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Minimum export price for onion likely

Seven months after its abolition, the government is considering levying the Minimum Export Price (MEP) on onions once again, trade sources believe…

Cabinet might allow partial export of some edible oils

The government is likely to partially allow export of some edible oils in a meeting of the union cabinet likely to be held this week. Officials said the proposal is mainly for export of coconut oil…

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A supply shortage has pepper exporters worried as Indian shipments lose the pricing edge in the global market. A delay in harvesting and the holding up of around 8,000 tonne pepper …

Faced with stagnant consumption, tea producing nations form trade body

The stagnation in black tea consumption in the UK and other European nations coupled with the rising global coffee consumption has forced tea-producing nations including …

Cotton yarn exports to touch record high in FY13

This financial year, cotton yarn exports are expected to touch an all-time high, owing to good demand from China. Textile Commissioner A B Joshi said in 2012-13, about 1,000 million …

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India is considering filing an official complaint against Egypt at the World Trade Organisation for "wrongful'' imposition of penal duties on cotton yarn imported from the country…

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De-democratising the WTO

The list of candidates to succeed Pascal Lamy as director-general of the World Trade Organisation (WTO) has just been finalised. Astonishingly, not one of the nine aspirants is from the …

India to support member from developing nation for WTO's top post

India today said it will support a candidate from a developing country for the top post of the World Trade Organization (WTO) that is to be decided …

Doha is not dead for sure: WTO's Pascal Lamy

Davos: Pascal Lamy, director-general, World Trade Organization, spoke to NDTV's Namrata Brar on the sidelines of the World Economic Forum at Davos, Switzerland about the Doha round …

Difficult to conclude Doha Round as single package, says Pascal Lamy

Outgoing director general of the World Trade Organization Pascal Lamy on Monday said in the near term the members should look at reaping the 'low hanging fruits' as it would be …

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World commercial services exports swung into decline in the third quarter of 2012
Thai News

24 January 2013: According to preliminary estimates by the WTO and UNCTAD, in the third quarter of 2012, world exports of commercial services shrank by 2 %, as compared with the same quarter last year. Preliminary figures (balance-of-payments basis, current prices) indicate the sharp drop in services exports in Europe (-7%), while the services trade growth also slowed, but remained positive in North America (2%) and Asia and Oceania (4%).

World trade estimates are aggregated from individual reporters' quarterly balance-of-payments statistics taken from the IMF and Eurostat, supplemented with estimates for missing data, as well as national sources.

Quarterly figures may not add up to annual figures published elsewhere in WTO or UNCTAD statistical publications or online databases.

Quarterly data are released every three months.

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Trade's added value; New statistics reveal glorious interdependence of countries
Financial Times

17 January 2013: Statistics is not always the bedfellow of lies and damned lies. At its best, it brings epiphanies. An initiative by the OECD and the World Trade Organisation to map the value added embodied in international trade flows should be an eye-opener for policy makers.

Conventional export and import figures are calculated as the total value or volume of goods or services traded between two countries. But in a globalised supply chain, the elements making up a final product may cross national borders many times during the production process. Simple bilateral numbers do not capture this.

The researchers have painstakingly calculated the value a country adds to the goods and services it exports, by deducting the inputs going into their production that the exporter first had to import. Locating where the value in traded products is created and who reaps the rewards gives a truer picture of trading relationships.

This does not affect countries' overall trade balances but it does alter the composition of surpluses and deficits between different trading partners. The most argued-over trade deficit in the world - the US's with China - turns out to be much smaller when accounting for the value added in Chinese exports that comes from third countries, or even the US itself. In the most popular illustration, China keeps only a fraction of the cost of an iPhone. Those making political hay from trade disputes would do well to take in these findings.

An immediate implication is that imports are not the job-killers they are made out to be. Supply chains now criss-cross the world, as highlighted by the global disruptions from local natural disasters such as the Tohoku earthquake or Thailand's floods. This means imports that displace a country's domestic products may at the same time be the lifeblood of its exporting sectors. Conversely, even low tariffs may cause more harm than they offer protection.

The new numbers also restore services to their rightful place. Too much hot air is blown about the importance of "making things". In fact, services account for one-third of value added in core "things" such as machinery and chemicals. Those who want trading success must focus more on the productivity of their service sectors.

Trade is becoming ever more gloriously interdependent. This leads to painful changes, such as the squeezing of medium-skilled workers, but also more productivity. By improving our understanding of the intricacy of world trade, the new data help us manage it better.

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Indo-China trade dips 10% in 2012
Press Trust of India

Beijing, 20 January 2013: After posting impressive growth in the past few years, India-China bilateral trade declined by 10.1 per cent to $66.47 billion last year. According to the figures released by the Chinese commerce ministry, India’s trade deficit mounted to $28.87 billion due to steady decline of export of iron ore.

The bilateral trade touched $61.74 billion in 2010 posting a high growth at 42.66 per cent followed by 19.71 per cent in 2011 with $73.9 billion. This is the first time in recent years the bilateral trade registered negative growth, which according to officials was in consistent with the decline in global trade.

Indian exports to China declined by 19.6 per cent to $18.8 billion last year compared with $23.41 billion in 2011 and $20.86 billion in 2010.

Significantly, China’s exports to India, which in the past had a high volume of growth, declined by 5.7 per cent to $47.67, the data showed.

China’s exports touched $50.49 billion in 2011 from $40.88 billion in 2010.

While the two countries were confident that the trade volumes would pick up, there is a great deal of scepticism about Indian exports making much headway as China has not opened up much on IT, and pharmaceuticals fronts despite high voltage campaigns by India.

Top Chinese leaders also have been openly acknowledging that the high trade Indian deficit is a matter of concern for bilateral trade, which is aimed at reaching the $100 billion target in 2015.

China pays close attention to the trade imbalance. We have already encouraged Chinese companies to import more from India and will continue to do so, China’s top negotiator with India Dai Bingguo, had said in a recent interview to PTI.

He was confident that $100 billion set by both the countries for 2015 would be achieved.

As neighbours and large emerging countries, China and India enjoy huge potential and broad prospects for economic cooperation. We are confident that, by working together, we will reach the goal of $100 billion of two-way trade by 2015, he said.

The two countries held high level strategic dialogue in December last year raising the prospects of increase in trade and investment between both the countries this year.

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India, Australia free trade pact talks in April
PTI

New Delhi, 29 January 2013: In a bid to fast track talks for the proposed Free Trade Agreement (FTA), India and Australia are likely to hold the next round of negotiations in April.

"The next round of negotiations are scheduled to take place in April in Australia. There has been a discussion on exchange on goods offer and now exchange in services and investments would take place," Australian Trade Minister Craig Emerson said.

Both the countries will bring negotiations to conclusion as quickly as possible to have a balanced agreement, he told reporters here after the 14th Australia-India Joint Ministerial Commission (JMC) meeting with Commerce and Industry Minister Anand Sharma.

The FTA negotiations were started in 2011. So far, four rounds of negotiations including the exchange of goods offers have taken place.

Sharma said: "No deadlines have been set but there is a commitment that we will have an ambitious and balanced FTA."

During 2011-12, the bilateral trade stood at about USD 18 billion and the two countries had set a target to increase it to USD 40 billion by 2016.

According to the joint statement, Sharma and Emerson also reiterated that a comprehensive, equitable agreement would broaden the base of merchandise trade, remove non-tariff barriers that impede trade in services, facilitate and encourage investments.

Besides, the two ministers reaffirmed their commitment to finding ways to break through the current impasse in the Doha Round of World Trade Organisation negotiations, the release said.

Expressed disappointment that it had not been possible to conclude Doha Development Agenda to date, they agreed on the importance of moving the process forward, particularly in the current global economic environment and agreed on the need to resist rising protectionist pressures, it said.

Sharma said Australia and India work closer in WTO and are seriously looking at how to have a meaningful outcome of the ninth Ministerial Conference scheduled in Bali this year.

"But before that we will have an opportunity to meet, particularly the key stakeholders (ministers), so that we can take the process forward," he said.

"There has been a regular exchange and I can share with you that our ambassadors in Geneva will seriously engage in as we prepare the agenda subsequently. We will also be looking engaging the two key interlocutors..," he added.

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India, Lanka to hold more talks to strengthen economic ties
Ashwini Phadnis, Business Line (The Hindu)

New Delhi, 22 January 2013: Given the vast untapped potential between India and Sri Lanka, the two countries have stressed on intensive consultations for a more comprehensive framework for economic cooperation and building a special economic partnership, External Affairs Minister Salman Khurshid said on Tuesday.

“We are working on setting up a special economic zone in Trincomalee, a pharmaceutical and a textiles cluster elsewhere in Sri Lanka. I have conveyed India’s readiness to support Sri Lanka’s endeavour in capacity building in science and technology, agriculture, ICT, education and health sector. We agreed to enhance cooperation in the energy sector,” he said after the conclusion of the 8{+t}{+h} round of India-Sri Lanka Joint Commission meeting (JCM).

A joint statement issued said the two sides agreed to encourage closer economic and trade linkages with a view to doubling bilateral trade to $10 billion in the next three years. It was also agreed to initiate a dialogue between the Commerce Secretary of India and the Secretary of the Ministry of Finance and Economic Development of Sri Lanka at an early date to evolve a framework for a special economic partnership.

Khurshid said the JCM agreed on the need to extend humane treatment and abjure violence against fishermen of the two countries.

Speaking to the media, Sri Lankan Minister G.L. Peiris said this was an appropriate moment to take stock of the situation and explore practical ways and means to take the already robust relationship to a higher level.

“Which is what we have accomplished in these discussions,” he added.

He denied that Indian auto makers were being targeted by the Sri Lankan Government by imposing an additional duty on imports.

“I can tell you categorically that this is not the case. It is not discriminatory in any sense. It is based on a purely objective criteria – engine capacity. There has been some misunderstanding on this matter. India is a strong trading partner of Sri Lanka. Look at the volume of trade today, which has grown seven-fold since Free Trade Agreement.

India and Sri Lanka also signed three agreements including one for avoidance of double taxation and prevention of fiscal evasion with respect to taxes on income.

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Indo-Pak economic ties, only way to ensure peace, says Anand Sharma
Amiti Sen, The Hindu

Agra, 29 January 2013: In a reconciliatory gesture towards Pakistan after weeks of tough talk, Commerce and Industry Minister Anand Sharma has said that the only way for enduring peace and stability in the region is through economic partnership.

“India is of this considered view that there is no alternative way other than building an atmosphere of confidence and trust. This is the only way for enduring peace and stability. And for that the only way is strengthening economic partnership,” Sharma said while speaking at the on-going CII Partnership Summit in Agra.

Earlier this month, Prime Minister Manmohan Singh had sent out a strong message to Pakistan following the violent killing of two Indian soldiers at the Line of Control in Kashmir stating that it cannot be business as usual till the country mends its ways.

The UPA Government, however, does not seem to see much merit in derailing the economic partnership process that has taken huge leaps forward in the past two years.

Listing the achievements made last year, the Minister said that apart from opening up markets further on both sides for industrial goods, a decision has also been taken on allowing investments and opening bank branches. Talks are also on for sale of electricity to Pakistan.

"I know we have friends from Pakistan in the audience here. Please go back and remind them (the Pakistani Government) what we discussed last February and where we are and not to allow anything which actually holds this region back," Sharma said speaking at a session on South Asia economic integration.

Amin Hashwani, Director, Hashwani Group of Companies, Pakistan, pointed out that while there is a delay in granting most favoured nation status to India by Pakistan, it was definitely on cards.

Pakistan has breached the December 31, 2012 deadline set by the two sides for grant of MFN status to India by removing ban on all Indian products. Although Pakistan more than trebled the number of items it imports from India earlier this year by dismantling the small positive list of imports, it continues to maintain a negative list of 1,209 banned products.

"We are optimistic that we will resume our trade dialogue soon and take forward the liberalisation process that has already started," a Commerce Department official told Business Line.

CII Vice-President Ajay S. Shriram said that businesses on both sides wanted bilateral ties to be stronger. "There could be some political problems some times but if people-to-people relationship is strong, it could put pressure on political parties to deliver results," Shriram said answering queries from journalists.

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India to propose railway link between Kabul and Chittagong

Elizabeth Roche & Asit Ranjan Mishra , Mint

Agra, 28 January 2013: India will propose on Monday a railway link connecting Kabul in Afghanistan and Chittagong in Bangladesh to ferry passengers and goods, despite heightened tensions with Pakistan because of recent border skirmishes.

"We need to develop wide-ranging and efficient freight and passenger railway links from Kabul to Chittagong, linking Pakistan, India, Nepal and the foothills of Bhutan, along with trunk highways, feeder road systems, and affordable air services," commerce and industry minister Anand Sharma will say in a prepared speech. "The process of finalizing such regional transportation agreements has remained pending for far too long."

Mint has seen a copy of the speech Sharma is expected to deliver at a partnership summit in Agra organized by lobby group Confederation of Indian Industry and the commerce ministry.
Sharma has referred to the first transcontinental railroad and the creation of a national highway system that provided the US with quantum leaps to create a vast and integrated market. "This is how it should be in our region as well," Sharma is expected to say.

Earlier this month, tensions between India and Pakistan rose after two Indian and two Pakistan soldiers were killed along the Line of Control border separating the disputed Kashmir region. A semblance of calm has been restored following talks between military officers of both nations.

However, Pakistan's trade minister Makhdoom Amin Fahim, who was to visit India for the partnership summit, cancelled his visit, citing domestic preoccupations. An 11-member trade delegation from Pakistan scheduled to participate in the summit is also not coming.

"We all agree that we have a shared objective of regional economic and commercial engagement in this region and trade and economic interest alone can bring enduring peace, development and prosperity for all our people," Sharma is likely to say. "We need to find effective mechanisms for achieving these objectives."

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India's firmer eastward gaze
N Chandra Mohan, Business Standard

22 January 2013: India's free trade agreement (FTA) with the 10-member Association of Southeast Asian Nations (Asean), which kicked off for trade in goods from 2010, is an important building block of its Look East policy, and its efforts to integrate with a wider pan-Asian economic community encompassing China, Japan and Korea. The decks have been cleared for negotiations for a regional comprehensive economic partnership (RCEP). At a time when the World Trade Organisation's trade talks are going nowhere, the ambition to put in place one of the world's largest FTAs, which includes three billion people and a combined gross domestic product of $17 trillion, commends itself.

India's engagement with Asean is two-decade old. From a sectoral-dialogue partner in 1992, it graduated to a full-dialogue partner in 1995 and reached summit-level status in 2002. A framework agreement on comprehensive economic cooperation with this grouping was concluded in 2003 and finally realised with the agreement on services in December 2012 when India hosted the 20th India-Asean Commemorative Summit. India's relationship has now been elevated to a strategic partnership — on this journey, Avtar Singh Bhasin's meticulous documentation is a necessary and valuable reference.

India's eastward gaze acquired a firm foundation with the signing of a framework agreement for an FTA with Thailand in 2004 and a comprehensive economic cooperation agreement (CECA) with Singapore in 2005. It has also sought greater cooperation with the Bay of Bengal grouping of countries, called BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, involving Bangladesh, India, Myanmar, Sri Lanka and Thailand). A comprehensive economic partnership agreement (CEPA) with South Korea and Japan is also operational from January 2010 and August 2011. India's CECA with Malaysia is functional since July 2011.

A similar agreement with Thailand is on the anvil. Thailand Premier Yingluck Shinawatra was the chief guest at India's Republic Day parade last year. The occasion of her visit was used to reaffirm the commitment of both countries to conclude a bilateral CECA. The 2nd protocol was also signed to amend the framework agreement for establishing FTA to boost bilateral trade. However, the talks to conclude FTA in early January 2013 were inconclusive, since there were sticky and contentious issues. The prospects are that the agreement will be signed later this year.

This flurry of signing FTAs in Asia stems in large part from India's frustration with the slow pace of integration in its neighbourhood. Its experience has been satisfactory with Sri Lanka, with whom it signed an FTA in 1998. Thanks to its festering problems with Pakistan, regional integration remains problematical as long as India continues to be denied the Most Favoured Nation treatment. BIMSTEC's prospects appear alluring in this context, although not much progress has been registered so far. With the dominance of China looming over Asia, India felt it had to defend its turf.

Such moves have prompted concerns about the shallow coverage of many of India's 13-odd FTAs in the region, "which are said to be quite liberalising when it comes to trade in goods, but quite thin and vague in services as well as new issues", argued Ganeshan Wignaraja, director-research at the Asian Development Bank Institute, who was recently in New Delhi for a presentation on emerging patterns of regional cooperation initiatives. Only five out of the 13 agreements have a fast-track approach to tariff liberalisation. Three comprehensively cover services. Only two cover new issues like trade facilitation, trade and investment and trade in competition, according to his research.

India is definitely on a learning curve as its recent FTAs like CEPA with South Korea and Japan and CECAs with Singapore and Malaysia show more depth than the earlier agreements. Although the India-Asean FTA has now acquired a comprehensive character – the services trade agreement will be inked later this year – it still runs the danger of being characterised as shallow owing to its thin services coverage. Fearing India's dominance, the market access openings offered by Asean members turned out to be less than even their commitments to Australia and New Zealand.

India must, nevertheless, try to leverage the Indo-Asean FTA if bilateral trade volumes are to hit $100 billion by 2015. A positive development on the foreign direct investment front is that Indian businesses are beginning to show greater confidence in investing in Singapore in a big way. Malaysia is fast emerging as a major manufacturing hub for India's pharmaceutical companies for exports to Southeast Asia, according to Business Standard. India Inc and other stakeholders can get a much better deal out of this agreement by exploring Asian economies more closely.

India Inc should study in detail the preferences in various bilaterals like the Indo-Asean FTA. The lack of information on FTAs is the biggest impediment to Asian companies using such agreements, according to a study by Masahiro Kawai and Wignaraja. Although India is not covered, the scenario will not be very different. Once this process gets going, India will be in an advantageous position to harness RCEP's benefits — negotiations for which are slated to begin in early 2013 and conclude by end-2015.

The single market vision that Sharma intends to talk about will depend on seamless connectivity to take advantage of the strengths that lie within, according to Biswajit Dhar, director general of Research and Information System for Developing Countries, a Delhi-based think tank.

"Despite the huge potential that is there in this region, we are allowing fragmentation to pull us down," Dhar said. "All that is required is to build bridges and this should be done at the earliest."

"If you allow latent economic forces to unleash their strengths, the vested interests feeding on fragmentation will be reduced to mere spectators. Separatists (those propagating violence) are a small minority, who are keen not to allow benefits of economic integration to spread," Dhar said. "If the common people can be made partners in economic progress, the pool of people in favour of economic growth and integration will be much larger than the minority of vested interests groups."

Collaborative work in developing energy-related infrastructure and connectivity grids involving India, Pakistan, Nepal and Bhutan should be given top priority, according to Sharma. Besides reducing cost of energy consumption, the common power grid will "enable us to follow a sustainable development path," he will say in his prepared speech.

Sharma in the text of his speech holds that the South Asian region has been the slowest to realize the fruits of integration for historical reasons. From a high of 19% trade in 1948 in the region from Kabul to Chittagong, trade within South Asia has dropped to 2%, according to him.

"We have reached a stage that we now need to break out from the shackles of the past and write a bold new essay," the text of his speech says. "This will have to be based on new ideas which emerge from amongst our nations and pass the litmus test of economic viability."

Without naming Pakistan, Sharma has noted that Asia has had a troubled past and there are elements in our neighbourhood that have vested interest in maintaining a status quo.

"I would urge the business community present here to carry back a message home that the political leadership effectively counter these forces and under no circumstance allow any seeds of violence or terror to be sown in the country," Sharma intends to say on Monday.

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EU looking to include Budget sops in free trade pact with India
Amiti Sen, Business Line (The Hindu)

New Delhi, 23 January 2013: The India-EU free trade negotiations have been unofficially put on hold till the Government announces its Budget for 2013-14 next month-end.

The EU is keenly watching out for budgetary concessions, in areas such as insurance and import duties on goods, that could be woven into the bilateral agreement, an Indian official has said.

"Since we have reached the last round of our negotiations, it seems that the EU wants to wait and see what our Budget offers so that it could incorporate it in the free trade agreement. Once a commitment is made in a pact, it is difficult to go back on it," a Commerce Department official told Business Line. Interestingly, Finance Minister P. Chidambaram, who is on a global tour to woo foreign investments, told investors in Singapore on Tuesday that the Budget would hold a lot for them.

Negotiations on the India-EU pact, formally known as the broad-based trade and investment agreement (BTIA), are on since 2007. Most of the issues related to tariff concessions in industrial and farm goods are more or less settled and both sides have expressed keenness to settle thorny issues such as professional visas, intellectual property, foreign investment in retail and insurance and data security without delay. While a meeting on some technical issues related to the proposed pact is expected later this month, formal negotiations are not scheduled either this month or the next, the official said.

There are expectations that the Insurance Bill proposing to increase foreign investment limit in the insurance sector to 49 per cent from the existing limit of 26 per cent will be taken up during the Budget session.

There are also demands from the industry for import duty cuts on a number of capital goods and industrial inputs.

Moreover, the EU wants to see if there would be any movement in the Public Procurement Bill introduced by the Finance Ministry in Lok Sabha last year during the Budget session. The legislation seeks to make the process of public procurement transparent and free of corruption.

"The EU is keen to include both insurance and Government procurement in the FTA and take commitments that India cannot back-track on. It has its fingers crossed over whether something would happen during Budget time in these areas," the official said.

New Delhi is yet to make up its mind whether it wants to take on binding commitments for foreign direct investment in retail. Although India has allowed 51 per cent FDI in multi-brand retail and 100 per cent

FDI in single-brand retail subject to certain conditions, policy makers are not sure whether they should bind these commitments as it would be difficult to change them if they feel the need at a later time.

"There is no guarantee that even if the FDI limit for insurance is raised or some duties are reduced, the EU will be able to cut a better deal for itself in the FTA. But it would certainly have reasons to bargain more effectively," a trade expert working for an industry chamber said.

The BTIA is expected to create additional markets that would almost double bilateral trade to an estimated €150 billion ($200 billion) from about $110 billion last year.

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Import of IT goods may get expensive
ENS Economic Bureau, The Indian Express

New Delhi, 23 January 2013: The Budget is likely to make import of Information Technology (IT) and telecom products expensive, as the Telecom and IT ministry has sought changes in the duty structure for import of components to promote domestic manufacturing of electronic products.

"It is cheaper to import the components with zero duty and sell the product rather than manufacturing here. So, we need something to be done by the finance ministry on the duty structure to make it less attractive for people to import. Making import dearer will help in developing the manufacturing industry here," said telecom minister Kapil Sibal.

Sibal said he was "sure the finance ministry will give encouragement to the Indian industry." He added that if domestic manufacturing is not encouraged, the import bill for electronic products will reach $320 billion by 2020, which will be even higher than the import of crude oil.

Meanwhile, the government is in the final stage of negotiations with electronic chip makers for setting up a high-tech chip making facility in the country this year.

"We have to set up a fab (electronic chip fabrication) unit here in this year. We will have proposal very soon in our office. We will take it for Cabinet approval for that fab," Sibal said.

The project to set up two semiconductor plant in the country was approved by the Cabinet. It envisages an investment of around Rs 25,000 crore.

Unveiling a one-year agenda of department of electronics and IT, the ministry also announced their target to provide e-literacy training to one million people in 2013. The plan is to 'e-literate' at least one member in all households across the country.

"The idea is to provide training to people according to their needs and that is why we have broken up into five levels. We may provide first two levels of training for free but there will be a charge for the three higher levels," said electronics and IT department secretary J Satyanarayana.

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Import duty on gold hiked to 6 pc to curb demand
PTI

New Delhi, 21 January 2013: With spiralling demand for gold draining huge amount of foreign exchange, government today hiked the import duty on it from 4 to 6 per cent, a decision that immediately sent prices shooting up.

Simultaneously, the government also raised the duty on platinum by a similar percentage from 4 to 6, Economic Affairs Secretary Arvind Mayaram told reporters here as government appealed to the people to moderate their demand for gold.

Shortly after news of the duty hike, gold prices shot up by Rs 315 to Rs 31,250 per 10 grams and markets sources say it may go up to Rs 700 per 10 grams in the short term.

For the second time in a year, the import duty on gold has been hiked to check the spiralling trend of gold imports leading to a record current account deficit that has a cascading effect on various economic fronts including distorting the balance of trade.

Finance Minister P Chidambaram had on January 2 indicated the coming hike in duty when he said the government would be left with no choice but to make import of gold a little more expensive.
In a bid to channelise gold holdings into institutional channels, Government also proposed providing a link between Gold Exchange Traded Fund (ETF) and Gold Deposit Scheme (GDS).

The objective is to unfreeze or release a part of the gold physically held by mutual funds under Gold ETFs and enable them to deposit the metal with the bank under GDS.

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Gems & jewellery exports fall 17% in 2012
Dilip Kumar Jha, Business Standard

Mumbai, 30 January 2013: India’s gems and jewellery (G&J) exports declined 17.09 per cent in dollar terms and 4.65 per cent in rupee terms in 2012 amid stagnating demand in West Asian and European markets. The decline in dollar terms was partly set off by the depreciation in the rupee.

Gems and Jewellery Export Promotion Council (GJEPC) data showed that overall G&J exports fell to $38.3 billion (Rs 2.05 lakh crore) in 2012, compared with $46.2 billion in the previous year. The rupee averaged at 53.49 against the dollar in 2012, compared with 46.68 in the previous year.

We believe the decline would be fully set off by the end of March 2013 after which the industry would enter into positive territory, said Vipul Shah, chairman of the GJEPC.

After a dwindling first six months of the current financial year, G&J exports started recovering gradually in October with stockists orders flowing in from the US for Christmas, New Year and Mothers Day celebrations. Since these three occasions constitute around 40 per cent of overall annual jewellery sales in the US, neither Indian exports nor American retailers look to miss the opportunity.

Overall jewellery demand during the Christmas and the New Year seasons remained flat with around five per cent growth witnessed in the US market. But it raised hope for a recovery, with around 15-20 per cent growth expected during the next financial year, said Shah.

While the US alone comprises 11 per cent of Indias overall G&J exports, West Asia constitutes 48 per cent. Hence, Indian exporters are scouting to expand their footprint further in the West Asian market, in addition to exploring new markets like Australia, Romania and former Soviet republics (Commonwealth of Independent States). Japan is another destination which Indian jewellery exporters are scouting for high-end ornaments. Jewellery exporters are also betting big on the growth in the domestic market this year after the government took a number of reform measures to bring the economy back on the growth path.

Gitanjali Gems Ltd, which runs around 130 retail outlets in the US, has reported around 10 per cent growth in sales on the occasions of Christmas and New Year. According to Mehul Choksi, chairman of Gitanjali group: The economic revival will bring consumers back to the stores in larger numbers, and also strengthen demand for what are otherwise considered non-essentials.

On the domestic front, Choksi said: After a challenging 2012, the Indian government, allowing foreign direct investment in multi brand retail, will yield relatively immediate results, and probably be a cornerstone of retail growth in the first half of 2013. Its only later in the year that the impact will take a more concrete shape as companies move from the drawing board to practical action. But full-fledged penetration of the Indian market by foreign retailers will probably begin only in 2014.

Struggling to overcome the sustained fall in export turnover, diamond jewellery manufacturers have urged the government to implement the Benign Assessment Tax Procedure (BATP) with 2.5 per cent ad valorem income tax levy on declared turnover. Currently, the government considers six per cent as net profit on the turnover declared by jewellery exporters on which 30 per cent of corporate tax is levied.

BATP is currently applicable in major global diamond trading centres like Belgium, Israel and Thailand. It is also currently levied in some other forms in China. Hence, why cannot the same be levied in India too, for transparency, he asked.

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Wheat exports set to top 9.5 mt this financial year
Rituraj Tiwari & Madhvi Sally, Economic Times

New Delhi, 21 January 2013: India's wheat exports are poised to rise to a record 9.5 million tonne in the current fiscal year as the government is keen to ship out 5 million tonne from official stocks to make space for the bumper harvest.

Top officials said private firms would also be allowed for the first time to draw from government stocks to speed up exports as official agencies need to quickly make arrangements for the new harvest and official procurement.

With adverse weather hitting output in major producing nations, exporters expect a good price in the international market. The proposal may come up in cabinet agenda on Thursday.

"We need to make room for fresh harvest. We think we can export another 5 million tonne of wheat from the government stock," Food Minister K V Thomas told ET.

Currently, wheat from the stocks of Food Corporation of India can be sold only by state-run firms such as MMTC, STC and PEC. "We are working on a mechanism for allowing private players to ship wheat along with PSUs. The process will be transparent so that there is least financial burden on the government," he said.

The country is likely to get yet another bumper crop this year due to favourable weather conditions such as the recent rains in northern India and cold weather since the beginning of this month.
The government expects the output to beat last year's record.

"If such weather conditions continue, we expect to surpass last year's output of 93 million tonne," said agriculture secretary Ashish Bahuguna.

The demand for Indian wheat has gone up amid a fall in wheat production across Australia and Russia. The government has finalised tender for exporting 2.305 million tonne of wheat as against the target of 4.5 million tonne. Of which, around 1.5 million tonne have already been shipped out.

Now with the proposal of government opening up options for private players to sell government stock, wheat trading houses are expecting good export numbers.

"We are waiting for the government to open the export for private traders. There is a huge stock in the country and we are expecting again a bumper crop of 100 million tonne," said Anil Monga, managing director, Emmsons International Ltd.

According to industry sources, contracts for the new crop for April-May shipment were being signed at $300-$330 a tonne. The current demand for Indian wheat was largely coming from Bangladesh, South Korea, the Middle East and African countries.The government has been able to export the grain at an average price of $300 a tonne.

"Indian wheat is currently in huge demand globally. We should take full advantage of the situation and export as much as we can," says Pravin Dongre, president, Indian Pulses and Grains Association.
According to agency reports, Chicago wheat gained 5% last week, recording the biggest weekly gain since July as the worsening condition of the US winter crop threatened to squeeze global supplies that have been affected by an adverse weather.

A series of rain showers helped ease drought conditions in parts of the United States over the last week but the drought expanded in the parts of the US Plains that produce the most US wheat, according to agency reports.

Indian wheat is quoted around $340 a tonne, C&F, in Asia compared with $350-$355 being offered for similar quality Australian wheat.
Weather has affected supplies from Russia and Australia, which are major exporters. Currently, international traders from Concordia, Toepfer, Louis Dreyfus, Starcom, Glencore and Cargill are procuring Indian wheat.

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Minimum export price for onion likely
Dilip Kumar Jha, Business Standard

Mumbai, 25 January 2013: Seven months after its abolition, the government is considering levying the Minimum Export Price (MEP) on onions once again, trade sources believe.

The government is all set to levy MEP at $700 a tonne to discourage exports from India. This is because of shortage of good quality onion in the recently ended kharif season and the ongoing rabi harvesting season, which hiked its prices by up to 250 per cent in the week between January 5-10, 2013 compared to the same period last year.

The government had abolished the MEP on onion in May 2012, thereby, allowing traders to take advantage of rising prices in the global markets.

But traders are not happy with the likely move. Currently, Indian exporters are executing orders from Middle Eastern importers at $420 a tonne. At $700, therefore, Indian orders which already have been low, would be shifted to countries like Pakistan, said a trader.

“Onion exported from Pakistan is cheaper by $30-40 a tonne than India. An MEP levy of $700 would further deteriorate export opportunities,” said Ashok Walunj, director of Agricultural Produce Marketing Committee (APMC), Vashi.

Meanwhile, R P Gupta, director of National Horticulture Research and Development Federation (NHRDF) predicts normal supply of onions in the country this year with an output estimate of 17.4 million tonnes — unchanged from last year.

Blaming traders for artificial price rise, Gupta said that around 10 per cent decline in acreage would be compensated with higher recovery.

First advanced estimates, however, forecast India’s onion output between 16.4 and 16.6 million tonnes which is likely to be revised upwards in the second crop assessment next month.

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Cabinet might allow partial export of some edible oils
Sanjeeb Mukherjee, Business Standard

New Delhi, 22 January 2013: The government is likely to partially allow export of some edible oils in a meeting of the union cabinet likely to be held this week. Officials said the proposal is mainly for export of coconut oil.

"The Cabinet is expected to discuss a proposal to allow export of some edible oils this week," a senior official said.

In October last year, the government had extended ban on export of edible oils until further orders, but exempted outbound shipments of edible oil in branded consumer packs with a ceiling of 20,000 tonnes.

"Prohibition on export of edible oils has been extended till further orders," according to a notification issued by the Commerce and Industry Ministry.

Export of edible oil was initially prohibited for a period of one year with effect from March 17, 2008, which was extended from time to time.

But, the government provided exemption for export of edible oil in branded consumer packs with a ceiling of 20,000 tonnes for one year till September 2013.

Export of fish oil continues to be free, it added. Export of edible oils has been banned as the country faces acute shortage of domestic supply and is heavily dependent on imports. Domestic production of edible oil is just around 7 million tonnes, against the annual demand of 17-18 million tonnes. In 2011-12, the country imported 9.78 million tonnes of edible oil

The wholesale-price inflation in edible oils has been in the range of nine to close to 11 per cent till December this fiscal year. In December, it came down to 9.49 per cent from 9.9 per cent in the previous month.

Some people in the know said the Cabinet might also discuss another proposal to revise the norms of special industry scheme for Jammu and Kashmir.

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Pepper soars on supply shortage, exporters lose the pricing edge in global market
PK Krishnakumar, Economic Times

Kochi, 23 January 2013: A supply shortage has pepper exporters worried as Indian shipments lose the pricing edge in the global market. A delay in harvesting and the holding up of around 8,000 tonne pepper in NCDEX warehouses over adulteration charges have squeezed the supply. Spot have climbed to Rs 400 per kg.

High prices have prevented exporters from making any gain in the global market. According to the latest Spices Board figures, exports touched about 9,000 tonne in the April-November period, which is about 40% down from the corresponding period in the previous year. However, their earnings at Rs 300-350 crore have not shown much drop because of a higher unit value. The export target of 20,000 tonne this year is unlikely to be achieved.

"Indian pepper is selling at a rate of $8,000 per tonne compared with $6,000-$7,000 by other producers such asVietnam, Indonesia and Brazil," said Kishor Shamji, a leading pepper exporter. Supply is tight as fresh supplies are yet to reach the market. This, along with a robust demand from North India, is keeping the prices higher.

Shamji said certain cartels had cornered large quantities of pepper from June to November last year taking away the competitive edge of Indian pepper. "Many of our regular buyers for Malabar pepper have switched over to cheaper pepper from other origins to cover their requirements," he pointed out.

Though the Indian pepper production is forecast to touch 55,000 tonne this year, the industry is worried by the delay in arrivals. "Vietnam should be producing around Rs 1.20 lakh tonne of pepper, almost equal to the quantity last year. The growers have become rich and have high holding capacity. This means they will be able to sell at a competitive rate this year too," said Jojan Malayil, CEO of Bafna Enterprises, a major exporter. Traders feel prices should see a decline by February as arrivals of fresh crop increase. The February contract for delivery on NCDEX is hovering around Rs 372 per kg.

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Faced with stagnant consumption, tea producing nations form trade body
Sutanuka Ghosal & Bikash Singh, Economic Times

Kolkata/Guwahati, 24 January 2013: The stagnation in black tea consumption in the UK and other European nations coupled with the rising global coffee consumption has forced tea-producing nations including India, Sri Lanka, Indonesia, Kenya, Malawai and Rwanda to form the International Tea Producers' Forum. Headquartered in Colombo, the main objective of the forum is to promote global tea consumption and increase production at a time when the crop has been hit by climate changes.

"Major tea-producing nations have signed a draft document on how to evolve solutions to common problems affecting the producers. The draft has to be ratified by the respective governments," said AN Singh, chairman of the Indian Tea Association, who had participated in the ministerial-level meeting in Colombo.

The decline in global black tea production by nearly 39 million kg last year is a matter of concern for all the producers. Moreover, the UN's Food and Agriculture Organization has forecast that by 2021 Britons will be consuming 15% less tea as against the consumption of 15 years ago. This report has come as a major concern for the Indian tea industry. India's tea further said that the forum will undertake market studies, surveys and research projects aimed at addressing specific issues concerning tea. "There will be free interaction between the producing nations where we will discuss how to develop better clones to fight the vagaries of nature. The member countries will provide technical cooperation, share technology and expertise among themselves," he added.

promoting consumption through generic promotional campaigns and position tea as the most preferred beverage across the globe. Tea is facing tough competition in India and across the globe as coffee and other beverages like ready-todrink products are gaining popularity among the youth.

For instance, in India, coffee consumption is growing at a rate of 5-6% compared to the tea consumption growth of 2-3%. Singh exports to the UK have dwindled to 16 million kg from 22 million kg over the last five years.

Tea Board chairman MGVK Bhanu told ET that this forum will protect the common interests of the tea-producing nations. When asked if this forum will function on the lines of the Organisation of the Petroleum Exporting Countries, the chairman replied negatively. The main focus of the nations is to stimulate the demand of tea by promoting consumption through generic promotional campaigns and position tea as the most preferred beverage across the globe. Tea is facing tough competition in India and across the globe as coffee and other beverages like ready-todrink products are gaining popularity among the youth.

For instance, in India, coffee consumption is growing at a rate of 5-6% compared to the tea consumption growth of 2-3%. Singh further said that the forum will undertake market studies, surveys and research projects aimed at addressing specific issues concerning tea. "There will be free interaction between the producing nations where we will discuss how to develop better clones to fight the vagaries of nature. The member countries will provide technical cooperation, share technology and expertise among themselves," he added.

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Cotton yarn exports to touch record high in FY13

Sharleen D'Souza, Business standard

Mumbai, 25 January 2013: This financial year, cotton yarn exports are expected to touch an all-time high, owing to good demand from China. Textile Commissioner A B Joshi said in 2012-13, about 1,000 million kg of yarn was expected to be exported. Earlier, he had estimated cotton yarn exports at 920 million kg. Last year, exports stood at 827.68 million kg.

During the April-December period, 758 million kg had been exported, 20 per cent higher compared to the year-ago period, according to sources in the textile commissioner’s office. In April-November, cotton yarn production stood at 2,317 million kg, 14 per cent higher compared to the year-ago period.

China accounts for 30 per cent of India’s cotton yarn exports, while Bangladesh accounts for 16 per cent. This year, Bangladesh cut its imports three to four per cent. China imports a substantial amount of cotton yarn from India, as the cost of production in that country is higher, owing to high cotton prices. This led to a rise in demand for yarn from domestic companies. “Pakistan’s production has fallen 30 to 40 per cent, as it doesn't have gas to run its plants, causing India's orders to rise," said Kailash Lalpuria, executive director of Indo Count Industries.

Currently, 30s combed cotton yarn from India is exported at $3.5 a kg, while the 40s count variety is exported at $4 a kg. In India, cotton is priced at 85 cents/pound, while the price of cotton in China is $1.4/pound. This makes it viable for Chinese companies to import cotton yarn from India, as the cost of spinning cotton to yarn is lower in India. As wages, too, are rising in China, the country is now cutting spinning activities and focusing on value-added items.

At the Cotton Advisory Board meeting yesterday, the textile commissioner had said this year, cotton exports would stand at eight million bales (a bale is 170 kg), compared with 12 million bales last year. This was primarily because China was de-stocking the cotton it had reserved.

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India may drag Egypt to WTO against levy on cotton yarn
Amiti Sen , The Hindu

New Delhi, 25 January 2013: India is considering filing an official complaint against Egypt at the World Trade Organisation for "wrongful'' imposition of penal duties on cotton yarn imported from the country. With Turkey recently withdrawing similar duties on Indian cotton yarn after the country filed a WTO complaint, New Delhi is hoping for a similar outcome with Egypt.

Egypt is the fourth largest market for Indian cotton yarn after China, Bangladesh and South Korea, and the additional duties ranging between 13 per cent and 14 per cent has affected the industry's competitiveness.

"We realise that the Egyptian economy is going through a low phase. But the country should not be taking so long in removing the safeguard duties as we have pointed out several times in our bilateral discussions that these violate WTO norms. We may take the WTO route if we are left with no other option," a Commerce Department official told Business Line.

Egypt imposed safeguard duties – a levy to check surge in import of a particular commodity causing disruption in the local market – on cotton yarn from India last July.

India has argued that its cotton yarn imports to Egypt have not surged or disrupted the local market and there is no justification for the safeguard duties.

"Egypt is the fourth largest market for cotton yarn exports from India and it is in our interest to ensure that the safeguard duty is removed at the earliest as there appears to be no economic justification for imposing such a measure," said Siddhartha Rajagopal, Executive Director, Texprocil.

Turkey had extended a similar duty on cotton textiles from India beyond its expiry date of August 2011 following which India had filed a case against it at the WTO. The case was subsequently withdrawn when Turkey promised to remove the duties by December 2012 which it did.

"We hope Egypt, too, would agree to withdraw the duties and we do not have to fight a full-fledged case at the WTO," the official said.

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We must protect traditional Indian products in the international market to boost growth
A.K.Kanungo, Times of India

21 January 2013: The recent slowdown in India`s exports calls for a re-examination of policies essential to propel India's foreign trade. One such policy is the recognition of geographical indications (GIs). What is currently under debate is the `unequal provision or treatment' meted out to developing countries. As a result they are unable to capitalise on the true potential of GIs.

These are a type of industrial property that identifies a good as originating from a particular place with a given quality, reputation or other characteristic of the good being attributable to its geographical origin. Much like trademarks, the economic rationale of GI is based on the `information asymmetry` between buyers and sellers in the market and the role of reputation, conveyed through distinctive signs, in tackling such asymmetry.

Thus, GI acts as a signalling device helping the producers to differentiate their products from competing products in the market and enabling them to build reputation and goodwill around their products, fetching a premium price. For instance, champagne originated from a place in France and has been recognised as a product whose reputation for quality or authenticity is intimately linked to its geographical origin. The product has not only emerged a major product in its export basket but also helps in promotion of tourism and cultural heritage.

There are many such examples in India â€” such as Kanjeevaram silk saris and Pochampally Ikat â€” that can very easily contribute to Indian exports and soft power. But for them to contribute to foreign exchange, protection and equal treatment for developing countries like India need to be re-emphasised and negotiated. This will also protect the exclusiveness and heritage of such goods and the traditional skills that go into making them.

The issue has gathered momentum with the recognition of the Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS) of GIs as a form of intellectual property right. This enhanced the marketabi-lity of these products and demonstrated that GIs have great potential to play a major role in trade between countries.

It further increased the commercial significance of GIs, not known to many developing countries like India. This is not to say that GIs were insignificant in trade earlier. Quite to the contrary, the immense revenue potential of GIs necessitated their cross-border protection and thus was included in the ambit of the TRIPS agreement.

Article 22 of the agreement, which forms the core of GI protection, provides for a general level of cross-border protection of GIs in the course of trade. However, what distinguishes developed countries from India is a special provision. This special provision was made under Article 23 of the TRIPS agreement for protection of GIs in the form of wines and spirits. The major claimers of this kind of protection were the European countries with their very long tradition in making such products.
This special treatment to wines and spirits is developed country-centric. Developing countries, including India, have raised this issue in the ongoing Doha Round and in the recent meetings at the WTO. They seek the same higher level of protection for all GIs as was given under Article 23 for wines and spirits. Many handicraft products such as Kanjeevaram silk saris, Pochampally Ikat, Chanderi fabrics, Madhubani paintings, Mysore Jasmine, Bidri metalworks have been registered as GIs in India. Many food products and agricultural products are also registered. In fact, six foreign products have also been registered as GIs in India. Today, more than 170 Indian products have been recognised as GIs in India. Evidently, the potential is immense.

It needs to be reiterated that the benefits of the registration of a product as GI are actually realised only when these pro-ducts are effectively marketed and protected against illegal copying. Effective marketing and protection require quality assurance, brand creation, post-sale consumer feedback and support, prosecuting unauthorised copiers, etc. Thus, the registration is only the first step in creation of a market for the GI.

Further, this protection first gains significance in the domestic context before international protection becomes relevant. However, for internationally recognised products like Darjeeling tea, which have an expansive export market, international protection is of crucial importance.

There is a direct link between the cultural diversity that exists in India with its varied peoples, traditions and flavours and the legal protection of GIs that the products of cultural activity can have. There is also a link to local communities, in towns and villages, which possess traditional knowledge of making these products which in themselves are part of their traditional cultural expressions.

Thus, legal protection to GIs also extends to protection of traditional knowledge and traditional cultural expression contained in the products. In doing so, not only are livelihoods protected but employment gene-ration is also encouraged. In fact, owing to the premium prices that many GIs command today, it is possible to preserve many traditional skills.

Since many of these GI pro-ducts belong to the textile and tea areas and are largely exported to EU countries, there is merit in negotiating to implement equal treatment for Indian GI products. After all, the EU is still India`s largest trading partner. GIs have the potential to be an engine for our growth. Indian policymakers should heed this and negotiate harder to give Indian GI products their true reward.

The writer is with the Indian Institute of Foreign Trade, New Delhi.

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De-democratising the WTO
Arvind Subramanian, Business Standard

21 January 2013: The list of candidates to succeed Pascal Lamy as director-general of the World Trade Organisation (WTO) has just been finalised. Astonishingly, not one of the nine aspirants is from the world's four big major trading entities – the US, Europe, Japan, or China – that together account for over 55 per cent of global merchandise exports. That is both a metaphor for what ails the supervisory body for global trade — and a signal of its bleak prospects.

Over time, the WTO has become an institution where smaller and poorer countries have acquired a stake and voice. This transformation may seem a welcome sign of legitimacy. But it has gone too far. For its future effectiveness, indeed survival, the WTO needs to be de-democratised, with the large countries reasserting themselves. Otherwise, trade will become more fragmented and friction-prone, undermining the very system from which the smaller countries stand to benefit and slowing global growth momentum. The multilateral trading system faces not just a serious threat but an existential one. Increasingly, liberalisation is taking place outside the WTO, either through unilateral reform or via increasingly popular regional trade agreements. But these agreements did not jeopardise the WTO for the important reason that none of these agreements was between the large trading nations themselves.

Ominously, that now stands to change. The US has thrown its weight behind theTrans-Pacific Partnership, which could potentially include Japan. It is also seriously contemplating a transatlantic agreement with Europe. Soon, there will be a scramble among other large nations to conclude deals with each other.Multilateral trade, as we have known it, will progressively become history. So too might the

WTO's importance and relevance because it was the institution where the US, Europe, Japan, and China liberalised trade and settled disputes, especially with each other.

Leaving aside the experience of European integration, which had its unique post-World War II imperatives, it is the US that will bear history's burden for these new developments. The US, which began the process of undermining the non-discriminatory trading system by negotiating regional agreements with Israel and Canada in the 1980s, will have effectively ensured its completion by embarking on these new agreements.

How can this be addressed? Aaditya Mattoo of the World Bank and I have argued that the effectiveness of the WTO as a forum for fostering further liberalisation has been undermined by at least two factors. The first is the Doha Round of multilateral trade negotiations. Launched in the aftermath of 9/11, the world has neither been able to conclude nor bury them successfully.

As a result, it has become impossible to move to a more relevant agenda that can expand market opportunities for the private sector and deal with the current concerns of governments. An example is food where a decade ago, subsidies and barriers to imports were the important issue. Today, high prices and barriers on exports are more important. Similarly, currency manipulation is now a pressing issue — but is not on the Doha agenda.

Emerging powers such as China and India must be more active in shaping this new agenda and constructive about liberalisation in the WTO or risk their trading partners seeking alternatives to it. There is a strategic issue here for these countries to ponder: are they, through their acts of commission and omission, facilitating the weakening of the multilateral trading system?

But interring Doha will not be enough to revitalise the WTO's effectiveness. Unlike the International Monetary Fund (IMF), which has suffered from a democratic deficit and legitimacy problem, the WTO has suffered from too much democracy and associated blocking powers. A few small countries exercise their veto if, say, cotton subsidies – an issue of legitimate concern to them but not necessarily of systemic importance – are not addressed. And it must be remembered that the interests of the smaller countries are not always consistent with multilateral liberalisation: as beneficiaries of preferential access to global markets they are hurt by multilateral liberalisation; and as food importers they suffer from elimination of agricultural subsidies that tends to raise world food prices.

Their veto must be taken away or else future negotiations can be stymied by, even held hostage to, any of the WTO's 157 members. This outcome can be achieved by allowing the larger countries to negotiate among themselves while offering assurances to the smaller countries that they would receive the benefits of such negotiations and spared any undue burdens.
Unless this change occurs, the WTO cannot deliver on its key mandate of being a forum for further liberalisation. And, if it cannot, it will be reduced to a body that settles trade disputes between countries based on rules that are increasingly overtaken by those negotiated under regional agreements.

Recently, the legitimacy of the IMF and the World Bank was under question because the procedure for selecting their leaders appeared rigged in favour of Europe and the US. It is perhaps ironic that, in the case of the other part of the Bretton Woods troika – the WTO – the absence of candidates from the most economically powerful countries would be seen as lamentable. But lamentable it is as it signals that the world's largest trading nations have relinquished responsibility in making it an effective and relevant multilateral institution. That is situation that threatens to make everyone a loser. Indian policy makers and strategic thinkers should be alert to this ominously evolving global landscape.

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India to support member from developing nation for WTO's top post
Economic Times

24 January 2013: India today said it will support a candidate from a developing country for the top post of the World Trade Organization (WTO) that is to be decided by the end of May.

Commerce and Industry Minister Anand Sharma, who is here for the annual WEF meeting, has met four contenders from Costa Rica, Mexico, New Zealand and Indonesia here.

"Sharma welcomed their candidature and expressed India's stand regarding need for a Director General who is from the developing country and is committed to the development dimension of WTO negotiations," the Commerce Ministry said in a statement.

There are nine candidates in the race for the WTO Director General's post that falls vacant on August 31 when Pascal Lamy is due to step down.

Costa Rica's Foreign Trade Minister Anabel Gonzalez, Mexican Economy Minister Hermino Blanco Mendoza, New Zealand Trade Minister Tim Groser and Indonesian Tourism and Creative Economy Minister Mari Elka Pangestu met Sharma and have sought India's support for the post, it said.

Meanwhile, in a session, Sharma said that the delay in conclusion of the Doha Round is impacting the global economy.

"This the only round of trade talks that is focused on developmental agenda and it has taken the longest. The delay is definitely impacting or injuring the global economy," he said.

Differences between rich and developing nations have been a stumbling block in the conclusion of the talks, which were started in 2001. India and other developing nations are defending their agricultural markets to protect millions of subsistence farmers from easy imports that may result from the multilateral agreement.

"We will meaningfully engage with the US on this. The countries that are negotiating need to work on this," he said.

Indonesian Trade Minister Wirjawan said: "The Doha Round has some oxygen as long as we stick to focus on low-hanging fruits, and India will play a big part in making the meeting in Bali a big success".

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Doha is not dead for sure: WTO's Pascal Lamy
NDTV

Davos, 24 January 2013: Pascal Lamy, director-general, World Trade Organization, spoke to NDTV's Namrata Brar on the sidelines of the World Economic Forum at Davos, Switzerland about the Doha round of negotiations, which aims to lower trade barriers around the world to facilitate global trade.

Here's the edited transcript of the interview:

NDTV: My first question here in Davos 2013 - is Doha dead?

PASCAL LAMY: I don't think so. Doha is a big negotiation for WTO (World Trade Organization) and will not conclude any time soon...the way it was planned to conclude, which is a big deal. About 20 topics being principal that nothing is agreed until everything is agreed. But for sure, Doha is not dead, because problems which Doha was to address are still there...big tariff in industrial growth like subsidies, fishery subsidiaries...the problems are there so we need solutions to that, and second because if the thing doesn't unfold, bits and pieces of that, some of which are very important, can be concluded in the meantime, starting with this big multilateral negotiation which may be on the verge of conclusion of what we call trade facilitation, which is addressing path of fiscal trade and border crossing. Border crossing today cost 10 per cent of the value of trade. There is a big pond of savings for small businesses and could be doable. So the big thing not now but parts of that...yes, perfectly doable.

NDTV: So when you talk about trade facilitation agreement, do you have India on board for this subject because there is a lot of criticism that for a country like India. This will actually benefit imports but not exports, which really developed countries want and it is going to play in favour of the US, EU. So how do you address that?

PASCAL LAMY: First, the largest and growing part of world trade is between developing countries and if all countries on this plant simplify and streamline their custom procedures, this will work both ways, both for imports and for exports. Many developing countries have important offensive interest their competiveness, in services, is now very good. So it's not the question of North versus South or developed versus developing. The world today has changed and we have quite a lot of emerging companies, India, China, and Indonesia being some few examples, whose systematic interest is to improve trade of both the sides. Now, there may be tactical position and that's understandable, but overall it is in the interest of everybody to streamline, simplify, automated custom procedures.

NDTV: In your conversation with the Indian government you have they suggested to open to this agreement?

PASCAL LAMY: I think if you look at India's custom system, in many ways it is more modern than many others including developed countries. So India has an advantage in IT, in digitization of custom procedure, which India needs to export well. (Will be) Discussing this with Anand Sharma and with the Indian PM few days from now.

NDTV: I know you are visiting India in the next couple of days. Do you feel Indian government is on board with Doha once again?

PASCAL LAMY: I don't think India ever left the table. The main reason why, so far, this negotiation has not been concluded is because of industrial tariff reduction. We know countries like India have this part to play and would not characterize the situation. India, having left the table, recently got a proposal that provided number of flexibility for financing public which the Indian government buys from their livelihood of farming and India has a big interest in this sector; roles have been adjusted in order to match this capacity. So this notion that India is on the defensive, I think, is not right. India, like us, like China, like Japan, has offensive and defensive, and the whole thing is how you balance it at the end of the day.

NDTV: But a lot of people say India just got completely exhausted with their discussion, particularly US' position on farm subsidiaries. That's a given. Nobody is still willing to come in and compromise on that front. The US and the EU - do you see a possibility of them compromising on farm subsidiaries?

PASCAL LAMY: Of course, they will have to do that, not only for budget reasons; we all know US has a big budget problem and the EU has to put order in its public finance. So I think they will have to do that. The question is, like always, in terms of negotiation, the US President wants to get the majority in Congress reducing their problems; the US President has to come with something as a tradeoff to tell people in Congress that, yes, we have to do that and it's going to be painful for some of you, but I have good news for others. This is the whole negotiation now; trade facilitation, custom procedures is as compared to this ...... which mobilise domestic ..... is relatively an easy thing. I mean after all the procedures to handle, custom clearing is something of an administrative nature; its governances decided whether you make it complex or simple or cheap or expensive. It is, in a way, an easier issue to deal with, which is why it needs a better start.

NDTV: So is that going to be a new tone of WTO from now on? Will you focus on this specific agreement because what has happened is the principle that 'nothing is agreed till everything is agreed' is really difficult to come back on the table; It is really difficult and then again you have a backdrop; countries like US, you spoke about President Obama, he is clearly not that interested in a global trade issue; he is more focused on his domestic economy; countries have turned more protectionist after the crisis.

PASCAL LAMY: I would be cautious about this. We have been protectionist for sure. So far, we haven't had any significant wave of protectionism, which, by the way, show important... WTO is for keeping trade open on this planet, true and this is absolutely right; governance - that is everywhere - have a tendency to focus on their domestic issues while there is an economic and social crisis. But we all know, more export is very important for many countries and it is one of the cheap ways of stimulating your economy.

NDTV: I am referring to trans-specific partnership that is taking place. The US starts it off with the meeting with Australia, Canada, Chile, Mexico and so on, and then you have talks about EU-US free trade zone coming in. Does that fail the Doha talks, the WTO significance?

PASCAL LAMY: Depends on what you are talking about. In some areas, these bilateral deals may be conducive to more multilateral trade opening; in other areas it may scatter the market instead of leveling it. Take India, which has its own stream of bilateral negotiations. So overall, the question of whether bilateral negotiations are good or bad for multilateral trade opening doesn't have a black and white answer. And of course, the mood is that this bilateral (deal) has to remain complacent with other structures of multilateral groups.

NDTV: What are you going to be asking the Indian government and the Prime Minister when you are in India? What is the top thing that Pascal Lamy wants from India?

PASCAL LAMY: The WTO director general is not there to want things from countries. The WTO is a system between countries, and countries want things from other countries; not me. I am a facilitator; I am trying to take a look at what the current situation is.

NDTV: In your negotiation with India so far, what has been the biggest dumpling block so far for the larger deal?

PASCAL LAMY: I think overall India is modernizing this economy and is using international trades to level. Look at services in distribution or banking and insurances, where India recently has stepped in to say we need more open system, and this is great. (I) am here not to request India from doing things that India won't do; (I) am here to facilitate what Indian authorities believe they have to do in order to modernise their economy and service plays a big factor, as we know how important service is for the performances of the productivity of an economy today.

NDTV: Could there be a possibility of opening up environmentally beneficial goods on your visit?

PASCAL LAMY: Well that's an area which has been discussed, especially in the Pacific countries. I don't see this as something that can be solved in a week; there are more efforts to be put in for it to work.

NDTV: Is there also a meeting planned with President Barack Obama at some stage?

PASCAL LAMY: You know I am always travelling, trying to coil this contact on top of what we have to do every day to keep trade open, which again, in this difficult environment with Europe, Japan still being ...... in terms of growth, which, of course, impact India or China.

NDTV: You are retiring this year in August and you will be missed; the opposition has been a big one. Do you want to leave Doha behind like this?

PASCAL LAMY: I think, we need, especially poor countries, a vibrant and strong WTO in India. We have a WTO stronger than ever it used to be, but on this area, obviously, even if a small step is taken, which will lead to other small steps, I will be very happy.

NDTV: And who is going to succeed you? Since there is long list of potential candidates coming from the countries, which are emerging markets, do you feel, this time, the WTO should have more of an emerging market flavor at the top?

PASCAL LAMY: That's not for me to say. I mean there are nine candidates to succeed me, which I think is a reasonably good open competition. I am happy that we have a big number of good candidates. That says something about how important this organization is for its member. Well, I am not involved in this process. Members will decide and am sure, in their wisdom, they will pick up the best.

NDTV: But the emerging market dialogue in WTO has got stronger in your tenure, do you feel that?

PASCAL LAMY: Of course it has, not because the WTO as a system has affection of the countries that make it, and clearly, emerging and developing countries are more important since they are a part of the world economy. After all, this is what development is all about.

NDTV: Sir may be, we have an emerging market face. Any plans of what you are going to do after August?

PASCAL LAMY: Not yet. For the first time in my life, I will have freedom and I want to taste it.

NDTV: And you deserve it. Mr Pascal, many thanks.

PASCAL LAMY: Thank you

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Difficult to conclude Doha Round as single package, says Pascal Lamy
Dilasha Seth, Economic Times

Agra, 29 January 2013: Outgoing director general of the World Trade Organization Pascal Lamy on Monday said in the near term the members should look at reaping the 'low hanging fruits' as it would be difficult to conclude the Doha Round as a single package.

"Differences between rich and developing nations have been a stumbling block in the conclusion of the talks," he said at the Partnership Summit in Agra.

The Doha talks came to a near conclusion in 2008, but broke down as India, China and the US fell out over measures to protect poor farmers.

Since then India and other developing nations are defending their agricultural markets to protect millions of subsistence farmers from easy imports that may result from the multilateral agreement. The next round of ministerial talks will be in Bali in December this year.

Lamy said that members could move forward on issues like trade facilitation.

"This is a part of the Doha Round that can be concluded as early harvest," he said, adding everybody should be agreed on this if it has to conclude it this year. "There will issues which could not be resolved until now like fishery subsidy. Those issues will be resolved later probably in the same spirit...take the ones that can be reached on short term consensus," he added.

Under the early harvest, developed countries, including the US, want India and other emerging economies to be part of the four major sectoral pacts - trade facilitation (TF), information technology (IT), environmental goods and international services agreement.

However, India has said that it would not accept any agreement on IT and environmental goods, as it would adversely impact its domestic industry.

Lamy, who will step down as the director general of the WTO in August, blamed the lack of regulation in the financial sector for the global economic crisis.

"Open trade has not triggered the crisis. No regulation in the financial system is responsible," he said. Opening trade and improper regulation are two different things. You can have open trade and proper regulation and vice versa, he said.

Lamy said that issues like strengthening world trade, further opening trade and restricting protectionist tendencies would be the major challenges for the new director general, who will be named on May 31.

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