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WTO's Trade Facilitation Agreement comes into force: All you need to know

Subhayan Chakraborty, Business Standard

New Delhi, Feb 23, 2017 : The World Trade Organization's (WTO's) landmark Trade Facilitation Agreement (TFA), which came into force on Thursday, is expected to provide a much-needed boost to beleaguered global growth. However, its success will depend on the rising tide of trade protectionism across the globe and stronger voices against trade liberalisation like US President Donald Trump.

Ratified by 112 nations, more than two-thirds of all member nations, the deal will ease trade processes, bring down barriers to trade and enhance the capacity of the developing world to better engage with the global trading network.

The 164 member nations of the WTO account for more than 97 per cent of global gross domestic product (GDP) and 96.8 per cent of global trade. Therefore, the TFA is expected to significantly change the global trade scenario with international customs practices becoming streamlined and easier trade movement being enforced.

Part of the Bali Package of decisions agreed upon in 2013, the deal is a watershed moment in the organisation's history. This represents the first time that a comprehensive decision has been arrived at through consensus among nations cutting across the major geographical and political blocs.

Into the details of the agreement

The agreement, in effect, is a broad series of trade facilitation reforms spread out over a gamut of trade issues across the areas of transparency and predictability of trading across borders. It aims to create a less discriminatory business environment. It also includes faster clearance procedures, enhanced conditions for freedom of transit for goods improvements, improved appeal rights for traders as well as reduced fees and formalities connected with the import and export of goods.

However, these reforms will only follow after countries independently notify various provisions which might extend beyond the next three years. The basic set of provisions will be implemented by least-developed countries (LDC) within one year from now. Also, many countries, including India, will receive more time to set in motion a further set of provisions.

Critics have argued that the deal favoured developed nations since developing and LDC nations will face tougher challenges in bringing up their regulatory and customs practises as well as modernise necessary

trade infrastructure to reap the benefit of TFA. A Trade Facilitation Agreement Facility has been created to channel assistance from richer nations needed to plug these holes.

Greater trade for India?

"The TFA rationalises prices and provides for consultations before new trade rules are notified, making trade smoother. Based on current trade figures, an additional trade of \$15-20 billion can be expected," Ajay Sahai, director general of Federation of Indian Exports Organizations, said.

According to a WTO study, the full implementation of the TFA is forecast to decrease the trade costs of member nations by an average of 14.3 per cent, with developing countries having the most to gain. The TFA is also likely to reduce the time needed to import goods by over a day and a half and to export goods by almost two days, representing a reduction of 47 per cent and 91 per cent, respectively, over the current average.

Moreover, once the TFA is fully implemented, developing countries such as India are predicted to increase the number of new products exported by as much as 20 per cent, with least developed countries likely to see an increase of up to 35 per cent, according to the study.

More fight ahead

However, this should not deflect public attention away from the more crucial matter at stake in front of the multilateral platform, that of facilitating development in poorer nations. "The primary aim of the WTO while being formed was not trade liberalisation but development," Biswajit Dhar, trade expert and professor at the Jawaharlal Nehru University, said.

In this regard, the negotiations on the Doha Development Round, launched in 2001, serve as a microcosm of the WTO itself and the way it has functioned. While developmental issues, primarily regarding agriculture, have continued to be opposed by the developed nations, they have in turn kept the thrust on the introduction of newer issues like e-commerce.

This was seen as recently as earlier this month when WTO Director-General Roberto Azevedo had visited India and held discussions on the issue with leading private companies.

For India, a permanent solution to the issue of public stockholding of foodgrain and discussions on a special safeguard mechanism will remain of primary importance at the upcoming ministerial conference in Argentina, later this year.

India is also pushing for the inclusion of discussions on a TFA on services at Argentina. It aims to ease movement of skilled professionals across borders as well as reducing transaction costs. India's services sector accounts for more than 60 per cent of its GDP and 28 per cent of employment.

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As WTO's TFA comes into effect, Nirmala Sitharaman says looking 'forward to improvement in way we trade'

The Financial Express

New Delhi, 24 Feb, 2017 : The World Trade Organization's trade facilitation agreement (TFA) that has just come into effect will lead to greater movement of goods across countries, commerce and industry minister Nirmala Sitharaman said on Thursday. "I look forward to rapid improvement in the way in which we trade... The trade facilitation agreement will also lead to reduction in transaction costs," Sitharaman said. India is also pushing for the inclusion of discussions on a TFA on services at Buenos Aires, Argentina, later this year. It aims to ease movement of skilled professionals across borders as well as reducing transaction costs. "We have submitted a legally-vetted document on TFA on services at WTO in

Geneva today which will be discussed on March 14-17,” Sitharaman said. India had last year submitted a concept note on TFA on services, taking the first decisive step towards gathering global consensus on a framework to boost worldwide trade in services.

According to the 164-member organisation, the TFA on goods would simplify trade processes, bring down barriers to trade and also enhance the capacity of the developing world to engage better with the global trading network. India, one of the first countries to ratify it, had also said that it would do the changes such as upgradation, bringing in new facilitation and digitisation from its own fund. “It would be completely provided for through our own budget. All the budgetary announcements are very much in line with all our commitments made on the TFA,” the minister said.

“I had told the WTO that just like the TFA in goods, which is aimed at relaxing customs rules for smoother trade flow, there is a need for a ‘counterpart agreement’ in services, and that the proposed pact must also ensure special and differential treatment for developing and poor nations,” she said.

Sitharaman on Snapdeal lay-offs

When asked about e-tailing portal Snapdeal laying off 500-600 employees, Sitharaman said this is not a cause of concern. Churning is on not only in e-commerce but the whole world on account of global economic situation, she said. “This is not peculiar to India,” she added. According to reports, co-founders Kunal Bahl and Rohit Bansal have taken a 100% salary cut.

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Inking TFA in services for India likely to be tough: Analysts

The Financial Express

New Delhi, Feb 24, 2017 : Even as the World Trade Organization's (WTO) member states have recently ratified the trade facilitation agreement (TFA) in goods and India is pitching for a similar pact on services, several industry executives and analysts believe that it would not be easy for New Delhi to muster the requisite support for a TFA in services. The challenges, they say, could be in the form of building a coalition of like-minded countries and reconciling the differing interpretations of "substantive issues." Developing a domestic consensus on the need for relaxing service trade rules would also be a harder task than many would have thought.

While the TFA in goods ratified on Wednesday in Geneva aims to streamline, simplify and standardise customs procedures, potentially reducing trade costs globally by an average of 14.3%, an agreement on services is expected to give a big push to global services trade, benefitting countries like India with ease of rules (rather than enhanced market access negotiated earlier under the WTO's Doha Round).

Pritam Banerjee, senior director, corporate public policy, South Asia, Deutsche Post DHL Group, a multinational logistics services provider, feels that India could have worked towards building an alliance of countries in the WTO with the common interest of having an agreement on TFS in services. Developed countries in the West did the same for the TFA on goods and used their joint capacity to prepare in-depth economic studies that helped push their objective. India, on its own, would find it hard to mobilise its domestic institutional capacity to undertake background research or conduct outreach programmes.

For instance, understanding Mode III issues — pertaining to "commercial presence" in another country in terms investment committed — requires research and communication exercises carried out not only at the national level in the foreign country, but also calls for understanding their laws at the provincial and local level. This requires substantial funds and adequately equipped human resources, both India needs to harness.

Another important issue, Banerjee said, is regarding the interpretation and treatment of a particular issue as a "substantive measure" or a trade facilitation measure. For instance, for a logistics service provider, landing rights and airport charges in a foreign country are currently a pertinent issue. A particular country might treat landing rights as policy issue and not a facilitation measure, in accordance to their domestic laws. Generally speaking, both could be trade facilitation measures, but a country may object to this citing their national security interests.

Another example could be Japan giving licence to a qualified foreign trained chartered accountant to practise in there only after the candidate completes articleship in there for a stipulated period of time. Dropping the compulsory articleship criteria for CA professionals of foreign origin could be problematic for Japan, as it considers this a substantive issue which requires change in their policy. India has repeatedly stressed its TFS proposals seek improvement in trade facilitation and not increase in market access. Despite this assurance, differing interpretations by WTO member states may create obstacles in reaching a pact on TFS at the WTO.

The extent of India's trade-restrictive policies in the service sector is revealed by the OECD's Services Trade Restrictiveness Index (STRI) — measured across 22 sectors and 44 countries. India has an STRI score above average in all the 22 sectors, whereas the US scored above average in only six of the total 22 sectors.

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CLMV countries invited to partner in Make in India: Minister

Business Standard

Jaipur, Feb 27, 2017 : Union Minister of State for Commerce and Industry Nirmala Sitharaman on Monday invited both governments and business communities of CLMV countries -- Cambodia, Lao PDR, Myanmar and Vietnam -- to actively partner in India's 'Make in India' programme.

Speaking at the 4th India-CLMV Business Conclave, organised by Confederation of Indian Industry (CII), she said: "India would also participate with the CLMV countries in the region's manufacturing growth."

"India and the CLMV countries could deepen each other's manufacturing capabilities, learn from each other's experiences and create a stronger regional platform for trade and commerce," the Minister said.

She said there is a great potential for Indian investments in the CLMV countries.

Rajasthan Chief Minister Vasundhara Raje said the Southeast Asian countries Cambodia, Lao PDR, Myanmar and Vietnam (CLMV) could become important strategic business partners with Rajasthan.

She pointed out that Rajasthan was successful in business partnerships and "our associations with Japan and Singapore were examples of this".

She said these countries should extend cooperation with the state in agriculture, manufacturing, jewellery and tourism. Inviting the entrepreneurs and governments of these countries to partner for business and investment she said that through these collaborations they could play an important role in the socio-economic development in the respective countries.

Brexit could help India-EU FTA: Report

The Economic Times

London, Feb 23, 2017 : Britain's exit from the European Union is likely to positively impact the economic bloc's long- drawn negotiations over a free trade agreement with India, according to a leaked document drawn up by the members of the EU parliament.

The document drawn up by Members of the European Parliament (MEPs) in the EU's influential trade committee points to British Prime Minister Theresa May's stringent visa policy towards Indian professionals as a major stumbling block to the FTA, which has been in the works since 1997.

India's high import tariffs on Scotch whisky from Scotland is seen as another hurdle, which would also no longer be a factor post-Brexit, The Guardian reported.

"Scotland has a major interest in an FTA with India: India has the world's largest market for whisky, which is highly protected by prohibitive tariffs. Lowering tariffs for Scottish whisky could present an important market opportunity," the MEPs note.

"In case the UK (including Scotland) would leave the EU, this could possibly facilitate FTA negotiations [for the EU] as tariffs on wines and spirits constitute an obstacle. This as well as financial services, would then become a bit less of an offensive interest of the EU," they add.

The European parliamentarians also suggest that despite the much-hyped India-UK ties, Britain is likely to struggle to clinch a new trade deal.

"Given the important Indian diaspora living in the UK and the common past, the UK tends to attach particular importance to its economic relations to India, however, trading ties are more important with other EU member states," say the MEPs.

They point out that as a trading partner of India, Germany is the top EU country (ranked 6th), whereby the UK figures only rank 18 between Kuwait and Iran as a trading partner for India.

While the UK makes up 3.4 per cent of India's overall exports, it accounts only for less than 2 per cent of India's exports.

In addition, currently the UK has by far the largest trade deficit in goods with India of any EU member states accounting for 2,611 million euros, while Belgium and Germany have a large trade surplus with India.

The document adds that the visas India has been seeking for its skilled workers is a "political problem" for the UK if it wants a deal: "India has a major interest in mode IV access for its service suppliers to the UK, which would also prove politically difficult (as most of the Indian service providers would certainly like to enter the UK for delivering temporary services)."

The MEPs' document, leaked to the newspaper, does however see a threat to the EU's other trade talks in Britain's withdrawal. In particular, there are concerns that the negotiations with Australia and New Zealand due to start in mid-2017 could be scuppered.

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European Union asks India to extend by 6 months trade pact with EU nations

New Delhi, Feb 20, 2017 : The European Union today pressed India to extend by six months its bilateral investment pacts with several EU-member countries which are expiring soon, saying absence of the treaties could adversely impact trade ties and FTA talks.

A high-level European Parliament delegation, here to gauge India's views about the Trump administration and discuss various key issues concerning India-EU ties, also expressed concern over situation in Jammu and Kashmir and called for improvement in ties between India and Pakistan.

Chair of the EU delegation for relations with India Geoffrey Van Orden said EU wants New Delhi to renew the investment deals first to take forward the stalled FTA talks.

"It will be helpful if trade and investment pacts can be extended for six months. The issue has become a problem for the FTA talks," he told reporters.

India's existing trade and investment pacts with The Netherlands have come to an end in November while while similar pacts with several other EU countries will expire in the coming months.

Orden said expiry of the pacts will make it difficult for the European countries to go for fresh investments in India, adding the EU want India to first give the extension to the pacts and then move ahead with the FTA which is known as EU-India Broad-based Trade and Investment Agreement (BTIA).

On Kashmir, he said EU is always sensitive about issues relating to human rights violations, adding certain forces do not want India-Pakistan relations to improve.

He said there were "serious problem" of Pakistan containing terrorists and that Prime Minister Narendra Modi had showed his resolve to improve ties with Islamabad.

Orden said the aim of the delegation is to understand India's views on the Trump administration, discuss issues relating to Pakistan and matters concerning India-EU ties.

The delegation is meeting Finance Minister Arun Jaitley, Commerce Minister Nirmala Sitharaman and Minister of State for External Affairs V K Singh during which the issues are likely to be flagged.

The BTIA talks have been stalled since May, 2013, when both sides failed to bridge substantial gaps on crucial issues, including data security status for IT sector.

Launched in June 2007, negotiations for the proposed agreement have witnessed many hurdles as both the sides have major differences on crucial issues.

In the EU-India Summit in Brussels, the two sides had failed to make any announcement on resumption of the negotiations as many bottlenecks still remain.

The two sides are yet to iron out issues related to tariff and movement of professionals but the EU has shown an inclination to restart talks.

Besides demanding significant duty cuts in automobiles, the EU wants tax reduction in wines, spirits and dairy products, and a strong intellectual property regime.

On the other hand, India is asking for granting 'data secure nation' status to it by the EU. The country is among nations not considered data secure by the EU.

The matter is crucial as it will have a bearing on Indian IT companies wanting market access.

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India asks US to ease import norms

New Delhi, Feb 22, 2017 : The Indian government has urged the US lawmakers to ease the phytosanitary norms that have hit India's exports of mangoes to the western country. In the recent past, there have been instances of India's consignments of the fruit being returned by the US for alleged non-adherence to the phytosanitary norms. "A US law delegation, on a visit to India, has agreed to carry out the checks in India," said a commerce ministry official. Currently, these tests are done in the US.

"We will set up two centres for all the checks. If the consignment fulfills the criteria then it would be sent to the US, else it would be returned to the exporter," the official added.

Till 2006, Indian mangoes were banned from the US market over fears that pests would be imported through these mangoes. In March 2006, the then President George W Bush, during his India visit signed an agreement to allow the import of Indian mangoes to the US.

However, the export of Indian mangoes to the US has failed to pick up on fears of maintaining standards, the official said.

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S Jaishankar, Yang express strong commitment for Sino-India ties

The Indian Express

Beijing, Feb 21, 2017 : Foreign Secretary S Jaishankar on Tuesday held talks China's top diplomat Yang Jiechi during which they expressed strong commitment to develop positive relations despite differences over Beijing's reluctance to support India's NSG bid as well as a UN ban on JeM chief Masood Azhar. Jaishankar, who arrived here from Sri Lanka, met Yang, who is the State Councillor and Beijing's Special Representative for border talks between India and China.

In Chinese official hierarchy, State Councillor of the ruling Communist Party of China (CPC) is regarded as the top diplomat functioning directly under the country's leadership. Welcoming Jaishankar at Zhongnanhai, the seat of power of Chinese leadership, Yang said despite differences, relations between the two sides had a positive growth last year. Yang praised Jaishankar's contribution to the bilateral ties

as Indian ambassador to China and said the two countries had good communication at many levels and continued good cooperation in the fields of economy, trade culture and people-to-people exchanges.

Jaishankar is expected to meet Chinese Foreign Minister Wang Yi, besides attending an upgraded strategic dialogue with China's Executive Vice Foreign Minister Zhang Yesui tomorrow. Underlining the significance of the strategic dialogue, which was upgraded during Wang's visit to New Delhi last year, China has deputed Zhang, also the head of the influential CPC committee of the Chinese Foreign Ministry, for the parleys. "We truly hope that in the year ahead our two countries can enhance our exchanges and mutually beneficial cooperation so that we can jointly contribute more to peace and stability and development of our region and the world at large," Yang said, recalling President Pranab Mukherjee's visit last year.

On his part, Jaishankar said, "it's very good to be back (to Beijing). I come with nostalgia and very good feelings and also a very strong sense of commitment to maintain the relationship". Referring to the first Strategic Dialogue which he will hold with Zhang tomorrow, Jaishankar said, "this is not just a meeting between me and my counterpart, it is preceded by consultations" on a host of issues.

Jaishankar's talks with Yang and later in the Strategic Dialogue were expected to cover the key India-China differences like China blocking India's bid to join the 48-member Nuclear Suppliers Group and UN ban on Azhar and the USD 46 billion China-Pakistan Economic Corridor (CPEC).

Ahead of the talks, the Foreign Secretary flagged India's concerns on CPEC and counter-terrorism in an interview with the China's-state run Global Times. "For us, there are questions of sovereignty which need to be addressed first," he said in oblique references to CPEC passing through Pakistan-occupied Kashmir (POK) over which New Delhi has already conveyed its protest to Beijing.

The counter-terrorism is one area in which China and India should make special efforts together, he said, without directly referring to China's repeated technical holds since last year to block Indian and US attempts to clamp a UN ban on JeM chief Azhar. "China has a very strong, principled position on counter-terrorism. We hope the position China already has will be further implemented," Jaishankar said, adding that discussions with China over the matter are still going on.

Last year, China twice put a technical hold on India's application to 1267 sanctions committee of the UNSC and again blocked a resolution moved by the US – and backed by France and the UK – in January. "Whether last year's application by India or this year's by relevant country our position is consistent. Our criteria is only one, we need solid evidence. If there is solid evidence the application can be approved. If there is no solid evidence there is hardly consensus," Chinese Foreign Ministry spokesman Geng Shuang told reporters on February 17.

On India's admission into the NSG, again blocked by China, he reiterated China's stand, "We stick to two-step approach namely, first NSG members need to arrive at a set of principles for the entry of NSG by non-NPT state parties, and then move forward discussions of specific cases." China also defends the ambitious CPEC project, saying it is development project and made no difference to its stand that Kashmir issue should be resolve by India and Pakistan.

Officials say the strategic dialogue will cover the whole gamut of bilateral ties. Two sides have been stressing that both sides are holding talks at various levels to iron out differences stressing that dialogue is the best way forward. Commenting "friction points" including Azhar and NSG, Geng said "differences between China and India are inevitable, but through various forms of in-depth exchanges, including the upcoming Strategic Dialogue, differences can be minimised and new agreement can be reached on further cooperation".

In his interview to the same daily, Shaktikanta Das, Secretary Economic Affairs, said India wants more than just investment and eyeing Chinese market. "India wants to export more to China. We want to have more market access in China," Das said, urging China to further open up sectors like IT software and agricultural products. India also has been pressing Beijing to open pharmaceutical sector. India's trade deficit with China last year is over \$46 billion in over \$70 billion bilateral trade. India has been pushing China to invest more to compensate for heavy trade deficit.

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Put pressure on India to promote free trade: Chinese media

The Economic Times

Beijing, Feb 17, 2017 : China should put "more pressure" on India to promote free trade as calls to boycott Chinese goods have hurt the interests of many Chinese firms, official media here today said.

China "may need to adjust its speed and rhythm" to avoid overheating its outbound investment to India,

state-run Global Times said.

The "Opinion" piece in the daily came as China's direct investment to India in 2016 reached USD 1.06 billion - six times the volume the year before - and India intensified efforts to make the country an attractive investment destination by easing rules and reforming its tax structures.

The "Opinion" piece in the daily came as China's direct investment to India in 2016 reached USD 1.06 billion - six times the volume the year before - and India intensified efforts to make the country an attractive investment destination by easing rules and reforming its tax structures.

India is ramping up efforts to boost domestic industries and cut reliance on imports under 'Make in India' initiative.

Also, the article warned the Chinese government about boycott calls in India for China-made products. There were calls on social media to boycott Chinese products following Beijing's opposition to a proposal at the United Nations by India to ban JeM chief Masood Azhar. The calls were triggered after Beijing obstructed India's membership of the Nuclear Suppliers Group .

"Calls for boycotting of Chinese goods in India have hurt the interests of many Chinese companies in the country and such risks deserve serious attention. Additionally, Chinese firms have to contend with the risk that no bilateral investment treaty has been signed between the two countries - an agreement that would protect the interest of Chinese businesses," the piece said.

The article asked the Chinese government to watch out its efforts to boost foreign investment "amid concerns that new forms of protectionism are taking root" across the world.

"Relevant countermeasures should be in place if India adopts forced localisation measures as a means to attract foreign investment, because boosting exports is as important as encouraging outbound investment

for China. Beijing should put more pressure on New Delhi to promote free trade while continuing to adopt an open attitude toward overseas investment," it said.

It claimed that the World Trade Organisation (WTO) found India's solar Domestic Content Requirement policy was inconsistent with its treaty obligations under the global trading regime.

The piece asked Chinese investors to be "more patient" in acquainting themselves with the local market and regulations on foreign investment. "At the least, more time is needed for some companies to adapt to the local business culture to better handle labour rights issues which are one of the most intractable challenges they face," it said.

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Thailand to India: speed up decision on free trade pact

Amiti Sen, Business Line

Bangkok, Feb 16, 2017 : Thailand wants India to fast-track its decision on the proposed full-fledged free trade agreement (FTA) with the country to increase trade and investment flows.

With economic uncertainties gripping the West, Bangkok is trying to strengthen its partnership with Asian countries through bilateral FTAs and regional pacts like the Regional Comprehensive Economic Partnership (RCEP), said Somkid Jatusripitak, Thai Deputy Prime Minister.

"I think we will have to ask your Cabinet when it wants to give its approval to an FTA with Thailand. We want decision-making to be accelerated," Jatusripitak said referring to the proposed FTA with India in an interaction with the media.

The Trump administration in the US is changing the direction of the trading regulations that the country had built in the last three decades, he said.

In fact, one of the first decisions that was taken by US President Donald Trump after assuming power was to disassociate the country from the Trans Pacific Partnership, an ambitious free trade pact that the Obama regime had inked with 11 Pacific rim countries, four of which were from the 10-member ASEAN bloc.

“We also don’t have any idea what the EU would be like after the process of the UK’s exit from the EU is over,” the Deputy PM added.

With the uncertain environment in the West, many Asian countries are realising the importance of connecting with each other as their combined market size is half of that of the world.

“Asia has the power of a strong supply chain and technological progress that has spread to many countries. The value chain in Asia has to continuously grow and in turn get linked with the global value chain for overall prosperity,” he said. Thailand Prime Minister Prayut Chan-o-cha and Prime Minister Narendra Modi had agreed to speed up the FTA talks in a meeting in June last year but not much progress has taken place since then.

Cautious approach

New Delhi wants to see what shape the proposed RCEP — a pact between the ASEAN (including Thailand), India, China, Japan, Australia and New Zealand — takes before it gets into an FTA with Thailand as RCEP would be less ambitious of the two, a Commerce Ministry official explained.

India is also a bit cautious on the FTA with Thailand as the early harvest programme with duty reduction in 82 items entered into by the two in 2006 had created some initial glitches for items like television tubes and gold.

A target of increasing bilateral trade from \$8.5 billion in 2015-16 to \$16 billion by 2021 has been set by businesses from both countries.

IT, pharmaceuticals, bio-technology, automotives and tourism are some of the identified areas for cooperation.

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Poor connectivity hits border trade

Arun S, The Hindu

New Delhi, Feb 18, 2017 : India-Bangladesh trade ties are troubled by “poor” rail- and river-connectivity at the region bordering Assam as well as a delay in the operationalisation of four “new” ‘border haats’ (or border markets) at the area bordering Meghalaya.

This is the situation even 20 months after Prime Minister Narendra Modi’s Bangladesh visit that paved way for, among other things, the “historic” ceremony of exchange of instruments of ratification of the India-Bangladesh Land Boundary Agreement, 1974 and its 2011 Protocol. It also resulted in an agreement on several measures to “widen bilateral trade, investment and economic cooperation in a balanced and sustainable manner to mutual benefit but also open up opportunities for regional trade.”

Bangladesh was India’s largest South Asian trading partner in 2015-16 — with bilateral trade worth \$6.8 billion that fiscal.

The trade balance was heavily in favour of India, with its exports of \$6.03 billion to Bangladesh in FY’16 being \$5.3 billion more than imports from that country during that fiscal period.

Mankachar border trade

Assam, during a meeting with the Centre last month, said road connectivity in the Bangladesh side for Mankachar Border Trade Point (BTP) “is very poor, and trade is possible only in summers.”

The Centre responded by stating that the issue may be included in the agenda of the next meeting of the Joint Working Group on Trade and also at the meeting of the subgroup on infrastructure. It wanted Assam to provide more details on issues of road connectivity for Mankachar BTP.

Assam also said dredging of the Brahmaputra River on the Bangladesh side was “essential” to make river vessels route navigable. According to the Centre, talks are on to augment National Waterway-2 (on the Brahmaputra River at the India-Bangladesh border) and the Indo-Bangladesh Protocol Route (related to inland water transit and trade).

Though India wants this proposal to be formulated under South-Asia Sub Regional Economic Cooperation, it has not yet been done due to lack of details on dredging under the Protocol Routes on the Bangladesh side and the funds required. On Bangladesh’s proposal for a Regional Waterway Project-1 (Chittagong-Dhaka-Ashuganj Corridor) for dredging of rivers with World Bank assistance, India has said it will lend support provided Bangladesh promises that in the said proposal, development of India-centric

Protocol Route under Indo-Bangladesh Protocol on Inland Water Transit and Trade (PIWTT) would also be considered.

Bangladesh has sought guidance and help from Dredging Corporation of India, the Centre said.

Meanwhile, Meghalaya has informed the Centre that joint inspection for operationalisation of six “new” ‘Border Haats’ was pending due to an inadequate response from Bangladesh. The Centre said, two of these new border *haats* are operational and the remaining four are under implementation stage.

Border *haats*

It said Bangladesh has informed that since the Memorandum of Understanding and Mode of Operation on Border Haats have expired in 2013, discussions on the issue should be made only after their renewal. The Centre said India has taken up with Bangladesh the issue of holding the meeting of the Joint Border Haat Management Committees.

The Indian Commerce Ministry, in December 2016 said currently, four border *haats* are operational, along the India-Bangladesh border (two each in Meghalaya and Tripura). The trade at border *haats* is allowed in Indian Rupees/Bangladesh Taka and on a barter basis, and trade worth ₹ 16.86 crore was carried out at the four border *haats* in the five-year period ending 2015-16.

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Sharp slump in fruit-vegetable exports prompts long-term remedies

IANNS, The Financial Express

New Delhi, Feb 23, 2017 : A sharp, 18 per cent slump in the exports of fruit and vegetables alone in the past two years — largely due to a stringent green norm and heightened quality standards, particularly in Europe — has prompted a slew of long-term remedial measures including improvement in pre-harvest conditions and cluster farming to improve quality. “We are working on issues such as grading, cleaning, testing, irradiation to ensure standard quality of fruits to be exported. However, we need to focus on the pre-harvest conditions such as use of fertilisers, pesticides, seeds and supervision to root out the problem of residue. It is likely to take two years to execute the plan,” Agricultural and Processed Food and Products Export Development Authority (APEDA) Chairman D.K. Singh told IANNS.

He also said that the concept of cluster farming was also being mulled to obtain produce of a particular variety and uniform quality. “Fruit produce harvested in different patches or locations differs in quality. If cluster farming is implemented, for example, one variety in entire district, we can get improved and uniform quality. It can enhance chances of export and better returns,” Singh explained.

APEDA has held several meetings with the Agriculture Ministry in the last few months to decide ways to adopt these proposed changes. “Once we formulate the plan, we will approach the state governments and, subsequently, Farmer Production Organisations (FPOs) — member-based institutions of farmers— to execute it,” Singh said.

All this is largely the result of the European Union tightening its regulations on Maximum Residue Level (MRL) of pesticides, as also upping its quality standards.

What has sent the alarm bells ringing is that the export of all agricultural commodities — horticulture, fresh fruits and vegetables, processed products, cereals and animal products — dropped 34 per cent from 30,001,358 MT in 2013-14 to 19,942,256 MT in 2015-16.

In 2013-14, 2,917,405 MT of fruits and vegetables were exported, which came down by 14 per cent to 2,500,961 MT in 2014-15. The fall continued in 2015-16 when exports were only 2,404,945 MT, a decrease of four per cent compared to the previous year and 18 per cent compared to 2013-14.

According to APEDA data, exports of fresh mangoes touched 41,279.97 MT in 2013-14, increased by four per cent in 2014-15 but fell 15 per cent to 36,329 MT in 2015-16.

Similarly, export of grapes has come down from 192,616 MT in 2013-14 to 156,218 MT in 2015-16 while walnut registered a heavy decline from 6,726 MT in 2013-14 to 2,665 MT in 2014-15, but rose slightly to 3,291 MT in 2015-16. Exporters, on other hand, are an unhappy lot.

Delhi based exporter Rafi Ahmed said that complex government rules and policies were to blame for the slowdown in the business.

“There has been slowdown in the export of all agriculture commodities in the last few years. However, the government has not taken enough steps to boost it. Demonetisation may also play spoilsport. We can only hope for best now,” Ahmed told IANS.

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Centre hints at reinstating wheat import duty

Syantana Bera, Live Mint

New Delhi, Feb 21, 2017 : The government may review the current duty free wheat import regime, food minister Ram Vilas Paswan said on Tuesday, in view of expectations of a record harvest this year and to ensure that imports do not dampen local prices.

The government recently removed the import duty on wheat to increase its availability in domestic market, Paswan said.

“(We) will take all necessary steps to ensure payment of minimum support price (MSP) to farmers and may review the import duty on wheat if required,” the food minister said in a statement.

The Centre abolished the 10% import duty on wheat in December last year after retail prices rose due to lower than estimated production in 2016. In September, it slashed import duty to 10% from 25%.

Last year, the agriculture ministry’s wheat estimates came under scrutiny after retail prices soared due to lower availability. The ministry had estimated a crop size of 94 million tonnes in May last year (third advance estimates for 2015-16), significantly higher than the 85-88 million tonnes estimated by traders.

In its latest estimates released on 15 February, the agriculture ministry revised it down to 92.3 million tonnes, and projected the 2016-17 production at a record 96.6 million tonnes. Harvest of the 2017 crop begins in April.

According to the food ministry, following the production shortfall last year, wheat imports to India surged to a high of 5.5 million tonnes (2016-17).

However, the ministry expects a turnaround this year. It has set a target to procure a record 33 million tonnes from farmers beginning April, considerably higher than the target of 28 million tonnes the year before, which fell short by nearly 5 million tonnes.

“When there is price rise the benefit is taken by the traders and consumers are exploited. However, when fresh crop hits the market prices fall and the farmers have to take the loss,” the food ministry said in its statement. “Extensive preparations have been made for procurement operations,” it added.

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