INDIA'S TRADE NEWS AND VIEWS
15 December to 30 November 2017

No compromise on India's interests at WTO: Prabhu

At next month's meeting of the World Trade Organisation's (WTO) highest decision-making body, India will not compromise…

Will WTO's Buenos Aires meet be the mother of all trade summits?

Is this going to be the mother of all trade ministerial summits? That is a question that will face 164 trade ministers when they congregate…

India should be very realistic about Buenos Aires WTO meeting: Suresh Prabhu

India's new commerce and industry minister Suresh Prabhu will face his first big challenge of defending multilateralism and securing…

WTO: India resolute on food security

At the upcoming meeting of the World Trade Organisation's (WTO) highest decision-making body, India will…

WTO: India sounds warning over food security clause

India's WTO ambassador J.S. Deepak warned of a "spectacular failure" at the forthcoming Buenos Aires trade ministers' conference…

Food security: India, China want 'legal certainty' for permanent solution

India wants "legal certainty" for the mandated permanent solution for public stockholding programs…

New issues at WTO only after sufficient ground work: Commerce Secretary Rita Teaotia

Ahead of the WTO ministerial meeting, India today said new issues like e-commerce and investment facilitation could be…

India clearly marks its red lines for next WTO meet

India has clearly marked its red lines for next month's ministerial meeting of the World Trade Organization (WTO), arguing that…

WTO's Doha round faces US hurdle

Commerce and industry minister Suresh Prabhuhas to fight an uphill battle at next month's ministerial meeting of WTO with the US…

India fights for fuel sops for poor fishermen ahead of WTO meeting
India wants to provide fuel subsidies to its millions of small and resource-poor fish workers in the proposed global instrument…

WTO meet: Civil society urges govt to protect farmers, fishers, traders
Civil society organisations have come together to urge the government to protect the interests of small farmers' and artisanal…

Suresh Prabhu signals focus on new sectors to boost manufacturing, exports
Commerce and industry minister Suresh Prabhu has signalled a shift in India's manufacturing and export strategy…

Immense opportunities to boost Indo-France trade: Sushma Swaraj
External Affairs Minister Sushma Swaraj today said there are immense possibilities of increasing the bilateral trade and commerce between…

India silent on Maldives, China FTA
India maintained cautious silence on the free trade agreement that the Maldives signed on Wednesday…

India, EU hold discussions on proposed free trade agreement
Senior officials of India and European Union (EU) today held discussions on the long-stalled free trade…

India, Singapore discuss ways to strengthen trade ties
India and Singapore today discussed ways and actions to elevate bilateral relationship to a strategic level, an official release…

Government removes restrictions on export of all types of pulses
The government today removed export curbs on all varieties of pulses to ensure farmers get remunerative prices as domestic rates have crashed…

India increases import duties on edible oils as domestic prices of Oilseeds plunged below MSP
India has increased import duties on various edible oils ranging between 60% to even 100% on some oils like crude palm oil…

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No compromise on India’s interests at WTO: Prabhu

Arun S, The Hindu

New Delhi, November 29, 2017: At next month’s meeting of the World Trade Organisation’s (WTO) highest decision-making body, India will not compromise on its interests including ensuring food security as well as protecting its resource-poor and low-income farmers and fisher-folk, according to commerce minister Suresh Prabhu.

Speaking to *The Hindu*, Mr. Prabhu also said India — at the December 10-13 (WTO’s) Ministerial Conference in Buenos Aires, Argentina — will hold firm on its positionagainst the inclusion of new issues such as ‘e-commerce’ and ‘investment facilitation’ into the ongoing round of multilateral trade negotiations, without first resolving the outstanding ones including food security.

Besides, he said India will make sure that the ‘development agenda’ (to improve the developing countries’ trading prospects) of the talks, which began in Doha in 2001, is not subverted. “India will stand firm on all the issues that it has raised so far, and will not make any compromise or dilute its stand. We will not directly or indirectly reduce our ability to push our own agenda forward. Also, the Doha Development Agenda (DDA) is not dead. The DDA is as important as it was before and it will be taken forward,” the Minister, who will be leading India at the talks, said.

‘Permanent solution’

Mr. Prabhu said the highest priority for India was to ensure that a ‘permanent solution’ on the issue of public stockholding for food security purposes is a part of the Buenos Aires meeting outcomes. Mr. Prabhu’s predecessor Nirmala Sitharaman had said, “without a permanent solution, public stockholding programmes in India and other developing countries will be hampered by the present ceiling on domestic support which is pegged at 10% of the value of production, and is wrongly considered as trade-distorting subsidy to farmers under existing WTO rules.

“The existence of such a subsidy element is determined by comparing present day administered prices with fixed reference prices of the 1986-88 period which is unrealistic. Developing countries are finding themselves hamstrung by the existing rules in running their food stockholding and domestic food aid programmes.”

Currently, an interim mechanism called the ‘Peace Clause’ is available for developing nations including India, according to which they cannot be challenged at the WTO Dispute Settlement Mechanism (DSM) even if they breach the cap of the product-specific domestic support (10% of the value of production). However, Mr. Prabhu said India “will insist on a permanent solution that is much better than the Peace Clause.” Since a country that wants to invoke the Peace Clause has to comply with several stringent conditions (on notification and transparency and commitment on prohibition of exports from public stockholding), India is keen that a ‘permanent solution’ does not have onerous riders. He also said meaningful reforms in agriculture can happen only when the disproportionately large subsidies of the developed countries are reduced.

‘Want sustainable fishing’

On talks to eliminate ‘harmful’ fisheries subsidies, the minister said “India will protect its small and subsistence fisherfolk, and we want sustainable fishing. We want subsidies for small fisherfolk to continue.” In addition, at the WTO talks, India will also “very aggressively” push its proposal for Trade Facilitation in Services (which, among other things, aims to ease norms on movement of skilled workers/professionals across borders for short-term work), Mr. Prabhu said. Criticising attempts by certain countries to undermine the WTO’s DSM by blocking the appointment of new judges, the minister said, “the DSM is an important pillar on which the entire multilateral trading system stands. We will not allow it to be be weakened. Efforts must be taken to quickly fill in the vacancies as without judges, the DSM will not be able to function.”

[Back to top]

Will WTO's Buenos Aires meet be the mother of all trade summits?

D. Ravi Kanth, Live Mint

November 22, 2107 : Is this going to be the mother of all trade ministerial summits? That is a question that will face 164 trade ministers when they congregate in Buenos Aires on 10 December. Already immersed in tracing a missing submarine with 46 crew members, the Argentinian government has another major task now: how to ensure that a ministerial summit for which it has worked assiduously for the past two years doesn't get drowned in its Atlantic waters due to irreconcilable differences among the participants.

That trade ministerial summits tend to be spasmodic and volatile is well known. There are more failures than successes at these meetings. They take place in pressure-cooker mode and in an opaque setting with most participants excluded from decision-making. The Uruguay Round of GATT (General Agreement on Tariffs and Trade) trade negotiations which began in 1986 were supposed to conclude in Brussels in December 1990. But the Brussels meeting collapsed due to an impasse over agriculture between the trans-Atlantic trade elephants—the US and the European Union (EU).

The Marrakesh Agreement, which was negotiated at per US and EU demands, bestowed "pre-eminent" status on the World Trade Organization (WTO). Last week, the US challenged the WTO's pre-eminent status for overseeing multilateral trade liberalization. The Trump administration doesn't think it deserves the status.

The WTO's third ministerial conference in Seattle in 1999 set a new record for collapses. It took the battle against globalization to the streets amid violent clashes. Seattle finally ended in bedlam because of US and EU insistence on introducing controversial social standards.

In 2001, ministers succeeded in launching a new round of trade negotiations called the Doha Development Agenda (DDA) in Doha, Qatar, against the backdrop of the 9/11 terrorist attacks in the US. Developing and poorest counties were promised that their bread-and-butter issues in global trade will be resolved with a human face.

But the talks collapsed in Cancun, Mexico, in 2003 because the US and the EU, which formed a grand alliance, were not ready to end their egregious farm support programmes. The two elephants, particularly the EU, insisted on four controversial issues—trade and investment, government procurement, trade and competition policy, and trade facilitation for goods. The US focused its energies on trade facilitation.

The DDA negotiations, though, crossed a major hurdle in July 2004, when the elephants along with their cubs promised to address the core issues of the ants (the developing and poorest countries) in agriculture and improvements in special and differential flexibilities. But in 2008, the US finally pulled the plug on settling the differences on agriculture when then-Indian trade minister Kamal Nath demanded simple and effective rules for safeguarding the interests of farmers.

In December 2013, the elephants and their cubs pocketed their prized jewel—a brand new agreement on trade facilitation for goods—without paying the developing and poorest countries for it. Then, they began the process of erasing the remaining Doha issues that the developing countries demanded for immediate resolution, particularly after the last ministerial meeting in Nairobi, in 2015.

Surely, WTO director general Roberto Azevedo and the former US trade envoy in Geneva Michael Punke deserve credit for their sustained role in bringing about a deathly transformation in the Doha negotiations. They worked to ensure that the Doha project is put to bed with little public knowledge in order to clear the ground for negotiating new issues without resolving the DDA issues. Little wonder the director general has become the main spokesman for launching negotiations on new issues such as electronic commerce, investment facilitation, and disciplines for small and medium enterprises without concluding the existing Doha negotiations.

The entry of the Trump administration last year coupled with a weakened EU after Brexit and now the Merkel government's troubles dramatically changed the contours of the Buenos Aires meeting. For Trump, the WTO is not a fair body because its panels and the appellate body harm American interests. Therefore, the US doesn't want any negotiated outcomes at Buenos Aires, including a ministerial declaration that sets out the priorities for work after the eleventh ministerial conference in Buenos Aires.

More than the US this time, the EU and a group of countries seem determined to inflict bigger damage in Buenos Aires. But the EU reckons that the US and India are blocking the outcomes while China is remaining silent. Nevertheless, the EU is forcing conditions for resolving what are called mandated issues for the Buenos Aires meeting. One of the mandated issues is the permanent solution for public stockholding programmes for food security which is at the core of the Indian demands. The EU, for example, is insisting that it will only agree to an outcome on the permanent solution for public stockholding programmes for food security if India and China agree to address domestic farm support programmes as per its blue print.

The EU, Brazil, Australia, Pakistan, and Paraguay among others are calling for stringent transparency provisions as well as backbreaking safeguard conditions in the permanent solution. They say these conditions are needed for ensuring that stocks procured for public distribution programmes do not get exported into international markets.

Effectively, they are making it hard for India and other beneficiaries to use the permanent solution. The US wants to ensure that the permanent solution for public stockholding programmes remains the same old wine of the Bali interim decision of December 2013, in a new bottle to be packaged with the Buenos

Aires logo. In short, the Narendra Modi government has to decide whether it will forego the interests of its 400 million farmers by not securing a credible permanent solution at Buenos Aires to avoid being labelled the spoilsport.

The EU and its allies are also going to pose a major problem in Buenos Aires by demanding a new work programme for launching the e-commerce negotiations, addressing investment facilitation, and creating new disciplines for small and medium enterprises. The two trans-Atlantic elephants have their priorities set out for Buenos Aires and the question remains: who will become more roguish? That will be known only on 13 December.

[Back to top]

India should be very realistic about Buenos Aires WTO meeting: Suresh Prabhu

Asit Ranjan Mishra, Live Mint

New Delhi, November 27, 2017 : India's new commerce and industry minister Suresh Prabhu will face his first big challenge of defending multilateralism and securing India's interests at the upcoming ministerial meeting of the World Trade Organization (WTO) in Buenos Aires starting 10 December. In an interview, Prabhu talks about his strategy for WTO, China and free trade agreements (FTAs). Prabhu also hopes to use exports as a tool to create employment opportunities in India. Edited excerpts:

In the previous Nairobi ministerial of WTO two years ago, the Doha Development Agenda could not be affirmed unanimously. Will we see the proverbial final nails in the coffin of Doha round in Buenos Aires?

Nothing dramatic happens in every WTO ministerial, particularly today when the global economy is not as sound as it was, when the US has certain strong position on the entire multilateral institution, when there is still an overhang of the previous rounds of negotiations on this ministerial. We should be very realistic about the ministerial in Buenos Aires. At the same time, we are not giving up the issues. Doha Development Agenda is very much there and is an important component of the WTO agenda. I have talked to at least 40 ministers about it.

So we will not agree to a new round of WTO talks?

There is no question about it. I said very clearly at the Marrakesh mini-ministerial that before adding any new issues, let us deal with the issues that are already on the plate. Those issues are development issues.

What about new issues like investment protection and e-commerce?

There are issues that every country puts up. But there is a difference between issues raised and negotiations. Issues raised can be anything, issues for negotiations should be the ones upon which there is agreement and they are part of the work programme.

Fisheries subsidy is one of the possible deliverables at the Argentina ministerial. How are we going to protect our interest on this matter?

We are very clear that traditional fishermen should not be subjected to any conditions as such. They should be free to do what they do. Fisheries should be sustainable. There should not be overfishing. Even when you do overfishing in deep sea, that affects the coastal fishermen also because fish travel from one place to the other. This is something that will benefit India.

After you took charge in the ministry, you talked about an agriculture export policy. Government recently imposed Minimum Export Price (MEP) on onions. Do you think a consistent agriculture export policy is possible given our focus on meeting domestic demand?

Work has already started regarding this. Having a policy does not mean import and export will not be subjected to change. It is always possible. Protecting the vulnerable, whether farmers or consumers is part of public policy. Sometimes, it is challenging. Therefore, public policy has to be done in a proper way, that's why we are consulting as many stakeholders as possible. I have already met some farmers' organizations and some agricultural experts. It is necessary that India has an agri-exports policy because doubling farmers' income can be achieved through exports in a short period of time.

India has a huge trade deficit with China and consistent pleas by India for more market access have not yielded any result. What strategy you will follow vis-a-vis China?

This is the first significant change that has happened in our bilateral relationship. I have met my counterpart in China in Manila after becoming the commerce minister. I told him this is unsustainable, we run huge trade deficit with you and it is not going to work. After some convincing, they have agreed to look at each and every sector, wherein we can actually export more by giving more market access, thus reducing trade deficit in a phased manner. I have already set up a task force which is chaired by the commerce secretary from the Indian side, I have requested the Chinese side to appoint somebody, they were busy with their party Congress and they have said they will do it very quickly. They will start meeting to make sure that it happens. I have told all export promotion councils to give ideas to this task force.

India is negotiating a FTA with Regional Comprehensive Economic Partnership (RCEP) members. Does an RCEP agreement without a strong services pact make sense for India?

We are already pushing for it. Our strong view is that global trade must include global trade in services. There is more and more servicification of manufacturing also. We are very keen that services is part of RCEP.

While India has yielded access to its huge domestic market to trade partners in goods under FTAs, it has never been able to include strong services pacts in FTAs where it considers having an advantage. Do you think we need to be more careful while signing FTAs henceforth?

Generally, we have to be always careful when we sign an FTA. I have asked my colleagues to prepare a proper standard operating procedure before signing an FTA. We are negotiating quite a few FTAs like Sri Lanka, Canada, European Union (EU), and Colombia, where we will follow the procedures. Along with that, services trade will be our strong policy parameter. We have realized that services trade can actually grow at a much faster rate than goods. Services speak languages unlike goods, so we need to have proper geographical strategy. We are also in the process of identifying new services which can be exported including professional services, business services. For example, have you thought about homecare services? Japan with whom we have an FTA has (an) aging population. They need homecare services that can be both onshore and offshore. From here, one can also enquire in Japanese "Aunty, have you taken your medicine?"

How do you plan to use exports as a tool to create more jobs?

In my first day in office, I decided we will create a policy for exports and employment. We have asked NITI Aayog to prepare a study for it. They have already done some preliminary work. The propensity to create more jobs in exports is far higher than any other activity.

Do you think Indian companies are risk-averse to explore new markets outside India?

Indian industry's low capacity utilization can improve dramatically with export taking place. With exports, even if industry can recover its variable cost and only a part of its fixed cost, they still can make profit because their capacity utilization is low. Industry can outbid their competitors in global markets because they will be selling items at a cheaper rate. I have met four industry associations and they said they have not thought about it. I have told them to think about and come back for any support they may need from us. This will give us huge benefits: capacity utilization will improve, production will go up, exports will increase, employment will be created, trade deficit will also be addressed.

In the recently concluded Trade Policy Forum with the US, both sides failed to come out with a joint statement. Has our trade relationship with the US entered an uncertain phase?

We deliberately didn't bring it out. We both published statements separately and the tone of the statements are same. Commerce Secretary (Wilbur) Ross told me that "we don't want to reduce trade deficit with India by reducing your exports to the US, rather by increasing our exports to India." This is a significant statement. That means our exports are protected. I gave him an example. We are going to buy 1,000 aircraft in the next few years. I am not saying we will buy from the US, but there is a market. I said please look at these issues with the future in mind. When India's GDP will be $5 trillion, these numbers will dramatically change.

[Back to top]

WTO: India resolute on food security

Arun S, The Hindu

New Delhi, November 17, 2017 : At the upcoming meeting of the World Trade Organisation's (WTO) highest decision-making body, India will not agree to severe restrictions on its right to give price subsidies to farmers through the Minimum Support Price (MSP) to procure grains from them for food security purposes, according to highly-placed official sources.

The WTO's Ministerial Conference is slated to take place at Buenos Aires in Argentina next month.

"Food security and protection of low-income and resource-poor farmers are top priority items for India [at the WTO meet], and we will hold our ground to protect our interests to the maximum extent possible," an official privy to the developments said. Currently, an interim mechanism called the 'Peace Clause' is in place, per which WTO members had agreed not to challenge developing nations at the WTO Dispute Settlement Mechanism if they breached the cap of the product-specific domestic support (which is 10% of the value of production).

Peace clause

The ‘Peace Clause’ is available to developing nations, including India, till a permanent solution is found to public stockholding for food security purposes. Official sources said India would fight to ensure that at least the ‘Peace Clause’ is made the permanent solution, and will not accept any ‘terribly stringent or onerous’ conditions. However, the ‘Peace Clause’ is learnt to be difficult to invoke even in its current form because prior to using it, the country concerned will have to first admit that it ‘is breaching’ or ‘is about to breach’ the ceiling entitlement to give product-specific domestic support.

Difficult to invoke

Also, the ‘Peace Clause’ can be used only for public stockholding programmes that have been in existence on the date at which it was agreed upon at the Bali Ministerial Conference in December 2013, and not for new programmes on public stockholding for food security purposes.

According to Abhijit Das, head and professor, Centre for WTO Studies, Indian Institute of Foreign Trade, the prospects of an agreement on a permanent solution are not that bright due to three roadblocks. “First, the U.S. has not been engaging actively on the matter till recently, and if the U.S. does not give its nod, it will be difficult to arrive at a decision.

“Second, the European Union has tried to link the permanent solution with outcomes including stringent disciplines on domestic support given by developing nations,” he said.

Lastly, most WTO members are of the opinion that there should be a commitment on prohibition of exports from public stockholding saying such exports would be trade-distorting.

[Back to top]

WTO: India sounds warning over food security clause

D. Ravi Kanth, Live Mint

Geneva, November 30, 2017 : India’s WTO ambassador J.S. Deepak warned of a “spectacular failure” at the forthcoming Buenos Aires trade ministers’ conference if countries fail to deliver a credible “permanent solution” on public stockholding (PSH) programmes, said people familiar with the development.

The permanent solution has to be “an improvement” over the existing perpetual peace clause that was concluded at the World Trade Organization’s (WTO’s) ninth ministerial conference in December 2013 in Bali, which was further clarified by the WTO General Council in November 2014, Deepak told an informal trade negotiations committee meeting on Tuesday.

Trade ministers had mandated WTO to conclude the permanent solution for PSH programmes by the 11th ministerial meeting that begins on 10 December. India, which is a member of the G33 coalition of more than 45 countries including China, remains concerned about “the excessively stringent transparency requirements and safeguard being proposed” by some opponents.

Deepak said while India is prepared to consider reasonable transparency provisions that are implementable by developing countries, it will not accept onerous conditions for safeguards as proposed in a joint proposal by Norway and Singapore. “As regards safeguards (in the Norway-Singapore proposal), we believe that the language in the Bali decision is overarching and attempts to add more conditions is unacceptable,” said Deepak, according to a person present at the meeting.

Norway and Singapore, in a restricted joint proposal on 20 November, proposed several “transparency” and “anti-circumvention/safeguard” conditions for availing of the permanent solution by developing countries.

The transparency conditions include informing WTO about “exceeding or risk of exceeding” the agreement measurement of support or most trade-distorting farm subsidy limits; timely notification of domestic subsidies; information about breaches if any on a post-ante basis; and prompt notification of statistical information.

The proposal listed two “anti-circumvention/transparency” conditions—for instance India and other developing countries must ensure that “stocks procured under such (PSH) programmes do not distort trade or adversely affect the food security of other members”.

Further, India and other beneficiaries of the permanent solution must ensure that stocks procured for their PSH programmes do not enter “direct or indirect exports”, Norway and Singapore maintained.

India said the permanent solution has to provide legal permanence through amendment of WTO rules. The mandate for a permanent solution on PSH flows from ministerial decisions and has no link whatsoever with the negotiations on domestic support [reduction commitment for farm subsidies],” said Deepak, according to the person mentioned above.

“The permanent solution cannot be held hostage to linkages which have never existed in the past,” said Deepak.

For India, according to Deepak, the “permanent solution is a gateway issue and we would like to caution that inability to deliver a permanent solution at MCXI [the 11th ministerial conference], may lead us all to a spectacular failure at Buenos Aires and irreparable harm to the credibility of the WTO”,

Indonesia, on behalf of the G33 coalition, said, “The establishment of a permanent solution on PSH for all developing members and accessible, simple and effective SSM remain priority for the Group which is also supported by some developing countries and LDCs, they shall be part of any Buenos Aires outcomes.” China said the Buenos Aires meeting must deliver a simple and effective permanent solution without onerous conditions.

At the informal meeting, the opponents of an easy and effective permanent solution for PSH programmes such as the European Union, Brazil, Australia and Pakistan among others insisted that there must be strong transparency and safeguard conditions in the final instrument. Brazil said the permanent solution has to be part of an outcome on domestic support.

The US is willing to support the permanent solution if it does not take the Bali decision backwards, implying that India must accept an outcome without any change/improvement from the December 2013 decision, said another participant from South America.

India also issued several red lines for the Buenos Aires meeting, particularly on new issues such as “investment facilitation, disciplines for micro, small and medium enterprises, and gender”, saying they “do not have mandates in place in the WTO”.

The Buenos Aires ministerial meeting is being held “at a particularly difficult time and context” for WTO and it is not “the opportune time to enter into contentious and divisive debates by seeking ambitious outcomes in e-commerce,” India cautioned at the meeting, said the person.

[Back to top]

Food security: India, China want ‘legal certainty’ for permanent solution

D. Ravi Kant, Live Mint

Geneva, November 27, 2017 : India wants “legal certainty” for the mandated permanent solution for public stockholding programs (PSH) for food security that needs to be concluded at the World Trade Organization (WTO) ministerial meeting in Buenos Aires next month, after Norway and Singapore issued a draft ministerial decision replete with stringent conditions for using the instrument, according to people familiar with the development.

At a meeting among select countries on 22 November, India cautiously approached the joint proposal from Norway and Singapore suggesting that while there are some changes in transparency provisions, the proposed anti-circumvention/safeguard provisions cannot be accepted as they go well beyond the 2013 Bali interim decision.

India along with China and other G33 members called for "legal certainty", implying that there has to be an amendment in the Agreement on Agriculture for the permanent solution. Without legal certainty, which is the raison d'etre for all WTO agreements, India and other PSH users can be subjected to trade disputes on specious grounds by countries opposing such programs such as Pakistan and Paraguay.

At the meeting, the US said it will not accept anything on the permanent solutions that takes things back from the Bali interim peace clause of 2013, said a participant who asked not to be identified.

The European Union maintained that it wants stronger transparency provisions.

In a four-page restricted proposal issued on 20 November, Norway and Singapore unveiled the "transparency" and "anti-circumvention/safeguard" condition for availing of the permanent solution by developing countries. It stipulates that the beneficiaries must comply with four "transparency" conditions. They include informing the WTO about "exceeding or risk of exceeding" the agreement measurement of support or most trade-distorting farm subsidy limits; timely notification of domestic subsidies; information about breaches if any on a post-ante basis; and prompt notification of statistical information.

Ironically, the joint proposal by Norway, which is one of the leading farm protectionist countries in the world, and Singapore, which has virtually no agriculture, listed two "anti-circumvention/transparency" conditions.

India and other developing countries that need a permanent solution must ensure that "stocks procured under such (PSH) programs do not distort trade or adversely affect the food security of other members".

Effectively, India and other developing countries must ensure that stocks procured for their PSH programs do not enter "direct or indirect exports".

This is an onerous condition which is difficult to comply with at a time when India's agricultural exports, particularly rice, are growing, and it can easily be accused of exporting products from its PSH stocks, said a Geneva-based trade analyst who asked not to be identified.

The joint proposal from Norway-Singapore also says the permanent solution “shall not be used in a manner that results in an increase of the [subsidy] support” subject to the scheduled commitments of India and other countries for AMS or de minimis support in the previous Uruguay Round.Then there are also issues such as whether developing countries without PSH programs can use and the conditions they have to comply with, the analyst said.

In sharp contrast to the stringent conditions for availing the permanent solution for public stock holding programs for food security for hundreds of millions of poor people in India and other developing countries, there are no such conditions for more than US$ 200 billion green box subsidy programs that are provided by the United States, the EU and other rich countries even though these programs distort global trade. “There are one set of hard, un-implementable conditions for developing countries like India at the WTO, and then there are kid-glove norms for most trade-distorting subsidy programs provided by the US and the EU,,” the analyst said.

However, the issue that dominated the meeting on Wednesday (22 November) was the linkage between the permanent solution for PSH programs and an outcome on the domestic support at Buenos Aires. Brazil demanded that there has to be parity between the three issues concerning domestic support, permanent solution for PSH and cotton.

Brazil said it is ready to work on a proposal tabled by Mexico for cutting domestic farm subsidies. The Mexican proposal calls for proportionality in the commitments to reduce domestic farm subsidies. Brazil suggested harmonization of commitments on the domestic support between all members, a position that was long held by the US, the participant said.

India and China, however, rejected the Mexican proposal on grounds that it includes de minimis. China said categorically that it will not accept any attempt to undermine the special and differential flexibilities enshrined in Article 6.2 of the Agreement on Agriculture. India emphasized the importance of eliminating the Aggregate Measurement of Support (AMS) and the product-specific subsidies.

[Back to top]

New issues at WTO only after sufficient ground work: Commerce Secretary Rita Teaotia

The Economic Times

November 17, 2017 : Ahead of the WTO ministerial meeting, India today said new issues like e-commerce and investment facilitation could be taken up only after completion of sufficient ground work.

Commerce Secretary Rita Teaotia said that many of the new issues, being pushed by developed countries including the US, are not directly linked to trade.

"Our position has been continuously that we will not refuge to engage (on new issues). We are ready to engage. Nevertheless, the technical work must happen at the committee level.

"These issues must be thrashed out and only when they reached a sufficient level of maturity, they can be brought to a (WTO) ministerial. This is clearly is our position," she said here at a CII function.

While India is pitching to fulfil the pending agenda which includes finding a permanent solution to the issue of food stockpiling, developed countries are pushing for inclusion of new issues like investment facilitation, e- commerce and rules for MSMEs in the World Trade Organisation (WTO) agenda.

On e-commerce, she said even the definition and meaning of this varies from country to country.

This issue, she said, is certainly not mature enough to come up for actually making some progress at ministerial level.

Teaotia also emphasised on the importance of finding a permanent solution for public stock-holding purposes, which should be "better" than the peace clause which exists currently.

This clause enables India to continue procurement and stocking of foodgrain for distribution to the poor under its food security programme without attracting any kind of action from WTO members even if it breaches the 10 per cent subsidy cap as prescribed by the multilateral trade body.

Speaking at the event, Ambassador and Permanent Representative of India to WTO J S Deepak said that at the WTO-headquarter in Geneva, lot of discussions are happening but member countries have divergent views on most the issues.

He also expressed concerns that the US is has taken different stand and is not fully engaged in the negotiations at Geneva.

On India's proposal for trade facilitation in services (TFS) in the WTO, he said the country would push for at least formulating a work programme on the matter post the Argentina meeting.

The proposal aims at liberalising rules for movement of professionals and other steps to reduce transaction costs to boost growth of the services sector.

TFS focuses on issues like liberalised visa regime, long-term visas for business community and freer movement of professionals for the greater benefit of both India and the world, among others.

On the ecommerce and investment facilitation matter, he said multi-lateral rules in these areas would limit India's policy making space.

Unless, India has its own national policy on e-commerce and investment facilitation , "we should not be taking commitments in the WTO".

The 11th ministerial conference, highest decision making of the 164-member body, of the WTO is taking place in Argentina in December.

[Back to top]

India clearly marks its red lines for next WTO meet

The Economic Times

New Delhi, November 17, 2017 : India has clearly marked its red lines for next month's ministerial meeting of the World Trade Organization (WTO), arguing that it is not ready for talks to set up a global regime for new issues such as e-commerce, until its concerns related to public stockholding and fixing earlier disparities in the global trading system are addressed.

"We have certain long-term issues which are developmental issues. The Doha Development Round was an important beginning but somehow lost its way. We are not expecting Buenos Aires (ministerial meeting) to be another reinventing of the Doha developmental issues. We don't want any new issues to be brought in because there is a tendency of some countries to keep discussing new things instead of discussing what's already on the plate. We want to keep it focused," commerce and industry minister Suresh Prabhu told TOI in an exclusive interview.

India has repeatedly resisted the inclusion of issues such as e-commerce to investment facilitation. Those demanding aglobal regime for e-commerce include the US, the EU, Japan, Canada and Australia as it will help companies such as Amazon enter markets like China, India and Brazil easily. Currently India, for instance, does not allow business-to-consumer (B2C) e-commerce, prompting companies such as Amazon to operate "marketplaces" with restrictions on how much a vendor can sell.

The government believes that several basic issues such as the definition are yet to be addressed. There are others such as labour and gender which are "non-trade issues" and do not belong to WTO, India has maintained.

At a CII event on Friday evening, commerce secretary Rita Teaotia said, "Our position has been continuously that we will not refuse to engage (on new issues such as ecommerce). We are ready to engage. Nevertheless, the technical work must happen at the committee level. These issues must be thrashed out and only when they reach a sufficient level of maturity, they can be brought to a (WTO) ministerial. This is clearly our position."

JS Deepak, India's Ambassador to the WTO, said that unless India has its own national policy on e-commerce and investment facilitation, "...we should not be taking commitments in the WTO".

[Back to top]

WTO's Doha round faces US hurdle

Sidhartha, The Economic Times

New Delhi, November 22, 2017 : Commerce and industry minister Suresh Prabhuhas to fight an uphill battle at next month's ministerial meeting of WTO with the US opposing the use of "development" in the initial draft declaration being discussed at the multilateral body's headquarters in Geneva.

It will come as a setback given India's thrust on putting the Doha Development Round at the forefront of talks and efforts to get developed countries to reduce subsidies and make it easier for software professionals and nurses. "It is a very complicated situation. Effort to get 'development' (meant to address the concerns of the poorer countries) is facing resistance, forget about a 'Doha Development Round'," said a source based in Geneva.

The government recognises the challenge with trade experts suggesting that India has very little support in pushing the Doha Round, where nothing has been achieved despite talks going on for 16 years. Instead, issues such as trade facilitation and reduction in import duty on some IT goods have been clinched although they were not part of the original mandate.

Given the posture adopted by his predecessors, and little signs of change in India's stance on most of the issues on the trade high-table, Prabhu has little scope to deviate from the path. In an interview to TOI, the minister had reiterated India's demand for the talks being confined to the Doha Round and not expanding the agenda.

In contrast, the US position has been to wind up the Doha Round and launch talks on new issues, which found its way into the declaration in Nairobi two years ago with members, including India, formally acknowledging the divergent positions. Since then, the US has opposed wordings on free trade in declarations at global forums such as G-20 — the group comprising the world's top 20 economies.

The source in Geneva suggested that there could be a trade-off with India's key demand for a permanent solution to its problem with public stock holding as it will impact the government's food procurement policy. But trade experts are not upbeat, arguing that the EU along with Brazil are linking the issue to reduction in domestic support to farmers. Besides, the government wants flexibility in expanding the procurement programme at a future date. As a result, discussions on working out a new formula still appear some distance away.

[Back to top]

India fights for fuel sops for poor fishermen ahead of WTO meeting

D. Ravi Kanth, Live Mint

Geneva, November 21, 2017 : India wants to provide fuel subsidies to its millions of small and resource-poor fish workers in the proposed global instrument for prohibiting subsidies to vessels engaged in illegal, unreported and unregulated (IUU) fishing, according to people familiar with the negotiations.

As members race towards negotiating an outcome for prohibiting IUU fishing ahead of the World Trade Organization's ministerial conference in Buenos Aires next month, India along with a majority of developing and poorest countries sought an exemption in regard to IUU fishing in their exclusive economic zone (EEZ). The EEZ is a sea zone that extends for about 370km from the shore.

The US and New Zealand, among others, opposed these demands on grounds that the exemptions will make the proposed global decision for banning IUU fishing weak and ineffective. The US maintained that fuel subsidies constitute the lion's share in the subsidies provided to vessels engaged in IUU fishing, said a trade negotiator who asked not to be quoted.

On 17 November, members concluded a week-long meeting in which India's demands came to the centre stage during an intense phase of preparing the negotiating text. The chair for the negotiations, ambassador Wayne McCook of Jamaica, has intensified the negotiations based on a draft text that includes all the proposals from members.

India inserted specific language in the chapter covering the "Scope" of the draft decision that it "shall not apply to fuel subsidies" so as to ensure that the government's ability to continue supporting small-scale or artisanal fish workers. "We think it is an even-handed proposal," an Indian negotiator told the meeting, according to a participant who asked not to be named. "The question is how much sacrifice developing countries will be making if fuel subsidies are made part of the agreement (and) if members feel this should not be kept out, then developing countries will be asking for special and differential treatment," the Indian negotiator said, according to the participant.

India's proposal was supported by Ecuador and Venezuela. Ninety ACP (African, Caribbean, and Pacific) countries also demanded an exemption from fuel subsidies for fishing in their EEZs. The least-developed countries want specific flexibilities to continue with fuel subsidies in their EEZ waters.

The US and New Zealand, which is the coordinator for a group called the Friends of Fish, said the Indian proposal undermines an effective global instrument to prohibit IUU fishing. The US said it cannot accept a weak and low-ambition outcome.

India also introduced specific language that "the prohibition… in respect of unreported and unregulated fishing shall not apply to developing countries including least developed countries (LDCs) for fishing activities in the EEZ of the subsidizing member," the participant said.

"India's proposals reflect legitimate concerns," said a negotiator from an ACP country, who asked not to be identified. "You have to create a solution that takes on board these concerns but there are others who feel that India's demands are too broad and go beyond what is being aimed for an effective instrument to ban IUU fishing," the ACP negotiator suggested.

Clearly, India is justified that its "fisherfolk are not swept up in a prohibition that would prevent support that is being given to them," the negotiator argued. India's demands stem from its defensive concerns to safeguard the interests of its artisanal fish workers while the demands raised by the ACP and poorest countries are offensive, the negotiator maintained.

Earlier, the US began an aggressive campaign against fish subsidies to primarily target China, which is seen as the major culprit in the global depletion of fish stocks because of the Chinese vessels that are found in almost every part of the world, said a negotiator from an industrialized country. The US demanded inclusion of even inland fishing in the proposed disciplines for prohibiting fish subsidies. Washington withdrew its proposal in the face of massive opposition from various countries. The US wants a stringent regime of transparency provisions and notifications from countries that provide fishery subsidies.

China says the prohibited subsidies must not apply to disputed waters but the Philippines wants disputed waters to be included. In short, there are considerable divergences among members on a range of issues but there is some light in the end of the tunnel for a modest outcome at Buenos Aires, said an African negotiator, seeking anonymity.

[Back to top]

WTO meet: Civil society urges govt to protect farmers, fishers, traders

Business Line

New Delhi, November 24, 2017 : Civil society organisations have come together to urge the government to protect the interests of small farmers' and artisanal fishers' at the forthcoming World Trade Organisation (WTO) Ministerial meeting in Ministerial and not agree on a new work programme on e-commerce.

"At the Buenos Aires meeting, India needs to do more than just guard against unfavourable decisions. Developed countries would also try to launch a new work programme which would include issues such as e-commerce, investment facilitation and paring agriculture subsidies currently allowed to developing countries like India. The country needs to take a firm position against a work programme," said out Biswajit Dhar, Professor, Jawaharlal Nehru University, speaking at a press meet on what is at stake for India at the 11th Ministerial Meeting of the WTO.

The meet was jointly organised by co-organised by the Third World Network, Focus on the Global South and Forum Against FTAs, India.

"We are going to give a joint submission to the government soon putting down all the areas where the country needs to take a firm stand at the Ministerial meeting," said Ranja Sengupta from TWN.

Peace clause

A primary area of concern is the attempt by developed countries to impose even harder terms on the permanent solution for allowing public stock holding subsidies than the already onerous conditions attached to the existing 'peace clause'.

"The Right to Food (RTF) Campaign in India has repeatedly asked the government to ensure that a permanent solution has easier terms than the Peace Clause. Also new crops should be covered under the permanent solution," said Madhuri from the RTF Campaign.

The government also needs to address the superstructure of the extra aggregate measurement of support (AMS) and the Green Box enjoyed by the rich countries, pointed out Yudhvir Singh of Bhartiya Kisan Union.

“The WTO must move on India-China’s proposal on eliminating trade-distorting AMS by developed countries as more than 100 developing countries and LDCs are supporting it,” he said.

Warning about the serious fall-outs of an agreement on e-commerce, Vijay Kumar Jain, Bhartiya Udyog Vyapar Mandal, said that the proposed rule on permanent removal of duties (moratorium on customs duties) on import of all digitised and digitisable products will hurt physical retailers.

“The foreign e-companies will get duty-free access to Indian markets whereas Indian retailers will have to sell products with duties on them,” he said.

“India should therefore stand by an absolute standstill on e-commerce at the WTO ministerial.

“E-commerce discussions can continue at the WTO in relevant committees as per the existing e-commerce work programme. No changes to it should be allowed,” said Parminder Singh from IT for Change.

[Back to top]

Suresh Prabhu signals focus on new sectors to boost manufacturing, exports

The Economic Times

New Delhi, November 15, 2017 : Commerce and industry minister Suresh Prabhu has signalled a shift in India's manufacturing and export strategy, with a focus on new emerging sectors such as genomic, while giving a thrust to export of goods that are not currently among the top 10 items shipped out of the country. The new man in Udyog Bhawan is also banking on India's political relationships with countries such as Cuba and many in Africa to push exports to new markets.

Prabhu told TOI that India has to put in place its own model as it seeks to increase the share of manufacturing in GDP from the current level of under 20% to increase employment and also help agriculture in segments such as food processing.

"If India has to have a competitive advantage, we can't keep copying others because that has already been used and become redundant. We have to find India's own model and we are identifying that in consultation with global experts and our own industry.

It is not going to be easy to increase the share of manufacturing because services will always grow faster. We have to make sure that manufacturing has to keep pace with services growth," the minister said. Prabhu is working on the launch of 'Make in India 2.0' along with a similar scheme for services where the thrust will be on a greater presence in the global arena.

The focus on new areas such as genomic, which will come with specific targets, will be in addition to steps to bolster existing strengths in the manufacturing sector. For instance, development of basic chemicals has been identified as a priority to cut reliance on imports from China.

"It is more like backward integration for the industry." The success of the plan hinges on investment by the domestic industry, which he admitted was grappling with idle capacity as well as financial stress. He said exports could help use up the excess production capacity and added that there were indications that the strain on the balance sheet was easing as companies de-leveraged.

Although the government is looking to mop up investment to rev up the economy, Prabhu said there was no need to immediately review the FDI regime.
On the export side, the minister said he has flagged some of the issues, including some related to GST, with finance minister Arun Jaitley and indicated that his ministry has demanded more resources.

This comes along with a move to get export promotion councils to chalk out business plans so that sectors beyond India's traditional focus areas of textiles, engineering and plantations are identified for greater thrust.

While he is reviving focus on project exports through a boost to project financing — especially in West Africa — to take on competition from China, the minister acknowledged that India did not have deep pockets like its neighbour.

'Pvt sector has driven India's growth story'
Separately, the idea is to forge partnerships. For example, he has invited Korean companies to invest in the marine space. "They will themselves import, so that will help.

Also, Korean companies have good brand equity, so the Japanese and others will be interested in buying from them. And, we will be able to use their technology and investment to export to other countries."

Prabhu said that some of the push has paid off as countries such as China have agreed to look at India's sector-specific concerns with commerce secretary Rita Teaotia heading the task force from the Indian side.

Besides, a comprehensive review of the regulatory architecture is under way to identify rules that are hobbling domestic companies."India's growth story is a private sector-driven growth story as many of the restrictive practices which were impeding their growth were removed since 1991. We will allow this spirit to grow. I have appointed a regulatory review committee under the chairmanship of secretary, industrial policy and promotion.

This will allow unleashing of entrepreneurial spirit. We will make software by removing hurdles, hardware by providing space and partnering with states."

[Back to top]

Immense opportunities to boost Indo-France trade: Sushma Swaraj

The Economic Times

November 15, 2017 : External Affairs Minister Sushma Swaraj today said there are immense possibilities of increasing the bilateral trade and commerce between India and France.

At a joint press event with her French counterpart Jean- Yves Le Drian here, Swaraj said India places a lot of importance to its multilateral partnership with France.

"The $10.95 billion bilateral trade shows the immense possibilities of growth in it," she said.

The minister informed that there are about 1,000 French companies in India with total business of $20 billion, employing 3 lakh workers.

"Our strong economies provide us opportunities to further strengthen our cooperation in trade and commerce," Swaraj said, adding India welcomes the role of French companies in areas like smart cities, clean energy, and transport.

She further said the two countries are in agreement that finding a long-term solution to climate change, and encouraging safe and sustainable energy requirements are the common commitments.

The French minister said Prime Minister Narendra Modi and President Emmanuel Macron have expressed their desire to maintain the momentum created by the Paris Agreement on Climate Change and the founding of the International Solar Alliance.

"They wished to have the State visit coincide with the first summit of the International Solar Alliance here in Delhi. This is very positive and will enable us to further enhance the attractiveness of this international organisation, which will have a crucial role to play in helping developing countries gain access to sustainable energy at lower costs," the visiting minister said.

He said there is also the field of renewable energy, in which "our companies are working together positively" and efficiently, and they will do so even more in the future.

[Back to top]

India silent on Maldives, China FTA

Kallol Bhattacherjee, The Hindu

New Delhi, December 01, 2017 : India maintained cautious silence on the free trade agreement that the Maldives signed on Wednesday with China. Senior officials at the Ministry of External Affairs said the government needs to look into the details of the FTA between the Indian Ocean country and Beijing even as the Opposition of Maldives said the deal was ‘detrimental’ to the Maldivian economy.

No opposition

The FTA, second in the region, after a similar agreement between China and Pakistan, reportedly caused surprise in the official circles here as the President Abdullah Yameen government pushed the agreement with no opposition in a brief session of the Maldivian parliament.

In a social media message on Thursday, opposition leader and former President of Maldives Mohammed Nasheed said, “A Free Trade Agreement between the Maldives and China will be detrimental to our economy as balance of trade is greatly in favour of China. The agreement must be in the best interest of the people of Maldives.”

[Back to top]

India, EU hold discussions on proposed free trade agreement

The Economic Times

New Delhi, November 15, 2017 : Senior officials of India and European Union (EU) today held discussions on the long-stalled free trade pact and expressed willingness to address issues in a time-bound manner, the department of commerce said today.

The chief negotiators of India and EU held discussions here on the proposed free trade agreement, officially dubbed as Bilateral Trade and Investment Agreement (BTIA), the department said in a series of tweets.

"Apart from the overall discussion on the way forward, respective leads engaged productively to address issues in their tracks. Both sides expressing their willingness to work in a time-bound manner," it added.

The negotiations for the pact have been held up since May 2013 as both the sides are yet to bridge substantial gaps on crucial issues.

Launched in June 2007, the negotiations for the proposed BTIA have witnessed many hurdles with both sides having major differences on key issues like intellectual property rights, duty cut in automobile and spirits, and liberal visa regime.

The two sides have to iron out differences related to movement of professionals.

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 'data secure nation' status to be granted by the EU. The country is among the 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.

Two-way trade between India and the EU dipped to USD 88.4 billion in 2015-16 from USD 98.5 billion in the previous fiscal.

[Back to top]

India, Singapore discuss ways to strengthen trade ties

The Economic Times

November 16, 2017 : India and Singapore today discussed ways and actions to elevate bilateral relationship to a strategic level, an official release said.

The issues regarding strengthening the bilateral ties were discussed during a meeting between visiting Indian Finance Minister Arun Jaitley and Prime Minister Lee Hsien Loong.

Both the leaders recalled the shared history of the countries, rooted in strong commercial, culture and people- to-people links.

"They also discussed the meeting between the two Prime Ministers and elevation of India-Singapore Partnership to a strategic level and actions taken to translate their vision," the release said.

They discussed at length the roll-out of the Goods and Services Tax in India, bilateral trade and investment, and the road map for enhancing economic and commercial ties.

Jaitley, on the last day of his two-day visit, also delivered a keynote address at Morgan Stanley 16th Annual Asia Pacific Summit on "India: Structural Reforms and Growth Path Ahead".

He talked about the current state of India's economy, outlining the key reforms being implemented by the government with a view to positioning India as an attractive global investment destination.

Jaitley re-iterated India's commitment to increasing public expenditure on infrastructure and creating an environment for private participation to boost employment and provide impetus to overall economic growth.

[Back to top]

Government removes restrictions on export of all types of pulses

The Economic Times

November 16, 2017 : The government today removed export curbs on all varieties of pulses to ensure farmers get remunerative prices as domestic rates have crashed below MSP in view of record production.

Pulses production in India, the world's largest producer and importer, touched an all-time high of 22.95 million tonnes in the 2016-17 crop year (July-June). Moreover, the country imported about 5 million tonnes pulses last fiscal, leading to huge availability in the domestic market and a price crash.

The government is expecting bumper output even this year and it is also sitting on 1.8 million tonnes of buffer stock. The annual domestic demand is around 24 million tonnes.

"The Cabinet Committee on Economic Affairs (CCEA) has given its approval for removal of prohibition on export of all types of pulses to ensure that farmers have greater choice in marketing their produce and in getting better remuneration for their produce," an official statement said.

The decision comes two months after the government lifted ban on export of tur, urad and moong dal, although shipments of these varieties were allowed only through permission from agriculture export promotion body APEDA. Exports of organic pulses and kabuli chana is permitted in a limited quantity.

Briefing media, IT and Law Minister Ravi Shankar Prasad said, "Opening of exports of all types of pulses will help the farmers dispose of their products at remunerative prices and encourage them to expand the area of sowing".

The CCEA empowered the committee headed by food secretary to review the export and import policy on pulses and consider measures such as quantitative restrictions, prior registration and changes in import duties depending on domestic production and demand, local and international prices and global trade volumes, he said.

Export of pulses will provide an alternative market for the surplus production of pulses, he said, adding that it will also help the country and its exporters regain markets.

"It is expected that pulses production will be sustained in the country and our import dependence on pulses will come down substantially," the statement said.

The decision to remove export curbs will lead to integration with global supply chain, helping farmers adopt good agricultural practices and achieve better productivity.

The government said it has taken a number of steps to sustain high pulses production and procured 20 lakh tonnes of pulses directly from the farmers by ensuring minimum support price or market rates, whichever is higher.

Welcoming the move, India Pulses and Grains Association (IPGA) Chairman Pravin Dongre said it will correct price distortions, offer support to pulses selling below MSP (minimum support price) and revitalise the milling industry.

"We believe this step will improve the returns to farmers and potentially open up greater investments in the sector," he added.

Recently, the government had imposed quantitative restrictions on some of the pulses to check cheaper imports.

For the year 2017-18, the government has fixed a target of 22.90 million tonnes of pulses production.

[Back to top]

India increases import duties on edible oils as domestic prices of Oilseeds plunged below MSP

Jayashree Bhosale, The Economic Times

November 18, 2017 : India has increased import duties on various edible oils ranging between 60% to even 100% on some oils like crude palm oil. With prices of oilseeds plunging way below the minimum support price levels and oilseed crushing industry too facing competition from cheaper imports, the industry had been demanding restrictions on import of edible oils in the country.

The Soybean Processors Association of India (SOPA) has welcomed the customs duty increase on edible oils. Late last evening, the Government substantially increased import duty on all edible oils and also soybean.

The new rates are as under: Import duty on crude soyabean oil 30% (17.5), soyabean refined oil 30% (20%), palm crude oil 30% (15%), RBD palm oil 40% (25%), sunflower crude oil 25% (12.5%), sunflower refined oil 35% (20%), canola/rapeseed/mustard oil Crude 25% (12.5%), canola/rapeseed/mustard oil refined 35% (20%).

SOPA chairman Davish Jain has said that SOPA has been vigorously following up with the Government at all levels for an increase in the customs duty for more than one year with extraordinary efforts put in recent months. "Only a small increase was done in August this year, because the Government has to balance between farmers and consumers interest and has also to consider impact of oil prices in inflation.

However, working through all the concerned ministries and even ministers who have no direct concern with Agriculture, we were successful in persuading the decision makers that unless the Indian farmer was supported against cheap oil imports, our whole oilseed economy will badly suffer and may even collapse in case of soybean. Also the fate of the industry is directly linked to the farmers interest and the two cannot be seen in isolation.

As the prices of all oilseeds fell below MSP and a sense of deep distress and despondency was setting in the minds of the farmers, the Government, at the highest level, finally saw the logic in our requests and the result is the increase in duty announced yesterday," he said.

Jain also said that many times in the past, he was discouraged and even criticised for harping on a duty increase. "However SOPA stood firm that immediate duty increase was the only way in the short term to help prop up the oilseed prices and help Indian farmers," said Jain.

Jain said that with the immediate support coming from the Government, SOPA will now look at some medium and long term strategies for sustainable profitability of the industry. "Farmers are going to be the center point of of SOPA's strategy and increasing productivity will be one of its main agenda, along with increasing exports, removing bottlenecks, abolition of Mandi Fee etc," he said.

[Back to top]