.

Although India has decided to back the proposed discussions on investment facilitation at the BRICS Summit, it is in no mood to do so at the WTO.

While the investment facilitation pact to be discussed at BRICS is aimed at identifying some good practices that enhance the transparency of investment policies, if it were allowed to form the basis of negotiations at the WTO, it could take any shape that the negotiators desired and controversial areas like investor-state dispute mechanism and pre-investment protection may get included, the official added.

“Apart from Brazil, Russia and China, there are a large number of other traditional supporters of investment facilitation at the WTO such as Japan, Switzerland, the EU, Canada and New Zealand.

If one is not careful, these members would try to launch negotiations at the WTO Ministerial meeting in Buenos Aires. India cannot allow that to happen,” the official said.

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India urges WTO to prepare agenda for Buenos Aires ministerial meet in December

Asit Ranjan Mishra, Live Mint

New Delhi, August 24, 2017 : India has urged the World Trade Organisation (WTO) to prepare the agenda for the next ministerial meet, to be held in Buenos Aires, Argentina, before October so that it could be given final shape at the mini-ministerial meeting to be held on 9-10 October in Morocco.

Sticking to this timeline will help avoid a repeat of the Nairobi Ministerial in 2015 where trade ministers had to discuss technical details of the agreement till the last moment.

India insists that, as promised, a permanent solution to the public procurement for food security needs to be part of the agenda for the Buenos Aires ministerial meet.

The third mini-ministerial conference of WTO will be held at Marrakech, Morocco on 9-10 October while the 11th ministerial meeting of the WTO will be held in Buenos Aires, Argentina on 10–13 December.

“We have pointed out to WTO that the Nairobi ministerial was a disaster. Real negotiations need to happen in Geneva. You cannot take the minute details of the agenda to be discussed among a few members in a closed chamber at the ministerial,” a commerce ministry official said speaking under condition of anonymity.

“The WTO needs to make sure that all the promises made at two earlier ministerial meetings are given final shape at the Argentina ministerial. At least, the permanent solution to the public procurement that was promised to us at the Bali ministerial in 2013 needs to be delivered,” the official added.

The issue of public stockholding of food—which is important to India—revolves around the procurement of foodgrains from farmers at prices fixed by governments in order to promote the food security of poor countries. As these prices involve a degree of government subsidy, there is a cap on them because they could otherwise end up distorting global prices. However, developing countries insist that they should not be penalized for breaching any limits, arguing that such stockholdings are crucial for food security.

Though under the interim solution developed countries have pledged not to drag developing countries into disputes if they breach permissible subsidy levels, strict disclosure norms and the provision that a country cannot launch any new food program under the so-called Bali pact have virtually made the pact infructuous.

The deal incorporated India’s stand that a temporary solution on public stockholdings for food security reached at Bali in 2013 will continue indefinitely and not just for four years, as agreed earlier, after Prime Minister Narendra Modi’s government opposed the deal, calling it “unbalanced” because it failed to take care of the concerns of developing nations on food security.

India also opposes a WTO rule that caps subsidies to farmers at 10% of the total value of agricultural production based on 1986-88 prices. It argues that the base year is now outdated and it needs to be given leeway to stock enough foodgrain to ensure food security for millions of poor people. India has proposed replacing the base year with the dynamic average of foodgrain prices of three recent years.

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India, China jointly oppose trade-distorting agricultural subsidies at WTO

Live Mint

New Delhi, August 31, 2017 : India and China, in a joint proposal to the World Trade Organization (WTO), have called for elimination of trade-distorting agricultural subsidies given by developed countries, the commerce ministry said on Thursday.

The proposal, submitted on 18 July, counters the efforts of some WTO member countries that are targeting the subsidies given by the developing economies to their poor farmers while letting the developed rich nations retain their huge farm subsidies.

“India and China jointly submitted a proposal to the WTO calling for the elimination—by developed countries—of the most trade-distorting form of farm subsidies,” the ministry said in a statement.

In WTO parlance, these subsidies are called as ‘Aggregate Measurement of Support (AMS)’ or ‘Amber Box’ support.

The ministry said it is an important proposal by India and China in view of the ongoing negotiations for the ministerial conference of the WTO to be held in Buenos Aires in December.

The ministerial conference is the highest decision-making body of the WTO, which meets after a gap of two years.

“The joint paper reveals that developed countries, including the US, the EU and Canada, have been consistently providing trade-distorting subsidies to their farmers at levels much higher than the ceiling applicable to developing countries,” it said.

The subsidies by the developed countries amount to about $160 billion. On the other hand, countries like India provide a subsistence amount of about $260 per farmer annually. Most of the developing countries, including India and China, do not have AMS entitlements.

The proposal has illustrated the adverse effects of concentration of these subsidies on a few products.

Elimination of this support, “India and China believe, should be the starting point of reforms rather than seeking reduction of subsidies by developing countries”, it added.

The proposal also said that subsidies for many items provided by the developed world are over 50%, and in some cases more than 100% of the value of production of the product concerned, while developing countries are “forced” to contain it within 10% of the value of production.

In other words, the proposal said, developed members of the WTO have access to huge amount of AMS beyond their de minimis—the minimal amount of domestic support that are allowed even though they distort trade—up to 5% of the value of production for developed countries, 10% for developing.

“In contrast, most developing members have access only to de minimis resulting in a major asymmetry in the rules on agricultural trade,” the joint proposal added.

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India, China jointly propose removal of US, EU farm subsidies

D. Ravi Kanth, Live Mint

Geneva, August 28, 2017 : China and India have jointly proposed the elimination of $160 billion of trade-distorting farm subsidies in the US, European Union and other wealthy nations, a move that has come as a game changer in global farm trade negotiations at the World Trade Organization, say trade envoys familiar with the development.

As the WTO's 164 members prepare for the crucial eleventh ministerial meeting in Buenos Aires starting on 10 December, China and India have turned the tables by calling for the elimination of what is called the Aggregate Measurement of Support (AMS) or "the most trade distorting element in the global trade in agriculture."

The US which has consistently blocked reforms in global farm subsidies during the current Doha Round of trade negotiations, particularly since 2008, wants to eliminate the special and differential flexibilities availed by developing countries in agriculture, particularly investment and input subsidies made available to hundreds of millions of the world's poorest farmers, according to a trade envoy who asked not to be quoted.

In the proposal, floated last month, the two largest developing countries argued that AMS have to be eliminated before any other reform in the global farm trade can be taken up for consideration. The proposal suggested that the US, the EU, Canada, Japan, Switzerland, and Norway continued to distort global farm trade by safeguarding their exclusive entitlements on AMS which they had secured in the previous Uruguay Round of trade negotiations.

The six industrialized countries (the EU is regarded as a single unit, although it is made up of 28 countries) are entitled to providing farm support through de minimis. In addition the US and EU provide more than $150 billion through what are called the green box subsidies that are also found to be trade-distorting.

"In contrast most developing Members have access only to de minimis [support] resulting in a major asymmetry in the rules on agricultural trade," China and India argued in their proposal, and reviewed by Mint.

While most developing countries, including China and India, cannot provide product-specific amber box (most trade-distorting) subsidies, the industrialized countries are able to provide product-specific subsidies on any product as high as their scheduled AMS commitment. "This provides significant flexibilities to these six industrialized] members to provide support to their agriculture, thereby distorting production and trade."

The US has continued to provide product-specific support to the tune of 10% of the value of product for 30 products for at least one year during the period 1995-2014. It provided subsidies exceeding 50% of value of production for dry peas (57%), rice (82%), canola (61%), flaxseed (69%), sunflower (65%) , sugar (66%), cotton (74%), mohair (141%), and wool (215%).

The EU provided more than 50% of product-specific support for several products.

Dairy producers in the US received more than 50% of the product-specific support in seven out of 20 years (1995-2014). The US also provided more than 90% for dairy and sugar products in certain years, China and India maintained.

The products for which the EU concentrated its trade-distorting support include butter (71%), skimmed milk powder (67%), apples (68%), courgettes (51%), cucumber (86%), lemon (60%), pear for processing (82%), tinned pineapples (108%), tomatoes for processing (61%), rice (66%), olive oil (76%), white sugar (120%), tobacco (155%), and silkworms (167%). “Barley (ten years), common wheat (9 years), and tobacco (9 years) are products that have consistently benefited from very high level of subsidies as a percentage of value of production” in the European Union, according to China and India.

Canada, which is also mentioned in the joint proposal, provided 10% of the value of production to seven products during the period 1995-2013. Canada’s farm subsidies are mostly concentrated for products such as milk (14 years), sheep meat (nine years) and corn (five years).

In effect, “the imbalances in the existing Agreement on Agriculture where only some Members [the US, the EU, Canada, Japan, Norway, and Switzerland] have access to bound AMS [entitlements] allows them much more policy space,” the two Asian giants argued.

Despite availing these entitlements for the past 20 years and continuing to insulate them from any further reform, the US along with the EU and other industrialized countries are working hard to cap/reduce the de minimis support for developing countries, including China and India, according to the joint proposal.

Brazil, which created the G20 group of developing countries along with India and China for bringing development-friendly reforms in global agriculture, has now joined hands with the European Union for demanding the capping/reduction of the de minimis rather than elimination.

Against this backdrop and "in order to achieve the long outstanding reforms in agricultural subsidies, the AMS entitlements of developed members must be eliminated as prerequisite for consideration of other reforms in domestic support negotiations," China and India argued. "Only in this way will it help reduce some of the inequities built into the WTO rules in favour of developed members."

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India, Switzerland vow to conclude Bilateral Investment Treaty talks

Business Line

New Delhi, August 31, 2017 : India and Switzerland vowed to conclude the ongoing talks of a bilateral investment treaty (BIT) even as both countries decided to resume the talks on the EFTA-India Trade and Economic Partnership Agreement.

"Prime Minister Modi reiterated that Foreign Direct Investment (FDI) is an important component to realise India's growth target and that India especially welcomed Swiss investors. In this context, both leaders agreed on the need for continuing negotiations on a new Bilateral Investment Treaty," stated a joint statement issued after a bilateral meeting between Prime Minister Narendra Modi and Swiss President Doris Leuthard here Thursday. Both countries also decided to the expedite the talks for having a EFTA-India Trade and Economic Partnership Agreement. The EFTA countries include Switzerland, Norway, Iceland and Liechtenstein. Talks had started in October 2008.

Both leaders also planned to enhance cooperation in the fight against tax fraud and tax evasion. They also decided to follow and implement international standards on tax transparency.

In November last year both countries had signed Automatic Exchange of Information (AEOI), which was ratified in June this year. However, the Swiss Federal Council, which is the top governing body of the European nation, is yet to implement it. This is expected to take place in 2018.

It is imperative for Switzerland to adopt the AEOI since the issue of black money continues to be a contentious issue between both countries.

"Prime Minister Modi welcomed the steps taken by the Swiss side to expedite the execution of tax information sharing request by India and hoped that the two sides resolve outstanding issues expeditiously through bilateral dialogue at competent authority level," the statement said.

Modi also urged Switzerland to implement the recommendations of the 'Global Forum on Transparency and Exchange of Information in Tax Matters' to further improve mutual administrative assistance in tax matters.

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Australia expect Agri trade with India to pick up

Madhvi Sally, The Economic Times

New Delhi, August 30, 2017 : Australia is looking to increase its agriculture trade with India largely of pulses and grains, given the rising demand in the domestic market, says Gregory Harvey, trade commissioner at the Australian High Commission.

"Apart from pulses and grains, we will like to introduce new grain variety like lupin and expand trade in other commodities from cotton to oats. There is interest of Australian companies to bring in new technologies in dairy, grain storage and crop handling to India," he says on the backdrop of a 40-member Australian agri-business and food business delegation visit to India from August 28 to September 1 as part of the Australia Business Week in India.

Australia's trade minister Steven Ciobo is leading the mission.

Further, Harvey says that they want research collaboration between universities and research institutes in the development of new crop varieties that produce increased yield, are weather and pest tolerant and have improved nutritional value to be further strengthened.

Overall, the total agriculture exports from Australia to India which it considers the 7th largest agricultural export market has risen by 244% in value from AUD $568.1 million to AUD $ 1955 million.

Australia was India's 10th highest agricultural trading partner valued at $ 2.3 billion in 2016.

Currently, pulses exports to India -largely chickpea and mung beans have grown 416.1 %, from AUD $172.6 million in 2011 to AUD $890.9 million in 2016. A total of AUD $1.2 billion of pulses was exported in the first 9 months of the 2016- 17 financial year, according to the Australian Trade and Investment Commission (Austrade) data. The Australian Financial Year Runs from 1 July to 30 June.

Similarly, the value of Australian wheat exports have also risen in recent years from almost negligible trade valued at AUD $ 0.7 million in 2011 to AUD $269 in 2016, says Harvey

In the first quarter of 2017, Australia exported AUD $395 million wheat to India. "Wheat exports, traditionally subject to domestic protection in India, are likely to decline in 2017-2018, as India's domestic production enjoys excellent growing conditions," says Harvey.

In 2016, India’s top agricultural exports commodities to Australia were rice, plant tea, coffee, paper manufactured products, baked goods and bakers’ wares.

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We didn’t allow logjam to vitiate trade ties with China: Sitharaman

Siddharta, The Economic Times

August 29, 2017 : What does the de-escalation in Doklam mean for the economy, trade and investment?
On trade, commerce and investment, we have not allowed the prevailing environment to vitiate the atmosphere. In fact, I went to Shanghai for the BRICS trade ministers' meeting and held a bilateral meeting with the Chinese minister, whom I've now met two to three times. He has spent a lot of time understanding the issues that I raised and gave his word to ensure that our concerns are addressed. On trade, they will definitely look at the imbalance, which is so much against us.

Did you see things slowing down during this period?
In the last two to three years, they (China) were slow in responding to our concerns. Issues where they had to come — to inspect phytosanitary matters or issues where they had to be convinced about the quality — were staggered a lot. But in the last few months, the way in which the Chinese minister has responded gave me the feeling that on trade-related issues at least, there has been a positive response.

There are security concerns regarding power and telecom equipment, including handsets. Is there a need to revisit standards and do we have tools to protect our interests?
Any issue related to standards for goods produced or imported and used in India is a continuing process. Ministries look at the quality, safety, standards, the dependence on raw material and end-user rights such as safety. Work on this aspects for several products is happening and India is upgrading standards to ensure they are in line with international expectations.

While this whole standoff was there, India and China submitted a joint paper on agriculture at the WTO to get developed countries to cut subsidies. Are there other areas where the two countries are working together?
Yes, we did work together and that paper has received a lot of traction in WTO. These are important ways in which we can cooperate at the multilateral forum. We have not allowed certain developments at our borders to impact decision-making in other areas. We have taken a very professional call, keeping in mind our economic and sovereignty issues. Neither are we interested in blowing out of proportion any incident, nor are we going to ever sit back and undermine our economic sovereignty. RCEP is a negotiation in which China is also involved and we are actively engaged.

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Flood of cheap Chinese imports may hurt India's factories

Financial Express

August 16, 2017 : Start your day with what's moving markets in Asia. Sign up here to receive our newsletter. A troop standoff along the border with China isn't the only worry for Indian policy makers. The weaker yuan is intensifying a flood of cheap Chinese goods into the country, threatening to hurt India's struggling factories and blow out its biggest bilateral trade deficit. So authorities should take steps to support domestic companies as well as curb gains in the rupee, said Soumya Kanti Ghosh, chief economic adviser at State Bank of India, the nation's biggest lender and one of its top currency traders. India must "reduce dependence on such frivolous Chinese imports," Ghosh said. Failing to do so would erode competitiveness at Indian companies and put at risk Prime Minister Narendra Modi's flagship 'Make in India' campaign, he said. The comments follow years of U.S. threats to brand China a currency manipulator and come as Indian and Chinese soldiers face off in a remote area of the Himalayas. The risks to India's economy are more pronounced as a new national sales tax disrupts supply chains. Factory output contracted in June for the first time in four years, official data show, mirroring subdued private surveys. That stands to only burnish the appeal of inexpensive Chinese imports.

India mainly ships electronic products, engineering goods and chemicals from China, its biggest trading partner, with whom its trade deficit has ballooned nine-fold over the past decade to $49 billion in 2016. This figure was about $51 billion for the fiscal year through March 31, on imports of $61.3 billion. India's central bank does not comment on day-to-day currency fluctuations and doesn't target a particular exchange rate for the rupee. But it has been intervening in the currency market to curtail the rupee's gains, traders say.

The rupee has strengthened 6 percent versus the U.S. dollar this year, while the yuan has gained 4 percent. China's currency has weakened some 2 percent against the rupee, extending last year's 4 percent decline, the steepest fall among 10 major Asian currencies.

These rupee gains could trigger expectations of further appreciation, lulling importers into leaving their currency exposures unhedged, Ghosh warned. At least 40 percent of current portfolios aren't protected against exchange-rate swings, according to State Bank of India projections.

"If this trend of rupee appreciation continues, thereby making goods from China cheaper, our imports from China could very well exceed the level of $61.3 billion attained in financial year to March 2017," Ghosh said.

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Fixing the trade deficit with China won't be easy

Live Mint

August 22, 2017 : The ongoing military stand-off with China in the icy Himalayan mountain range has once again brought the issue of trade imbalances with that country to the fore. A bilateral trade deficit should not be a worry in normal circumstances. What really matters is the overall trade balance rather than its individual components. China is quite another matter. Its quest for regional military dominance makes trade imbalances with it a strategic concern for a country such as India.

The problem is that the strategic response to this bilateral trade deficit has to go beyond vacuous statements about trade wars or boycotts of Chinese goods. Some soul-searching will also be necessary.

The first step is to understand why India has a nearly $50 billion trade deficit with China. Even that does not fully illustrate the extent of the trade imbalance. Try this: Indian imports from China are nearly five times the exports to it.

One of the most popular explanations bandied about is that China has used a weak currency to push its products into India. The data does not bear this out. The Chinese currency has actually appreciated against the Indian currency over the past 15 years. One Chinese yuan could be bought for Rs5.88 in August 2002. The exchange rate was Rs8.76 per yuan a decade later. It is Rs9.53 per yuan now.

A country can continue to maintain its export competitiveness despite a strong currency if its productivity is growing faster than the productivity of its trading partner. Trade dynamics can sometimes be more complex than expected. Much of the Indian debate is off the mark on this issue.

The other issue that needs more public attention is the composition of trade between the two countries. India sells basic stuff such as iron ore, cotton, copper and inorganic chemicals to China. It buys mobile phones, telecom equipment, power generators and engineering goods from China. The trade pattern tells us something interesting about the position of the two countries in global value chains.

A better way to look at the problem is to see how China trades with countries with which it actually has a deficit. Chinese imports from countries such as Germany, Japan, South Korea and Taiwan are far higher than the exports it ships to them. These countries make the more valuable parts of various gizmos which are then sent to China for cheap assembly. The iPhone is a classic example. It is assembled in China but most of the value created lies in parts of the global supply chain that is outside China. Much depends on the relative position of two countries in the global supply chains that dominate modern manufacturing.

India faces a very similar problem. It exports basic material to China and buys relatively more sophisticated products from it because it has failed to find itself an important place in global supply chains. The failure to build a globally competitive manufacturing sector means that India only sells raw materials to China and buys finished consumer goods in return.

The trade deficit with China is thus not a result of exchange rate but of the inability to either boost productivity or to plug into the international supply chains that span the world. The failure is at least partly self-inflicted. The response then cannot be protectionism after a trade war. China will also retaliate. It cannot be a consumer boycott either, because production is now international rather than national.

However, there is no doubt that China uses various mercantilist ploys to keep other countries from freely accessing its growing markets. Foreign secretary S. Jaishankar had good reason to complain in a recent speech that obstacles to market access are one reason for the large trade deficit with China. India is not the only country to complain about the existence of various non-tariff barriers either. Measures against dumping of products such as solar cells can also be initiated in multilateral forums such as the World Trade Organisation.

An agreement signed with the Chinese government in September 2014 correctly identifies the trade deficit with China as "a matter of high concern for India". It added that the two countries will try to gradually achieve bilateral trade balance over the next five years. What has happened in the first three years does not suggest that this goal is likely to be achieved by 2019.

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First round of NAFTA talks conclude between US, Canada and Mexico

The Indian Express

Washington, August 21, 2017 : Negotiators from the US, Canada and Mexico have concluded the first round of the North American Free Trade Association (NAFTA) talks here to redo the three-nation trade pact, the media reported. Representatives from the three countries said on Sunday that negotiations will continue at a "rapid pace", adding that "a great deal of effort and negotiation will be required in the coming months", reports CNN.

The countries "are committed to an accelerated and comprehensive negotiation process" that will establish "21st century standards" that benefit citizens, they said in a statement. Round two of the NAFTA talks are set to be held for September 1-5 in Mexico City. The third: late September in Ottawa and round four will be held in Washington, D.C. in October.

In total, seven rounds are expected through December, CNN reported. However, a US official cautioned that December was not a firm deadline and that talks could stretch into early 2018. The round one of talks included each of the three sides discussing their expectations about the "rules of origins" issue, according to a Mexican government official.

No firm proposals were made. Meanwhile, since his campaign days, US President Donald Trump has slammed NAFTA, which took effect in 1994, as detrimental to American interests and pledged to withdraw Washington from the deal unless it can be revised.

Trump said the agreement has led to massive US job losses, provided incentives for companies to relocate their operations to Mexico in search of cheaper labour and caused Washington's trade deficit with its southern neighbour to soar.

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US talks tough on trade deficit as NAFTA discussions begin

The Indian Express

Washington, August 17, 2017 : The United States drew a hard line for renegotiating the North American Free Trade Agreement on Wednesday, demanding major concessions aimed at slashing trade deficits with Mexico and Canada and boosting US content for autos. At the start of talks in Washington, US President Donald Trump's top trade adviser, Robert Lighthizer, said Trump was not interested in "a mere tweaking" of the 23-year-old pact, which Trump has threatened to scrap without major changes.

"We feel that NAFTA has fundamentally failed many, many Americans and needs major improvement," Lighthizer, the US trade representative, said at the start of the talks, which reflected Trump's relentless criticism that NAFTA has caused massive US manufacturing job losses.

Lighthizer put Mexico and Canada on notice that the United States would use its clout as their biggest export customer to wring concessions, saying the United States wanted substantially tougher rules of origin, including a requirement of "substantial US content" for autos.

He also signaled a fight over NAFTA's trade dispute settlement system for changes that would allow more anti-dumping duties against Canada and Mexico, saying this provision should "respect our national sovereignty."

Canadian Foreign Minister Chrystia Freeland suggested earlier this week that her country could walk away if the United States insisted on scrapping the "Chapter 19" trade dispute settlement system that requires the use of binational panels.

In her opening statement, Freeland took a swipe at the US fixation on cutting its trade deficits, saying: "Canada does not view trade surpluses or deficits as a primary measure of whether a trading relationship works. US-Canada-Mexico trade has quadrupled since NAFTA took effect in 1994, surpassing $1 trillion in 2015.

MEXICO: NAFTA HAS TO "WORK FOR ALL PARTIES"

Lighthizer blamed NAFTA for a direct loss of 700,000 US manufacturing jobs since the pact took effect in 1994, a period that coincides with increasing automation across all industries that has allowed more output with fewer workers.

Auto industry groups have warned against changing the pact's rules of origin, which govern how much of a product's components must originate from NAFTA countries. They said the pact has allowed them to build a competitive North American supply base that has helped boost exports of US-assembled vehicles globally.

The pact also has massively boosted US farm income by increasing agricultural exports to both Mexico and Canada. "We do not want them to use us as a trading tool and to do harm to the agricultural sector in all three countries," the president of the American Farm Bureau Federation, Zippy Duvall, told a news conference on Wednesday. Corporate chief executives have been sounding "do no harm" warnings on NAFTA for months.

Trump's relationship with business executives became a high-profile issue this week as he disbanded two business advisory councils after several CEOs quit in protest over his remarks blaming weekend violence at a rally in Virginia on the protesters who opposed white nationalists as well as the white nationalists themselves. Canadian and Mexican officials at the NAFTA talks on Wednesday declined to weigh in.

Asked if there was concern that the political upheaval around Trump could impact the NAFTA talks, Mexico's finance ministry undersecretary, Vanessa Rubio, said: "These are internal issues of the United States." Freeland refused to be drawn into the US political furor during a news conference before she returned to Ottawa.

The first round of NAFTA talks, which will last until Sunday, are expected to focus on consolidating the proposals and demands from all three countries. The long list of US demands could make it difficult for negotiators to reach agreement on modernization plans that also are expected to include new chapters on digital and energy trade, and environmental, labor and currency standards.

Both Freeland and Mexican Economy Minister Ildefonso Guajardo pushed back at the US demands and defended NAFTA. Guajardo said NAFTA should be modernized to produce more trade among its participants, not less, and needed more than one winner. “For a deal to be successful, it has to work for all parties involved. Otherwise, it is not a deal,” Guajardo said.

Guajardo later told a news conference that it was “too soon” for the three countries to begin narrowing their differences. He said it was not a good idea to add country-specific content requirements to the agreement.

Mexico is keen to maintain preferential access for its goods and services to the United States and Canada, where nearly 85 percent of its exports are shipped. Its NAFTA priorities also include greater integration of the continent’s labor markets and energy sectors.

Weighing heavily over the talks is the 2018 Mexico presidential election. Mexico has urged all sides to complete the negotiations before the campaign ramps up in February to avoid having them become a political punching bag.

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As NAFTA talks begin, Donald Trump’s ‘America First’ agenda looms large

The Indian Express

Washington, August 16, 2017 : As the United States, Canada and Mexico kick off negotiations on Wednesday to modernize the North American Free Trade Agreement, the biggest uncertainty is whether a deal can pass President Donald Trump’s “America First” test. Trump has blamed NAFTA for shuttering U.S. factories and sending U.S. jobs to low-wage Mexico. The test will be whether negotiators can prove that a new NAFTA agreement can alter that course. The call from the U.S. business community in the run-up to the talks has been “do no harm” amid concerns that a new agreement will unravel a complex North American network of manufacturing suppliers built around NAFTA.

Trump, who made trade a centerpiece of his presidential campaign as he promised to reinvigorate the manufacturing sector, pulled the United States out of the Trans Pacific Partnership trade pact shortly after taking office in January. But he has since backed off other trade threats, including declaring China a currency manipulator and tearing up NAFTA, which he regularly calls a disaster.

U.S.-Canada-Mexico trade has quadrupled since NAFTA took effect in 1994, surpassing $1 trillion in 2015.

Derek Burney, a former Canadian ambassador to Washington who was involved in the first NAFTA negotiations, said that in the previous NAFTA talks there was a political commitment from all sides to reach a deal. That is not the case now, he said.

“The question … is, What will Trump accept as a success in these negotiations?” said Burney. “To me that is the biggest wild card of all.” Robert Holleyman, a former deputy U.S. trade representative during the Obama administration, said the “toughest nut to crack” in the talks will be whether changes meet Trump’s goals to reduce the $64 billion U.S. trade deficit with Mexico.

“We know where he wants to make changes to NAFTA. Whether those changes lead up to something that actually reduces the trade deficit with Mexico is wholly unclear,” Holleyman said.

NAFTA renegotiations will be a major test of Trump’s ability to meet his campaign promises to restore U.S. manufacturing jobs. Although he has inherited a strong economy that has added 1.29 million jobs this year, his promises of an ambitious legislative agenda have been derailed by the failure of a healthcare bill and the lack of a detailed plan for tax reform.

Weighing heavily over the talks is the upcoming 2018 Mexico presidential election. Mexico has urged all sides to complete the negotiations before the campaign ramps up in February to avoid it becoming a political punching bag.

AN “AMBITIOUS” FIRST ROUND

This week’s talks will be led by U.S. Trade Representative Robert Lighthizer, Canadian Foreign Minister Chrystia Freeland and Mexican Economy Minister Ildefonso Guajardo. Each side is expected to make remarks at the start of the talks being held at a historic Washington hotel.

The first round of meetings, which is expected to last until Sunday, will largely be administrative and focus on merging proposed texts from all three sides, according to a senior U.S. trade official, speaking to reporters on the eve of the talks.

The official said the sides were aiming for an “ambitious” first round of talks.

The United States has made lowering the $64 billion U.S. trade deficit with Mexico its top priority in the NAFTA talks, although trade experts argue that such a goal will not be achieved through trade deals but rather by boosting savings.

It also wants to strengthen NAFTA's rules of origin, which specify how much of a product's components must originate from NAFTA countries.

One of the most contentious issues in the talks is likely to be over the "Chapter 19" mechanism requiring the use of binational panels to settle anti-dumping and anti-subsidy disputes, which the Trump administration wants to eliminate because the rulings often go against the United States.

Canada's Freeland suggested on Monday that Canada would walk away from the talks if the United States insisted on scrapping the mechanism.

Mexico has said its NAFTA goals are free access for goods and services, greater labor market integration and a strengthening of energy security.

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Donald Trump directs USTR to examine China's trade policies

The Indian Express

Washington, August 15, 2017 : US President Donald Trump on Monday asked his country's top trade official to investigate Chinese trade practices with the focus on intellectual property (IP) and advanced technology, asserting that "unfair" practices by foreign countries harm American businesses. "The theft of intellectual property by foreign countries costs our nation millions of jobs and billions and billions of dollars each and every year. For too long, this wealth has been drained from our country while Washington has done nothing," Trump said.

"Today, I'm directing the United States Trade Representative to examine China's policies, practices, and actions with regard to the forced transfers of American technology and the theft of American intellectual property," Trump said as he signed a memorandum in this regard.

"As President of the United States, it's my duty and responsibility to protect the American workers, technology, and industry from unfair and abusive actions," he said.

Trump said his administration will stand up to any country that unlawfully forces American companies to transfer their valuable technology as a condition of market access.

He said the US will combat the counterfeiting and piracy that destroys American jobs and enforce the rules of fair and reciprocal trade that form the foundation of responsible commerce.

“We will protect forgotten Americans who have been left behind by a global trade system that has failed to look — and I mean look — out for their interests. They have not been looking out at all,” he said.

Trump said the US Trade Representative Robert Lighthizer, is empowered to consider all available options at his disposal.

“We will safeguard the copyrights, patents, trademarks, trade secrets, and other intellectual property that is so vital to our security and to our prosperity. We will uphold our values, we will defend our workers, and we will protect the innovations, creations, and inventions that power our magnificent country,” he said.

Lighthizer said the US has for many years been facing a very serious problem. “China industrial policies and other practices reportedly have forced the transfer of vital US technology to Chinese companies,” he alleged.

“We will engage in a thorough investigation and, if needed, take action to preserve the future of US industry. Thousands of jobs are at stake for our workers and for future generations. This will be one of USTR’s highest priorities, and we will report back to the President as soon as possible,” Lighthizer said.

Top American lawmakers welcomed the move. “I am pleased that President Trump has targeted China’s forced technology policies. These practices have unfairly forced American companies to surrender vital intellectual property to their Chinese competitors as the price for doing business,” said House Ways and Means Committee Chairman Kevin Brady.

House Ways and Means Committee Trade Subcommittee Chairman Dave Reichert welcomed Trump in addressing China’s forced technology transfer requirements.

“The US economy and so many jobs depend on the strength of our technology companies, including some of our nation’s leading tech companies headquartered in my home state of Washington,” he said.

Democratic Leader Nancy Pelosi alleged that for years now, China’s brazenly unfair trade practices have weakened America’s economy and hurt American workers.

Even though President Trump has signed a memo of instruction to the USTR to consider investigating China’s unfair intellectual property practices, Pelosi asked the agency to take a series of strong steps including requiring American companies to transfer technology and proprietary information to do business in China.

Pelosi asked USTR to take steps against China's theft of American trade-secrets; China's piracy of other American intellectual property, including software; and market barriers facing US businesses and products in China.

"In addition, the Administration must recognise that challenging China's open intellectual property theft is especially vital now, in light of China's 'Made in China 2025' policy. This policy will not only not only hurt American companies in China, but will make it harder for us to compete globally with Chinese firms," Pelosi said.

"When the rules of the road are followed, US businesses and workers can compete with anyone in the world. I look forward to working with the administration as it begins this 301 investigation, and will continue to work to hold foreign countries accountable when they violate our trade laws," said Senator Robert Portman.

The bipartisan IP Commission welcomed the decision. "The scale of Chinese forced transfer and theft of American intellectual property threatens these interests, both our prosperity and security, and thus US policy must address this set of issues," said Dr Richard Ellings, director of the IP Commission and president of National Bureau of Asian Research.

Senator Charles Schumer, Senate Minority Leader felt that this was a weak action. "President Trump's pattern continues: Tough talk on China, but weaker action than anyone could ever imagine," he said.

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Govt to impose anti-dumping duty on a chemical from Canada, China, EU

The Indian Express

New Delhi, August 17, 2017 : The government may impose anti-dumping duty of up to USD 120.14 per tonne on a chemical used in sectors such as dyes and pharmaceuticals from Canada, China and the European Union (EU). The duty aims at guarding domestic players against cheap imports.

Directorate General of Anti-dumping and Allied Duties (DGAD) has found that domestic industry is impacted due to the “dumped imports” of ‘sodium chlorate’ from Canada, China and the EU. “The authority recommends imposition of anti-dumping duty…so as to remove the injury to the domestic industry,” DGAD, the investigation arm of the commerce ministry, said in a notification.

It recommends imposition of the duty, while the finance ministry imposes the same. The recommended duty is in the range of USD 17.77-120.14 per tonne.

Gujarat Alkalies and Chemicals and Teamec Chlorates had filed an application for initiating the anti-dumping probe.

Countries impose anti-dumping duties to guard domestic industry from surge in below-cost imports. India has imposed similar duties on import of several products including steel, fabrics and chemicals from different countries including China.

Anti-dumping steps are taken to ensure fair trade and provide a level-playing field to the domestic industry. They are not a measure to restrict import or cause an unjustified increase in cost of products.

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Parliamentary panel suggests 69 ways to improve trade with ASEAN

Vasudha Venugopal, The Economic Times

New Delhi, August 17, 2017 : A parliamentary committee has suggested 69 ways to improve India’s trade with the Association of South East Asian Nations (Asean).

The committee comprising 31 MPs, including former ministers Kamal Nath and Kapil Sibal, headed by BJP MP Bhupendra Yadav submitted its report on Friday. The report stated that India should “engage Asean for giving better market access to Indian goods where we have an edge over them like leather goods, pharmaceuticals, etc so that trade balance may be improved”.

The committee has made 69 recommendations, including early ratification of India-Asean trade agreements, better market access in Asean countries and safeguarding textile and pharmaceutical exports. The committee had met the representatives of 15 ministers for this issue.

The panel notes that Asean countries are not making much investment in India’s manufacturing sector.

Hence, it has recommended that CEO forums should interact regularly. The panel has recommended that the government should be vigilant against the safeguard measures being imposed by Asean on textile exports. It has also taken note of the non-tariff barriers coming in the way of exports of pharmaceutical products to Asean and recommends that the department of commerce should come out with appropriate remedial measures. It has also asked that steps be taken to improve Indian banking facilities in these countries.

Yadav said “trade with Asean countries is of strategic importance to India and it will also boost investments in the northeastern states of the country”. Recently, commerce and industry minister Nirmala Sitharaman had said that if India and Asean countries were to recognise their full business potential, then they need to fast-track the ‘corridors of connectivity’ and ‘corridors of trade’.

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‘Enact data protection law soon’

Peerzada Abrar

Bengaluru,August 16, 2017 : India’s tech community, including technology billionaire nandan nilekani, who spearheaded aadhaar, say india quickly needs a “data protection law.”

Mr. Nilekani said the country needed a strategic position on data which represented risks such as colonisation, privacy issues and a “winner-takes-all market,” in which the best players are able to seize a very big portion of the rewards, and the remaining contenders are left with very little. “data is being vacuumed out of the country and going into unaccountable systems that don't come under indian law, which probably share data with foreign governments,” he said at an event here organised by carnegie india, a think tank. “how do you protect people's privacy and how do you make companies accountable.” Mr. Nilekani said that the law also has to make it incumbent on the data collector to immediately notify if there is any data breach.

Due to the rapid adoption of smartphones, digital payments, social media platforms and aadhaar authentications, mr. Nilekani said that india is going to become data rich very quickly, but there is a need to strategically think about data in a way that people of the country benefit from it. “we are running out of time, it is happening at a very fast pace.”

The government led by prime minister narendra modi has appointed a committee of experts led by former supreme court judge, justice b.n. Srikrishna, to identify “key data protection issues” and recommend methods to address them.

Data inversion

Mr. Nilekani proposed a concept called 'data inversion' which puts the creator of the data at the centre where she can have access to her own information and take it back. This would make sure that Indians are able to use their own data to improve their lives such as getting better credit or improve productivity on the farm. Mr. Nilekani said that India is a hugely underserved market for credit. “all credit goes to the big guys, they all go to London (Vijay Mallya). The small guy doesn't get the credit from the financial system as they don't have enough data about these guys,” he said.

Mr. Nilekani was of the view that this is 'inversion of data' is not protectionism but empowering the users as global as well as Indian companies should function in an open competitive market. However the there has to be a strategic framework or law which decides how data can be collected and used. “This has nothing to do with Indian or foreign companies. Let everybody flourish,” he said.

Sharad Sharma, co-founder of software product think tank ispirt, which works closely with hundred of product firms was of the view that India has an opportunity not to replicate the data protection laws and framework of countries like Europe, china and the us but build a system which is intuitive to the country. This is also because such systems in regions like Europe were built before the advent smart phones and new technologies like artificial intelligence and internet of things. “ultimately we need educated users, people who know what to do with their data. It requires some public education, we have already seen it for people to adopt digital payments,” he said.

Rahul Matthan, a partner at law firm trilegal, said that data protection around the world is based on the consent given by the user, but there needs an additional level to be imposed in the form of accountability. He said there is a need to have a legal framework which prevents data controllers from using consent as an indemnity for all the actions. “add a layer of protection for the user in the centre. We don't need consent, we need accountability,” he said.

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