INDIA'S TRADE NEWS AND VIEWS

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Regional trade deals to pose a challenge: Commerce Secretary
Asit Ranjan Mishra, Mint

New Delhi, 21 February 2014: India's export competitiveness risks being eroded when regional trade deals such as the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) come into force, commerce secretary Rajeev Kher warned on Thursday.

Kher, interacting with the industry for the first time after taking over as the commerce secretary on 1 February, said India has to make its export subsidies compliant with the World Trade Organization's (WTO) rules, be a part of global value chains and look for deriving more benefits out of the free trade agreements signed with other countries.

India's five-year foreign trade policy will expire this year and a new policy is expected to be put in place by the next government after the general election due in April-May.

The TPP is a proposed trade agreement under negotiation among 12 countries—Australia, Brunei, Chile, Canada, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the US and Vietnam. TTIP is a trade and investment agreement under negotiation between the European Union and the US.

"US is a big market for India. After implementation of (these) pacts, Indian products will get less preference as compared with the countries which are part of these pacts. Once TPP, TTIP are implemented, it will throw a challenge to us," Kher said at the export summit organized by the Confederation of Indian Industry.

While current entry barriers to such trade pacts are too high for India, this is one of the reasons why India is a part of the negotiations under the Regional Comprehensive Economic Partnership (RCEP) though it is treading extremely cautiously.

"Of course, it has huge challenges like dealing with China, Korea and Japan. So we have to devise a unique strategy for getting into these FTAs (free trade agreements). Find a manner in which we can draw best advantages out of this. Please recognize that 16 countries are coming together offering us a seamless territory. It is a great opportunity," Kher said.

Biswajit Dhar, director general, Research and Information System for Developing Countries, a Delhi-based think-tank, said since seven members are common to the negotiations of TPP and RCEP, some of the negotiation elements of TPP may sneak into RCEP negotiations through the backdoor.

"TPP is being touted as the gold standard of trade agreements. Since US does not have the Congressional mandate to negotiate any such trade deal, it will be basically US standards which will be imposed on other negotiating partners," Dhar said. "At the RCEP, India should make it clear that it will not accept any pre-determined template and negotiations should be carried out in a democratic way based on aspirations of individual countries."

Amid increasing criticism of the negative impact of FTAs signed by India, Kher tried to allay the concerns of critics and said industry needs to fully exploit the market opportunities provided by these bilateral agreements.

"A picture has been painted as if FTAs are nothing but evil. But we have to recognize that this is not the fact. The important thing is that we have to see how we are utilising these FTAs. Go deeper and see how these FTAs can be considered as institutional opportunities," he added.

But Kher conceded some FTAs had caused problems like an inverted duty structure where input prices are higher than if the final product is imported. “This needs to be addressed and hopefully it will be addressed,” he said.

In the new foreign trade policy the commerce ministry is trying to approach markets and products in a composite manner, Kher said. “Our approach towards addressing products and new markets needs to be substantially multi-layered. That is the only way through which we can put our scarce resources properly for the sector,” he said.

The commerce secretary said India’s export promotion schemes and export subsidies need to conform with multilateral trade laws as several developed countries are raising concerns over such schemes.

He said the WTO Agreement on Subsidies and Countervailing Measures (ASCM), which allows India to provide export subsidies as its per capita gross domestic product on nominal terms (on 1990 prices), is still within $1,000.

“Surely we would have or very soon we will cross this bridge and then we will not have the protection which would mean that all export subsidies will be prohibited,” he added.

Citing the example of textiles, Kher said the sector is reported to have crossed 3.5% share in the global market at a certain point of time and India would not be able to provide export subsidies to the sector.

“The textiles sector has gone into the area of being competitive as defined by the WTO’s ASCM law. Therefore, textiles sector is not now eligible for export subsidies. Now this is what we have to recognize. Sooner than later, new programmes and new schemes will also reach that stage,” he said.

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Need to restructure promotion schemes for exporters: Kher
PTI

New Delhi, 20 February 2014: India needs to re-structure its promotion schemes for exporters and make them less dependent on government support for being complaint with the international laws, a top government official said here today.

Commerce Secretary Rajeev Kher said several developed countries are raising issues against many of India's export promotion schemes.

"We will have to re-engineer (the schemes) in a manner that they conform to international laws to which we are parties," he told the CII's Export Summit.

He said the WTO Agreement on Subsidies and Countervailing Measures (ASCM) allows India (which is an Annex VII country) to provide export subsidies as its per capita GDP on nominal terms (on 1990 prices) is still within USD 1,000.

But, Kher added, "surely we would have or very soon we will cross this bridge and then we will not have the protection of Annex VII countries which would mean that all export subsidies will be prohibited".

"This means that that we will have to re-structure or re-engineer our various schemes in a manner" that they sustain for a long term, the Secretary added.

Further, he said that under WTO's ASCM, Indian exporters would also have to face challenge of subsidies.

India cannot provide export subsidies to a sector if outbound shipments from that particular segment crosses 3.5 per cent share in the relevant global market.

Citing example of textiles, he said the sector is "reported" to have crossed the 3.5 per cent share in the global market on a certain point of time and now India would not be able to provide export subsidies to the sector.

"The textiles sector has gone into the area of being competitive as defined by the WTO's ASCM law. Therefore, textiles sector is not now eligible for export subsidies. Now this is what we have to recognise. Sooner than later, new programmes and new schemes will also reach that stage," he said.

Kher said that exporters need to recognise that export subsidies are something which can take them to only a point and beyond that "it is the inherent competitiveness and rest of the reforms agenda which will help us".

The government provide export benefits to sectors under programmes such as Focus Market Scheme, Focus product Scheme and Duty Entitlement Pass Book (DEPB).

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India reviewing its 83 bilateral investment pacts: Anand Sharma
PTI

New Delhi, 22 February 2014: The government today said it is reviewing all its bilateral investment promotion and protection pacts amid global firms raising concerns about India's investment policies.
So far India has implemented 83 bilateral investment promotion and protection agreements (BIPPAs) with various countries.

"We have 83 BIPPAs which are currently under review because there are lessons learnt when these have been invoked by some (foreign) investors...then there is question of domestic jurisdiction in many cases. It was debatable and that is why it has led to a number of international arbitrations," Commerce and Industry Minister Anand Sharma said here at a function.

Referring to the invocation of these pacts by major foreign telecom firms like Telenor, Sistema and Etisalat, he said these companies came in after thorough scrutiny by government agencies like RBI and FIPB.

With the cancellation of telecom licences by the Supreme Court in 2012, Norway-based Telenor, Etisalat of UAE and Sistema of Russia went for international arbitration citing bilateral investment pact with India.

"We have bilateral treaties with these countries and these investments came in through our FDI policy, through the RBI, through proper scrutiny of FIPB approval and CCEA approval," he said.

The Supreme Court had on February 2, 2012 quashed allotment of 122 2G licences given during the tenure of the then Telecom Minister A Raja in 2008 on the ground that they were issued in a arbitrary and unconstitutional manner.

"Once the investment comes in, they enjoy full protection under the law which cannot be taken away and that has to be borne in mind because in recent past we have seen some developments which did cause anxiety...," he added.

He also pointed out that efforts are being made to determine what the legal framework of the agreement should be in the investment protection agreements.

"How to protect your investment and to assure your partner country that the investment that they make in our country have adequate legal protection," he said at an India International Law Foundation function.

"The specific issue which is being discussed is what should be the legal framework of the agreement in the investment protection agreements and treaties, whether it should be only the same protection as we give to domestic businesses for investment or it has to be beyond," he added.

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Pakistan asks India for sweetener before it grants NDMA
Shruti Srivastava, Indian Express

New Delhi, 20 February 2014: With India insisting on non-discriminatory market access (NDMA) from Pakistan, the neighbouring nation has asked for a "sweetener".

In a reply to a letter written by the commerce secretary of India, Pakistan had responded saying that it "wants immediate pruning of the SAFTA (South Asia Free Trade Agreement) sensitive list, bringing down the tariff rate to not more than 5 per cent", something which India had agreed to do by 2017, an official source told The Indian Express.

The response essentially meant that Pakistan still has certain "contradictory impulses" due to which the process of economic cooperation, set in motion in 2012, may get delayed. Earlier the commerce ministry had demanded that Pakistan should clarify by when it planned to offer NDMA before talks could proceed further. The ministry also sought a timeline for allowing trade of all goods through the Wagah border.

"During the visit to India Show in Lahore, our officials took up the issue and explained that the roadmap has already been finalised and agreed upon by the two sides. India has already completed its internal processes and its Pakistan's turn to complete its internal procedures to honour the agreements. So now Pakistan is doing final consultation with its stakeholders and it will inform us in within a week," the official said.

Only after Pakistan's response, commerce minister Anand Sharma will take a call regarding his visit to the neighbouring country, the official added. The official also said that "full assurance has been given that there would be no offensive interest of swamping the market with Indian exports to injure domestic industry", in a bid to assuage fears of the industry in Pakistan.

Earlier, India was scheduled to cut its sensitive list under the SAFTA pact to 100 for Pakistan by April 2013, while the neighbouring country was to reciprocate the same by 2017. However, India's position was based on the conditionality of Pakistan granting it the NDMA status by December 2012. Since NDMA was not granted within the specified time, India has not pruned the sensitive list.

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India-Pakistan banking diplomacy plans stuck
Elizabeth Roche, Mint

Lahore, 16 February 2014: Almost two years after India and Pakistan agreed to allow some of their banks to open branches in the other country to boost trade that has been the driving force behind the recent peace talks between the South Asian rivals, financial institutions from neither side have formally submitted any applications, officials from both nations say.

Though three banks from Pakistan expressed interest in setting up branches in India and one or two financial institutions from India had shown keenness after both countries agreed in August 2012 to issue full banking licences to two banks from each country, there has been no forward movement, an Indian commerce ministry official told reporters on the sidelines of the second India Show being held in the eastern Pakistani city of Lahore.

The 14-16 February event organized by lobby group Federation of Indian Chambers of Commerce and Industry (Ficci) and the commerce ministry attracted hundreds of Pakistani visitors and entrepreneurs to the 120 stalls that showcased Indian products ranging from textiles and jewellery to IT and medicare services.

"Central banks of both the sides have in-principally agreed to permit banks to set up branches. Three Pakistan banks including Muslim Commercial Bank have expressed keenness, but India has not received any application till now," the Indian official said, requesting anonymity.

From the Indian side, Punjab National Bank (PNB) had shown interest in setting up offices in Pakistan, the official cited above said, adding that financial institutions from both sides were expected to choose metropolitan centres to set up operations.

Pakistani commerce secretary Qasim M. Niaz confirmed three Pakistani banks, including the Muslim Commercial Bank, were interested in opening branches in India.

Several Indian banks were operating out of Pakistan before the partition of the subcontinent at the end of British colonial rule in 1947.

PNB, founded in 1895 in Lahore, had its registered office in the city. Just months before partition, the bank shifted its headquarters to New Delhi, according to a post on the bank's website, citing its history.

"The central banks of the two countries need to process the issue; that is where it is stuck," said Nisha Taneja, a professor of economics with the New Delhi-based ICRIER think tank.

"Banks opening branches in the other country will definitely facilitate trade, but it is not that trade cannot happen without it," she said. "If you have a bank with a presence in both countries, trade can work."

Referring to the peace dialogue between India and Pakistan that has been stalled due to tensions between the two sides, Taneja said, "When the talks re-open, the first thing that is expected to happen is Pakistan giving India non-discriminatory market access. Then only other things (including banking licences) can move forward."

India and Pakistan resumed peace talks in February 2011 after a break caused by the 2008 Mumbai terrorist attacks that India blames on the Pakistan-based militant group, Lashkar-e-Taiba.

Trade has been the main driver of the resumed round of talks, with India in April 2012 taking the in-principle decision to allow Pakistani companies to invest in India and Pakistan increasing the number of items that can be traded with India.

Both sides also opened a second check-post through which trade can take place at the Wagah-Attari border in Punjab.

Bilateral trade, which was $250 million in 2003, rose to $2.6 billion in 2013. Indian commerce ministry official Arvind Mehta on Friday confirmed that Pakistan's exports to India had doubled in the past three years from $250 million to $530 million.

India-Pakistan ties hit a further roadblock last year when two Indian soldiers were beheaded in January along the line of control (LoC) in Kashmir. The killing of five more Indian soldiers in an ambush in August and firing along LoC in violation of a November 2003 pact also clouded relations, stalling bilateral peace talks.

In his comments at the inauguration of the India Show in Lahore, Pakistani commerce minister Khurram Dastagir Khan said trade talks between India and Pakistan should go forward "in the atmosphere in which our larger dialogue is resumed and we are able to discuss these issues".

He also declined to set a time frame by when Pakistan would grant India non-discriminatory market access, or most-favoured nation (MFN) status, under the provisions of the World Trade Organization which provides for unfettered trade between countries.

Analyst Taneja agreed that India should resume its overall peace dialogue with Pakistan. "It was under the aegis of this dialogue that the trade talks actually gathered momentum," she said.

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India, Malaysia trade set to get a big boost; tie-ups with SMEs on cards
Vinay Kamath, Business Line (The Hindu)

Chennai, 13 February 2014: Mustapa Mohamed wants to give a big boost to Indo-Malaysian trade.Given that the total trade between the two nations was only $12.3 billion in the January to November 2013 period, against Malaysia-China trade of $95 billion, the Minister of International Trade and Industry for Malaysia, sees a huge opportunity to grow the relationship.

"Malaysia and India have very strong cultural and commercial links. Both are familiar with each others' countries, there is good connectivity with air links. India is a country where we would like to step up our relations on all fronts," said Mohamed in an interview to *Business Line*.

In India recently, Mohamed led a delegation of small and medium enterprises for seminars in Bangalore and Chennai.

In Bangalore, he participated in the CII partnership summit and later travelled to Chennai with 17 officials and 30 Malaysian companies. "It's important to have face-to-face communications; you get more out of it. I can see that Indians are anxious to globalise their business; our markets are not the main markets for them, but there are a lot of opportunities," he elaborates.

On this trip, Mohamed points out that the Malaysian delegation was not talking only to the big companies, but also to many small ones as the focus is on SMEs in the IT and automotive industries. "A

lot of the big companies have already invested in Malaysia, but we are looking at SMEs now," said the Minister.

In Bangalore, the seminar attracted about 160 Indian companies, while in Chennai over 200 Indian companies participated in the seminar on business opportunities with Malaysia. The seminar in Chennai was jointly organised by CII and MaTrade, the Malaysia External Trade Development Corporation.

As of now, the bilateral trade is in Malaysia's favour. Trade between the two countries has been on an upward trend – increasing more than four fold in the 2003-12 period. Malaysia's main exports to India, Mohamed pointed out, were palm oil, electrical and electronic products, crude petroleum, chemicals and transport equipment. Indian exports to Malaysia are refined petro products, live animals and meat, agri-produce and cereal. Mohamed pointed out that some of the big Indian companies such as Reliance and TCS have invested in Malaysia; TCS is a fairly big employer in the ICT sector with 1,300 people, he said. India, he said, has traditionally relied on investments from Japan, Korea, Europe and the US, but the last five years has seen a lot more investments by Malaysian companies as well. The Mumbai mono rail project, he pointed out, has been constructed by Malaysian company Scomi Engineering, along with L&T.

"Besides receiving investments from India, my main responsibility is to get Malaysian companies to invest here; long-term prospects are good here," said Mohamed.

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India, Russia to set up study group for free trade agreement
Business Line (The Hindu)

New Delhi, 26 February 2014: India and Russia will set up a joint study group to examine the feasibility of a free trade agreement for boosting bilateral trade and investment flow.

The two countries have also decided to hold formal discussions on the possibility of launching the production of Russia's Sukhoi SuperJet 100 and ÌS-21 aircraft in India.

The proposed free trade pact, formally called a Comprehensive Economic Cooperation Agreement, is to be signed between India and the Customs Union of Russia, Kazakhstan and Belarus.

Priority projects

The decisions were taken in a meeting between Commerce and Industry Minister Anand Sharma and visiting Russian Deputy Prime Minister Dmitry Rogozin on Wednesday. India had been pushing for a study group for some time as an FTA with Russia could help reduce the country's economic dependence on the US and the EU.

Russia was, however, earlier insisting that a road map of priority investment projects be drawn up first. India did not agree to the condition on the ground that investment projects were business decisions and not controlled by the Government in India.

"It is encouraging that Russia finally agreed to drop its pre-condition for setting up of the JSG," a Commerce Ministry official said.

India, on its part, has agreed to formally discuss Russia's interest in joint production of its civilian aircraft in India either in the working group on trade and economic cooperation or sub-group on civil aviation. Both sides also reviewed the progress of identified 'priority projects'.

These projects include establishment of joint stock Indo- Russian enterprises for manufacturing light helicopters, plant construction for manufacturing butyl rubber with capacity of 1 lakh tonne per year at the production site in Jamnagar.

"Seeking to further strengthen the special and privileged strategic partnership and specifically to enhance the economic and investment cooperation between India and Russia on a bilateral basis, we have identified investment projects and proposals for special attention," Sharma said.

Trade numbers

India's trade with Russia in 2012 was $6.9 billion which was 14 per cent higher than $6 billion in 2011.

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Vegetable oil imports decline 22 pct in January
PTI

New Delhi, 15 February 2014: Vegetable oil imports fell by 22% in January to 9.05 lakh tonnes due to sharp fall in shipments of crude palm oil, according to industry data released on Friday.

The country had imported 11.57 lakh tonnes vegetable oils (edible and non-edible) in the same month last year.

Imports fell in January as crude palm oil (CPO) shipments fell by more than 50% to 3.37 lakh tonnes from 7.21 lakh tonnes in January 2013.

However, import of RBD (refined) palmolein rose to 2.08 lakh tonnes in January from 1.53 lakh tonnes in the year-ago period."RBD Palmolein (finished product) is cheaper by $15/20 per tonne as compared to CPO, the raw material," Solvent Extractors Association of India said in a statement.

During November 2013 and January 2014, import of vegetable oil has increased by 5% to 29.17 lakh tonnes, against 27.66 lakh tonnes in the corresponding period of the previous oil year (November-October).

Out of the total import, edible oil stood at 28.51 lakh tonnes and non-edible oil at 66,644 tonnes. "In last two months, sunflower oil being cheaper to soyabean oil, encouraged larger import by India," SEA said. The association noted that in view of increased import of RBD palmolein in last two years, the capacity utilisation of domestic refiners reduced from 55-60% to 30-35% and many units closed down or are on verge of closure due to continuous disparity in processing of CPO.

India imports more than 50% of its domestic edible oil demand. Overseas shipments stood at over 10.6 million tonnes.

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Groundnut exports to be hit on strict Malaysia, EU norms
Dilip Kumar Jha, Business Standard

Mumbai, 19 February 2014: Groundnut exports are likely to take a hit due to the stringent norms of the European Union (EU) and Malaysia to controlaflatoxin levels.

The two largest importers that account for 40 per cent of exports have asked Indian traders to procure a health certificate for every consignment. The Export Inspection Council of India (EIC), under the commerce ministry, is issuing certificates.

This is required in addition to other certificates, including hazard analysis and critical control points (HACCP).

“We have been appointed as the only agency for issuing health certificates for groundnut exporters to Malaysia and the EU,” said an official.

After getting complaints from the two regions, Agricultural and Processed Food Products Export Development Authority (Apeda) had told the commerce ministry repeatedly about exporters not adhering to global norms. The official said importers had warned the Apeda a suspension of shipments could kick in.

Between April and December 2013, exports fell 14 per cent in volumes to 361,642 tonnes against 420,640 a year ago. Falling global prices of oilseeds have also lowered realisations 13 per cent. The groundnut realisation fell to Rs 66,000 a tonne in the first nine months of the current financial year from Rs 76,000 a tonne a year ago.

APEDA on December 31, last year, had asked recognized exporters including processing and milling units to obtain a provisional HACCP certificate for groundnut shipment after showing documentary evidences for their capability.

For determining aflatoxins levels in groundnut and its derivatives it would be mandatory that all public private partnership (PPP) consignments meant for export to the EU will compulsorily be vacuum packed only and no other type of packing will be used. The sampling will be done in gunny bags and after clearance from the laboratory, the consignment will be vacuum packed under the supervision of the authorized laboratory, APEDA said.

“The entire trade gets affected because of a couple of errant exporters as importers set stringent norms, difficult to adhere to. Hence, exporters should always maintain global quality specification for not to spoil entire exports fraternity from India,” said Kishore Tanna, chairman of Indian Oilseeds and Produce Export Promotion Council (IOPEPC) under Ministry of Commerce.

India's output is estimated at six million tonnes this year, a rise of 10 per cent on a year ago.

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CCEA clears Rs 3,333 a tonne raw sugar export subsidy
Business Standard

New Delhi, 13 February 2014: The Cabinet Committee on Economic Affairs (CCEA) on Wednesday decided to give mills a subsidy of Rs 3,333 a tonne on the export of raw sugar for February and March.

The decision followed a stormy meeting that lasted about an hour.

Food Minister K V Thomas told PTI the finance ministry would be consulted to ensure the framework of the subsidy complied with World Trade Organization norms. The subsidy would be paid through an escrow account.

The decision, deferred thrice because of a disagreement between the agriculture and food ministries over the amount, was finally taken after a compromise, a senior official said, adding the matter might be brought back to the Cabinet in April.

At a subsidy of Rs 3,333 a tonne, the government would incur an expenditure of about Rs 1,300 crore on the export of four million tonnes (mt) of raw sugar through the next two years, provided the subsidy isn't changed in April.

Officials said in its revised proposal, the food ministry had favoured raising the subsidy from Rs 2,000 a tonne to Rs 2,800 a tonne, with prospective effect. But if the subsidy is provided from October 1, 2013 (the beginning of the 2013-14 sugar season), it should be capped at Rs 2,000 a tonne. The subsidy was for the export of four mt of raw sugar for two years.

The agriculture ministry had struck to its assessment that any subsidy below Rs 3,500 a tonne wasn't feasible, as international prices of raw sugar were much lower than the cost of production in India.

Last week, the CCEA had deferred a decision on granting the cash subsidy because of differences over the amount of subsidy. Following this, a few meetings were held between Thomas and Agriculture Minister Sharad Pawar, as well as between officials of the food, agriculture and finance ministries.

However, no conclusion was reached. Subsequently, the matter was refereed to the CCEA. Subsidy of Rs 2,000 a tonne would have cost the exchequer Rs 800 crore, while subsidy of Rs 3,500 tonne will cost it Rs 1,400 crore.

The subsidy will be adjusted from the Sugar Development Fund through two years. The export subsidy is part of a package to bail out the sugar sector, which has been facing losses due to mounting cane arrears and falling prices.

The Indian Sugar Mills Association has welcomed the decision.

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Gems and jewellery exports fall 13.6% in January
Business Standard

Mumbai, 18 February 2014: Gems and jewellery exports fell 13.6 per cent in January on a year ago on lower availability of gold and uncertainty over consumer sentiment in the US after expectations of a further cut in its monetary-stimulus plan rose.

Data compiled by the Gems & Jewellery Export Promotion Council showed exports had fallen to Rs 15,098 crore in January against Rs 17,485 crore a year ago.

For the first 10 months (April to January) of the financial year, jewellery exports reported a decline of two per cent to Rs 1,63,943 crore against Rs 1,67,670 crore a year ago.

Between April and January, gold-jewellery exports declined 45 per cent to Rs 33,178 crore from Rs 59,693 crore a year ago.

In January, exports plunged 23 per cent to Rs 2,994 crore compared to Rs 3,899 crore a year ago.

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RBI tightens gold import norms under 80:20 scheme
PTI

New Delhi, 15 February 2014: Seeking to restrict gold imports, the Reserve Bank of India Friday said nominated banks and agencies will not be allowed to import the precious metal in excess of their entitlements in first or second lot under the 80:20 scheme.

"Import of gold in the third lot onwards will be lesser of the two — five times the export for which proof has been submitted or quantity of gold permitted to a nominated agency in the first or second lot," RBI said in a notification.

The government under the 80:20 scheme had in August 14, 2013, allowed nominated agencies to import gold on the condition that 20 per cent of the inward shipment will be exported. The permission to import the next lot would be given on fulfilment of export obligation.

In view of the representation being received by the RBI and the finance ministry, the central bank has said that the quantum of the third lot import would be five times the export from the previous lot subject to the condition that it would not exceed previous entitlements.

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India imports $1.92 bn urea during April-January
PTI

New Delhi, 21 February 2014: India has imported 6.79 million tonnes of urea valued at $ 1.92 billion in the first 10 months of this financial year to meet domestic demand as the cost of inward shipments eased. The country had imported 8.04 million tonnes (MT) of urea in the entire 2012-13 fiscal, out of which 1.83 MT of urea was from Oman India Fertiliser Company (OMIFCO), a joint venture between Oman Oil Company, Indian Farmers Fertiliser Cooperative Ltd and Krishak Bharati Cooperative Ltd.

Remaining 6.21 MT was imported by state trading enterprises, according to Fertiliser Ministry data. "There was decline of average $ 50 per tonne in the prices at which urea was imported this year to at $ 340 per tonne, while the last year average year price stood at about $ 389 per tonne," Indian Potash Ltd Chairman P S Gahlaut said.

The government in the first 10 months of 2013-14 imported 1.83 million tonnes of urea from Omifco. State trading enterprises Indian Potash, MMTC and State Trading Corporation of India has procured the 4.96 MT of urea on behalf of the government.

The country produces about 22 MT of urea against an annual domestic demand of 30 MT. Urea imports are expected to rise in this financial year as farmers increased sowing due to the good monsoon, a Fertiliser Ministry official said.

According to the Ministry's data, import of phosphate and potash (P&K) fertilisers di-ammonium phosphate (DAP) and muriate of potash (MoP) touched 5.56 MT in the April-January period of 2013-14. In 2012, urea demand was subdued due to a drought in Karnataka, Maharashtra, Gujarat and Rajasthan. Urea is sold to farmers at a fixed, subsidised maximum retail price of Rs 5,360 per tonne. The difference between the cost of production and the price is provided as subsidy.

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India draws tourists with deep pockets
Ruchika Chitravanshi, Business Standard

New Delhi, 17 February 2014: India is not on top in numbers of foreign tourist arrivals but the average amount of money spent by international travellers here, on a per-capita basis, is more than anywhere else. Also, according to the United Nations World Tourism Organization (UNWTO) data, though the country is ranked 41st in terms of inbound tourist arrivals, it is 16th in total tourism receipts.

Major tourist destinations like the US, China, the United Kingdom and France see far higher annual foreign tourist arrivals, but their per-capita receipts from inbound foreign travellers is much lower than India. According to experts, this is mainly because of a large number of business visitors to India and longer duration of their stay.

Data from the tourism ministry and UNWTO show international tourists' per-capita spend in India as at the end of 2012 stood at over $2,600, while it was $1,900 in the US, $900 in China and $646 in France.

The difference in India's ratings for number of tourist arrivals and total receipts suggests that the country has been able to draw high-spending travellers. In 2013, it managed to earn $18 billion foreign exchange with only 6.8 million foreign tourists. Comparable 2013 figures for other countries are not yet available.

Other key tourist destinations like the US and China are ranked higher on both parameters. While the US was first in total receipts in 2012 ($126.2 billion), it was ranked second in the number of tourists visiting the country. China, which earned $50 billion from tourists in the year and was ranked fourth, stood third in annual foreign tourist arrivals. France, which received the highest number of foreign travellers (83 million in 2012), has been third in tourism receipts for the past three years.

"India gets a lot of corporate travellers. Especially during a global economic slowdown, companies have had a positive outlook on India. They contribute significantly to the total spend by inbound tourists," says Achin Khanna, managing director, HVS India, a consultancy firm.

The share of business travellers in inbound tourism has gone up from 15 per cent in 2009 to 23 per cent in 2012. Globally, during the year, 52 per cent of inbound tourists were for leisure and 14 per cent for business. In India, on the other hand, 27 per cent came for leisure, while 23 per cent travelled for business, according to tourism ministry data.

Besides, India also gets the advantage of being a longer-leisure destination. The average duration of stay for a foreign tourist in India is one week to a fortnight. Given a wide variety of tourist destinations the country offers, several European and American tourists stretch their stay even beyond a month. "We are not a country that a tourist just thinks of, packs a bag and lands. It is not an impulse spot; one needs to plan much in advance. This is why we are not a weekend destination like many of our neighbouring countries," says a spokesperson for Cox & Kings.

Over the past decade, India's rank in total earnings from foreign travellers has risen 20 notches - from 36

in 2000 to 16 in 2012. A depreciation in the value of the rupee has also made India an attractive option for foreign tourists. Besides, in spite of an economic slowdown, the rate of growth in tourist earnings has been higher than the global average. For instance, in 2012 when world tourism receipts grew by 3.2 per cent, India's earnings went up by seven per cent.

The country received the highest numbers tourists from the US, while Chinese nationals were the 12th-largest in terms of number of visitors.

With its announcement of extending the visa-on-arrival facility to 180 countries, India is hoping to double the number of tourists visiting the country to 12 million over the next 2-3 years. This is expected to bring the country among the top 10 recepients of tourist earnings.

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India-US ties under stress over trade, investment issues

Sachin Parashar, The Times of India

New Delhi, 24 February 2014: With calls in the US for designating India a Priority Foreign Country (PFC), the worst downgrading of status by the US Trade Representative for inability to protect intellectual property rights, the government is accusing US authorities of intimidating the health ministry over the issue of compulsory licences, which allow local firms to manufacture patented drugs, and simultaneously preventing other developing countries from acting against evergreening of drug patents.

A PFC tag can allow the US to impose unilateral sanctions against India for domestic laws which deny benefits to the US under any trade agreement.

Government sources here said there seemed to be a two-fold agenda behind the "cacophony' ' emanating from the US."Pressure is being created on India's health ministry to not consider drugs for compulsory licences and at the same time there is also a deliberate attempt to use India to scare away other developing countries like Indonesia and Brazil from introducing legislation to prevent evergreening of drug patents, like section 3 (d) of Indian Patents Act (IPA)," said a source.

US pharmaceutical companies like Pfizer have demanded that India amend its patents law by doing away with section 3 (d) altogether. This section prevents patenting new forms of a known substance in case it does not yield higher efficiency than the earlier substance. It was under this provision that the Supreme Court upheld a decision of India's Patent Office to deny a patent to Novartis for its drug Glivec.

India has also been disturbed by the proposed visit by US International Trade Commission (USITC) to probe the fallout of India's trade and investment policies on the US economy. The government has already asked its officials to not entertain the agency saying any dispute related to India's trade policies or patents regime should be addressed at WTO. While the US interlocutors have accused India of "continuous" use of compulsory licences (CL), which allows local firms to manufacture patented drugs, India has described this as a canard. The government has told the US authorities that India's controller-general of patents issued only one CL for a life-saving drug in March 2012, against a liver and kidney cancer product.

The government is trying to convince the Americans that Indian Patents Act is not an administrative matter under its jurisdiction but a quasilegal process, with a separate and independent appellate body to adjudicate such cases. The final court of appeal in these cases is India's Supreme Court."In fact, India's Patent Office rejected in October 2013 a CL petition (for Bristol Myer's product Desatinib, a blood cancer drug) showing that the system is capable of exercising fair decisions," said an official.

Indian officials say that despite the negative publicity over the business environment and IPR regime in India, some 1,500 pharmaceutical compounds or composition patents have been granted to nine firms between 1995 and 2012.

Stung by the negative publicity, India has accused lobbyists for IPR issues in the US such as Global Intellectual Property Center (GIPC) of taking up patents only with regard to the pharmaceutical industry.

It has highlighted before the Obama administration that, according to a study carried out by Ficci, losses caused by piracy in the US are estimated in the range of up to $50 million, especially in Virginia, California and Chicago city.

"The Indian music industry has a list of 476 websites in the US that pirate Indian musical content, and this was shared with the US formally some months ago. Similarly, satellite TV programming from India is being pirated by websites in the US which illegally provide live content streaming;this includes a large number of major Indian TV channels," said an official

"The truth is GIPC has worked to vitiate the atmosphere with a highly skewed report, which for the last two years arrives at a prearranged conclusion that India has the worst IPR protection system even when compared to other developing countries," he added.

Indian officials accuse the US authorities of repeatedly shifting the goal posts even as India tries to address their concerns at the highest level."There is a growing perception in Indian official circles that despite significant efforts at the highest political level to address issues of concern to US interlocutors (taxation, transfer pricing, the rollback of Preferential Market Access), the Americans seem to want to pocket each positive and set out a fresh list of further demands. Or worse, to complain and nitpick at the granular level of every measure taken at their behest," said a source.

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India hardens trade stance against US, wants disputes to go to WTO
Sidhartha, Times of India

New Delhi, 22 February 2014: The government is set to ask all its officials to stay away from any interaction with a delegation from the US International Trade Commission (USITC), a quasi-judicial agency, probing the impact of India's trade and investment regime on the American economy in what is seen as the latest sore point in economic ties between the two countries.

The move follows a meeting in the ministry of external affairs on Friday and comes after the government took the view that its laws and policies are its sovereign functions, while the US actions are unilateral. "The hearings relate to our patents regime and industrial and trade policies, which are governed by multilateral agreements, of which the US is also a signatory. So, if there is a dispute, it has to be settled at a multilateral forum like the WTO. No country can apply its own law extra-territorially," said an official privy to the discussions.

As a result, it has been decided that the USITC's request for meetings with officials in close to a dozen department will be turned down, leaving it with the option to hold talks with private companies and industry bodies.

Following an authorization by the Senate Finance Committee and the House of Representatives' Ways and Means Committee, USITC is on a "fact-finding" mission and is looking at all Indian policies and tariffs since 2003 that support local industries and may discriminate against US imports, investment and

jobs. In addition, there is focus on foreign direct investment (FDI) and intellectual property rights (IPR).

IPR has been a special focus area for US drug majors as they have been hit by India's insistence that it will only grant patent protection for products where a "genuine" invention has taken place and not for mere modification of an existing item. There is widespread annoyance with patent revocations on these grounds. Similarly, Big Pharma is complaining about the decision to waive the patent for a cancer drug and let an Indian company manufacture it at a substantially lower cost.

The government has maintained that Indian laws are compliant with WTO rules and there was nothing wrong with them. Separately, the US Trade Representative is scheduled to listen to the arguments of Alliance for Fair Trade in India (AFTI), comprising American lobby groups, as part of the hearings for the Special 301 Report, an annual listing of IPR and trade practices in other countries. AFTI comprises groups that represent sectors such as pharma, solar energy, telecom equipment, biotech and music-all areas where the American industry complains that India has "engaged in a persistent pattern of discrimination that is hurting" manufacturing and services industries and jobs in the US.

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Patent laws safe from US challenge: India
Amiti Sen, Business Line (The Hindu)

New Delhi, 25 February 2014: India has said its patent laws cannot be successfully challenged by the US either in a bilateral or multilateral forum as they strictly comply with the intellectual property agreement of the World Trade Organization (WTO).

Any US unilateral trade measure against India on the ground of inappropriate intellectual property protection in the country would be in violation of WTO rules and can be challenged there, an official in the Commerce and Industry Ministry told *Business Line*. There could also be retaliatory action by India.

US business chambers and advocacy organisations on Monday asked the Obama Administration to designate India as a Priority Foreign Country, which is a status imposed on countries that are most serious violators of intellectual property rights (IPRs). The US imposes trade sanctions against countries included in the list.

The campaign against India is being led by the US pharma industry that has been lobbying for a more favourable IPR regime in India so that it could get patents for upgraded versions of their drugs whose patents have expired. Revenues of pharmaceutical companies worth over $40 billion will be hit in 2014 because of patent expirations while in the following year it is likely to cross $50 billion.

The Ministry is not too worried about the developments, as India amended its patents legislation in 2005 to bring it in line with the WTO’s Trade Related Intellectual Property Rights.

The US has revoked many more patents, granted more compulsory licences allowing copies of patented products and taken action in a greater number of cases favouring the public over the patent holder than India, the official added.

“We are not concerned about the noise that the US is making about our IP laws. The laws have been framed to protect our industry, safeguard the health needs of our poor and comply with international rules,” the official said.

The US pharmaceuticals industry intensified its protests against Indian IP laws after India granted a compulsory licence to Indian company Natco to manufacture an anti-cancer drug produced by patent-holder Bayer on grounds of prohibitive pricing and unavailability.

Bitter pill

US drug-makers are particularly upset about rejection of a patent application made by Swiss company Novartis for an upgraded version of its cancer medicine by the Indian Patent Appellate Board.

The US Government now wants India to drop a particular section (Section 3d) in the Indian Patent Act that allows rejection of patents on grounds that the product for which patent is sought is not significantly different from an existing product.

Between 2007 and 2011, 283 cases were identified in US Federal District Courts where patent validity was determined of which patents were held to be invalid in 253 cases.

More recently, the US Trade Representative overturned the decision of the US International Trade Commission to favour Apple Inc in the Apple versus Samsung case where action had been initiated by Samsung for infringement of their US patent. The executive order allowed Apple to continue selling cheaper versions of iPhone4 and iPad2.

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WTO Set to Issue Mixed Ruling on Indian Challenge to U.S. Steel Duties
Daniel Pruzin and Madhur Singh, WTO Reporter

24 February 2014: A World Trade Organization dispute panel is expected to issue a mixed ruling in April on a challenge filed by India against U.S. countervailing (CV) duties on imports of Indian hot-rolled carbon steel flat products.

A confidential preliminary ruling issued by the panel on Jan. 31 backed a number of key claims made by India against a U.S. Commerce Department investigation, which led to the imposition of the CV duties in 2001 and a renewal of the duty order in 2007, according to sources who spoke on condition of anonymity because the panel's findings are still confidential.

However, the panel rejected several additional claims made by India against the U.S. investigation, as well as the legal measures that served as the basis for the investigation, the sources said.

The preliminary findings are still subject to further review and may change when the panel issues its final ruling to the two parties in the second week of April. Should the preliminary findings be maintained, both sides are expected to claim various degrees of victory.

The final panel ruling is expected to be appealed, most likely by both parties, meaning that a final verdict wouldn't be expected from the WTO's Appellate Body until sometime in 2015.

Commerce concluded that the Indian government, at both the central and state levels, provided a wide range of subsidies to Indian manufacturers of hot-rolled steel products. The U.S. International Trade Commission later determined that those subsidies resulted in material injury to U.S. producers of hot-rolled steel.

The original duties ranged between 8.28 percent and 31.89 percent.

Status of NMDC

One of India's claims reviewed by the panel concerned the status of an Indian entity at the heart of the investigation, the National Mineral Development Corp. Ltd. (NMDC), which was found by U.S. investigators to be a "public entity" under WTO rules providing countervailable subsidies to Indian steel producers through low-cost iron ore.

India argued that the NMDC wasn't a government or public body and therefore couldn't be providing countervailable subsidies. The Indian argument is based on a March 2011 ruling by the Appellate Body which found that the U.S. Commerce Department violated WTO rules by determining that state-owned suppliers of goods to Chinese producers targeted by CV duties were "public bodies" because they were majority-owned by the Chinese government, a criteria used by Commerce in other CV investigations.

"(A)part from an express delegation of authority in a legal instrument, the existence of mere formal links between an entity and government in the narrow sense is unlikely to suffice to establish the necessary possession of governmental authority," the Appellate Body said.

The U.S. said in its arguments before the panel that, even if the panel agreed with India that Commerce should have applied the Appellate Body's standard of providing evidence other than majority state ownership as proof of government control, the "record evidence indicates that the NMDC is a public body because it is over 98 percent owned by India and has the authority to perform Indian governmental functions."

India also argued that the iron ore sold by NMDC isn't being supplied at subsidized prices but at prices based on that at which iron ore is exported to markets such as Japan and South Korea, noted one trade analyst familiar with the case, who added that India is one of the top 10 exporters of raw materials that go into the making of steel.

India also says that the U.S. rules serving as the basis for the duty order, Title 19, Part 351 of the U.S. Code of Federal Regulations, as well as certain provisions of the 1930 U.S. Tariff Act, are "as such" in violation of WTO subsidy rules in that they require various practices such as the automatic adoption of benchmark prices and "delivered" prices, as well as the automatic use of adverse facts available.

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India says it is WTO-compliant on Solar Mission
Dilasha Seth & Dipanjan Roy Chaudhury, Economic Times

New Delhi, 21 February 2014: Nearly 10 days after the US filed a dispute against India at WTO over discriminating against its producers in the second phase of the solar mission, India has readied a strong counter against the US for providing export credits to its solar products like thin film panels and preferential treatment for purchase of power produced from US-made solar products in 13 of that country's states.

Firmly maintaining that India's solar mission was fully WTO-complaint, Indian government officials pointed out that there were significant concerns over importing 'thin-film technology' for solar panels 'overwhelmingly' from the US.

The US has alleged that in phase II of the Jawaharlal Nehru National Solar Mission (JNNSM), the domestic content requirement was expanded to cover thin film technology, which was exempt from such requirements under phase I, which will likely cause even greater harm to the US producers than under phase 1 as thin film comprised a majority of the solar product exports to India.

"One or two of the major US producers of thin films have got export credits from the US government which is encouraging an inflow of older technology into India. Moreover, the cost of products sourced from the US and China are suspiciously lower than the known production cost," a ministry of external affairs official said.

Moreover, there are over a dozen states in the US that have schemes in place to offer preference to purchase of power produced by US-made solar products.

"It is India that has a case to file against the US in the WTO on solar energy products instead of the other way round," the official added.

The commerce department is examining the evidence of 13 US states which follow equally restrictive policies on solar power.

Thin film panels made from cadmium telluride are environmentally damaging and hence, banned in a few countries and is not even a preferred choice worldwide.

Thin film panels are known to be less efficient in power generation than crystalline technology. Due to the heavy imports from the US, thin film usage in India is estimated to be over 55% of the total installed photovoltaic capacity, against just 10% globally.

US has alleged that the domestic content requirements discriminated against US solar cells and modules by requiring solar power developers participating in phase II to use Indianmanufactured solar cells and modules instead of US or other imported equipment.

However, India counters that claim based on facts. In phase 1 of the solar mission, of the 140 mw capacity generated under batch 1 and 340 mw generated under batch 2, 25 mw and 140 mw of power was produced from US-made modules and cells. "US firms have actually been a major beneficiary of the solar mission," the official pointed out.

Power procurement from all grid-connected solar power projects is carried out by central government agencies, which is subsequently bought by the state distribution companies to sell to consumers.

"There is no level of subsidy offered in selling power to the distribution companies, so basically the procurement is for government use, which is fully WTO compliant," the official added. India has not signed the government procurement agreement of the WTO.

In India, there is no local sourcing requirement for any power purchased by the state government, the official maintained. "Of the 2,180 megawatts of solar plants commissioned in India, about 1519 mw worth of energy comes from the state government schemes."

The department of commerce is currently examining the consultation document and preparing a reply. The countries would get 60 days to resolve the matter and if they fail to do that, the US could request the establishment of a WTO dispute settlement panel.

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WTO Agrees on Sequence of Steps To Resolve Issues on Trade Facilitation Pact
Daniel Pruzin, WTO Reporter

25 February 2014: Members of the World Trade Organization have agreed on a sequence of steps to address outstanding issues related to the WTO's new agreement on trade facilitation, with a legal review of the text taking priority.

At an informal meeting February 24 of the new Preparatory Committee on Trade Facilitation, members agreed in principle that the legal review will be undertaken first, followed by the drafting of a protocol, in the form of an amendment, formally inserting the trade facilitation agreement as an annex to the 1994 Marrakesh Agreement establishing the WTO.

The insertion of the trade facilitation text into the 1994 agreement means that WTO dispute resolution procedures will apply to the new agreement.

The final step will be receiving notifications from developing country and least developed country (LDC) members of the WTO outlining which commitments under the trade facilitation agreement they intend to implement immediately upon entry into force of the agreement (Category A commitments). LDCs will be given one year from entry into force to implement their Category A commitments.

All three steps are to be completed by the end of July. The sequencing arrangement is due to be endorsed at the first formal meeting of the Preparatory Committee on March 6.

Product of Ministerial Conference

The trade facilitation text was the key deliverable from the WTO's December 3-7 ministerial conference. Under WTO rules, the agreement needs two-thirds of the WTO's 160 members to ratify the pact before it enters into force, a process that may take several years to complete.

Once it enters into force, developing and LDC countries will submit notifications for Category B commitments (those to be implemented after a transition period) and Category C commitments (those to be implemented after a transition period with technical assistance from developed countries, the World Bank or regional development banks).

Differences are already emerging among WTO members whether the first step should be a simple scrub of the trade facilitation text or instead a more detailed examination of the agreement adopted in Bali.

Officials attending the meeting said the U.S. fell into the former camp, arguing the scrub should not take longer than three months. Others such as India, Egypt and Venezuela fell into the latter camp, arguing that time pressures in Bali produced a “rushed” agreement with some elements requiring clarification.

Esteban Conejos, the Philippine ambassador to the WTO and chairman of the Preparatory Committee, reminded members that ministers agreed in Bali the legal review would be for rectifications of a “purely formal character that do not affect the substance of the Agreement.”

Conejos cited as examples of rectifications numbering changes, grammatical corrections and consistent use of terminology in the text. He called on members to submit any proposed changes by the end of March so that the legal review could be completed by the end of April.

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Azevêdo's health-check on global trade: Growth recovering but restrictions on the rise
WTO Website

17 February 2014: Director-General Roberto Azevêdo, in presenting his first global trade-monitoring report to WTO members on 17 February 2014, said that trade growth projections for this year are "much improved, hovering somewhere between 4.0% and 4.5%." However, he said "407 new restrictive measures were reported during the review period," affecting 1.3 % of world merchandise imports—valued at $240 billion. This is what he said:

The Bali Package was an historic achievement, representing a significant boost for trade, growth and development around the world. But its true significance lies in what it allows us to do next — to conclude the Doha Development Agenda.

As we prepare to seize this opportunity in 2014, it is timely to look back on the challenges which emerged in the international trading environment in 2013 and to consider how members might respond.

You have all received my report on developments in the international trading environment which was circulated on 31 January. It was posted on the WTO website on the same date, according to approved procedures concerning unrestricted documents.

The report aims to provide Members with an assessment of a range of trade and trade-related issues and trends during the period from mid-October 2012 to mid-November 2013.

Put simply, it is a health-check on global trade — and I think the diagnosis is cautiously positive although there are still reasons to be concerned about trade restrictive measures. We were not in great shape last year — and we have picked up a few bad habits which we need to shake off. But overall trade growth is beginning to recover and we have a healthier outlook for 2014.

Before I go into detail on the findings of the report, I'd just like to give you some background on its preparation.

Preparing the Report

As in the past, the information on the measures included in this Report has been collected from inputs submitted by Members and Observers, as well as from other official and public sources.

56 Members replied to the initial request for information on measures taken during the period under review.

All country-specific information reflected in the annexes was then sent for verification to the delegation concerned. And if it was not possible to verify the information then this has been noted in the annexes.
I would like to thank those delegations who have participated in this important exercise.

Unfortunately, however, the number of Members that responded to the request for information on their new trade measures still remains small. In fact it slightly declined from 38% of the membership in 2012 to 35% in 2013.

Although many were also very helpful in responding to the request for verification of the accuracy of the information contained in the annexes, the reply rate was still only around 50% — which again is slightly down from last year's report.

The lack of sufficient information has sometimes been a criticism of the monitoring reports — particularly when it comes to behind-the-border measures, including general economic support measures. As a first step towards improved transparency, and following the proposal made by several members at last year's meeting which was welcomed by all delegations, the Report includes a comprehensive overview of WTO notification obligations and the status of their implementation by members.

We should now consider what more we can do to improve the transparency of general economic support measures and the overall participation in the monitoring of such measures.

Findings of the Report

Let me now turn to some of the substantive findings of the Report.

The context is all important here. The backdrop to the review period was one of slow and uneven growth in the global economy. We should bear this in mind when considering our findings.

First, in terms of trade in goods, its volume expanded by less than 2.5% in 2013.

Growth projections for 2014 are much improved, hovering somewhere between 4.0% and 4.5% — but this is still below the historical average since 1990 of 5.5%.

We are, of course, keeping a close eye on recent developments in the global economy and their impact on these projections.

The WTO will be releasing its preliminary trade statistics for 2013 and updated forecasts for both 2014 and 2015 in early April.

Regarding developments in trade measures, there are two specific categories: trade remedy actions; and other trade measures.

Counting both categories together the Report shows that overall 407 new restrictive measures were reported during the review period.

This is compared to 308 in the same period a year earlier.

These new restrictive measures affect about 1.3% of world merchandise imports — valued at 240 billion dollars.

Moreover, they add to the existing stock of restrictions and other impediments to the flow of international trade.

Looking specifically at trade remedy actions — which were mostly anti-dumping and safeguard measures — we saw 217 initiations of new trade remedy investigations. This covers around 0.2% of world imports, and compares to 138 terminations of either investigations or existing duties covering around 0.1% of world imports.

As was the case in 2012, therefore, more trade remedy actions were initiated than were terminated in 2013.

Trade remedy activity is therefore clearly on the rise, and Members should reflect on what the causes of that might be.

The number of new other trade measures also increased from 164 in the previous year to 190 during the review period.

The majority of such new measures were applied to imports mostly in the form of import tariff increases and customs procedures, covering around 1.1% of world goods imports.

Compared to the trend in new restrictive measures, the number of new trade-facilitating measures reported by Members fell to 107 in 2013, well down from 162 a year earlier. These measures cover the equivalent of 1.4% of world merchandise imports — which is approximately 258 billion dollars.

These measures, plus the number of terminations of trade remedy actions, represent little more than one-third of the total measures covered in the Report.

This paints a rather unflattering picture of the ratio of trade restrictive measures to facilitation measures. The Individual Trade Policy Reviews undertaken in 2013 show that some WTO Members are making genuine efforts to resist domestic pressures to erect trade barriers.

But we must acknowledge that the stock of current trade restrictions and distortions continues to accumulate.

I strongly believe we have a collective responsibility to attend to the risk posed by the cumulative effect of new and existing trade restrictions.

The Trade Facilitation Agreement passed in Bali takes on even greater significance against this backdrop — and it reinforces the importance of implementing that Agreement in a timely and efficient way.

Let me also draw your attention to the issues of regional trade agreements.

During the period covered by this Report, Members notified 23 new RTAs to the WTO, bringing the total number in force today to 250.

Negotiations on new RTAs are also continuing, in some cases between parties that collectively account for very substantial shares of world trade and GDP.

My view is that these initiatives are positive and are to be welcomed — but they can only ever be one part of the wider picture. Agreements such as these cannot be sufficient on their own to ensure gains which can be realised on a global scale. In fact, the proliferation of regulations and standards could multiply costs rather than reduce them.

As we all know, the multilateral trading system was never the only option for international trade negotiations. It has always co-existed with, and benefitted from, other initiatives. They are not mutually exclusive alternatives.

As the RTAs progress and result in deeper liberalization and rules-making, the WTO must follow with an update of its own disciplines, so as to ensure a sound foundation for a level playing field to all Members. We must think about how the two processes can move forward together to reduce costs effectively and to curb protectionism.

Issues and Challenges

As I have said before, 2014 is a pivotal year for the WTO. It is the year that we will implement our first negotiated outcomes — and the year that the Doha Round is put back on track.

So, in closing, I would like to highlight some of the key issues and challenges that we face in moving forward with our work in 2014.

- First, I have already made reference to the continued accumulation of trade restrictions and the new and significant developments in the area of RTAs. Both areas have significant ramifications for the evolution of the multilateral trading system and they merit priority attention by policymakers.

- Second, I think transparency is another area where we should have a frank discussion. Clearly, better transparency of trade and trade-related measures is a key factor affecting all aspects of the WTO's core functions.

This Report shows that there is considerable scope to improve the compliance with the many obligatory transparency mechanisms that exist and that underpin the effectiveness of WTO rules generally.
The sharing of information among Members is not just essential for the WTO's surveillance activities through the Trade Policy Review Mechanism and the trade monitoring exercise. It is also essential for the proper implementation of WTO agreements; avoiding unnecessary trade disputes; and completing successful negotiations.

Improving this aspect of the functioning of the WTO requires no new mandate; we simply have to be better at applying the existing rules. In this sense the Report is a call to action.

- Third, the positive outcome of Bali creates an opportunity for you, the members, to take steps to reinvigorate the multilateral trading system.

Building on the commitment to multilateralism which Ministers showed in Bali, we should now consider how to create a better understanding of, and support for, the benefits of multilateral trade cooperation. And in doing so we must always bear in mind the many remaining traditional trade barriers and distortions that persist in the trading system, and the need to address them.

Full statement available at http://www.wto.org/english/news_e/spra_e/spra8_e.htm

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