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

WTO mum on protectionist measures ahead of G-20 meet

D. Ravi Kanth, Live Mint

Geneva, June 30, 2017 : The World Trade Organization (WTO), which is reckoned as the bastion of global trade liberalization and the custodian of international trade rules, has not explicitly mentioned the need to refrain from taking “protectionist” measures, out of fear of criticism by the Donald Trump administration in the US, according to trade envoys familiar with the development.

In a joint report issued along with the Paris-based Organization for Economic Cooperation and Development (OECD) and the United Nations Conference on Trade and Development (Unctad) on “G-20 Trade and Investment Measures” on Friday, the WTO merely said: “In the face of continuing economic uncertainty, the G-20 should work to continue improving the international trading environment, by keeping markets open and promoting a level playing field.”

Further, “G-20 leaders (who are going to meet in Hamburg on 10 July) must show leadership in reiterating their commitment to open and mutually beneficial trade as a key driver of economic growth and a major engine for prosperity, and work together to strengthen the rules-based trading system and achieve a successful outcome at the 11th WTO ministerial conference in December,” the report said.

It suggested that the estimated trade coverage of trade-facilitating measures implemented by G-20 economies ($163 billion) significantly exceeded the estimated trade coverage of trade restrictive measures ($47 billion). “The moderation and restraint that we have seen in trade policies shows that the trading system is doing its job in keeping global commerce flowing and resisting protectionism,” said Roberto Azevedo, the WTO’s director general.

“Nevertheless, there is a high level of economic uncertainty, and therefore we need to remain vigilant,” he said, suggesting that “efforts should be stepped up to avoid implementing new trade-restrictive measures and to reverse existing measures,” he urged the G-20 leaders.

In contrast, previous reports issued prior to the G-20 leaders’ meetings since 2008 explicitly cautioned about the need to refrain from taking protectionist measures or the dangers posed by protectionism. “G-20 economies must re-double efforts to deliver on the commitment to refrain from taking next protectionist measures and roll back existing ones and G-20 leaders need to work together to ensure that the benefits of trade are spread more widely and are better understood,” Azevedo, along with his OECD and Unctad counterparts, said in the last report, on 10 November 2016.

That report, issued ahead of the G-20 leaders’ meeting in Hangzhou, China, also said that “the overall stock of trade-restrictive measures continues to grow... the number of new trade-restrictive measures being introduced still remains worryingly high.”

The latest report also changed the methodology for assessing trade-restrictive measures as compared to previous reports, said a trade envoy who asked not to be quoted. “Clearly, trade remedy measures (such as anti-dumping actions, which have a chilling effect), which were treated as trade-restrictive in the previous reports, are now treated to address what is perceived by some as a market distortion,” the envoy suggested.

“The report’s failure to explicitly mention the increasing dangers posed by protectionist measures such as (President Trump’s) America First initiatives could have a systemic effect,” the envoy maintained.

Over the past several months, following the Trump administration’s repeated threats to review the ongoing work at the WTO, including the dispute settlement ruling issued by the panels and the appellate body, there is considerable change in the manner in which it is approaching issues of multilateral trade liberalization.

US trade representative Robert Lighthizer, for example, recently warned the WTO director general to the effect that “any decision to label China a ‘market economy’ would have cataclysmic consequences” for the body.

He told the US Senate Finance Committee on 22 June that the US was eager to see changes in the WTO’s dispute resolution system.

Lighthizer singled out a dispute brought last December by China against the European Union on whether it should be deemed a market economy as the “most serious litigation that we have at the WTO right now”.

Nevertheless, the WTO’s latest report has served as a transparency tool in explaining the trade policies that are adopted by the G-20 countries. The report suggested that during the past seven months (mid-October 2016 to mid-May 2017) the G-20 countries applied 42 new trade-restrictive measures, including new or increased tariffs, customs regulations and rules-of-origin restrictions.

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India reaffirms full support to BRICS and ties with China

Atul Aneja, The Hindu

Beijing, June 19, 2017 : India on Monday reaffirmed its firm backing for its fellow emerging economies —a day after it stated its intent to strengthen ties with Beijing--one of the core members of the Brazil-Russia-India-China-South Africa (BRICS) grouping.

“I reiterate India attaches its utmost importance to its engagement with BRICS. Our Prime Minister had repeatedly underscored the importance of BRICS in the international arena and stressed the importance of intra-BRICS cooperation,” said visiting Minister of State of External Affairs, VK Singh, during the inaugural of the first BRICS foreign minister’s meeting.

A day earlier, Mr. Singh had said, during his meeting with Chinese Foreign Minister Wang Yi that India looked forward “to strengthening and deepening its strategic partnership and mutual dialogue” with China. Analysts say that Gen. Singh’s remarks are yet another marker highlighting the thaw in China-Indian ties, following recent months of friction.

Gen. Singh attributed the intent of the two countries to pursue a new round of engagement to the meeting between Prime Minister Narendra Modi and Chinese President Xi Jinping on the sidelines of the Astana summit of the Shanghai Cooperation Organisation (SCO) earlier this month. He said the two leaders "had a fruitful and constructive dialogue" in Kazakhstan's capital. They "laid down directions for us and for both the countries to mutual respect and mutual cooperation, (on) how to improve already existing mechanism, more trade, more commerce, (and) more people to people contact".

Xinhua news agency is reporting that during his meeting with Gen. Singh on Sunday, Mr. Wang said China and India were both major countries with great influence and that they should boost cooperation in the BRICS, the Shanghai Cooperation Organisation (SCO) and all other multilateral frameworks to make contribution to peace and stability in the region and the world at large.

In his address, Gen. Singh stressed that the BRICS countries had achieved considerable understanding on security and counter-terrorism issues, following last year's meeting in New Delhi of the National Security Advisers of the five countries. He added that the NSAs of the BRICS countries will meet again next month, ahead of the Xiamen summit.

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India, China hold talks for strengthening strategic partnership, mutual dialogue

The Indian Express

Beijing, June 18, 2017 : India on Sunday said it looks forward to strengthen its strategic partnership and mutual dialogue with China as the two sides held talks here amid differences over a host of issues including the USD 50 billion CPEC and India's NSG membership bid. Minister of State for External Affairs V K Singh met Foreign Minister Wang Yi on the sidelines of the BRICS foreign ministers' meeting being held here to finalise the agenda for this year's BRICS (Brazil, Russia, India, China and South Africa) summit to be held in September in China's Xiamen city. They discussed steps to strengthen strategic relations on the directions laid down by Prime Minister Narendra Modi and Chinese President Xi Jinping during their meeting at Astana recently.

Wang referred to the fruitful and constructive meeting between Xi and Modi on the sidelines of Shanghai Cooperation Organisation (SCO) on June 8-9 at Astana.

In his opening remarks, Singh said that External Affairs Minister Sushma Swaraj wanted to visit Beijing but health and other restrictions did not permit her.

"She is looking forward to meet you," he said.

Xi and Modi have "laid down directions for us and both the countries to proceed with a path of mutual respect, mutual cooperation on how to improve the existing mechanisms so that more trade, commerce and people to people contacts can take place," Singh said.

“We both are Asian neighbours, two growing economies, people with ancient relations, we mark the path others to follow. India looks forward to strengthening and deepening its strategic partnership and mutual dialogue with China,” he said, adding he looks forward for many interactions with Wang.

Singh avoided making any reference to differences between the two countries including India’s sovereignty concerns over the controversial China-Pakistan Economic Corridor (CPEC), Beijing blocking India’s entry into the strategic Nuclear Suppliers Group (NSG) besides a UN ban on Jaish-e-Mohammed (JeM) leader Masood Azhar.

India last month skipped China’s high profile Belt and Road Forum (BRF) under which CPEC comes.

Beijing also opposed the visit of the Dalai Lama to Arunachal Pradesh which it considered as part of Tibet.

Officials said that both the governments are keen to find common ground on the contentious issues.

Singh later attended a banquet hosted by Wang for the Foreign Ministers of BRICS countries.

All the foreign ministers from the BRICS who would also call on Xi.

During the foreign ministers’ meet, China is expected to outline the agenda for this year’s BRICS summit which included efforts to seek common ground against terrorism.

The meeting is a precursor to chain of meetings of BRICS officials including the National Security Advisors (NSAs) meeting to be held later next month ahead of the summit.

China took over the rotating presidency of the BRICS from India after last year’s Goa summit of the group of emerging countries.

China is also expected to outline its proposals for the BRICS summit.

At the Goa summit, India invited heads of the members of BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) excluding Pakistan from the region.

Incidentally, this is the first time that the foreign ministers meeting has been called by a host country holding the BRICS Summit.

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China eases 27 foreign investment restrictions in free trade zones

The Indian Express

Beijing, June 17, 2017 : In a bid to arrest its economic slowdown, China has eased restrictions on foreign investment in its free trade zones, removing 27 items across eight sectors including mining, manufacturing and banking, on which foreign investment was barred. In manufacturing, foreign companies are allowed to produce their own rail transport facilities, instead of having to set up joint ventures with local firms. Rules were also eased for foreign companies manufacturing electric vehicles and related products, state-run Xinhua news agency reported.

In finance, foreign banks are permitted to underwrite government bonds and they do not have to wait for a minimum period of operation to launch Renminbi (RMB) services. The list, first compiled in 2013, spells out specific bans or restrictions to foreign investment. Authorities have vowed to gradually shorten the list to further open the market.

In 2013, there were 190 items on the list. This was reduced to 139 in 2014, and to 122 in the previous 2015 update. The list now stands at 95 items, the report said. However, it only applies in the free trade zones — which have expanded from the first in Shanghai to the current 11 across the country.

Chinese economy slowed down to 6.9 per cent last year and the government has cut down the growth to 6.5 per cent this year.

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India wants to be a trade, transit hub; inks UN pact in bid to counter China's OBOR

Indrani Bagchi, The Economic Times

New Delhi, June 20, 2017 : India became the 71st country on Monday to join the United Nations TIR Convention, the international customs transit system, to position itself as a regional trading and transit hub.

The TIR system is the international customs transit system with the widest geographical coverage.

As other customs transit procedures, the TIR procedure enables goods to move under customs control across international borders without the payment of the duties and taxes.

TIR Convention is more than a transport agreement and has a strong foreign policy element.

In a world where China's 'One Belt One Road' (OBOR) is the dominating project straddling economics and geopolitics, India has no option but to play a better game if it wants to be counted as a serious rising power.

Welcoming India into the global transport arrangement, Umberto de Pretto, the secretary general of IRU which manages the TIR Convention, told TOI from Geneva that India's accession would have a big impact on regional connectivity. "TIR can help implement the Bangladesh-Bhutan-India-Nepal (BBIN) Motor Vehicles Agreement by addressing policy incompatibility among the BBIN group. For example, Bangladesh does not recognise insurance policies made in India, Nepal or Bhutan. With TIR, there would be no need for bilateral arrangements as guarantors are covered by the global guarantee chain."

One of the persistent problems for India's connectivity projects has been the disconnect between transport and customs systems with different countries.

Once the systems are integrated with global norms, India reckons it will become easier to service African and Asian markets when the DMIC (Delhi-Mumbai Industrial Corridor) comes online.

It will breathe life into the International North-South Transport Corridor and the Chabahar project that India has been working on for some time.

China joined the TIR in 2016 when its giant inter-regional connectivity projects began to take off. As India ramps up its connectivity ambitions this is a necessary step. For instance, the BBIN motor vehicles agreement needs this convention to make it operational.

“BBIN MVA lacks any guaranteeing mechanism to protect customs revenue in the event of goods getting diverted to the national territory of the state through which it is passing. Without such mechanism, the MVA could not be operational,” he said.

Joining the convention “would be a major economic boost to South Asia, eventually connecting the region to the rest of the world. It could become a key link between South and South-East Asia, particularly as China is already a TIR member, and connects transit routes east to Myanmar, Thailand, Laos, Cambodia and beyond”.

He added it can link India to maritime transport routes across the entire Asia-Pacific region.

A statement from IRU (International Roads Union) said this was “part of India’s multi-modal transport strategy that aims to integrate the economy with global and regional production networks”.

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SEZs keen on FTA rates, commerce ministry working on proposal

Financial Express

New Delhi, June 25, 2017 : The commerce ministry is working on a proposal to allow special economic zone (SEZ) units to sell products outside these tax-free enclaves at concessional duty rates. An SEZ area is considered to be a foreign territory for trade operations and duties and are mainly set up for the export purpose. However, goods can be supplied from an SEZ unit to a DTA (domestic tariff area or outside SEZ) buyer on payment of appropriate Customs duty as products coming from these zones are treated as imports into the country. The SEZ players have demanded that they be allowed to sell their goods in DTA on same terms as applicable under free trade agreements (FTAs) signed by India with different countries.

In essence, they want that the benefit of low or nil duty under an FTA should be extended to their products sold in domestic markets. India has signed several FTAs with countries, including Japan, Malaysia, Asean (the 10-nation South East Asian bloc) and South Korea, under which it permits imports of a host of goods at a significantly low or nil duty. “Such a decision would help boost the manufacturing sector of the country. Although SEZs are treated as foreign entity for trade purposes, they are set up within the country and they employ local people,” an official said.

The issue was recently discussed by the commerce ministry. However, experts take the line that domestic manufacturers would lose competitiveness if SEZ units are allowed to sell products at concessional duties. Export Promotion Council for SEZ and EoUs (EPCES) Chairman Rahul Gupta stressed that the proposal would not affect domestic manufacturing as SEZ units use local raw material for manufacturing and also provide jobs here. "SEZs should be allowed to sell their goods at best FTA rates to increase manufacturing in these zones," he suggested.

After imposition of minimum alternate tax (MAT) on SEZs, investors started losing interest to invest, which the commerce ministry is trying to revive. The SEZs enjoy 100 per cent income tax exemption on export income for the first five years, 50 per cent for the next five and 50 per cent of the ploughed-back export profit for another five years. Exports from SEZs grew nearly 12 per cent to Rs 5.24 lakh crore in 2016-17.

Data showed that as on March 31, these zones have attracted investments worth Rs 4.23 lakh crore and generated employment for 17.31 lakh people. States such as Tamil Nadu, Karnataka, Telangana and Maharashtra are home to the highest number of operational SEZs. Till May 1, the government has approved as many as 421 zones, of which 218 are operational.

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PM Narendra Modi to boost economic relations with Netherlands

The Indian Express

June 19, 2017 : Prime Minister Narendra Modi will visit the Netherlands on June 27, 2017 on a working visit. The visit assumes significance as India and the Netherlands are celebrating 70 years of the establishment of diplomatic relations this year. Netherlands Foreign Minister Bert Koenders visited India in May in preparation for the Prime Minister's visit.

In The Hague, Prime Minister Modi will meet the Dutch Prime Minister H.E. Mark Rutte and hold official talks with him. He is also expected to call on the King of the Netherlands, said Asha Antony, Second Secretary (Political and Information) in Indian Embassy at the Hague in a press release.

The last visit by a Prime Minister of India to the Netherlands was in 2004, when Dr. Manmohan Singh visited the Netherlands to participate in the 5th India-EU Summit. Prime Minister of the Netherlands H.E. Mr. Mark Rutte paid an official visit to India on 5-6 June 2015 accompanied by a large trade delegation.

Bilateral ties between the two countries are warm and friendly, anchored by strong economic and commercial relations. The visit is expected to significantly boost bilateral cooperation in all its aspects, especially trade, commerce and investment. Modi's visit will boost economic relations with the Netherlands, which is the leading foreign investor in India.

“A large number of Dutch companies are active in India. A significant number of Indian companies are based in The Netherlands, so we look forward to boosting economic corporation and relations, bilateral trade and relations, and also cooperation in other areas too,” External Affairs Ministry spokesperson Gopal Baglay said.

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New Zealand optimistic of free trade deal with US

The Indian Express

Syndey, June 18, 2017 : The United States has indicated it is open to a free trade agreement (FTA) with New Zealand, New Zealand’s trade minister said on Sunday. Todd McClay visited Washington for high-level trade talks with the administration of U.S. President Donald Trump this week, meeting with Commerce Secretary Wilbur Ross, newly appointed U.S. Trade Representative Robert Lighthizer and other advisors to the president.

“I’ve welcomed their interest in an FTA as a demonstration of the good shape our trading relationship is in,” McClay said in a statement. McClay said his center right government wants free-trade agreements to cover 90 percent of goods exported by 2030, up from just over half currently, and the U.S. will be an important part of achieving that. Two-way trade between the two countries reached $16 billion in 2016, making the United States New Zealand’s third-largest individual trading partner, according to New Zealand’s ministry of foreign affairs and trade.

New Zealand’s $180 billion economy depends on exports, and the country lobbied hard in favor of the Trans-Pacific Partnership trade deal.
Alongside Japan and Australia, New Zealand is trying to negotiate a deal with the 11 remaining countries of the TPP after the United States withdrew. Trump dumped membership of the TPP as one of his first acts in an “America First” policy aiming at bringing manufacturing jobs back to the United States.

He said he would seek one-on-one trade deals with countries that would allow the United States to quickly terminate them in 30 days “if somebody misbehaves.” McClay said he had a constructive meeting with Lighthizer and said Ross indicated he saw no major impediments to a trade deal with his country.

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US officials gear up to push trade agenda set at Modi-Trump meet

Elizabeth Roche, Live Mint

New Delhi, June 29, 2017 : The ink is hardly dry on the India-US joint statement but the two countries are getting down to grappling with some of the issues mentioned in the document that largely demonstrate a continuity of policy despite a change in administration in the US, people familiar with the development say.

Senior officials from the US trade department are expected in India in the next few weeks—maybe even as early as 3 July—to take forward the agenda set by US President Donald Trump and Prime Minister Narendra Modi who met for their first face-to-face talks in Washington on Monday.

US energy secretary Rick Perry could be in India in October to flesh out energy cooperation, also mentioned in the joint statement, a person familiar with the development said.

According to the joint statement, the two countries "resolved to pursue increased commercial engagement in a manner that advances the principles of free and fair trade."

"To this end, the United States and India plan to undertake a comprehensive review of trade relations with the goal of expediting regulatory processes; ensuring that technology and innovation are appropriately fostered, valued, and protected; and increasing market access in areas such as agriculture, information technology, and manufactured goods and services....They called on their teams to find creative ways to improve bilateral trade," the statement said.

Another person close to the matter said trade was an issue on which both sides had differences prior to Modi's visit to the US. A second person close to the development said "the mandate that we got from the two leaders (Trump and Modi) is to drill down on the issues that inhibit trade. The US is India's largest export market by far... there are some US products however that could benefit" from India opening up its market.

Specific items the US is seeking market access for include poultry products, medical devices such as cardiac stents and pacemakers besides information technology equipment like routers, servers, storage devices and semi conductors, the second person cited above said.

Trade and commercial ties were seen as contentious issues in India-US relations that had seemingly flagged after Trump took office on 20 January. This came in the backdrop of Trump flagging fair trade narrowing deficits and putting curbs on immigration with an emphasis on US jobs for Americans besides ensuring American businesses invest at home in a bid to revive the economy.

Bilateral trade between India and the US is at $115 billion with a balance of $30.9 billion in India's favour.

On the energy front, a third person familiar with the matter noted that the joint statement contained quite a few paragraphs on energy cooperation. The US was willing to look at setting up smart grids and energy storage systems besides clean fuel technologies, the third person said.

On civil nuclear cooperation, the third person said Nuclear Power Corp. of India Ltd , that operates atomic power plants in India, and American company Westinghouse Electric Co. would have to renegotiate a techno-commercial pact agreed to some years ago to build six nuclear power units in Andhra Pradesh under a deal worth some $20 billion. This was because Westinghouse was a unit of Japanese conglomerate Toshiba Corp, which filed for bankruptcy earlier this year.

“The technology, scale and scope of the project does not change but we do need to make adjustments on who does what. With Westinghouse no longer into construction of nuclear power plants, we have to see how we realise the project,” the third person said, adding that a new deal could be worked out by early next year.

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India must reduce obstacles to US exports: Donald Trump warns Narendra Modi

Kirtika Suneja, The Economic Times

New Delhi, June 28, 2017 : US President Donald Trump has asked India to reduce obstacles, calling for a “fair and reciprocal” trade relationship, as it seeks to step up exports of fuel, including liquefied natural gas, on longterm contracts.

The two countries proposed increased commercial engagement based on the principles of free and fair trade. “To this end, the United States and India plan to undertake a comprehensive review of trade relations with the goal of expediting regulatory processes; ensuring that technology and innovation are appropriately fostered, valued, and protected; and increasing market access in areas such as agriculture, information technology, and manufactured goods and services,” they said in a joint statement.

Although the US is the second-largest exporter to India, after China, its trade deficit with India was $24.3 billion in 2016, a 4.2% increase over 2015.

The US has raised issues with localisation barriers in the energy and information technology sectors, high tariffs and duties in telecom and medical device products and intellectual property policies.

The National Association of Manufacturers, the largest such grouping in the US, has said India has excessively high tariffs on imports of a range of products.

From registration requirements in cosmetics, package size and labelling requirements in food packets, genetically engineered food products to standards on alcoholic beverages, Washington has said that India imposes onerous conditions that negatively affect its exports.

Indian government officials said some of the concerns are being addressed. An official said customs procedures will fall in line with the Trade Facilitation Agreement and US concerns over archaic conditions of India’s trade infrastructure will be assuaged.

“Moreover, procurement is also being streamlined with the Government e-Marketplace in place,” the official said. Trade experts said some of the US demands are not justified.

“We have serious market access issues for products like wheat. We can’t give them that. The US needs to listen to the market. Most of its demands are unwarranted,” said Biswajit Dhar, professor at JNU. “There is a market for our professionals there but there they don’t mind manipulating us. They can’t arm-twist us.”

US exports of services to India were an estimated $18.1 billion in 2015 and imports were $24.7 billion. Sales of services in India by majority US-owned affiliates were $22.7 billion in 2014, while sales of services in the US by majority Indiaowned firms were $13.4 billion.

Dhar explained that Chinese products face the same customs procedures but China's presence in India has increased substantially. "China never complains. The US should look at its production structure and efficiencies," he added.

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India, US vow to strengthen economic ties, resolve differences

The Economic Times

Washington, June 27, 2017 : Prime Minister Narendra Modi and President Donald Trump today agreed to strengthen the Indo-US economic partnership in a way that results in a win-win for the two major economies, while amicably working on resolving differences.

"On the economic side, the two sides had very productive discussions. The economic changes in both countries are creating new demands and once you have the high-level comfort between India and the US, the other partner is well placed to meet those demands," Foreign Secretary S Jaishankar told reporters after Modi held his maiden meeting with Trump here at the White House.

Jaishankar cited the civil aviation market and natural gas as areas of cooperation and added that from the next year the Liquefied natural gas (LNG) from the US will start flowing to India.

Expect in the next many years the Indo-US LNG trade will be in excess of USD 40 billion, he said.

Jaishankar said there was a sense that both countries should encourage each other in the effort to be the natural and preferred partner on such issues.

"There was a discussion on trade matters, market access, regulatory issues and barriers. Both leaders underlined the importance of free and fair trade," said Jaishankar.

Responding to a question on H-1B visa-related issues, Jaishankar said there was a discussion on cooperation in innovation and digital partnership.

"On the H-1B issue, there was a lot of discussion with business leaders and the two leaders about the digital partnership," he said.

"There is recognition that the Indian-American community has played an extraordinary role in building this relationship. When you value something, it is obvious that you will take care of what you value," Jaishankar said.

According to a India-US joint statement, Modi and Trump committed that the two countries -- leading engines of growth in the global economy -- should intensify their economic cooperation to make their nations stronger and their citizens more prosperous.

Noting that extensive economic and tax reforms launched in their respective countries will unlock immense economic opportunities for both countries, they committed to further expanding and balancing the trade relationship and to removing obstacles to growth and jobs creation.

The two leaders also resolved to pursue increased commercial engagement in a manner that advances the principles of free and fair trade, the statement said.

"To this end, the United States and India plan to undertake a comprehensive review of trade relations with the goal of expediting regulatory processes; ensuring that technology and innovation are appropriately fostered, valued, and protected; and increasing market access in areas such as agriculture, information technology, and manufactured goods and services," the statement said.

Trump and Modi further committed to strengthening cooperation to address excess capacity in industrial sectors.

They called on their teams to find creative ways to improve bilateral trade.

According to a White House fact sheet, two-way trade in goods and services reached USD 114 billion in 2016.

With the Indian economy growing at seven per cent annually, both countries are committed to further expanding and balancing the trade relationship.

Earlier in his remarks to the press, Trump said he looks forward to working with Modi to create jobs in the two countries, to grow their economies and to create a trading relationship that is fair and reciprocal.

"It is important that barriers be removed to the export of US goods into your markets, and that we reduce our trade deficit with your country. I was pleased to learn about an Indian Airlines recent order of 100 new American planes, one of the largest order of it is kind, which will support thousands and thousands of American jobs," Trump said.

"We're also looking forward to exporting more American energy to India as your economy grows, including major long- term contracts to purchase American natural gas, which are right now being negotiated, and we will sign them. Trying to get the price up a little bit," he said.

"India has the fastest growing economy in the world. We hope we're going to be catching you very soon in terms of percentage increase, I have to tell you that. We're working on it," he said as he praised the GST reform.

"In just two weeks, you will begin to implement the largest tax overhaul in your country's history. We're doing that also, by the way. Creating great new opportunities for your citizens. You have a big vision for improving infrastructure, and you are fighting government corruption, which is always a grave threat to democracy," Trump said.

Together, the US and India can help chart an optimistic path into the future, one that unleashes the power of new technology, new infrastructure and the enthusiasm and excitement of very hard-working and very dynamic people, he said.

Modi said for both countries increased productivity, growth, job creation, and breakthrough technologies -- an engagement towards all these are, and will remain, strong drivers of their cooperation, and will give further momentum to their relationship.

"We consider the USA as our primary partner for India's social and economic transformation in all our flagship programmes and schemes. I am sure that the convergence between my vision for a 'new India' and President Trump's vision for 'Making America Great Again' will add new dimensions to our cooperation," Modi said.

"I am very clear about the fact that India's interests lie in a strong, and prosperous, and successful America. In the same way, India's development and its growing role at the international level are in the USA's interest," he said.

"One of our common priorities will be the development of trade, commerce, and investment links. And in this regard, in the technology, innovation, and knowledge-economy sectors, the expansion and deepening of cooperation is also among our priorities. Towards this end, we shall take steps to further strengthen our successful digital partnership," Modi said.

The White House said the US and India, both signatories to the World Trade Organisation's Trade Facilitation Agreement (TFA) are working together to implement the TFA's provisions and help lower the cost of trade for both the countries.

According to the Indian government, the United States is one of the top five destinations for investments from India.

The US Bureau of Economic Analysis reports that Indian companies have invested over USD 11 billion in the United States economy, creating and sustaining more than 52,000 jobs.

Industry sources indicate these investments are spread across 35 states, a White House fact sheet said.

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RCEP pact: 700 officials from 16 nations to meet in Hyderabad

The Economic Times

New Delhi, June 28, 2017 : About 700 officials from 16 countries including India, China and Australia would gather in Hyderabad next month to negotiate the proposed mega trade deal - RCEP.

This would be the 19th round of negotiations for Regional Comprehensive Economic Partnership (RCEP) agreement. The last meeting was held in the Philippines in May.

The five-day negotiations will start from July 24 and it will be inaugurated by Commerce and Industry Minister Nirmala Sitharaman, an official said.

RCEP aims at liberalising norms for trade in goods and services and boost investment among 16-member countries.

This will be the key round of talks as the member countries have yet to finalise the maximum number of goods on which duties will be eliminated.

As the talks for RCEP requires a big convention centre, the meeting is being organised at the Hyderabad International Convention Centre, which can hold a 6,000-delegates.

It also has 37 breakout rooms including specialised meeting rooms.

Lack of a large convention centre in the national capital had forced the government to host the negotiations at India Expo Mart in Greater Noida near here in December 2014.

The members comprises 10 ASEAN members (Brunei, Cambodia, Indonesia, Malaysia, Myanmar, Singapore, Thailand, the Philippines, Laos and Vietnam) and their six FTA partners -- India, China, Japan, South Korea, Australia and New Zealand.

Several of the members want India to eliminate duties on about 90 per cent of traded goods as part of the ambitious RCEP pact.

But, according to experts, it would be difficult for India to agree to this proposal as China is also part of this pact. Indian industry has already raised concerns over widening trade deficit and dumping of goods from China.

The agreement aims to cover goods, services, investments, economic and technical cooperation, competition and intellectual property rights.

On the services side, a key area of interest for India, talks are going slow. Most of the RCEP members are hesitating to open this sector for India.

Easing of norms in services sector results in smooth movement of professionals within this bloc.

The talks for the pact started in Phnom Penh in November 2012. The 16 countries account for over a quarter of the world's economy, estimated to be more than $75 trillion.

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Post-Brexit India-UK trade can be lot better: Indian envoy

The Economic Times

London, June 24, 2017 : Trade and investment patterns between India and the UK can be much better than current levels as the UK takes a fresh approach to globalisation post-Brexit, Indian High Commissioner to the UK Yashvardhan Kumar Sinha said.

Delivering the keynote address at a joint conference by the All India Management Association (AIMA) and Imperial College London titled 'To Build Walls or Bridges: The Path to a New Economic Nirvana' in London yesterday, the Indian envoy also called on the UK to Make in India for the world.

"The trade and investment between India and UK can be a lot better than what it has been lately. India is now open to the world and the UK is globalising afresh. It is a good opportunity for both countries to grow their economy faster by increasing movement of goods and people. I am sure that this opportunity will not be missed," Sinha said.

"The outcome of the snap elections in the UK has only confirmed that nations are ambivalent about globalisation... India is looking for more trade and investment because it wants to grow even faster. It is inviting everyone to make in India for the world. The UK, for its part, has chosen to reconfigure its relationship with the world," he noted.

There was consensus among the business and political leaders at the conference, held to coincide with the one-year mark of the referendum on Britain's membership of the European Union (EU) on June 23 last year, that protectionism, Brexit and anti-globalisation will not hold back UK-India ties.

"Some believe that for a country to compete and for its citizens to prosper, we should retreat from globalisation. But as many of us see every day, this is wrong. International collaboration, global competition and inclusive growth are not mutually exclusive... Imperial's global, collaborative environment, and our wider impact, is testament to that," said Prof. Alice Gast, President of Imperial College London.

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Exporters seek incentives from government to boost shipments: Commerce Secretary

The Economic Times

New Delhi, June 20, 2017 : Exporters today sought incentives such as credit at affordable rates from the government with a view to boost India's shipments, a top official said.

The issue was raised and discussed during the meeting of Board of Trade (BoT) chaired by Commerce and Industry Minister Nirmala Sitharaman here.

Commerce Secretary Rita Teaotia said that exporters and industry representatives from chambers including CII raised matters related with Goods and Services Tax (GST).

The objective of the meeting was to take suggestions and inputs for the review of the foreign trade policy (2015-20), which is expected to be released by the end of this month.

Many of the comments and inputs were focused on exports, which has started showing positive growth, "but they (exporters) would need support in order to continue to grow over the next few years," she told reporters after the meeting.

She said many export promotion councils (EPCs) have "sought additional support" through the Merchandise Exports from India Scheme (MEIS), enhanced interest subvention.

Under MEIS, the government provides duty benefits at 2 per cent, 3 per cent and 5 per cent, depending upon the product and country.

In 2015, the ministry had announced 3 per cent interest subsidy for exporters to cut cost of credit for sectors, including SMEs, handicrafts, agri and food items. Exporters wants this benefit for more sectors.

"The objective of the meeting was to seek inputs and suggestions to the review of the foreign trade policy (2015- 20)," Teaotia said.

Several concerns, including blockage of working capital, over implementation of GST were raised by exporters with the government. They also sought support to explore new markets.

Discussions were also held on issues like e-commerce trade, market access, market development, EXIm credit, insurance to exporters and lower cost of credit to facilitate exports, she added.

"We have taken on board all the suggestions and we would be factoring in many suggestions in the policy," Teaotia said.

When asked about GST, to be rolled out from July 1, and its impact on exports, she said: "exports are zero rated under GST, there is no anticipation of any adverse impact".

Federation of Indian Export Organisations (FIEO) raised certain issues related with GST and urged the government to extend 5 per cent benefit to the exporters of branded products.

Sanjay Budhia, Co-chairman, CII National Committee on International Trade Policy and Exports, said that interest subvention should be extended to all sectors as it would help in boosting exports.

The BoT advises the government on policy measures related to FTP in order to achieve the objective of boosting India's trade. The last meeting was held in April 2016.

The reconstituted BoT comprises of 19 members from industry and academia (non-official members), 31 heads of trade and industry associations (ex-officio members), and 20 top officials, including 13 secretaries to government of India, Deputy Governor of RBI, Railway Board Chairman and National Highways Authority of India Chairman.

The country's exports rose by 8.32 per cent to USD 24 billion in May, even as the trade deficit shot up to nearly 30-month high of USD 13.84 billion, mainly due to increase in gold imports.

Further, talking about the BoT meeting here today, Teaotia said exporters raised the fitment issue under the GST, which would be examined by the fitment committee.

Exporters also flagged the issue of facilitation of e- commerce trade from more number of ports and "how the refund process for the e-commerce would be treated under the GST".

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Commerce ministry aligns provisions of FTP with GST

Live Mint

New Delhi, June 30, 2017 : The commerce ministry on Friday aligned provisions of the foreign trade policy (FTP) with the goods and services tax (GST), which comes into effect from Friday midnight.

As per the trade notice of the ministry, all imports including those by the exporters will attract GST. Exporters, however, can seek refund of the taxes paid.

It said that duty credit scrips, issued under export incentive schemes—Merchandise Exports from India Scheme (MEIS) and Services Exports from India Scheme (SEIS)—can not be used for payment of Integrated Goods and Services Tax (IGST) and GST compensation cess in imports. It also said that under the GST regime, no exemption from payment of integrated GST and compensation cess would be available for imports under advance authorisation.

“Importers would need to pay IGST and take input tax credit,” the notice said.

For export-oriented units (EOUs), it said, they are allowed duty-free imports of goods for their authorised operations.

In GST regime, it said, the import of goods covered under GST would be exempted from the whole of the duty of customs.

“For the indigenous procurement of goods covered under GST, the EOU will not get ab-initio exemptions. Such supplies would be on payment of CGST/SGST/UTGST/IGST. The taxes so paid will be neutralised by ITC (input tax credit),” the notice said.

It also said that the duty drawback would be limited to the refund of basic custom duty only.

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Incentive schemes for exporters to continue post GST: Commerce Secretary Rita Teaotia

Financial Express

Bengaluru, June 23, 2017 : The incentive schemes designed for promotion of exports will continue even after the GST roll out from July 1, while the government may do away with the deemed export benefits, a top official said today. Deemed exports refer to the transactions in which the goods supplied do not leave the country and the payment for such supplies is received either in Indian currency or in free foreign exchange. The government is committed to continue incentive schemes for export promotion, Commerce Secretary Rita Teaotia said while addressing exporters at an event here. However, she clarified that deemed export benefits may discontinue, as all will get level playing field in the Goods and Services Tax regime, FIEO said in a statement. While replying to the concerns of exporters due to regular beak down in icegate server of customs, she said the department is in the process of upgrading the system so that all the issues of the exporters and importers will be solved.

Open house session was organised by the Federation of Indian Exports Organisation (FIEO) to invite suggestions from exporters on the measures needed in foreign trade policy. Exporters presented in the programme from various sectors, including engineering, textiles, pharma, defence and silk, argued for continuation of all schemes to make Indian products competitive as well as the need for exemption route instead of paying tax and then claiming refund.

Dr A Sakthivel, Regional Chairman, FIEO (Southern Region) said that paying GST and take refund will block working capital of exporters, which is costly compared to our competing countries. He also highlighted various anomalies like non-inclusion of garments manufacturers in the 5 per cent GST announced for textiles industry.

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Growing trade imbalance leads Pakistan to seek China concessions

Kamran Haider, Live Mint

Islamabad/Karachi, June 28, 2017 : Pakistan is pushing for a review of its decade-old free trade accord with Beijing before it moves toward further expansion and liberalization, amid a burgeoning trade and current account deficit.

While South Asia’s second largest economy recording growth of over 5%—its highest in about a decade—the country’s trade showed a whopping $25.4 billion deficit during first 11 months of this year through May, according to central bank data.

Pakistan’s trade imbalance with China is equally worrisome, and growing. China-Pakistan bilateral trade in the first 10 months of the current financial year ending on 30 June was recorded at more than $9 billion and like previous years, is heavily weighted in favour of China. Pakistan’s July-April imports from China stand at $7.82 billion while exports are at just $1.4 billion.

The country’s current account deficit more than tripled to $8.9 billion in the 11 months through May, while foreign exchange reserves reduced 15% to $15.9 billion after peaking at $18.9 billion in October, according to the State Bank of Pakistan.

Islamabad is seeking changes in the existing free trade pact with its largest trading partner—it wants same trade concessions Beijing has offered other trading partners in recent years, according to Pakistan’s commerce minister Khurram Dastgir Khan. These include better access to the Chinese market and placing zero duty on some products, he said.

“Our margin of preference has been eroded by the subsequent accords China has done,” Khan said in an interview on 19 May. “First address this imbalance, then of course we can begin to negotiate further expansion and liberalization.”

China’s ministry of foreign affairs did not respond to faxed questions on its trade with Pakistan.

Prime Minister Nawaz Sharif has brought relative stability to the economy, accelerating growth after averting a balance of payment crisis in 2013 with help of the International Monetary Fund’s (IMF) $6.6 billion loan programme. Meanwhile, China is financing projects worth more than $50 billion in Pakistan’s infrastructure and energy sectors under its ‘One Belt, On Road’ initiative.

Pakistan’s huge trade imbalance will put stress on resources to pay its increasing debt and ultimately lead to again a balance of payment crisis, Mohammed Sohail, chief executive Topline Securities said.

”If we continue to rely on Chinese imports, our overall exports won’t increase, then the balance of payment will be negative, interest rates will be high, there”’ be currency devaluation and the government will be relying on foreign debt.”

Pakistan is expected to finalize its trade accords with Turkey and Thailand by end of 2017.

Khan said a stable Pakistan currency was also putting the country’s exports under pressure. He’s trying to persuade finance minister Ishaq Dar to adjust its value after the devaluation of currencies by regional players including China, India, Turkey and Thailand gave them an edge over Pakistan.

”It requires some adjustments,” Khan said. ”The only argument for adjustment is that comparatively our competitors have devalued their currencies, so yes, it’s a strain.”

IMF last year pointed out that Pakistan’s rupee—which operates under a managed float regime—was overvalued by as much as 20% and was negatively impacting its exports.

Yet the finance minister thinks otherwise, saying the forex market is independent and the currency is not overvalued. The rupee has remained stable at an average of 104.7 per dollar in the past year, barely moving out of a range of 1 rupee plus or minus.

”Currency devaluation is a myth,” he said on 25 May at a pre-budget media conference. “Those who say it’s 20% overvalued they’re living in a strange world. There may be a 4% to 5% difference with the currencies Pakistan is dealing with.”

While concluding executive board talks in June, the IMF also sought “greater exchange rate flexibility” to help reduce the external imbalance and bolster the external buffer. It anticipates the current account deficit at 3% of the country’s gross domestic product in current fiscal year ending on 30 June.

Analysts give more importance to the government resolving other “critical issues” including taxes on raw material imports, wages, energy tariffs and on-time payment of tax refunds worth billion of rupees to exporters.

”Currency is not an issue at the moment,” said Khurram Schehzad, Karachi-based chief commercial officer at JS Global Capital Limited.

Khan urged Pakistan’s textile industry, which makes up 61% of country’s total exports, to modernize to compete with “newly emerged serious” players including India, Bangladesh and Vietnam.

”If you aren’t competing directly and constantly, you don’t replace your machinery, you don’t modernize you won’t become more productive,” he said. ”Protection for existing sectors would be counter-productive.”

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