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Some cause for hope on CAD control
Rajesh Bhayani, Business Standard

Mumbai, 18 March 2014: There is more than one element of comfort when viewing the current account deficit (CAD) this financial year and the next. Gold import this year is expected to remain no more than half of 2012-13's $53.8 billion and, as a result, the CAD will remain around $40 bn or two per cent of gross domestic product (GDP).

Gold apart, several other elements that were pressure points in the past have been tapering, say senior economists. Coal import is rising in quantity terms but a softer price outlook might keep that under control. Metal scrap import is likely to come down with the iron mining scene improving. The possibility of resumption of mining in Goa improves the export scenario and the larger effect might be seen in 2014-15. The state government had held two auctions for ore, in which exporters participated.

In 2013-14, capital goods machinery import has come down but that has more to do with industrial growth. Fertiliser import is no more now in the top-10 import commodities in terms of value, due to lower prices.

In the import bill, coal (both thermal and coking) has the largest chunk in the category of fuel and raw materials, after crude oil. However, coal prices have fallen, compensating for the rise in coal import quantity; for FY15, too, the price outlook is soft. Thermal coal is 70 per cent of total coal import and those for the annual contract coming into force from April are being negotiated 15-20 per cent lower than last year's price.

According to Deepak Kannan, managing editor, thermal coal, at Platts, the premier global watcher on energy prices, "Coal India's production will likely miss the target this year and imports are expected to increase. The Indonesian market has eased and will likely remain under pressure next year as well." The import quantity has been rising — 107 mt in 2011-12; 138 mt in 2012-13; 155 mt in 2013-14.

"In contrast to some other emerging markets, India's external adjustment is both substantial and impressive, and policymakers deserve much credit. But it's one thing to have the CAD at two per cent of GDP when growth is below five per cent and domestic demand is so depressed. Instead, we need a CAD at around these levels when domestic demand strengthens and growth returns towards seven per cent. And, for that, improving productivity and competitiveness remains key," said Sajjid Chinoy, chief India economist, JP Morgan.

Edible oil (around $10 bn) and iron and steel scrap are among other major items in the import bill. Scrap imports have been rising due to the iron ore scarcity but is coming under control as the latter scene improves.

Agreeing that gold and coal imports are coming under control, Madan Sabnavis, chief economist, CARE Ratings, said some issues need to be watched. On the fall in capital goods imports, he said it reflected the slowing in Indian industry. "But, import of ores and scrap is one category that needs to be monitored, as it is high and rising. Edible oils import has to be monitored, especially if there are concerns on monsoons. Development of the El Niño (weather condition) and its possible effect on India can cause this component to go up, considering we import 45-55 per cent of our edible oil requirement."

Textile exports have also turned around. It was only $32 bn in FY13; this year, it is expected to exceed $40 bn and the FY16 target is $55 bn. Iron ore export has been an issue. Three years earlier, it was $9 bn; now, it is hardly 15 per cent of that. However, hopes of exports resuming from Goa could mean some good news early next year.

Madan said a slowing in export of jewellery should be looked at closely by the government, since curbs on gold import have affected exporters. “Typically this should be rising. This calls for some element of rationalisation here,” he said.

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Indian exports will fall short of $325 bn target: Sharma
PTI

New Delhi, 25 March 2014: Indian exports will fall short of the $325 billion target envisaged in the current fiscal though it would be more than what was achieved in the last financial year, Commerce and Industry Minister Anand Sharma has said.

"We (will) fall short but we will do better. Definitely much better than last year and we will be bring down the trade account deficit substantially," Sharma told PTI.

For the April-February period, the country's merchandise exports were up 4.79 per cent to $282.7 billion. Imports during the 11-month period fell 8.65 per cent to $410.86 billion. The trade deficit during this period was $128 billion. In 2012-13, exports declined by 1.8 per cent to $300.4 due to the global demand slowdown.

Federation of Indian Exports Organisation (FIEO) President Rafeeq Ahmed has said that the exports during the current financial year will touch about $312-315 billion.

Exporters said that besides global slowdown, domestic factors like declining manufacturing growth and too has impacted the exports growth.

The apex exporters body have suggested the government to fix exports target at least for next five years and announce some major policy decisions in the forthcoming Foreign Trade Policy for 2014-19 to boost shipments.

FIEO is working on a paper for the new policy which would include recommendations to increase exports.

The manufacturing sector, which constitutes over 75 per cent of the index, declined by 1.6 per cent in December, as against a contraction of 0.8 per cent in the year-ago period.

On the currency swap agreement, Sharma said that an inter- ministerial committee is examining the matter. India is exploring possibilities of entering into currency swap agreements with trade partners to shore up exports and bring down trade deficit, which is putting pressure on the rupee. India has signed currency swap agreements with Japan ($15 billion) and Bhutan ($100 million). China has shown active interest in entering into such an agreement with India but it is yet to be signed. Currency swaps have emerged as an important derivative tool after the global financial crisis of 2008 to hedge the exchange rate risks.

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More comprehensive services export data soon
Amiti Sen, Business Line (The Hindu)

New Delhi, 24 March 2014: Services export data for key sectors will soon be more comprehensive and reliable.

The Commerce Ministry, with the help of the Central Statistical Organisation and the Department of Revenue, has initiated a survey-based exercise to collect data directly from service providers in select sectors.

Two pilot surveys – one on the health sector and the other on education – have already kicked off and the export figures for 2013-14 are expected by the year-end, Commerce Secretary Rajeev Kher told *Business Line*.

The data will supplement the services export figures churned out by the RBI in its Balance of Payments (BoP) statistics which are inadequate as they cover just seven broad sectors (as opposed to 12 sectors and 171 sub-sectors covered for goods exports) and are based only on banking transactions.

The surveys, being supervised by the Directorate General of Commercial Intelligence and Statistics, will then be expanded to seven-eight other sectors that the Government considers important such as tourism, IT, telecom, entertainment, and business services and ultimately be institutionalised.

"When the survey-based data collection system is in place, we will get export data for focus sectors through this methodology, while overall data will come from BoP statistics," Kher said.

Lack of comprehensive data is a major handicap while negotiating free trade agreements and also in domestic policymaking as the strengths and weaknesses of the services sector at the disaggregated level are largely unknown.

"In services, no physical movement of goods take place. There are no shipping bills, like in the case of goods, which give you the final figure. Here it is all through bank transactions. And every bank transaction doesn't get picked up. Survey-based data collection helps fill the gap and data can be collected at the disaggregated level," Kher said. For instance, for collection of data in the health sector, the surveyor would visit hospitals and collect comprehensive data in various related areas such as the number of non-Indians treated, the diseases covered and the fees paid by them, Kher said.

Services exports from India have jumped from $8.9 billion in 1997 to $143.5 billion in the previous fiscal.

Its share in the world market has also expanded from 1 per cent in 2000 to about 3.5 per cent now. There is, however, a huge opportunity to increase exports as almost 80 per cent of services exports from the country is in the IT/ITES sector and most of it is exported to just a few markets including the US and the UK.

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Why free trade agreements are ever more vital for India
Bipul Chatterjee & Venugopal Ravindran, Business Standard

22 March 2014: The direction of global trade is set to change as mega agreements like the Trans-Pacific Partnership (TPP) and Trans-Atlantic Trade and Investment Partnership (TTIP) come into force. The TPP

includes 12 of the Pacific Rim countries including the US and Australia, whereas TTIP is between the US and the European Union. Respectively, they represent around 39 per cent and 60 per cent of the world GDP. They have the potential to adversely affect excluded countries such as India by diverting trade and investment away from them and weakening their positions in global value chains.

In a study that CUTS had done we found an increasing number of products in India's export basket being threatened by either TPP or TTIP. According to another study by Sao Paulo-based Center on Global Trade and Investment, as a result of TPP and TTIP, India's nominal GDP (gross domestic product) is expected to be reduced by more than one per cent and the resultant negative multiplier effects on revenue and employment generation will be substantial.

Much of this impact will not be on account of reduction in tariffs in TPP and TTIP countries, as they are already low, but as a result of removal and/or harmonisation of non-tariff measures, particularly in respect to process and product standards, the application of intellectual property rights and other behind-the-border trade facilitation measures.

As a result, some of the TPP and TTIP countries are expected to enhance their internal supply potential which can further shrink the existing export markets that India enjoys with them. The data show that both agriculture and manufacturing sectors are expected to be threatened by these agreements.

Most of those products are highly sensitive to our economy, meaning they are produced and exported in large quantities from India. For example, automobile products where India has considerable amount of production and export capacity are under potential threat from TPP. The effect of TTIP also seems to be on a similar list of products.

This calls for immediate actions including taking appropriate measures through India's National Foreign Trade Policy, which will expire this year. The new trade policy should have strong linkages with other major macroeconomic policies such as monetary, fiscal, manufacturing policies. There should be specific emphasis on simultaneous reforms in the markets of factors of production for improving trade competitiveness and the existing free trade agreements should be utilised to their full potential.

Furthermore, specific trade policy measures including their compatibility with India's commitments to the WTO regime and its negotiating strategy with respect to free trade agreements should be taken to safeguard Indian exports and enhance its trade competitiveness against far-reaching expected changes in the global trade scenario over the next five years or so. Enhancing trade competitiveness through subsidies will not be a viable option in the long-run because many such subsidy schemes will gradually become WTO-incompatible.

Although the enhancement of trade competitiveness is a gradual and long-term process, negotiations and implementation of other free trade agreements can be effectively utilised to reduce trade costs and, thus, partially improve trade competitiveness. Unfortunately, Indian industry has remained sceptical about many of these FTAs, particularly in respect to their effectiveness in the long-run, and has under-utilised these channels to get integrated into the global value chains. The government is under considerable pressure to review them. Industry is concerned that the existing FTAs are eating into their domestic market share, which may be true in the short-run.

On the other hand, there is little attempt to use them effectively to integrate into the global value chains. Integrating into and moving up the global value chains is essential conditions for greater competitiveness and higher growth. Effective participation in global value chains is intrinsically linked with foreign direct investment, which can result in more trade through export obligations of FDI. When TPP and/or TTIP come into force they could attract potential investment among its members, some of which may otherwise possibly come to India. This means that India's hope of integrating into and moving up the global value chains will be hampered.

The options left for any excluded country in such a scenario are either to join these agreements or negotiate counter agreements. At this point the former is not an option for India because the standards set by the members of both these agreements are very high and would be higher than the standards set by the WTO members.

Among others, these agreements propose numerous WTO-plus and extra rules such as enhanced intellectual property protection, harmonisation of process and product standards, regulation of e-commerce, competition rules, liberalisation and protection of investments, regulation of trade-related aspects of state-owned enterprises, provisions on small and medium-sized enterprises, rules of international supply chains.

The Indian economy is not in a position to adhere to such high standards and still be competitive. There should be gradual and incremental progress. The quality and effectiveness of domestic regulatory institutions hold the key.

The latter option is more viable and India has started exercising it in the form of the Regional Comprehensive Economic Partnership agreement, which is being negotiated among India, Australia, New Zealand and Asean+3 countries (China, Japan and South Korea). India is also negotiating free trade agreements with Australia, New Zealand and the European Union. Furthermore, FTAs with the Asean group of countries and with Japan and South Korea are already in place. The coverage of RCEP and many of these FTAs is similar to that of TPP and TTIP. Their scope should remain relatively lower than TPP and TTIP and should be gradually expanded by taking into account domestic regulatory and development concerns.

As over the last two decades the centre of gravity of India's trade has shifted towards the East, our trade policy officials have rightly decided to strengthen the country's economic partnership with those in the Asia-Pacific region, particularly in East and South East Asia. India should effectively negotiate the RCEP agreement and its FTAs with key trading partners such as the European Union and Australia in order to gradually remove and/or harmonise non-tariff measures affecting trade among these countries and improve its domestic regulatory regimes for process and product standards, intellectual property rights and other behind-the-border trade facilitation measures.

Simultaneously, there should be gradual reforms in the markets of factors of production - land, capital and other means of production - not only to make reforms in goods and services markets sequentially compatible with those in the factor markets but also and more importantly to enhance India's trade competitiveness through stronger linkages between inputs and outputs for enhancing the incremental capital-output ratio of the Indian economy. It is true that FTAs are posing some challenges but they should be addressed proactively in order to convert them into opportunities.

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India frowns at Pak delay on non-discriminatory status
Amiti Sen, Business Line (The Hindu)

New Delhi, 21 March 2014: The Government is disappointed with Pakistan’s move to defer a decision on extending non-discriminatory market access status to India. This would have ended the on-going stalemate in the trade liberalisation dialogue.

The Nawaz Sharif Government postponed a meeting of its Cabinet scheduled on Friday that was to take up the issue of granting India NDMA status — a move that will result in removing import ban on 1,209 Indian products and open up access through the land route.

"We are disappointed with the postponement. We hope another meeting is convened soon and the issue doesn't get put off till after India's elections," a senior Government official told *Business Line*. Pakistan has to 'unconditionally' deliver on its promise to grant India NDMA status if the trade liberalisation dialogue is to proceed further, the official said.

With India set to get a new Government in the next two months the Nawaz Sharif Government would now want to strike a trade deal with the new regime, Pakistan's Information and Broadcasting Minister Pervaiz Rashid was quoted as saying in Pakistani daily *Dawn*.

The Indo-Pak trade dialogue, which has the potential of increasing bilateral trade from the current $3 billion to an estimated $20 billion, was stalled in January 2013 following violence at the Line of Control in Kashmir.

The Commerce Ministry, which has been steering the trade dialogue process, argues that India has done whatever it was required to do as per the road-map and it is Pakistan's turn to deliver.

"They have to do their part. The ball is in their court," Commerce Secretary Rajeev Kher said when asked on the issue.

Kher said that India had committed to take on a reciprocal basis further steps for giving greater market access to Pakistan after NDMA was bestowed. "India will simultaneously or with a time lag do its part, but Pakistan has to deliver now (on NDMA)," the Secretary said.

NDMA is a more politically acceptable term for the Most Favoured Nation status that India had accorded Pakistan way back in 1996 during the World Trade Organisation's Uruguay Round. It basically means treating a country same as other countries without discrimination.

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Trade not the only issue in composite dialogue: Pakistan
Sachin Parashar, Times of India

New Delhi, 27 March 2014: Prime Minister Manmohan Singh's hopes of leaving a proud legacy with Pakistan have unravelled fast in the past few weeks. While India holds Pakistan responsible for the failure to use trade relations as a vehicle to peaceful ties, Pakistan here said on Wednesday that India may have overestimated the importance of trade between the two countries and that it was never meant to eclipse others issues which are part of the composite dialogue process.

At the heart of this fresh round of strife is Pakistan's refusal to give non-discriminatory market access (NDMA) to India as it wants to wait until the outcome of the upcoming elections. Pakistan high commission sources here said it was India which had acted "belatedly" and that Islamabad did not respond as it was told by India that the model code of conduct for the upcoming elections was already in place.

India believes though that the Nawaz Sharif government is acting under the influence of its security establishment. The Indian establishment feels it has been badly let down by Islamabad as it was PM Manmohan Singh's personal commitment which allowed the entire process of trade normalization to reach where it did before a "U-turn" by Islamabad. Singh, in fact, had suggested as late as January this year that he was still open to the idea of going to Pakistan.

According to Pakistani sources based here, there are many stakeholders in Pakistan like the farmers' association which had threatened to launch country-wide demonstrations if India was given NDMA before New Delhi removed Pakistan-specific non-tariff barriers. India, however, contradicts this by saying that when it pushed Islamabad over the issue, the complaints varied from lack of flights between Delhi and Lahore to the stringent visa regime between the two countries.

Pakistani officials said India was yet to provide clearance for an exhibition to be organised by a Pakistan garments manufacturers' association next week. This exhibition is to be organised by high commissioner Abdul Basit. "Pakistan is committed to granting NDMA on a reciprocal basis. We hope things will move forward quickly between Pakistan and India once the next government takes over. We want peace and normalisation of relations with India," said a high commission official, as he insisted that in any case, India's MFN status to Pakistan in the 1990s did not help Pakistan as obvious from the trade imbalance.

As TOI reported on Wednesday, Indian interlocutors have lost interest in the idea that trade can provide the basis for constructing a lasting framework for "peaceful, friendly and cooperative" ties with the Pakistan government. They believe that it will take another 1-2 years before the new government in New Delhi settles down and contemplates a long term visionary policy towards Pakistan.

According to India, despite the urgent need for Pakistan to implement a series of strict economic stabilisation measures, and undertake large scale structural reforms in its economy to access World Bank and IMF assistance, Pakistan has continued to approach the issue of trade normalization with India in a "short sighted" manner.

"Pakistani economic managers understand that trade normalization with India will give Pakistan's main export industries preferential access to the large and growing Indian market under the SAFTA regime. This would greatly ease Pakistan government's severe foreign exchange constraint, as well as provide much needed stimulus to its export industries and by implications its whole economy," said an Indian official.

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Growing trade imbalance cause of concern: Montek to China
PTI

Beijing, 18 March 2014: India on Tuesday raised its concerns to China over “unsustainable” trade deficit of USD 35 billion per year as their top planners worked out strategies to join hands in upgrading Indian railway tracks to operate high-speed trains.

“I must, at this stage, mention the growing imbalance in our trade which is a cause of concern in India,” Deputy Chief of the Planning Commission Montek Singh Ahluwalia said here, addressing the third Strategic Economic Dialogue (SED) forum.

“Trade is an important indicator of economic cooperation and we are happy at the remarkable expansion that has taken place,” he said, expressing hope that bilateral trade would reach the official target of USD 100 billion by 2015.

“We recognise that trade does not have to be balanced between each pair of countries. However, India’s trade deficit over the last three successive years has been in excess of USD 35 billion per annum which is not sustainable,” he said.

It needs to be reduced to sustainable levels by more exports from India to China, and also by China building manufacturing capacities in India for goods it currently export, Mr Ahluwalia said.

Under Railways, the two sides agreed to pursue specific collaboration arrangements in heavy haul, station redevelopment and raising speed of existing trains in India.

Nodal agencies have been designated to work out implementation of modalities in this regard, a press release issued at the end of the talks on Tuesday said.

Highlighting India’s competitive advantage in niche engineering products, IT-enabled services, cotton textiles and home furnishings, and pharmaceuticals, Mr Ahluwalia said the two governments have a large role to play in pushing it up.

“I hope the Chinese government will help to provide our exports greater access to the market so that the target of USD 100 billion can be achieved in a more balanced manner,” he said.

The bilateral trade touched USD 65.47 billion, a slight dip of 1.5 per cent year-on-year. The bilateral trade declined to USD 66.7 billion 2012 from around USD 74 billion in 2011.

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Curbs on gold import norms leading to smuggling: Sharma
PTI

New Delhi, 21 March 2014: Commerce and Industry Minister Anand Sharma has favoured a review of curbs on gold import norms saying the restrictions are leading to smuggling. "I feel for a review. I am not in favour of making it so difficult that it leads to increase in smuggling," Sharma told PTI.

In order to check rising Current Account Deficit (CAD), the government raised import duties and the RBI imposed curbs on import of the metal and also laid down various pre-conditions for inward shipments of the precious metal.

He said there is a need to have a balanced approach on the matter.

Gems and jewellery exporters, which account for about 15 per cent of the country's total shipments, raised concerns over the restrictions on gold imports and demanded easing of norms in this regard.

Gems and jewellery exports dipped 4.18 per cent to $3.59 billion in February. During the 11-month period of the current fiscal, shipments declined by 7.15 per cent to $35.73 billion. Gold and silver imports declined 71.4 per cent to $1.63 billion in February.

Sharma said his ministry is ensuring the exporters get adequate gold to enhance overseas shipments of jewellery.

The enforcement agencies during the first nine months of 2013-14 have seized 1,074.41 kg of gold as against 326.23 kg during the entire 2012-13 fiscal.

According to reports, sleuths of revenue department have seized gold worth about Rs 245 crore being pushed illegally through the country's borders in the past one year. As many as 700 cases of gold smuggling so far have been reported across the country during 2013-14.

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Open to discussing IP norms at WTO: Sharma
PTI

New Delhi, 24 March 2014: Rejecting the US' allegations on intellectual property rights (IPR), India said Sunday it was ready to discuss the matter at WTO as it had not breached any international agreement.
"If they (the US) want a discussion in WTO (World Trade Organization), we are more than ready because we are not in any breach. We are very clear," commerce and industry minister Anand Sharma said.
Sharma was replying to a question over the US' charges that India's IPR norms discriminate against American companies, particularly in the pharmaceutical sector.

"If there is any specific issue, they must inform us," the minister said, adding that he had told USFDA commissioner Margaret Hamburg that the US should keep in loop Indian authorities if they have any issues. Hamburg was here last month and had met Sharma.

The US is one of the largest importers of Indian generic medicines. The US Food and Drug Administration has recently banned import of drugs from Sun Pharma's Karkhadi facility in Gujarat for violation of manufacturing norms. The US had also raised concerns over issuance of a compulsory license (CL) by India to Hyderabad-based Natco Pharma to manufacture and sell cancer-treatment drug Nexavar.

Indian authorities have expressed their concern over the USFDA's audit inspections of Indian pharmaceutical companies and the disproportionate penalties imposed in some instances.

The USFDA has taken a series of actions against Indian pharmaceutical firms, restricting their shipments to the US, their largest export market.

The US health regulator on January 23 banned the import of products manufactured by Ranbaxy Laboratories at its plant at Toansa. This was the company's fourth plant to face regulatory action from the USFDA, after Mohali, Paonta Sahib and Dewas plants.

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India will not use compulsory licence as 'Robin Hood tool'
Amiti Sen, Business Line (The Hindu)

New Delhi, 26 March 2014: India's trade and economic policies are facing increased global scrutiny with the US attacking the country's intellectual property regime and several countries questioning the procurement and pricing mechanisms for agricultural products. Commerce Secretary Rajeev Kher, in an interview with *Business Line*, explains why the international spot light is on India and how it is to be dealt with. Excerpts:

Recently, India has been facing flak at the World Trade Organisation for its policies related to pricing and exports of commodities such as wheat, rice and sugar. Why?
This is a reflection of how generally global trade is taking place. Countries are finding it hard to explore new markets and are trying to encash on any opportunity, real or perceived, that comes their way.

India has over the last few years become a significant player in agriculture. There are countries with relatively smaller export profile that have suddenly started perceiving everything as a threat. For example, Pakistan (that has raised concerns about India's non-Basmati rice subsidies and exports) does not face a threat at all from India as it does not export non-Basmati rice. So this is all getting muddled in a discourse that is uninformed.

What about the concerns raised by WTO members on pricing of wheat exports?
India has done very well in wheat exports and has been getting good prices. Of course traditional exporting countries feel threatened. And because India has been at the forefront of the food security dialogue and the debate on stock holding that has been taking place (at the WTO), some countries may be looking at it as an opportunity to try and find faults with its policies. So the increased noise is a cumulative effect of all these factors.

Is India in a position to satisfactorily answer all the concerns raised?
The WTO's Committee on Agriculture has been meeting. These issues have been raised there and we will answer them. We are confident that most of them can be answered well.

Isn't the US demand that India notify its domestic subsidies at the WTO a valid one?
We have notified our domestic support only up to 2003. It is important for us to make those notifications. This is all work in progress. So far we were busy with issues like the Bali (Ministerial) debate. We are back on the job and will try to notify at the earliest.

What, according to you, is driving the escalation in tension between the US and India on trade related matters?
The two countries have relatively different approach on significant issues which is linked to their levels of economic development. For instance, on the issue of intellectual property rights (IPR), India wants to ensure that everything that happens in this country must try and serve the public good. The US approach is obviously different.

The other factor is that in the US, policy evolution is essentially part of lobbying in sectors. Some US companies have started seeing India as a country with a big market where certain policy developments can obstruct their access. They also fear that it could have a contagion effect on other markets. This is driving them to lobby hard with their Government.

Aren't US pharmaceutical companies losing out because of relaxed IPR in India?
It will be wrong to say that actions that are being attributed to India such as compulsory licences (CLs) and Section 3 (d) will adversely affect their (US) trade. This is a perception that is being built by companies that fear that other countries are going to follow India's policies. In reality, a number of American pharma companies over the last four-year period have increased their businesses significantly.

How do you see the two countries settling the issue?
Ultimately we have to talk and understand that each has compulsions. Nobody in India has said that we will use compulsory licence as a 'Robin Hood tool'. In the last so many years, we have used it just once. The US must accommodate India's interests. At the same time India has to ensure that the use of CLs is not arbitrary.

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Vegetable oil imports drop to 3-year low in Feb
PTI

New Delhi, 15 March 2014: The country's vegetable oil imports fell by 40% to a three-year low of 5.78 lakh tonnes in February this year due to sharp fall in shipments of palm oils, industry body SEA said on Friday.

The country had imported 9.69 lakh tonnes of vegetable oil in the same month of the previous year.

The Solvent Extractors Association (SEA) also expressed concerns over higher import of cheaper refined palm oil, leading to under-utilisation of domestic refineries. Many of them are on the verge of closure.

India meets about 60% of its annual vegetable oil demand of 17-18 million tonnes through imports. Palm oils make up 80% of the country's total vegetable oil imports.

According to the SEA: "Import during February is the lowest in last three years, mainly due to heavy disparity in import of palm products which led to drastic reduction inimport of crude palm oil (CPO)." Palm oil imports dropped significantly by 99% to 4.03 lakh tonnes in February this year from 8.05 lakh tonnes in the year-ago period, it said in a statement.

Among palm oils, crude palm oil (CPO) shipments fell by 60% to 2.69 lakh tonnes from 6.70 lakh tonnes, but import of refined crude variant rose by over 10% to 1.65 lakh tonnes from 1.48 lakh tonnes in the review period.

The SEA said import of RBD palmolein has risen as global prices of this refined variant have become cheaper by $15-20 per tonne as compared to CPO.

"In view of increased import of RBD Palmolein in last two years, capacity utilisation of domestic refiners reduced from 55-60% to 30-35% and many units are the verge of closure," it said.

Import of non-edible oils fell to 9,431 tonnes in February this year, compared to 14,999 tonnes in the same period last year, the SEA data showed. As on March 1, edible oils stock at various ports is estimated at 4.75 lakh tonnes, of which CPO is 2.40 lakh tonnes. About 7,70,000 tonnes of edible oil is in the pipeline.

Total stock, both at ports and in the pipeline, has drastically reduced by 2.70 lakh tonnes to 12.45 lakh tonnes due to lesser import in last two months, SEA said.

Early this year, the government had hiked the import duty on refined palm oil to protect the interests of local oilseeds farmers and refiners against cheaper imports.

During the November-February period of 2013-14 marketing year, total palm oil imports have fallen to 25.96 lakh tonnes, as against 31.03 lakh tonnes in the same period of previous year, the SEA data showed. India imports palm oil mainly from Indonesia and Malaysia.

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India may suspend wheat exports mid-way
Dilip Kumar Jha, Business Standard

Mumbai, 20 March 2014: India might suspend exports of wheat even without achieving the scheduled target of 2 million tonnes due to fears of crop damage from the recent hailstorms across the country.

"The decision is underway. While the Ministry of Food has already taken final decision in this regards, it will communicate to the public sector grain procurement agency the Food Corporation of India (FCI) soon," an informed source said.

India has already accepted bids for 1.40 million tonnes of wheat exports so far this year out of the 2 million tonnes target set by the Food Ministry in August last year. The target was set to be achieved by June 2014 to earn Rs 3,400 crore from wheat exports at an average price of $300 a tonne, similar to last year's realisation. India's wheat export was recorded at over 4million tonnes last year.

But, because of price fall in global markets, the tenders including PEC and MMTC received poor response. Consequently, importers negotiated bid price upto $260 a tonne for some lots. FCI is a facilitator of wheat supply to these public sector grain trading agencies.

Sources said that proper assessment of the crop damage is yet to bedone. Hence, the government decided to suspend wheat exports temporarily. In case of insignificant crop damage, exports can be opened to meet the target, he added. Wheat, a 100 per cent rabi crop, is sown in India between October and December for harvesting between March and May.

Before hailstorms, Karnal (Punjab) -based Wheat Research Institute forecast India's wheat output at 95.6 million tonnes this year compared to 92.46 million tonnes in the previous year. Wheat prices in global markets jumped by $27 to trade currently at $273 a tonne due to fears of supply disruptions from Ukraine, one of the world's largest suppliers on the country's stand-off with Russia.

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Fresh troubles in the offing for India's basmati exports
Sutanuka Ghosal, Economic Times

Kolkata, 27 March 2014: India's basmati exports to Iran have slumped as the Islamic nation has introduced a new set of standard for basmati rice imports. Iran is the largest importer of basmati rice from India and in the current fiscal the country is expected to import 10 lakh tonne of basmati.

Talking to ET, MP Jindal, president, All India Rice Exporters Association said: "Iran has revised their accepted level of arsenic in basmati rice from 150 ppm to 120 ppm (parts per million). Due to this change in the accepted level of arsenic, basmati exports to Iran has temporarily slumped. In addition, the documentation process has also become time consuming. These two issues have slowed down exports to Iran." The rice trade will need time to reduce the arsenic content in basmati rice. In the meantime, exporters have become active to see that business with Iran does not suffer and so they have decided to take a delegation to Iran next month to sort out the issues with Iranian authorities. "We are hopeful that exports will resume from April. Iran is a major market for us," said Jindal.

India is expected to export 40 lakh tonne of basmati rice in the current fiscal. Of this, 10 lakh tonne is expected to be imported by Iran and the rest 30 lakh tonne is expected to go to Europe and Saudi Arabia. "Next year, we are expecting to export around 43 lakh tonne of basmati rice," said Jindal. Rising income levels in the Middle East have also helped boost demand for basmati rice, traders said.

The total rice exports from India is expected to be around 100 lakh tonne in the current fiscal. The international price of basmati is at $1,450 per tonne in the current fiscal compared to $1,100 per tonne in 2012-13. In rupees, prices are in the range of 5,400 to 6,200 per quintal compared to Rs2,500 to 3,500 per quintal in 2012-13.

Earlier, Western sanctions forced India to trim oil purchases from Iran but the latter remained a loyal and large customer. As sanctions stalled dollar payments in 2012, Iran started settling part of its oil debt in rupees and Iran was making use of rupee transactions to buy goods from India.

The rupee trade gave India an edge over other rice suppliers such as Pakistan which do not have such huge debts with India. This enabled India to establish a near monopoly in exports. Jindal also pointed out that brown basmati rice is gaining ground in EU. "Better marketing and consumer awareness is driving brown basmati sales. However, it will be difficult for us to give the numbers now. But definitely the segment is growing," the AIREA president added.

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EU to ban Indian mangoes, vegetables
The Hindu

Brussels, 27 March 2014: European Union member states, on Wednesday, decided to ban the import of five types of fruits and vegetables from India, after several batches were found to be contaminated by pests such as fruit flies, the bloc's executive said.

The prohibition, which goes into effect in May, covers mangoes, aubergines, the taro plant and two types of gourd. These represent less than 5 per cent of the bloc's fresh fruit and vegetable imports from India, according to the European Commission.

Pests that are not native to Europe were found in 207 fruit and vegetable consignments from the subcontinent last year, the Commission said, adding that they "could pose a threat to EU agriculture and production." The EU's executive also said there were 'significant shortcomings' in the certification systems that prevent contaminated goods from being exported. The ban, agreed by a committee of experts representing member states, is to be reviewed by the end of 2015.

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Local responses to global standards
T S Vishwanath, Business Standard

26 March 2014: Standards across the globe have a potential to impact world trade. This is especially true for exports from developing and least developed countries where companies remain unaware of new rules and regulations applicable to products meant to ensure the safety of people and the environment.

These standards, which sometimes turn into non-tariff barriers to trade that are justified on the basis of health or safety standards, can also be used to act as barriers to trade and are put in place for protectionist purposes. Non-tariff measures (NTMs) in the recent past have also turned into protectionist tools. The Indian government has remained vigilant about the rising number of non-tariff measures in the form of standards and has put some process in place to track and respond to them.

However, it is an important player like industry that needs to take up the work of identifying any protectionist measures. It is also important to note that not all new regulations and standards are barriers and they need to be followed, and industry needs to be vigilant about these new norms that need to be followed.

Surveys on the impact of NTMs, like those conducted by the International Trade Centre, Geneva, have repeatedly shown that, even without protectionist intent, NTMs can raise trade costs, divert managerial attention, and penalise small exporters and those located in low-income countries where access to legal and regulatory information is difficult. Countries imposing NTMs may end up hurting their own competitiveness by making it difficult for domestic producers and exporters to access critical inputs in a timely fashion.

Analysis of data collected by a UNCTAD project on NTMs pointed to the prevalence of technical regulations and standards (technical barriers to trade, or TBT, and sanitary and phyto sanitary, or SPS, measures). TBT affects about 30 per cent of products and trade values, and SPS affect slightly less than 15 per cent of trade.

To compete and succeed in today's dynamic trading environment, an exporter must ensure that his products and services meet rigorous quality requirements (performance, perceived quality, conformity, reliability and durability) demanded by the customer in the global supply chain. While these requirements are much the same for all suppliers and create a level playing field, evidence suggests that some suppliers find high standards and proof of compliance difficult to meet.

Therefore, exporters require information regarding voluntary, market-related, mandatory or statutory requirements, capacity building and advisory services to meet and exceed these requirements economically and consistently and evidence of compliance with requirements acceptable to buyers and regulators. This is where the role of agencies set up by the government to promote exports comes to the fore.

One of the biggest challenges for countries, especially in the developing world, is to harmonise their standards with global standards. This requires a good level of technical expertise. In India, the Bureau of Indian Standards and the Food Safety and Standards Authority of India are tasked with developing new standards, as also ensuring they are in conformity with global standards as far as possible.

With these regulations and standards replacing tariffs in countries across the globe to ensure a level playing field, it will be important to involve industry in standard-setting platforms as also in the response mechanism.

Industry will need to get a lot more vocal about its needs to meet global standards to ensure that it does not fall short of conforming to standards in markets of interest for exports. There is a need for industry to set up an institutional mechanism to deal with this growing issue of tracking and responding to new regulations and standards. While some large firms have a mechanism, medium and small companies will need to look at institutional mechanism in industry associations to help address this issue.

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Raw sugar export subsidy under WTO scrutiny
Amiti Sen, Business Line (The Hindu)

New Delhi, 19 March 2014: India’s recent decision to give subsidies to exporters of raw sugar is facing international flak with many countries questioning its validity under global trade rules. Major nations such as Australia, Colombia and Brazil, which export agricultural products, have said that the subsidies would affect their interests and distort the world market.

In February, the Cabinet approved a subsidy of Rs3,333 a tonne for export of raw sugar in response to rising stocks of white sugar in the country. The incentive is valid till this month-end. The incentive will then be reviewed by the Government before it decides if the subsidies should continue.

Under pressure

"The pressure being piled on India at the WTO is largely to ensure that the subsidies do not get extended for a longer period of time," a Government official told *Business Line*.

The opposing countries, in separate representations to the WTO, have asked India to explain the legal validity of the move under multi-lateral trade rules that do not allow new subsidies for exports. The issue will be taken up at the meeting of the Committee on Agriculture on Friday where India, the world's second largest producer of sugar, will have to explain its move.

"India's defence is that WTO rules prohibit export subsidies only on finished products and raw sugar is a semi-processed item. It is, therefore, exempt from such restrictions," a Government official told *Business Line*. But other exporting countries, including the world's top sugar producer Brazil, are not willing to buy the argument.

Brazil, in its submission, has pointed out that developing countries are allowed flexibilities for giving export subsidy (under Article 9.4 of the Agreement on Agriculture) only to meet marketing or transportation costs and there was no legally-binding decision by the WTO to extend its scope. It also said that in case India says that the subsidies are for reducing marketing or transportation costs, it should give evidence of how it is happening.

Australia, Colombia and the European Union have asked India to specify the quantities of export that has already happened at the subsidised price and the period for which the subsidies will continue.

Output, exports

White sugar stocks in the country at the beginning of the current sugar year (October2013-September 2014) was a whopping 8.8 million tonnes (mt). Sugar output in the on-going year is expected to be 25 mt against domestic demand of 22 mt.

Due to low global prices, Indian mills have exported less than 0.8 mt of raw sugar this season.
If the Government continues its subsidy programme for the remaining months of the season, exports could touch an estimated 4 mt.

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Sugar export subsidies 'will not cross $ 80 million'
Amiti Sen, Business Line (The Hindu)

New Delhi, 24 March 2014: India's export subsidies on sugar announced last month will not exceed $80 million and is essentially designed to encourage diversification away from white sugar to raw sugar, the country has clarified to the World Trade Organisation.

This would translate into roughly 1.4 million tonne of subsidised sugar exports going by the current exchange rate and the subsidy amount of Rs3,333 a tonne. Defending its action at a recent meeting of the WTO Committee on Agriculture (CoA) where several members including Brazil and Australia attacked the sops, India said the subsidies were aimed at discouraging white sugar production of which there was a glut in the global market, a WTO official told *Business Line*.

While the WTO does not allow any new export subsidies, some allowance is made for marketing and transportation. There are disciplines in place for members to gradually eliminate existing subsidies.

Drawing flak

Coming down heavily on India at the CoA meeting last Friday, Australia said the Rs3,333/tonne incentive payment is equivalent of 14-16 per cent of the world price and threatens to seriously destroy trade as India is the third largest exporter of sugar. It demanded that India immediately discontinue the subsidies.

World's top sugar producer Brazil asked how India could justify the subsidies since there has been no consensus to extend special provisions for developing countries. Other members that questioned the subsidies include Colombia, the EU, Paraguay, Thailand, El Salvador, Canada, the US, Pakistan and New Zealand.

The subsidy amount of Rs3,333 of raw sugar export announced by the Cabinet last month is for exports made in February and March. Fresh calculations will be made for April based on existing exchange rate.

Rising inventories

Meanwhile, India's white sugar stock is on the rise. At the beginning of the current sugar year (October-September 2013-14), stocks were at 8.8 million tonnes (mt). Sugar output in the on-going year is expected to be 23.8 mt, according to industry estimates, against a domestic demand of 22 mt.

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Farm Subsidies: Cairns Group Paper Riles India, China
Bridges Weekly Trade News Digest

27 March 2014: An informal paper by the Cairns Group of farm exporters has found that trade-distorting agricultural subsidies in developed countries are four times those of poorer countries, as a share of the value of production. However, the paper, which was presented at an informal WTO meeting last week, has sparked concern from India and China, who question the methodology used to calculate their own farm support levels.

Trade sources told Bridges that the two developing country trading powers were upset that the Cairns Group analysis conflated subsidies that are capped under WTO rules with others that are not subject to any current ceiling on spending.

"China and India strongly objected to the approach," one negotiator said.

The Cairns paper shines a spotlight on agricultural subsidy trends in ten major farm trading countries, by looking at how these domestic support patterns have evolved over time. The WTO members included in the analysis are Australia, Brazil, Canada, China, the EU, India, Indonesia, Japan, the US, and Russia.

Data gaps

The Cairns Group noted that backlogs and delays in official data reporting to the WTO have meant that significant holes remain in the analysis.

“The lack of complete and timely notifications makes it difficult to observe current trends in domestic support,” they said.

For example, Indonesia “is currently working to fill in certain gaps,” the sponsors explained, in particular by providing information on its public stockholding programmes.

At the WTO’s ninth ministerial conference in Bali last December, members agreed to refrain from bringing trade disputes over public stockholding programmes for food security purposes in developing countries, so long as they provide new data on spending levels to the global trade body.

However, to date no country has formally asked to take advantage of the additional flexibility that was agreed at the conference. Members have also pledged to work towards a “permanent solution” to the constraints on public stockholding identified by developing countries in the run-up to the Bali meeting.

How green is “green”?

Farm support in the EU and US has declined “dramatically,” the group finds, when defined as the current total aggregate measure of support - in other words, the “amber box” spending, including “de minimis” support, that is seen as most trade distorting under WTO rules.

EU support fell from US$35.3billion to US$8.5 billion from 2001 to 2010, while in the US payments fell from US$14.5 billion to US$4.7 billion from 2001 to 2011.

Trade-distorting payments in the EU have fallen as successive reforms have moved the bloc away from market price support and “coupled” farm payments that link subsidies to production, and towards decoupled income support payments.

In the US, high prices for farm goods in recent years have also meant that government schemes to support farmers when prices drop have not paid out as they have in earlier periods.

At the same time, both trading powers have greatly expanded their reliance on green box payments, which are exempt from any ceiling under WTO rules, on the basis that they cause not more than minimal trade distortion.

While some green box schemes, such as food stamps for poor consumers, are widely seen as minimally trade-distorting, other types of payments - such as investment aids or decoupled income support payments - are viewed by some analysts as having a more significant impact on trade and production.

Low-income, resource-poor producers

India and China have objected to the use of a new measure of “total trade distorting support” (TTDS) to calculate subsidy levels, trade sources said.

“The paper creates a new term - a new concept,” one trade official said.

While current WTO rules allow developing countries to provide unlimited amounts of input and investment subsidies to resource-poor, low-income producers, the Cairns Group figures include these payments along with other types of farm support that would be capped by the “de minimis” ceiling on trade-distorting support.

This is set at ten percent of the value of production for most developing countries, with separate provisions for payments that are product-specific and those that are not. Exceptionally, China is subject to a lower ceiling of 8.5 percent.

Both China and India have large populations of small farmers, although to date only India has made substantial use of the provisions allowing developing countries extra leeway to provide input and investment subsidies to these producers.

Cairns members report that TTDS levels in China rose from US$320 million in 2001 to US$13.9 billion in 2008, and in India from US$8.2 billion in 2001 to US$37.6 billion in 2008.

Using the same measure, they found that support in the EU fell from US$36.1 billion in 2001 to US$10.3 billion in 2010, and in the US from US$21.5 billion to US$14.4 billion between 2001 and 2011.

While there is no precedent at the WTO for using TTDS to measure support, a draft deal negotiated under the Doha Round would have included cuts to overall trade distorting support - in other words, the sum of trade-distorting amber box, blue box, and de minimis payments. It would also have provided for separate cuts to each of these categories, and new limits on product-specific payments.

Reinvigorating Doha

While the Cairns paper was shared with members as a contribution to the normal review process in the WTO’s Committee on Agriculture, some trade sources consider its analysis to be potentially relevant to the current efforts at preparing a Doha Round “work programme” by end-2014.

“Substantial reductions” in trade-distorting support were among the issues members had agreed to address when the talks were launched in the Qatari capital in November 2001.

A recent report from New Zealand ambassador John Adank, the chair of the WTO agriculture negotiations, warned that discussions on a Doha work programme are still at an “early stage” of renewed engagement.

“Many members do not yet have definitive views on a range of issues to which they are now turning their minds after a gap of some years,” the chair observed.

Although negotiators came close to striking a deal in 2008, the talks languished for several years, until the prospect of a breakthrough on a “small package” of measures in Bali re-energised discussions.

Adank has now invited all WTO members to an informal meeting this Friday to exchange views on how to achieve further progress.

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US insists India give WTO data on food security scheme
Amiti Sen, Business Line (The Hindu)

17 March 2014: Targeting India’s food security programme, the US has questioned its efficiency and has said that the country should spell out measures to increase the programme’s effectiveness. It has also

demanded that India submit all relevant statistics and documents on the programme to the World Trade Organisation (WTO) in order to gain immunity against penalties in case subsidies breach specified limits.

"The matter would come up for detailed discussion at the meeting of the WTO's Committee on Agriculture next week," a Government official told Business Line . India fought hard at the WTO's Ministerial Meeting in Bali in December to keep procurement subsidies under India's Food Security Programme out of the list of subsidies classified as 'trade distorting'. In case 'trade distorting' subsidies breach 10 per cent of production value, a country is subject to penalties.

Conditional reprieve

While a permanent solution to the problem was deferred in Bali, developed countries promised not to take any action if subsidies breached the given caps. However, the reprieve is subject to the condition that India submits all information and documentation that are sought by members on particular programmes involving subsidies.

Attacking India's food subsidy programmes, the US said that the cost of India's food subsidy bill is approximately twice the amount it would cost to provide all households living below poverty with enough cash to cross the poverty line. "This highlights the large costs the Government incurs in procuring, storing, and distributing foodgrains that could otherwise be more effectively used to alleviate poverty in India," a US submission to the WTO pointed out. Pointing specifically at the National Food Security Act 2013, the US said that India should point out if there is any specific language in the Act to address these concerns (related to efficiency). It also asked India to highlight the steps being taken to implement its current policies more efficiently.

"The US has started treading into India's sovereign policy making space under the guise of need for increased transparency for subsidy programmes. The country has no business questioning the efficiency of India's programmes," a trade expert from a Delhi-based research organisation said.

Complicated process

India has also been asked to submit the documentation on the domestic subsidy involved in the Food Security Programme. The process could be complicated as it would involve taking into account all the procurement done by the Government at various stages in every State, the prevailing market price at that time and the minimum support prices (MSP) paid to farmers.

While India has not yet breached the 'trade distorting' subsidy cap, it may do so, especially in case of rice, once the Food Security Programme is fully implemented.
India has long been fighting for exclusion of subsidies for procurement under the food security programme.

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US, India to hold second round of talks on solar trade dispute
Amiti Sen/Richa Mishra, Business Line (The Hindu)

New Delhi, 18 March 2014: The second phase of India's solar mission will come under the scrutiny of the US this week as the two countries begin consultations on compulsory local-buying requirements for certain components used in the programme.

The US has alleged that the domestic sourcing requirements flout World Trade Organization (WTO) norms as they discriminate against foreign companies.

The consultations, scheduled on March 20-21, will give an opportunity to India to explain its stand. If the US is not satisfied it may ask the WTO to set up a dispute settlement panel to fight the case.

“We are ready to explain our position. Our arguments remain the same as those made when the US had complained against the first phase,” a Government official told *Business Line*.

Govt procurement

Since the power produced by the projects under the Jawaharlal Nehru National Solar Mission will be bought by a Government agency, India has argued that all equipment purchases fall under the category of ‘Government Procurement’.

As India is not a member of the Government Procurement Agreement of the WTO, it is not obligated to follow multilateral rules laid down for Government procurement.

India has already faced one round of consultations on the matter in 2013 after the US complained against the first phase that stipulated that all solar modules have to be purchased locally.

It launched a fresh complaint in February after the second phase of the mission — that will produce 750 MW of energy — continued with the sourcing norms. Although half of the project in the second phase will not have to conform to local sourcing conditions, for the remaining half it has been mandated that domestic procurement will also cover solar thin films.

“The US had gone slow after filing the first complaint as it had hoped that India would discontinue the domestic sourcing clause in the second phase. Since that did not happen, it has launched a second attack,” another official said.

The US counter-argument to India’s defence is that since the local sourcing condition has been applied on purchase of power equipment and not power (which will be bought by the Government), it cannot qualify as Government procurement.

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Funds no constraint for trade facilitation pact’
Amiti Sen, Business Line (The Hindu)

17 March 2014: India to help small businesses in Africa increase exports, says Arancha Gonzalez of International Trade Centre In an interview with Business Line , ITC Executive Director Arancha Gonzalez discusses the project and a range of activities being undertaken by her centre such as working with developing countries for smooth implementation of the World Trade Organisation’s Trade Facilitation agreement and helping them meet the ever-rising quality standards in the West. Excerpts:

What is the objective behind the ‘India-Africa’ cooperation partnership that ITC has launched and how is it going to work?
India has a programme of trade preferences for Least Developed Countries. The project is about helping LDCs in Africa take advantage of the market access that India offers. We want to help develop contacts between Indian and African small businesses and facilitate exports to India. I am going to work with the

CII and the Exim Bank here.

It will be the private sector in India helping private sectors in five countries in Africa – Rwanda, Uganda, Kenya, Tanzania, Ethiopia. The project is being financed by the UK's Department for International Development (DFID, India). It is a great example of triangular cooperation.

Can Indian companies also expect to gain from this or is it just about helping industry in poorer countries?
The project is also about promoting Indian investments in Africa. Many Indian companies are already investing there. Through this, they get to know better a number of industrial sectors and they get to know better the small enterprises that are actors in those markets.
Gradually, we want to expand to other African countries and also develop similar business links between India and other Asian countries.

Following the Agreement on Trade Facilitation reached at the World Trade Organisation's Ministerial meet in Bali, smaller countries would need a lot of technical and financial support to upgrade infrastructure. What is ITC doing to help?
Immediately after the Bali deal was agreed upon, we published a guide to help private sector understand better what the agreement contains and through that help them comply with the terms of this agreement. We are now 100 per cent ready to help developing countries implement this agreement. We have struck a partnership with the Unctad. We have undertaken to help any developing country wanting our assistance to implement the Trade Facilitation deal. Now the priority is to make sure that we translate this text in concrete legislative changes and practical changes on the ground.

What about funding?
The WTO convened a meeting in the beginning of the year to take stock of the Bali agreement and called upon all donor agencies that could help in implementing this deal. The sense that I get is that funding is available. Donors are forthcoming. They understand they now need to honour part of the commitment they took in Bali to help implement this deal.

The question now is activating the deal. We have to work with developing countries to understand how much assistance they would require and in which areas so that donor support could be mobilised.

Developing countries often face problems in meeting the tough and ever-changing quality standards in developed countries. How can your organisation help?
We don't see a reduction in standards happening anywhere. So, the only way out is to increase the ability of companies to match those standards, and this is where we come in. ITC helps units to identify and meet quality standards, safety standards and sanitary standards.

We are the only organisation in the world to have mapped about 160 private standards worldwide on products such as coffee, tea, dairy products and chocolates. We have analysed the requirements of each and identified specific conditions that have to be fulfilled to meet those standards. We are helping companies with programs, technical support and expertise to help them match those standards.

Can Indian companies also benefit from the standards that ITC has mapped?
Yes, they can. It is a free-of-charge publicly available web-based tool that allows any company to access the standards for different products in different countries.

The project is also about promoting Indian investments in Africa. Many Indian companies are already investing there. Through this they get to know better a number of industrial sectors.

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WTO Chief Cautions on Use of Past Texts As Principal Basis for Revived Doha Talks
Daniel Pruzin, WTO Reporter

19 March 2014: The head of the World Trade Organization cautioned against using previous draft negotiating texts from the chairs of the Doha Round talks as the main basis for any renewed talks in key sectors such as agriculture and industrial tariffs.

Speaking March 18 at a meeting of African delegations to the WTO in the French town of Annecy, WTO Director-General Roberto Azevedo said the membership needed to avoid getting bogged down in a debate about the status of the previous draft texts dating from 2008 and 2011. The Doha talks collapsed after a failed meeting of key trade ministers in Geneva in July 2008.

“It's clear it did not work then,” Azevedo said in reference to the draft texts, and “it's clear it won't work now” if the texts remain as they are without adjustments to account for where the membership went wrong, officials in attendance quoted the WTO chief as saying.

The debate over the draft texts is already emerging as a potential sticking point in talks under way at the WTO on a future work program for the organization. After securing a deal on a trade facilitation agreement—the first multilateral concluded at the WTO since its establishment in 1995—trade ministers agreed at the organization's December ministerial conference in Bali that WTO members would prepare a clearly defined work program within the next 12 months on the remaining Doha Round issues.

Azevedo followed up Feb. 6 by calling on the chairs of the Doha negotiating groups to consult with WTO members on the post-Bali work program and provide some initial feedback to a General Council meeting on March 14.

Divergence on Draft Texts

The chair reports circulated after the meeting showed strong divergence on the status of the draft texts. Officials said developing countries led by India, Argentina and the so-called “Alba” group—Bolivia, Cuba, Ecuador and Venezuela—have been the most insistent on the previous draft texts being the sole basis for any future Doha negotiations, with the U.S. among the more vocal in arguing that the texts no longer reflect the realities of a new global trading environment where countries such as Brazil, China and India have emerged as major trading powers.

U.S. concerns focus on the blanket flexibilities in the agriculture and industrial tariff draft texts available to all developing countries, regardless of income, which would impose smaller cuts in their agricultural and industrial tariffs as well as their farm subsidies, and give them longer time periods to implement the cuts.

“There's zero evidence that going back to the 2008 and 2011 texts will lead to a different result,” argued one senior official in the latter camp. “They're fine as a reference point, but they're not agreed texts.”

John Adank, the New Zealand ambassador chairing the Doha agriculture talks, reported that “many” WTO members highlighted the importance they attached to the draft agriculture text modalities issued in April 2011 as a basis for further discussions and negotiations on agriculture.

“These Members noted that although this document had never been agreed, it had built on earlier Ministerial guidance, was well known in their capitals and reflected a range of discussions and compromises that had been made in the course of negotiations up to December 2008," he said.

"Some other Members have, in contrast, placed emphasis on the need for further discussions not to be constrained by the draft modalities," Adank added. "They recall that the draft modalities have never been agreed and have stressed the importance of remaining open to new creative approaches to unresolved issues as well as ensuring that the discussions take account of more recent developments or trends in agricultural trade and policies."

Switzerland's WTO ambassador Remigi Winzap, the chairman of the Doha talks on industrial tariffs (NAMA), reported a similar outcome.

Trying to Resume at Previous Point

"Many Members suggested continuing where we left off and to take the latest modalities draft as a basis for restarting the NAMA negotiations," he said. "Arguments presented were as follows: The draft modalities represented many years of work; they were known in capitals and by industry; they allowed Members to come close to a result; for many Members they were still today close to an acceptable result; for many Members it was not realistic to start negotiations from a blank slate."

"Alternatively, some Members suggested not continuing work on—or at least not to stick too closely to—the latest draft modalities as we had not been able to deliver through this means," Winzap added. "Most Members who did not want to take up where we left off in 2011 seemed in particular unsatisfied with the balance between the coefficients and flexibilities in the latest draft modalities.

Cairns Report Said to Mark Big Changes

Officials said U.S. ambassador to the WTO Michael Punke told the African delegations in Annecy that a recent report by the Cairns Group of agricultural exporters showed the degree to which the international trading environment has changed since the Doha talks were launched in 2001.

The Cairns Group report noted that several major emerging economies, most notably China and India, have sharply increased their spending on trade-distorting farm subsidies over the past decade at the same time the U.S. and the European Union have reduced their subsidy outlays. The report however also noted that the combined amount of farm subsidies of all types "remains far greater" in developed countries than in developing countries.

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