INDIA'S TRADE NEWS AND VIEWS

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Exports miss annual target; trade deficit narrows in March
Indian Express

New Delhi, 12 April 2014: Merchandise exports for March declined 3.15 per cent, second month in a row, to $29.58 billion, as the country missed its exports target for FY14 due to sluggish demand from non-traditional markets including China and Latin America and exchange volatility.

According to the data released by the commerce ministry, exports for the whole year rose just 3.98 per cent to $312.35 billion against the export target of $325 billion.

Imports, on the other hand, fell 2.11 per cent to $40.09 billion, narrowing the March trade deficit to $10.05 billion. For the entire fiscal, the imports shrank 8.11 per cent to stand at $450.95 billion, reducing the trade deficit to $138.6 billion in the last fiscal from $190.3 billion.

Decline in gold and silver imports also helped in reducing the trade deficit. Import of gold and silver declined 40 per cent to $33.46 billion.

Exporters' body Fieo said that the factors responsible for the decline were both domestic and global. Factors like exchange rate volatility, steep hike in global oil prices along with the regulatory problems in India's drug industry in the developed economies have also contributed to the decline of exports. As the rupee strengthens, exporters are also wary that exports may see further decline in the months to come. "The economic conditions in the US and the euro zone are not very favorable for exports and we hope the Indian government will help the exporters by providing help by way of including more products and countries for Focus Product Scheme and Focus market Scheme, where we have a comparative advantage and this should be addressed on a priority basis as it will give the necessary push to the industry," Sanjay Budhia, chairman, CII, national committee on export, said.

During the month, oil imports increased 17.7 per cent to $15.78 billion.

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India's share in global exports static in 2013
Business Line (The Hindu)

New Delhi, 14 April 2014: India's share in global exports and ranking amongst top exporters remained unchanged in 2013. The country's growing current account deficit, however, was flagged as an area of concern by the World Trade Organization (WTO) in its trade forecast report released on Monday.

The forecast upgraded the expected world trade growth for 2014 to 4.7 per cent from 4.5 per cent estimated earlier. The prospect for 2015 is better with a 5.3 per cent expected growth in merchandise trade, it said.

India exported goods worth $312 billion in 2013 posting a 5 per cent rise over the previous year. Its share in world exports was 1.7 per cent — the same as the previous year.

The country was ranked 13 amongst top exporting countries as opposed to last year's ranking of 19, but the improvement was only on paper. The change was on account of the European Union being considered as a single member as opposed to the earlier practice of EU member-countries being ranked separately. India's imports contracted 5 per cent in 2013 to $466 billion, which the WTO attributed to the country's economic slowdown.

The forecast expressed concerns over India's large current account deficit and its vulnerability to financial market volatility.

“The rise in financial market volatility was most keenly felt in emerging markets with large current account deficits. This is especially true of India, where output growth see-sawed from 2.6 per cent in the second quarter to 7.2 per cent in the third, then back to 3.9 per cent in the fourth,” it said.

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WTO figures bring cheer to Indian export sector
Business Line (The Hindu)

Mumbai, 16 April 2014: With the World Trade Organisation projecting world trade to grow by 4.7 per cent in 2014 and a slightly faster growth at 5.3 per cent in 2015, which is a 20-year average growth rate, the Federation of Indian Export Organisations has noted that this augurs well for India's exports.

While world trade grew by 7.35 per cent on an average between 2005 and 2013, India’s exports grew by 15.66 per cent on an average in the same period, according to the FIEO. However, since India recorded only a modest growth of about 4 per cent in 2013-14, it is necessary for the trade to look at a 15 per cent increase in exports, taking it to $360 billion in 2014-15, said the FIEO chief.

In the case of world trade, the growth per cent of 2014 is more than double of what was achieved in 2013 (2.2 per cent). In 2013, trade growth rate was slow due to a combination of flat import demand in developed economies and moderate import growth in developing economies. On the export side, both developed and developing economies only managed to record a small, positive increase.

The trade forecast for 2014 has been upgraded to 4.7 per cent from 4.5 per cent. In 2013, Asia recorded the fastest GDP growth at 4.2 per cent, which was almost equal to growth in the previous two years. Responding to the revised forecast of increase in global trade in 2014 and in 2015, M Rafeeque Ahmed, President of the Federation of Indian Export Organisations (FIEO) has said that projected growth in global trade is a major positive and has been a key factor in driving India's exports.

On a rough estimate, India’s exports growth has been more than doubled the global trade growth. ``We should expect a minimum of 10 per cent increase in exports in 2014," said Ahmed.

He added that though manufacturing had declined by 0.7 per cent in the April 2013 to February 2014 period, it needed to be promoted at all cost. ``We have to see that the share of manufacturing in GDP increases continuously to touch 25 per cent by 2020. The new Foreign Trade Policy should initiate measures for competitive manufacturing in the country, both for augmenting exports and substituting imports," Ahmed added.

Incidentally, in 2013, exports of Asia grew faster than any other region, with a 4.6 per cent rise, followed by North America and Europe. However, India suffered a sharp drop of 2.9 per cent in its imports, due to its economic slowdown. Exports of India also fell short of the target of $325 billion in 2013-14, and touched $312 billion.

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India tops global remittances list; received $70 billion in 2013: World Bank
PTI

Washington, 11April 2014: Having received $70 billion in 2013, India has topped the list of countries receiving remittances from overseas workers, the World Bank said today.

The World Bank's latest issue of the Migration and Development Brief, said international migrants from developing countries are expected to send $436 billion in remittances to their home countries this year (2014). In 2014, remittance flows to developing countries will see an increase of 7.8 per cent over the 2013 volume of $404 billion, rising to $516 billion in 2016. Global remittances, including those to high-income countries, are estimated at $581 billion this year, from $542 billion in 2013, rising to $681 billion in 2016.

"Remittances have become a major component of the balance of payments of nations. India led the chart of remittance flows, receiving $70 billion last year (2013), followed by China with $60 billion and the Philippines with $25 billion," said Kaushik Basu, Senior Vice President and Chief Economist of the World Bank. India had received $69 billion in remittances in 2012. Basu said there was no doubt that these flows act as an antidote to poverty and promote prosperity.

"Remittances and migration data are also barometers of global peace and turmoil and this is what makes the World Bank's KNOMAD (Global Knowledge Partnership on Migration and Development) initiative to organise, analyse, and make available these data so important," said Basu.

For many developing countries, remittances are an important source of foreign exchange, surpassing earnings from major exports, and covering a substantial portion of imports.

In India, remittances during 2013 were $70 billion, more than the $65 billion earned from the country's flagship software services exports, the World Bank said.

Dilip Ratha, Manager of the Migration and Remittances Team at the bank's Development Prospects Group said that in addition to the large annual flows of remittances, migrants living in high income countries are estimated to hold savings in excess of $500 billion annually.

"These savings represent a huge pool of funds that developing countries can do much more to tap into," he said.

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For a better trade balance
Biswajit Dhar, Financial Express

21 April 2014: The key feature of India’s merchandise trade during 2013-14, the summary of which was unveiled last week, was the remarkable decline in the deficit. From a level of $190 billion in 2012-13, deficit in the goods trade was down to nearly $139 million, a decline of over $51 billion. This narrowing of the trade deficit was only slightly less dramatic than the stupendous increase witnessed in 2011-12, when the trade deficit had expanded by $66 billion. As a result of this decline, merchandise trade deficit, which was hovering around an all time high of nearly 11% of GDP in 2012-13, is expected to be a touch over 8% in the last fiscal. Since the widening of the trade deficit was the most significant cause of the bulge in the CAD, the improvement on the merchandise trade balance in 2013-14 could give the finance ministry a few more options to play with.

However, the feel-good factor regarding the trade performance in the previous fiscal hardly extends beyond the lowering of the deficit. The reduction in trade deficit has been caused largely by the lowering of imports by 8.1% as compared to 2012-13. Exports have expanded, but by a modest 4%. The more disconcerting aspect of the export performance is that after having expanded by double-digits in the second quarter of the year (as compared with the corresponding period in 2012-13), export growth not only fell away in the second half, the two closing months of the previous financial year witnessed negative growth rates.

This performance on the export front marks a culmination of a phase in which much was expected from the exporters, but little was delivered. Following the adoption of the Foreign Trade Policy 2009-14, the commerce ministry had developed a “Strategy for Doubling Exports in the Next Three Years (2011-12 to 2013-14)”. The focus of this strategy was to push exports closer to the $500 billion mark by 2013-14, a level which would help in keeping the ratio of trade deficit to GDP to below 10%. There was little that one could fault with this strategy, for it envisaged export push to come on the back of a strong performance from the critical industrial sectors, particularly the engineering and the chemical industries. However, with the industrial sectors not taking-off as stated in the strategy paper, the commerce ministry had a fresh look at the export targets less than a year back. According to the new projections, exports were expected to increase to $325 billion in 2013-14, but even this significantly reduced target could not be realised.

The failure to meet the export target is not the only concern. Perhaps, the larger concern is the failure to make the manufacturing sectors the prime movers of India’s export push. During the past several years, the composition of India’s export basket has remained stubbornly rigid. The shares of engineering goods and chemicals have been hovering around 20% and 13-14% respectively, while two products groups, viz., POL and gems and jewellery have consistently accounted for nearly a third of India’s exports. If available trends on exports of principal commodities for 2013-14 are any indication, the composition of exports is likely to follow the patterns seen in the past few years.

In recent years, spurt in gold imports was one of the main reasons for the rising import bill. After taking several hesitant steps to curb the ever-increasing lust for the yellow metal in the country, the government adopted two sets of measures to rein in gold imports during the last fiscal after the CAD reached alarming levels. The first was an increase in the import duty on gold from 8% to 10%. The second was a ruling that gold could be imported only by 10 designated banks and other agencies and entities. These designated institutions were required to fulfil the so-called 80:20 rule—at least one-fifth of every lot of import of gold imported to the country was to be exclusively made available for the purpose of exports and the balance for domestic use. Imports of the next lot of gold by the designated entity would be permitted by the customs authorities only after the quantity earmarked for exports (20% of the imported lot) was released to the exporters against their undertaking to fulfil the commitments within the stipulated time. Available data on imports suggest that these policies have had immediate impact on the imports of gold. Till February 2014, the value of gold imports during fiscal 2013-14 was just above $26 billion, a decline of nearly 48% from the level of imports recorded during the corresponding period in the preceding fiscal. Interestingly, the clampdown on gold imports affected countries that have relatively small market shares in India. Although the two largest sources of India’s gold imports, Switzerland and UAE, witnessed a decline in absolute terms, their shares in the total imports had in fact increased; for the former, the increase was from around 55% in 2012-13 to over 58% in 2013-14, while the latter increased its share to nearly 20%.

There are however, serious doubts about the effectiveness of the gold import restrictions imposed by the government. A recent report by the World Gold Council has observed that the underlying level of demand among Indian consumers had remained robust during 2013.This report concludes that “the sharp decline in the official import of gold into India led to an increasing amount of this demand being met by gold imported through unofficial channels” (read smuggling). The report has given credence to the generally accepted view that the gold import restrictions can hardly prevent outgo of foreign exchange from the country, since they bring the hawala traders into play. Clearly, measures for restricting gold imports that are currently in place are not helping the country to ride over its external payments problems. The government therefore needs to think in terms of a more comprehensive policy that looks at ways of reducing the demand for gold on the one hand, and provides effective mechanisms to check smuggling of gold.

Besides gold, the other major contribution to the lowering of the import bill in 2013-14 was made by the sagging imports of machinery and transport equipment. These figures point to two worrying signs: one,

manufacturing sector continues to go downhill and, two, the investment climate has become rather sluggish.

The author is director general, Research and Information System for Developing Countries (RIS), New Delhi

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Govt plans strategy on quality issues in trade
Asit Ranjan Mishra, Mint

New Delhi, 17 April 2014: With an eye on meeting the challenge of higher quality standards in merchandise trade being specified in regional trade agreements, the commerce ministry will prepare a national strategy on benchmarks and technical regulations through consultation with other ministries. The strategy, aimed at countering the risk of India's exports being undermined by the new specifications, will be presented before a new government.

Commerce secretary Rajeev Kher, who was speaking at an event organized by the commerce ministry and industry lobby group Confederation of Indian Industry (CII), said the ministry will take the proposal to the panel of secretaries and prepare a note to be taken up by the cabinet.

"We are currently going through a transition phase. Any new government would like a constructive agenda. We should use this opportune time," Kher said at the meet.

India is in the midst of a general election that will conclude on 12 May. A new government is expected to be formed by May-end.

As tariffs on merchandise trade have come down over the years, countries, both developing and developed, have increased non-tariff barriers such as food safety standards, reducing market access to exports.

The so-called sanitary and phyto-sanitary measures agreement under the World Trade Organization (WTO) allows countries to set their own standards based on scientific methods. "They should be applied only to the extent necessary to protect human, animal or plant life or health. And they should not arbitrarily or unjustifiably discriminate between countries where identical or similar conditions prevail," the WTO says on its website.

While member countries are encouraged to use international standards, guidelines and recommendations where they exist, members are allowed to use measures which result in higher standards if there is scientific justification as long as such standards are not targeted at a single country.

India's farm and food exports often face entry barriers into other countries due to low safety standards. Kher said the industry needs to adhere to higher safety standards in the domestic markets as well.
Kher said the higher standards and rules that would come into force with the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) will pose a challenge if India does not confirm to international standards. India is not a part of negotiations for the treaties.

"What these agreements are going to throw up is a completely new paradigm of standards, rules, regulations and the whole focus is now shifting from typical, traditional manner of trading to how non-tariff related issues are harmonized and synchronized," he added.

Kher said technical standards have become a compulsion for countries like India and an evolutionary pathway in standards is a necessity. "If you do not follow the pathway, either you fall by the wayside or

you simply go back to the pre-1991 days where you will increasingly find yourself isolated from the rest of the world," he added.

Sunil Soni, director general of Bureau of Indian Standards (BIS), said ideally there should be one Act governing all standards because a plethora of regulations confuse stakeholders. Soni said the work could start without waiting for a new legislation since BIS already provides a platform for this.

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India mulls legislation to meet technical roadblocks in trade
Financial Express

New Delhi, 17 April 2014: Cabinet secretary Ajit Seth on Wednesday rued India lacking a proper legislative instrument to notify and administer technical regulations.

"Despite the crucial role that standards play in facilitating transactions, India does not have a standards-driven culture. This has implications for both domestic and international sales. It is not surprising that Indian exporters have to incur high costs in order to comply with standards and technical regulations in main foreign markets," Seth said at a conclave organised by the Confederation of Indian Industry (CII) and commerce ministry on the role of standards in international trade.

The Bureau of Indian Standards (BIS) formulates standards for industrial products and offers certification and testing services, but there isn't a legal framework for the same.

The Cabinet secretary's statement has come at a time when India is faced with strong barriers to trade, the commerce ministry is preparing itself to meet the various sanitary and phytosanitary measures (SPS) and technical barriers to trade (TBT) requirements of its various trading partners.

With developing countries, including India, having suggested that developed countries are using the SPS and TBT measures for protectionist purposes by prescribing overly stringent trade restrictive standards, the ministry has initiated a discussion with different stakeholders to handle this protectionism.

Of the 18,000 notifications issued under these agreements from various countries, regulations issued from India numbered only 93. Even these few were the topic of intense debate.

In fact, recently, the United States Trade Representative (USTR) in report titled 'Report on Sanitary and Phytosanitary Measures 2014', enumerated its concerns and the problems it faced while trading with India while trading dairy products, pork, poultry, swine, and pet food, pulses, wheat and barley.

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Commerce secretary, Rajeev Kher urges industry to adopt global standards fast to counter TPP, TTIP impacts
Economic Times

New Delhi, 17 April 2014: Commerce secretary Rajeev Kher on Wednesday called upon the Indian industry to upgrade its quality standards to successfully counter the adverse effects of two of the world's biggest free-trade treaties being negotiated by the US. The proposed mega deals—Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP)—are being seen as attempts to divert trade and investment away from emerging economies like India.

TPP includes all the 12 Pacific Rim countries, including the US, Australia and Japan, while TTIP will essentially be an agreement between the US and the European Union.

Speaking at a conclave on the role of standards in international trade organised by CII and the commerce & industry ministry, Kher said the mega deals would throw up a completely new paradigm of standards and that it was time the Indian industry gave greater importance to them. "If you do not follow this pathway, then either you will fall by the wayside or you will simply go to those pre-1991 days where you will increasingly find yourself isolated," Kher said. "The whole focus is now shifting from typical, traditional manner of trading to how non-tariff related issues are harmonised and synchronised."

India's exports have often run into the wall of standards, which have in the past been dismissed as non-tariff barriers to block imports by countries, but there is a growing realisation that the country needs to take the issue seriously.

Kher said the government was looking to prepare a 10-year roadmap and sought help from all stakeholders and urged all government departments to come together.

At present, the Bureau of Indian Standards (BIS) is involved in formulating standards, certification and testing services.

"If you do not conform to standards and technical regulations, your honeymoon will be only for a short period of time." Kher warned the industry, adding that unless international standards are adopted, Indian business will not be able to integrate with larger markets.

Cabinet secretary Ajit Seth backed the need for urgency on this count. "It is essential that the Indian industry inculcates a culture driven by standards... In many countries, product standards are developed through a voluntary consensus of companies engaged in producing competing products," he said, adding that lack of standards add to transactions costs for exporters. "Despite the crucial role that standards play in facilitating transactions, India does not have a standards-driven culture. This has implications for both domestic and international sales. It is not surprising that Indian exporters have to incur high costs in order to comply with standards and technical regulations in main foreign markets," Seth said. He also called for a coordinated mechanism to develop a roadmap on product standards in a time-bound manner.

"If we are unable to act with clarity and speed, we run the risk of not only exposing our consumers to inferior goods but also slowly getting excluded from main export markets," Seth added.

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India-Asean services FTA in limbo over retail FDI
Nayanima Basu, Business Standard

New Delhi, 15 April 2014: India's free trade agreement (FTA) on services with the 10-member Association of Southeast Asian Nations (Asean) is still in limbo, as three members – Thailand, Indonesia and the Philippines - are yet to ratify the deal. While Thailand and Indonesia are demanding unconditional access to India's multi-brand retail trading segment, the Philippines appears to be scared of India's information technology (IT) sector.

Indonesia and Thailand have categorically told India they will not ratify the deal, unless the "federal nature of the FDI (foreign direct investment) policy in multi-brand retail" is relaxed. They are particularly annoyed that it is a state-enabling policy, which means a final call on whether or not to allow a foreign retailer to set up hypermarkets or chains is to be taken by state governments, highly placed sources involved in the talks told Business Standard. The two countries have informed the commerce & industry

ministry and external affairs ministry that they will enter India only on the condition that their retail chains are allowed to set up shops "anywhere and everywhere".

The demand from Thailand and Indonesia comes at a time when the United Progressive Alliance (UPA) government's decision to allow up to 51 per cent FDI in multi-brand retail has drawn attack from political opponents, though the policy is more diluted than that demanded by Thailand and Indonesia.

The Philippines, which is gearing up to become the call-centre hub of the world, is apprehensive of the fact that the Indian IT-ITeS (information technology-enabled services) sector might eat up its jobs. India has been trying to negotiate with that country by saying it has moved from being a call-centre hub to the more high-end and complex IT jobs.

The FTA for services was approved in India by the Cabinet Committee on Economic Affairs in December last year, despite objections from the finance ministry. This was the last FTA signed by the ruling UPA before the country went to polls.

This also was one of the crucial FTAs, under which India hoped to get greater market access for its professionals in countries like Singapore, Malaysia and Indonesia. However, it now seems that road ahead is not going to be smooth.

The retail sector in Indonesia and Thailand has witnessed a boom over the past decade. In Indonesia, the food and clothing retailers have massive expansion plans and they have been eyeing India for long. Big Indonesian retailers like Matahari Putra Prima, Indomarco Prismatama, Mitra Adi Perkasa and Ramayana have set aside huge investment plans.

Similarly, in Thailand, despite the current political tension, the retail sector is growing 9-10 per cent annually. The Thai Retailers Association has projected 12 per cent growth in the current financial year. The absence of a stable government in Thailand, too, has delayed the process of ratification. India is also negotiating for a separate bilateral trade treaty with Thailand. However, the Indian government is hopeful the ratification process will be over by October this year.

Trade between India and Asean was worth about $76 billion in 2012-13. Both sides have set a target of increasing this to $100 billion by 2015.

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FTA with Australia: Push for easy visa, no consensus on tariff
Kirtika Suneja, Financial Express

New Delhi, 23 April 2014: New Delhi is pushing for easier visa norms and work permits from Canberra while the latter wants greater market access in the Indian higher education space as part of the ongoing free trade agreement (FTA) talks.

According to commerce ministry officials, the two sides are yet to agree on tariff lines (merchandise) to be brought under the purview of the pact though each wants easier access to the other's services markets. “The FTA talks are in progress right now and we have not yet reached a meeting point on tariff lines. We would like to export services where we are good at besides seeking easy visa norms and work permits. We want visa relaxation in certain areas and they want to sell more agri products to us,” said a commerce ministry official involved with the FTA negotiations.

On the other hand, Australia is willing to export its education services in the form of teaching and universities to India. The India-Australia FTA talks began in 2011 and five rounds of negotiations have already taken place with the sixth round set to happen in New Delhi later this year.

In 2012-13, India's merchandise exports to Australia stood at $2.3 billion and imports were $13 billion while in 2013-14 (April-December), the exports were $1.6 billion as compared to imports of $7.7 billion in the period.

India has so far implemented free trade pacts with Singapore, Korea, Japan, Malaysia and Asean and is negotiating similar pacts with Australia, Canada, European Union and New Zealand.

Trade with Australia has been hit this year due to restrictions imposed on import of gold in the form of higher import duty and the 80-20 rule of the Reserve Bank of India.

“An increase in export of services depends on the visa norms and work permits and both sides want as many commodities as they can to be included in the FTA. Hence, it is very difficult to put a timeline for the completion of the FTA,” the official added.

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Pakistan ready to lift import ban on items from India, says envoy
Amiti Sen/Aditi Nigam, Business Line (The Hindu)

New Delhi, 23 April 2014: Pakistan has said it will allow imports of all items from India once the on-going election process in the country is over and New Delhi is in a position to implement the "arrangement" of reducing subsidies on some items of export interest to Pakistan.

"Early this year, both the countries had agreed on an arrangement under which India would reduce subsidies on items that can be exported by Pakistan. But it could not be implemented as the model code of conduct came into play," Pakistan High Commissioner to India Abdul Basit said in an interaction with women journalists on Wednesday.

Basit said that once the new Government is in place in India, the whole issue could be reconsidered. Extending India non-discriminatory market access, which basically means allowing all Indian items to be sold in Pakistan, is a key condition that New Delhi has laid down before Islamabad for re-starting the bilateral trade dialogue that has been stalled for the past year.

Although Pakistan has opened its doors to over 85 per cent of items to be exported from India, it still disallows 1,209 items such as automobiles, many pharmaceutical products, agricultural produce and textile items such as polyester. India, on the other hand, allows import of all items from its neighbour, but Pakistan alleges that there were a number of non tariff barriers that impeded imports.

"There are four sectors in Pakistan, which includes pharmaceuticals, agriculture, automobile and textiles which are apprehensive about competing with India," the High Commissioner said.

More opportunity

India needs to reassure Pakistan’s industry that there would be more opportunity for them for doing business in the country by removing some domestic subsidies and giving it a more level playing field, he added.

Islamabad had promised to do away with all import bans by December 31, 2013. It had also promised that it would allow trade of all products through the land route, instead of the expensive sea-route.

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Govt prepares to battle US pressure on patents
Nayanima Basu, Business Standard

New Delhi, 22 April 2014: The government held a high-level meeting on Monday to discuss apprehensions that the US government might impose sanctions against Indian companies on the ground of a lax intellectual property rights (IPR) regime.

Delhi, it was decided, would not tolerate such a move from Washington. “It has been decided that India will not cooperate with the US on any sort of investigation on Indian IPR or trade laws,” an official said after Cabinet Secretary Ajit Seth took a meeting of top bureaucrats over the issue.

India, it was decided, might take the US to the World Trade Organization (WTO) if such unwarranted action was taken, while keeping open the door for discussion to allay perceptions on Delhi's trade laws.

The Cabinet secretary reiterated that India was WTO-compliant on Trade Related Intellectual Property Rights, officials said. The government is also compiling cases where the US had breached IPR laws.

Officials attending included the secretaries for foreign affairs, commerce, industrial policy and health. India's ambassador to the US, S Jaishankar, is also discussing the issue with the US government.

The office of the US Trade Representative is expected to issue what is termed a “Special 301” report this month-end or early next month. This is an annual survey in which the USTR is supposed to identify countries which do not provide “adequate and effective” IPR protection or “fair and equitable market access to United States persons that rely upon IPR”.

There is apprehension that the USTR might put India on the Priority Foreign Country list for IPR; this names countries judged to have inadequate intellectual property laws or deny fair and equitable market access to US entities relying on IPR protection. Such countries may be subject to sanctions. As a part of such penal action, the US may withdraw benefits under the scheme of Generalised System of Preferences, which provides reduced tariffs for Indian goods entering US markets.

The US International Trade Commission, a quasi-judicial independent federal body which advises the US President, the USTR and the nation’s legislature on trade matters, had begun a probe into India’s trade and industrial policies on February 12.

Since US President Barack Obama’s 2010 India visit, American firms, especially a certain segment of the US pharmaceutical industry, have become extremely vocal about Indian policies on domestic content requirements and IPR.

Policy circles here believe the US is doing these to protect the interest of a handful of pharmaceutical companies, which command influence in policy making circles there. These include Pfizer, Bayer and and Swiss pharma major Novartis.

The department of industrial policy and promotion, under the commerce & industry ministry, has prepared a list of all cases since 1974 where the US is held to have breached IPR laws, rejected patents and invoked compulsory licensing, in sectors ranging from electronics to pharmaceuticals.

During the 2002-2012 period, 20 cases related to pharmaceuticals were invalidated by the US Federal District Courts, compared with 34 related to mechanical devices and 10 to medical devices. Between 2007 and 2011, about 280 cases were identified in the US Federal District Courts where patent validity was determined. Of these, the patent was held valid and enforceable in only 39 cases. In 253 cases, the patent was held invalid.

Refusing to deal with the matter bilaterally, the government has apparently told its American counterpart that such issues should be discussed only at multilateral platforms like the World Intellectual Property Organization and WTO. However, following the Novartis and Bayer-Onyx cases here, the US is concerned that other countries such as Brazil, China and in Africa might follow India's model of compulsory licensing.

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India-US ties headed for rough weather over drug IP issue
Amiti Sen, Business Line (The Hindu)

New Delhi, 20 April 2014: Facing the threat of sanctions by the US for what it terms India's lax intellectual property (IP) rules, the Commerce Ministry is studying the possible impact on trade with the US if Washington goes ahead with its action.

The Office of the US Trade Representative is to come out with its annual Special 301 report by the month-end on the adequacy and effectiveness of IP rights protection by its trading partners. If the report classifies India as a 'priority foreign country' — as demanded by the US pharmaceutical lobby — Washington could impose economic sanctions against India that will include withdrawal of duty-free benefits or imposition of penal duties. The USTR's earlier reports have put India under the 'priority watch list', as a country that needs to tighten its IP regime.

A Commerce Ministry official told *Business Line* "that "since the US is one of our largest export destinations, it is important to understand how much our trade could get hit if sanctions are imposed. We may have to take steps to support sections of our industry that get affected".

Cabinet Secretary Ajit Seth has called a meeting of senior officials of the Ministries and Departments concerned, including Commerce, Industry and Pharmaceuticals, to discuss the imminent threat of sanctions.

'Unjustified'

New Delhi believes that the threat is unjustified as the category of 'priority foreign country' is reserved for very serious intellectual property law offenders, while India's legislation is in line with global specifications.

Ukraine is the only country on the list at the moment.

"We will examine in detail the options available under the dispute settlement undertaking of the WTO, in case it (India) does get categorised as a 'priority foreign country'," the official said. Retaliatory action, too, could be considered, he added.

US drug majors upset

Although India amended its patent laws in 2005 to bring them in line with the Trade Related Intellectual Property Rights of the World Trade Organisation, US drug majors are upset with Section 3 (d) of the country's patent law, which refuses to grant patents for incremental innovations.

With pharmaceutical companies expected to take a hit of over $40 billion in 2014 revenues and $50 billion the next year as their patents run out, the US is under pressure to force India to drop the provision.

Pharmaceutical companies are also unhappy with New Delhi's decision of 2012 to grant a compulsory licence to an Indian company for the manufacture of a copied version of Bayer's cancer medicine, Nexavar. This move brought down the price of the drug by 90 per cent.

Harmful to both sides

The US India Business Council, the trade body representing businesses of both countries, has warned that economic sanctions imposed by the US on India could harm American companies as much as Indian businesses.

In 2012-13, the US was India's third largest trading partner, accounting for exports worth $36 billion and imports of $25 billion.

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India tightens certification norms for fruits, veggies to pacify EU
Amiti Sen, Business Line (The Hindu)

New Delhi, 22 April 2014: Exports of all perishable items to the European Union from India will now be routed through recognised pack-houses under the vigilance of plant protection inspectors to minimise quality glitches.

The move is aimed at convincing the EU, that recently banned export of five fruits and vegetables from India as pests were found in some consignments, to reverse its decision.

"We have asked the EU to send its team of experts to see our improved inspection and quality certification process and lift its export ban," a Commerce Ministry official told *Business Line*.

The EU's Standing Committee on Plant Health imposed a ban on Indian mangoes, bitter gourd, taro, egg plant and snake gourd, as pests and insects were detected in a number of consignments shipped from the country.
Ban may be extended

The ban, which will be applicable from May, could be extended to other perishables if EU is not satisfied about India taking genuine steps to improve its sanitary and phyto-sanitary certification process, the official said.

Although only about 5 per cent of India's total exports of perishables to the EU have been affected at the moment, there is much more at stake as the country exports fruits and vegetables worth over €400 million to the region.

Indian officials from the Commerce Ministry and the National Plant Protection Organisation (NPPO) under the Agriculture Ministry recently met officials from the EU's Directorate General for Health and Consumer Affairs in Brussels to discuss the ban.

"We informed the EU that India had already decided to put in place an improved inspection and quality certification process when the ban was announced and the EU should have waited for it to be implemented. Now that we have gone a step forward and are getting the packaging process supervised by NPPO inspectors, there shouldn't be any more problems," the official said.

The Agriculture and Processed Food Products Export Development Authority (APEDA), in its notification, has specified that it is not only essential for pack houses to follow complete procedure for

export of fruits and vegetables to the EU laid down by it, it also has to maintain records of arrival of material and actual shipped quantity and report it daily to the Government.

Improved inspection

"The number of rejection of consignments at the pack houses has gone up significantly after the stricter inspection and certification process was put in place this month. We are confident that the EU will have less to complain about now," the official said.

The EU, however, has not given any commitments on when it would lift the existing ban.

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Rice & sugar to the rescue, even as overall exports stagnate
Banikinkar Pattanayak & Sandip Das, Financial Express

New Delhi, 23 April 2014: Even as India's overall exports are crawling, exports of farm items that have seen a phenomenal rise in recent years are keeping pace and increasing their share in the country's foreign trade. Exports of farm items and allied products accounted for 14.4% of the country's exports (of $312.35 billion) in FY14, compared with 13.9% in FY13 and 12% in the previous year. While a sustained rise in exports has been in evidence for the last two to three years in respect of many farm products, rice and, of late, raw sugar exports accelerated further.

India's merchandise exports witnessed a drop in four out of the 12 months in the last financial year, and the annual growth was a mere 4% despite a low base (exports declined 3.2% in FY13). While a sharp increase in demand from the US and some countries in West Asia, Africa and Europe has led to a 29% annual increase in rice exports in FY14 to Rs42,668 crore, the country's raw sugar exports jumped dramatically in the first half of the current marketing year that started on October 1.

India, the world's second-largest sugar producer and the biggest consumer, exported 1.45 million tonnes of both raw and refined sugar during the October-March period (valued at close to Rs4,000 crore), compared with just 35,000 tonnes a year before. This time around, the jump in exports of sugar, which have traditionally been influenced by inconsistent government policies, was partly because mills scrambled to cash in on a subsidy for raw sugar production and also to reduce a glut in refined sugar.
As for rice exports, the demand for basmati, which accounts for over 65% in the overall value of export of this grain, is mainly from Iran, Saudi Arabia, the UAE, the US and Europe. Non-basmati varieties are in great demand in some African countries, including Benin, Senegal and South Africa, besides the US. That per-unit export realisation has also risen is evident from the fact that the increase hasn't kept pace with the rise in rupee value of exports. Rice exports reached 10.4 million tonnes last fiscal, only marginally higher than shipments of 10 million tonnes in FY13.

Rice exports, in fact, have been rising steadily since the government lifted a 4-year ban on non-basmati rice exports in September 2011.

What triggered the export boom is also a relatively stable and liberal policy regime in recent years when it comes to shipment of farm products. There has been lesser instances of a sudden imposition of bans and restrictions on farm items in recent years.

Also, processing and packaging has improved, resulting in importers accepting the standards of Indian products. Indian exporters of grain, meat products, guargum and fruit and vegetables have gained the confidence of consumers in many countries.

“The sharp rise in demand from Iran and devaluation of the rupee against the dollar has helped the country's export earnings,” Vijay Setia, former president of the All India Rice Exporters Association (AIREA) and an exporter, told FE. Setia said the export of basmati rice would have increased by an additional 2-3 lakh tonne in the last fiscal if imports by Iran had not slowed down during the last few months of the year. Commerce ministry sources said that Iran in a bid to curb further rice import for protecting domestic growers have put stringent sanitary restrictions on Indian exports.

“While it is great to see India emerging as the largest exporter of rice, we should remember part of this is due to highly subsidised water, power and fertilizers. Exporting a kg of common rice is like exporting 3,000-5,000 litres of water. I would suggest a 5% export duty on common rice to recover part of that scarce water/power," said Ashok Gulati, chair professor–agriculture, Indian Council for Research on International Economic Relations.

“Sugar mills exported in large volumes to cut a glut in the domestic market following a fourth straight year of surplus production. Raw sugar exports did particularly well in March as the government incentivised its production and, thereby, exports as the sweetener variety is hardly consumed domestically. The exports will get a boost if the food ministry announces the subsidy for raw sugar production for April and May immediately, without delay,” said Abinash Verma, director general of the Indian Sugar Mills Association.

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Food Ministry starts review of raw sugar subsidy amidst WTO pressure
Anindita Dey, Business Standard

Mumbai, 22 April 2014**:** The department of food has started a review of the Rs 3,300 crore raw sugar subsidy scheme announced towards end of last calendar year, albeit maintaining that the scheme will continue for remaining months till the new cabinet comes in place.

According to sources close to the development, the review is aimed at reworking the amount of subsidy downside based on new rates of benchmarks - exchange rate tariff and international prices which has substantially changed since the time when the scheme was announced. However, till date the final notification for the scheme has not been released.

Sources said that the scheme can at least run for two months – April and May 2014 of which more than 20 days of April 2014 are already over. The review follows strong objection raised by the members of the World Trade Organization (WTO) stating that this will distort global trade as India is the third largest exporter of sugar in the world. The subsidy was given for promoting raw sugar export by Indian millers.

Meanwhile, the government of India has decided to strongly defend its stance on the raw sugar exports on the ground that the export subsidy is not intended for exporters or industry but for farming community or cane millers. According to sources close to the development, the subsidy to be given for export of raw sugar will be passed on to the cane growers for diverting the sugarcane produce from processing white sugar to raw sugar which is not the usual practice in India. Explaining this, sources said, usually in India there is no demand or consumption of raw sugar and the entire cane is processed for sugar or jaggery or mollases etc. On the other hand, there is surplus stock of sugar in the country which is why the sugarcane farmers are not in the position to get proper remuneration as the cost of production is higher than the market price.

Therefore a conscious decision has been taken by the government to divert the domestic production to the export market where the demand is for raw sugar and not processed sugar, said sources. The subsidy thus is intended for helping the millers/ farmers to divert manufacturing of sugar to raw sugar. Thus the concern of the world community is not correct in stating that the raw sugar subsidy will distort the global

prices as they are not intended for the exporters but for the cane millers and farmers.

Last year, the Cabinet Committee on Economic Affairs (CCEA) has also approved Rs 6,600 crore interest-free loans to the sugar industry with interest subvention of 12% to be borne by the Sugar Development Fund.

The loans will be provided by banks to sugar mills exclusively for making payments to sugarcane farmers, including arrears. The loans are equivalent to the excise duty paid by the mills in the past three years and the mills have to repay the loans in five years. These mills could avail of a moratorium on repayment for the first two years. The decision was taken to help the sugar industry tide over the cash crunch.

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Vegetable oil import down 6% in November-March
Business Standard

Mumbai: 15 April 2014: Vegetable oil imports between November 2013 and March 2014, the first five months of the oil year, saw a drop of six per cent to 4.3 million tonnes (mt)compared to 4.6 mt in the same period last year, according to data issued by the Solvent Extractors' Association.

The imports saw a sharp increase in November and December but these got arrested after that. Now, the reports indicate a possible fall. March vegetable oil imports also saw a drop of six per cent, compared to the same period last year, to 835,424 tonnes.

The average stock in the ports and the pipeline was 1.4-1.5 mt in the +past six months but has been averaging 1.2 mt in the past two months.

Imports of RBD palmolein saw a jump, however, of 32 per cent between November and March, to 817,615 tonnes as prices were on the lower side. Crude palm oil imports were down 11 per cent from November to March, at 3.4 mt.

Total edible oil imports from November to March were 4.2 mt compared to 4.4 mt in the same period last year, while non-edible oil imports were 78,574 tonnes this year; last year, it was 127,242 tonnes. Availability of oilseeds was higher this year, leading to higher availability of vegetable oil.

Around 60 per cent of India's vegetable oil demand is met by imports. The picture this year is expected to be the same as last year. Domestic consumption is on the rise.

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Rubber exports nosedive 82%, imports surge 49%
Financial Express

Thiruvananthapuram, 18 April 2014: Natural rubber (NR) exports in 2013-14 shrunk to one-fifth of the previous year. In a vivid indication of the domestic market logjam, NR imports surged 49% over the same period. According to provisonal data with the Rubber Board of India, the country exported only 5,381 tonne of NR in 2013-14 against 30,594 tonne in 2012-13. The fall is as high as 82%.

And, for the first time in 2013-14, NR imports crossed the 300,000-tonne mark. From 217,364 tonne in 2012-2013, NR imports surged to 324,467 tonne.

It was also the first time that the rise in imports was over 1 lakh tonne, Rubber Board sources told FE. In fact, in March alone, imports spurted 144% over the same period previous year. In March 2013, NR imports totalled a mere 9,921 tonne. In March 2014, imports were as high as 24,196 tonne.

Throughout the year, international prices in Bangkok, Singapore and Tokyo were about R17/kg less than the domestic price. Imports are feasible only when there is at least a R12/kg differential between international and domestic prices.

The main reason for the fall in NR production is the failure of the Board's replantation iniatives. It has been estimated that nearly 30% trees in rubber plantation acerage have been in the 'old tree' category, where latex output is not optimal. Since most rubber farms are in the under-2-hectare category, farmers have been shying away from cutting down a yielding tree. After replantaion, a sapling takes seven years to yield rubber.

The rubber board, which had announced a production estimate of 960,000 tonne for 2014, was forced to cut the estimate twice.

At first, the estimate was reset at 870,000 tonne. Later, this was further whittled down to 850,000 tonne. It is understood that even this revised estimate could not be reached. The board has acknowledged a 7.6% fall in production during 2013-2014.

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Cotton exports hit as China shifts policy
Reuters

Mumbai, 17 April 2014: Raw cotton exports are expected to plummet around 20 per cent in the next crop year, with demand from China fading, as Beijing unwinds a controversial stockpiling scheme.

That would be greater than the nearly six per cent drop touted for this year, with the change in Chinese policy coming on top of rising cotton consumption in India and a spurt in exports of finished yarn, industry officials said.

Cotton markets around the world have been watching closely, as China abandons a stockpiling scheme under, which it has amassed more than 10 million tonnes (mt) of the fibre - around 60 per cent of global cotton inventories.

The policy had driven up import demand by removing cotton from the domestic market and pushing up local prices.

"Cotton exports have been falling year-on-year and we will not be able to export more than 7-7.5 million bales in 2014-15" said M B Lal, managing director of Shail Exports and former chairman of the Cotton Corporation of India. The country's cotton year runs from October to September.

China, the world's largest cotton importer, accounts for more than 60 per cent of total raw cotton exports from India. The rest goes to Bangladesh, Pakistan and Vietnam.

India, the world's no2 producer and exporter of cotton, has shipped a total of around 8.2-8.5 million bales so far in 2013-14, expected to grow to around 9.2-9.5 million bales by September, industry officials said. Due to harvest cycles, the vast majority of exports typically occur in the first half of the Indian crop year.

The nation exported 10.1 million bales in the 2012-13 year, falling from 12.9 million bales the year before.

China in February imported 147,317 tonnes of cotton from India, down 20 per cent from the previous month. Beijing in January announced it would scrap cotton stockpiling, instead trialling direct subsidies for farmers.

"Chinese buyers have significantly reduced their buying from India in the past two months, as they are waiting for more clarity on the cotton policy in their home country," said Rahul Jitendra Shah, managing director of Acme International.

In a bid to speed up stockpile sales, China from the start of this month lowered the state sale floor price.

Meanwhile, consumption of raw cotton by Indian mills has climbed to 25.8 million bales in 2013-14 from 25 million bales a year ago due to rising demand from textile makers as the global economy shows signs of picking up.

"Consumption by cotton in mills is increasing sharply in India, as many new spinning units are coming up to meet rising demand from textile makers," said Arun Kumar Dalal, a cotton trader from Ahmedabad.

"In the next crop year, mills' consumption is expected to touch 30 million bales." In 2011-12, demand from mills totalled 22.3 million bales.

And Indian shipments of yarn, a value-added product used by textile mills, are likely to rise by around 10 per cent in the financial year 2013-14, market participants said, further crimping overseas demand for raw cotton. Some Chinese buyers have stepped up yarn purchases to avoid higher taxes on raw cotton imports.

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Gold, silver imports dip 40% to $33.46 billion in 2013-14
PTI

New Delhi, 11 April 2014: Gold and silver imports declined 40 per cent to USD 33.46 billion in 2013-14 mainly due to restrictions imposed by the government on inbound shipments of the precious metal to narrow the current account deficit.

Imports of gold and silver in 2012-13 stood at USD 55.79 billion. In March, the imports of the precious metals were down by 17.27 per cent to USD 2.75 billion from USD 3.33 billion in the same month previous year. Lower imports helped to narrow the trade deficit to USD 138.59 billion in the previous fiscal.

India's current account deficit (CAD), which is the excess of foreign exchange outflows over inflows, touched a historic high of 4.8 per cent of GDP in 2012-13, mainly due to rising imports of petroleum products and gold. A high CAD puts pressure on the rupee, which in turn makes imports expensive and fuels inflation.

Recently, Finance minister P Chidambaram projected CAD during 2013-14 at about 35 billion, or about 2 per cent of GDP, down from USD 88.2 billion, or 4.8 per cent of GDP, in 2012-13.

The government had increased customs duty on gold to 10 per cent and banned import of gold coins and medallions, while the RBI linked imports of the metal to exports.

India is the largest importer of gold, which is mainly utilised to meet the demand of the jewellery industry. Imports stood at about 830 tonnes in 2012-13.

The Commerce and Industry Ministry is pitching for easing of the gold import restrictions to boost gems and jewellery exports, which declined by 8.82 per cent in 2013-14 to USD 39.52 billion.

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US, EU oppose India's local sourcing norms in telecom
Kalyan Parbat, Economic Times

Kolkata, 14 April 2014: India's local sourcing and testing rules aimed at tightening network security and spurring domestic telecom manufacturing have ruffled feathers in the US and Europe.

Barely hours after a powerful US trade body accused the country of encouraging protectionism in the telecom arena, the European Union (EU) has questioned India's plans to locally screen network gear from July 1 despite it having been cleared in globally certified labs. Both say such a move to double test the same equipment will not just delay supply of critical products but also increase cost of telecom services, hurting consumers.

In a recent internal meeting, the EU said testing should be repeated only if a telecom product undergoes significant changes that impact its core safety properties.

It has demanded that India must also drop "the in-country security testing requirement", for those products not covered by Common Criteria Recognition Arrangement (CCRA), a top industry executive aware of the discussions told ET. That is in addition to EU's opposition to India locally testing IT products which are already CCRA-approved.

The CCRA is the top global agency that defines testing rules to certify IT products used in telecom networks and counts the US, UK, Canada, Germany, France Japan and India as among its members.
In this light, EU has sought clarifications on whether India would allow certified labs in Europe to also test pure network gear not covered by CCRA. The opposition is especially since India is yet to develop a telecom gear testing ecosystem on a global scale. It has, in fact sought "an update on India's lab capacity to conduct local testing", another official familiar with the EU meeting said.

The EU's concerns stem from DoT's decision to locally screen all telecom network elements, including IT products used by telecom operators in India from July 1. More so, since DoT is yet to spell out the non-IT network devices that will be screened locally.

Mainline telecom equipment used in mobile networks includes base stations, mobile switching centres, network management & billing systems and transmission devices. But DoT also plans to locally test pure IT systems such as routers, switches and storage devices that go into modern mobile and broadband networks.

The EU has also exhorted "India to frame local testing norms aligned with prevailing global standards for 3G networks", the official quoted above added. Neither the EU nor the European Commission replied to ET's email queries in this light.

The EU's views mirror concerns voiced by the Telecommunications Industry Association (TIA), a leading US trade body representing manufacturers and suppliers of high-tech communications networks, which recently said India must not embrace telecom policies that "rely on protectionism".

"There is no evidence that location of an internationally accredited testing lab corresponds with the level of security assurance provided to it or the product itself," the TIA recently wrote in a letter to the US International Trade Commission.

"There are long-standing, internationally accredited labs conducting such testing and location does not have a bearing on the accuracy of the test as long as the lab has achieved appropriate certification," it added.

The TIA had also warned that India risked supply chain disruptions and increased costs for telecom service providers (TSPs) and their vendors as it currently lacked the requisite "lab testing capacity". It said the local testing deadline should be deferred, failing which, potential supply chain disruptions could hit consumer pricing.

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U.S. To Seek WTO Panel On India Solar Program, Charges GATT, TRIMS Violations
World Trade Online

16 April 2014: The United States next week will request a World Trade Organization panel to challenge India's local content requirements in both phases of the Jawaharlal Nehru National Solar Mission (JNNSM), an initiative designed to boost the country's solar power sector.

Under the initiative, purchasing domestic solar cells and modules is a condition for companies to enter into power purchase agreements with Indian power companies and get benefits such as favorable rates for electricity purchases, according to the text of the U.S. panel request as released by the WTO.

The U.S. is charging that India applies this local content requirement to both Phase I and Phase II of the JNNSM and is thereby violating the national treatment obligations of Article III.4 of the General Agreement on Tariffs and Trade. It also charges a violation of Article 2.1 of the Agreement on Trade-Related Investment Measures, which forbids countries from applying investment measures that are inconsistent with its national treatment obligations.

The panel request does not challenge India as violating its obligations under the Agreement on Subsidies and Countervailing Measures (ASCM), which prohibits subsidies contingent on the use of domestic over imported goods.

The U.S. claimed India violated Article 3 of the ASCM in its formal WTO consultation request complaining about Phase I of the JNNSM, which it filed in February 2013. But it did not do so in its formal consultation request for Phase II of the JNNSM.

The U.S. and India held consultations over the first and second phases of the JNNSM on March 20, 2013, and March 20, 2014, respectively, but those consultations did not resolve the dispute, according to the panel request.

The U.S. plans to make its first panel request at the April 25 meeting of the Dispute Settlement Body (DSB), where India will be able to reject the request. Under WTO rules, the U.S. can then wait for the next DSB meeting in May or request a special meeting to take place before then. India cannot reject the second U.S. request for a panel.

The U.S. panel request against the Indian solar program is coming at a time when the Indian parliamentary elections are underway. USTR Michael Froman did not address the solar dispute at an April 3 House Ways and Means Committee hearing. But he indicated he favors resolving U.S. problems relating to Indian intellectual property policies through negotiation rather than litigation.

"USTR is standing up for American workers and businesses who manufacture and export solar energy products as well as taking decisive action to make solar energy more affordable and accessible in India, in

line with President Obama's commitment to address climate change," a USTR spokeswoman said in an email to *Inside U.S. Trade*.

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India may drag US to WTO over unilateral IPR action
Times of India

New Delhi, 22 April 2014: India will drag the US to the WTO if Washington decides to put New Delhi in the "Priority Foreign Country" list for intellectual property rights (IPR), which could lead to trade curbs on domestic firms, sources said.

This was decided at a high-level meeting called by cabinet secretary Ajit Seth to discuss problems related to IPR issues with the US, especially in the pharmaceutical sector. "Indian IPR laws are fully compliant with WTO and other international norms. Any unilateral action taken by the US will be violative of WTO and India will suitably respond by dragging the US to WTO's dispute resolution mechanism," sources said.

US industry, particularly the pharma sector, and trade lobbies have been putting pressure on their government to place India under the Priority Foreign Country list for IPR. Under the US Trade Act, a Priority Foreign Country is the worst classification given to those that deny adequate and effective protection of IPR or fair and equitable market access to US entities relying on IPR protection.

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No movement in WTO's Bali package worries India
Nayanima Basu, Business Standard

New Delhi, 22 April 2014: After the euphoria over an "Indian victory" at the ninth ministerial meeting of the World Trade Organization (WTO) in Bali, Indonesia, not much has moved on the agreed agenda.

The 159 members of the WTO managed to adopt the 'Bali package' after last December's meeting, the global trade body's first pact to be approved by all its members.

"There is no movement on the main issues, such as trade facilitation, food stockholding, export subsidies and a package for LDCs (least-developed countries)… The binding commitments have not been forthcoming, no discussion is happening at all. It is a concern," a senior commerce department official who did not want to be named told Business Standard.

In Bali, ministers endorsed the Trade Facilitation Agreement aimed at making Customs procedures more trade-friendly and lowering transaction costs. More importantly, the US and European Union (EU) and the developing countries signed several agreements on agriculture, an issue that has deeply divided them on matters like market access and subsidies.

A package for LDCs was also agreed upon to help them improve their market access opportunities.

The agreement arrived at in Bali was only "endorsed" by all the member countries. It has to now be legally vetted and, following a tenuous process, has to be inducted in the main Doha agenda. All that was agreed upon would come into force after all the members issued notifications, the official said.

"The Bali Ministerial endorsed a draft agreement, so a legal vetting of the agreement is still under way in Geneva. The agreement will be effective once the protocol is negotiated," Commerce Secretary Rajeev Kher said recently while addressing the Federation of Indian Chambers of Commerce and Industry.

The Trade Facilitation Agreement, which seeks to ease Customs regulations on international borders and which is expected to induce $1 trillion into the global economy, has to be finalised by July 31, but there has been no progress in developing countries, including India, on how to implement the rules.

The Trade Facilitation Agreement was crucial for India as exports and imports contributed 40 per cent to the country's gross domestic product, Kher said.

In January, a Preparatory Committee within the WTO secretariat in Geneva was constituted to ensure early enforcement of the agreement, prepare for its efficient operation, conduct its legal review, and receive notifications of members' commitments. But there had been no progress on the committee's work, officials said.

"It should be recognised that the Bali deal was merely temporary succour. The challenge for WTO members is two-fold. One, they will have to move the Bali decisions towards implementation and two, they will have to provide momentum to the contentious areas of the Doha mandate," said Biswajit Dhar, director-general, Research and Information System for Developing Countries, a think-tank. In agriculture, though India was able to secure temporary relief in continuing food subsidies that are not allowed by WTO, it committed itself to seeking a permanent solution along with other developing countries. There has been no movement on that as well.

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