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India, Pakistan agree on 24x7 trade across Wagah
Financial Express

New Delhi, 19 January 2014: In a move that will boost bilateral trade between India and Pakistan, the two sides on Saturday agreed to keep the Wagah-Attari border open 24 hours, seven days a week for trade, and allowed containers to move up to terminals at Amritsar and Lahore.

Currently, containers are unloaded at the check-post and re-loaded on the other side.

The decisions came after a 16-month hiatus — that's how long it has been since the commerce ministers of both countries last met.

Besides, the two sides reaffirmed to quickly establish normal trade relations and provide Non-Discriminatory Market Access (NDMA) on a reciprocal basis.

They decided to intensify and accelerate the process of trade normalisation, liberalisation and facilitation, and to implement the agreed measures before the end of February, 2014.

India had granted the most-favoured nation (MFN) status or non-discriminatory access to Pakistan in 1996.

Under WTO norms, member countries are mandated to give this status to each other on a reciprocal basis. The two countries had decided to normalise bilateral trading relations in 2011. In fact, both are eyeing bilateral trade in excess of $ 7-8 billion per annum, up from the current $3 billion.

India and Pakistan had agreed on a roadmap in September 2012, according to which India would bring down its sensitive list under the South Asian Free Trade Agreement (SAFTA) to 100 tariff line from 614 by April 2013, on the condition that Pakistan would give India the MFN status by December 2012.

"Pakistan has informed India that it wants NDMA on a reciprocal basis and, as part of that, we have agreed in-principle to give banking licences to banks as nominated by the respective governments. Also, we will take measures for multiple-entry visas to their business leaders both bilaterally and under SAFTA," said commerce and industry minister Anand Sharma.

Sharma's Pakistani counterpart Khurram Dastgir Khan added that the issue of visa liberalisation is "looming very large and the two sides have to encourage large- scale investment besides trade".
Khan added that State Bank of Pakistan has written to the Reserve Bank of India and nominated three banks for opening branches here.

When asked why Pakistan wanted to replace the term MFN with NDMA, Khan said it meant the same and "there are minorities on both sides who do not desire peace between the two countries."

On the ministry of external affairs' stand that the meeting between the two sides "cannot be construed as a resumption of the India-Pakistan dialogue process", Sharma stated that these were partisan political considerations.

India and Pakistan had started negotiations to normalise trade ties in January 2011 and had made several concessions for each other before the talks came to an abrupt halt due to violence across the Line of Control.

Pakistan now allows import of 6,800 items from the country, up from about 2,000 when the process started.

India, too, has to extend lower tariffs to Pakistan that it offers to other South Asian countries on key products like textiles.

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Until items that matter are taken off the sensitive list, it really doesn't translate into increased trade
Amiti Sen, Business Line (The Hindu)

New Delhi, 17 January 2014: Pakistan's Commerce Minister Khurram Dastgir Khan does not want to utter the controversial words 'Most Favoured Nation' in respect of India. But, he is positive that India would ultimately get what the status entails when Pakistan dismantles its list of banned Indian products. In an interaction with *Business Line*, Khan, who got elevated to the post of a Cabinet Minister during his ongoing India visit, talks about Pakistan's expectations from the trade talks and its commitments, the ripe political atmosphere in the country and the need to deliver results at the ground level. Excerpts:

How soon can India get the status of non-discrimination in trade?
Before we reach the stage, there is an intermediate step which we are actively discussing at the moment. We want to enhance and facilitate land trade through Wagah. When that happens, it would trigger a 30 per cent reduction in India's sensitive list under the South Asia Free Trade Agreement (resulting in lower import duties for a number of Pakistani products). And once that is done, the next step, of course, is the phasing out of the negative list, following which India would reduce its sensitive list (of protected items) to just 100. Right now, we are focussed on Wagah. But the next decisive step, we hope, would be the phasing out of negative list. And then, the two countries can start actively trading with each other.

Do you think lowering of tariff barriers will result in growth in trade volumes?
We have been emphasizing that the issue of trade is not just about haggling over tariff lines. It requires other measures too, such as improving the visa regime. The visa regime, especially on the Indian side, is exceedingly restrictive. Pakistan has been issuing many more visas to Indian business people than India. While we are all expressing goodwill, the visa regime, especially under the SAARC business visa regime, in actuality has been tightened.

Are you taking it up with the Indian Government?
Yes. I will be certainly taking it up. Of course, it is a larger issue of political will. But it is very important that visas be facilitated. And there is also the issue of non-tariff barriers that needs to be discussed. It has to be ensured that the goodwill and commitment of the Government should trickle down to the lone official at the border. I have also urged Indian business representatives to lobby with the Indian Government. No matter how much we say on paper that we have given visa facilitation, unless business people on both sides are actually able to visit the other country and analyse the business opportunities that exist, it will not translate into more trade and more jobs on both sides of the border.

Is Pakistan's industry upset about India not removing important items from the sensitive list of products?
That's right. Until the items that matter are taken off the sensitive list, it really doesn't translate into increased trade. Items of export interest to Pakistan should be taken off the list of protected items. Only then, trade can start

How do you see the future of the Indo-Pak trade talks?

I come with a commitment of the Nawaz Sharif-led Government in Pakistan, to walk straight with India and open up Pakistan to trade and investment. But, of course, the commitment has to be translated into material, substantial, corporeal achievement. Only then will the true gains start manifesting.

Is Pakistan politically ready to establish strong ties with India?
There is tremendous goodwill in Pakistan towards India. The 2013 General Elections was the first one in the country's history where anti-India slogans or sentiments were not a vote bank. This unique atmosphere of support for peace with India is an opportunity that should not be allowed to go away without taking full advantage of it. We have a responsibility to future generations of Indians and Pakistanis. For their prosperity, enhanced trade and permanent peace will be necessary.

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India-EU free trade pact 'likely by early 2015'
Business Line (The Hindu)

New Delhi, 17 January 2014: India and the European Union (EU) are likely to have a free trade agreement (FTA) most likely in the first part of 2015, the EU Ambassador to India Joao Cravinho said on Friday.

Speaking to the media, the envoy said the reason the agreement was unlikely to be finalised in 2014 was because not only were general elections due in India, but elections were also due in the European Parliament and European Commission.

"These are not the ideal circumstances to finalise an agreement. It (the FTA) is not round the corner but will definitely happen (and) could happen at the end of year because both sides will be in fully operational order by the end of year or more likely first part of 2015," he said.

Asked whether a change of Government in India or EU could see a rethink on the FTA, the envoy said "I will be very surprised if the next Government which comes into office (will have a rethink on the FTA). The European Union (is India's) biggest trading partner," the Ambassador said.

Pointing out that most of the chapters of the FTA were "pretty much closed", the envoy said there were some issues that needed to be sorted, such as on wines and spirits, automobiles and car parts, services and, to a lesser degree, procurement.

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India-EFTA free trade pact talks stuck on IPR issue
PTI

New Delhi, 19 January 2014: Negotiations for the free trade agreement between India and EFTA, four-member grouping that includes Switzerland, was stuck on the issue of intellectual property regime (IPR).

"EFTA (European Free Trade Association) wants India to commit more in IPR, a proposal which was not agreed by the Indian officials. India has clearly conveyed its stand on the matter to them. We are now waiting for their response. They have to accept India's stand," an official told PTI.

The EFTA is a grouping of four countries -- Switzerland, Iceland, Norway and Liechtenstein.

"In IPR, EFTA are asking for mutual recognition for Geographical Indicators. But it is not permissible under Indian laws. They are also demanding for data exclusivity, which India is completely opposed to," the official said.

Data exclusivity provides protection to the technical data generated by innovator companies to prove the usefulness of their products.

In pharmaceutical sector, drug companies generate the data through expensive global clinical trials to prove the efficacy and safety of their new medicine. Switzerland has huge interest in this sector.

By gaining exclusive rights over this data, innovator companies can prevent their competitors from obtaining marketing licence for low-cost versions during the tenure of this exclusivity.

An expert on the IPR said that the issue cannot be discussed at the bilateral level.

"Developed countries are pressing hard the developing countries to liberalise norms to grant patents. However, bilateral forums are not the right place to discuss these things," National Intellectual Property Organisation Director T C James said.

India and the four-nation bloc has started the negotiations for the free trade agreement (FTA) in 2007 and both the sides have completed 13-14 rounds of talks till now.

Recently, the Swiss government has said that the negotiations for the pact are expected to concluded by 2014.

Further, India is expected to get greater market access in services sector in those four countries besides in textile.

"EFTA members manufactures high-end products and India needs that," the official added.

The objective of the FTA is to reduce trade tariffs for mutual benefit.

Two-way trade between India and EFTA stood at USD 34.48 billion in 2012-13 as against USD 37.5 billion in 2011-12.

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16 Asia-Pacific nations discuss tariffs at 3rd round of free trade talks
Kyodo News

Kuala Lumpur, 21 January 2014: Sixteen Asia-Pacific countries began their third round of free trade talks Tuesday, with tariff-related issues on the agenda.

Negotiators from the 10 ASEAN member states and their six regional partners -- Australia, China, India, Japan, New Zealand and South Korea -- will hold working group meetings on trade in goods, trade in services, and investment during their four-day gathering.

The Regional Comprehensive Economic Partnership framework negotiations are aimed at creating one of the world's largest free trade areas encompassing almost 30 percent of global gross domestic product, half of the world's population and over a quarter of world exports.

China's chief negotiator Sun Yuanjiang, in his opening remarks as "facilitator" of the six non-ASEAN countries, said, "We will try to work in very practical and efficient ways so that we can soon achieve our goal."

The RCEP negotiation partners aim to wrap up talks by 2015. They held their first round in May last year in Brunei and the second one in Brisbane, Australia, last September.

The six non-ASEAN countries in the negotiations already have FTAs with ASEAN, which is comprised of Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

The latest session comes after the 12 countries involved in the Trans-Pacific Partnership free trade talks, led by the United States, missed a 2013 deadline for sealing a pact.

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India, Japan may tie up for Myanmar transport corridor
Huma Siddiqui, Financial Express

New Delhi, 22 January 2014: India and Japan are likely to say yes for joint development of the Kaldan multi-modal transit transport facility project that aims to connect Kolkata with the Sittwe port in Myanmar and then link Sittwe to Mizoram via river and road transport.

Diplomatic sources told FE that India considers the project of strategic importance, which will help it counter the growing Chinese influence in the neighbouring country. Japan is considered an ideal ally with its global influence and has a strong presence in Myanmar. Sources said the issue of joint development of the transport corridor is expected to feature in the talks between the two countries next week during the visit of Japanese PM Shinzo Abe. India has already opened a channel with Japan to realise its ‘Look East Policy’ that aims to strengthen India’s trade and economic ties with Southeast Asian countries. India is keen to involve Japanese agencies and companies in the construction and funding activities for the project. Avenues for forging joint ventures could also be explored between companies in both the countries. Japan is already targeting the development of connectivity infrastructure in countries such as Myanmar in order to give a boost to regional communications and trade. A consortium of Japanese firms — Mitsubishi Corporation, Marubeni and Sumitomo — is already developing the Thilawa special economic zone in Myanmar under a joint venture model with local companies.

The Kaldan project will not only reduce the distance between Northeast and mainland India, it will also reduce it’s reliance on the Siliguri chicken neck and help reduce price of goods as well as time for transportation. This will improve connectivity between Indian ports on the eastern seaboard and Sittwe. The project is being piloted and funded by the ministry of external affairs. The preliminary feasibility studies were carried out by Rail India Technical and Economic Services (RITES). Construction work on Sittwe port and the jetty in Paletwa as well as dredging work will be executed by the Inland Waterways Authority of India (IWAI) at a cost of Rs600 crore. The objective of the project is to provide an access route to the land-locked Northeastern region of India. The growing power of China in the nations bordering the Northeast, especially in the development of infrastructure and in enhancing connectivity, offers a challenge to India.

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India pitches for visa liberalisation in SAARC region
PTI

New Delhi, 16 January 2014: India today pitched for further liberalisation of visa regime within the SAARC region to facilitate movement of businessmen, in a bid to increase trade and investment. "I will support enhancement of more SAARC (South Asian Association for Regional Cooperation) visas so that more business people can travel. We welcome SAARC countries to invest in India," Commerce and Industry Minister Anand Sharma said here at the SAARC Business Leaders Conclave.

Sharma said there is a need to work together for creating a more trusting environment which enables easier movement of professionals across borders.

He also said that there is a need to open bank branches in each other countries to help traders. "We assure you that we will be encouraging Indian banks to open branches in each SAARC nation. Indian banks have presence in few of them," he said.

Trade and economic ministers of Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, Pakistan and Sri Lanka were present during the function.

Sharma also emphasised to strengthen infrastructure bottlenecks such as roads, ports and airports to reduce transactions cost and enhance trade within the region.

All the ministers shared this view and endorsed Sharma concerns over modernisation of infrastructure. "Connectivity is a problem in this region. We need to improve it to enhance trade," Nepalese Commerce Minister Shanker Prasad Koirala said.

"Unless and until we create better infrastructure, we will not be able to bring down the transactions cost and we will not be competitive in the global market," Sharma said.

Further, all the ministers asserted their desire to strongly build the SAARC region as huge potential exists for trade and investments.

"SAARC is walking, but it needs to run, but now it is the time to gallop. Nepal and Bhutan has huge potential to generate power but we are not able to do that. If we come together and increase cooperation, we can do much better," Bhutanese Economic Affairs Minister Norbu Wangchuk said.

Bangladesh Commerce Minister Tofail Ahmed said: "We should sit together and discuss ways to increase trade".

Afghanistan's Deputy Minister of Commerce Mozammel Shinwari said his country has the potential to become a major transit point for South Asian region.

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Korea wants duty cuts for auto, machinery exports to India
Nayanima Basu, Business Standard

New Delhi, 29 January 2014: South Korea has demanded a deep cut in tariffs on its goods entering India, under the Comprehensive Economic Partnership Agreement, signed by the two countries in 2009 and taking effect from 2010.

The two governments had decided to revise the pace, during the recent visit here of South Korea's President Park Geun-hye.

"We have been urging India to liberalise tariff duties, especially in automobiles, auto parts and Korean machinery. We want drastic reduction in this," Dong Seok Choi, director-general, Korea Trade-Investment Promotion Agency, told Business Standard.

Talks for revising the pact are expected to begin by the middle of this year. The first round will be in Seoul, said Dong.

The Indian government has asked South Korea for greater market access for its information technology export, generic medicine and textiles. Dong said Korea was aware of these wishes.

India's trade deficit with Korea rose from $5.1 billion in 2009-10 to $8.9 bn in 2012-13. The matter was raised by commerce and industry minister Anand Sharma with South Korean counterpart Yoon Sang-jick during a meeting here early this month.

On the pending approval for the $12-bn project in Odisha of Posco, the Korean steel giant, Dong said this would induce more Korean companies to invest. "Korean SMEs (small and medium enterprises) are very keen to do business here and Posco will give them a boost. Korea is also keen to invest in India, mainly in aerospace, ship building, construction and urban development," he added.

He also said some Korean companies, such as Hyundai, Samsung and LG, had planned to expand in the country in the next couple of years. "Many Korean companies want to make India their research and development hub," he said.

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Bangladesh looking for greater access for readymade garments
The Economic Times

New Delhi, 19 January 2014: Bangladesh will press for greater access to the Indian market for readymade garments and will urge the government to ease barriers including stringent testing norms.

Bangladesh Commerce Minister Tofail Ahmed, who will meet Commerce & Industry Minister Anand Sharma on Saturday, is also expected to chart out detailed plans for improving border infrastructure to boost trade between the two neighbours.

"The United States and European Union, Canada are very big markets for our readymade garments. But India, which is also a big market we cannot utilise it," Ahmed told TOI in an interview.

"India shall have to give us more facilities so that we can export our readymade garments. In some places, India is our contestant for readymade garments. But, our product is cheaper than India's as our cost of production is less than India's."

India and Bangladesh compete in the textile export segment in some markets but Ahmed said New Delhi has set up barriers such as imposing tough testing norms to keep readymade garments from Bangladesh out.

"India is not accepting the tests of BSTI (Bangladesh Standards and Testing Institution). That is the big problem. They feel that our testing process and methods are not up to the expectations. It is a matter of discussion," Ahmed said.

"Bangladesh can take this opportunity but because of barriers we cannot come to the Indian market," he said referring to the potential of the Indian market.

Ahmed said efforts are on to set up trade offices in Siliguri and Guwahati to expand trade in the seven northeastern states of India. "There is huge opportunity to export our products to seven sister states in India. We have lots of plans."

The minister also said the new government in Bangladesh plans to expand its export procession zones and invited Indian companies to take advantage of the opportunities. He said he will engage with Indian companies.

Indian entrepreneurs, Indian industrialists can set up their industries in Bangladesh. As an LDC (least developed countries), Bangladesh is getting GSP (Generalised Scheme of Preferences) and lot of other facilities from European markets. After setting up industries in Bangladesh, Indian entrepreneurs will be able to get the opportunity," Tofail said.

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Govt restores incentives for incremental cotton yarn exports
Business Line (The Hindu)

New Delhi, 24 January 2014: The Government has restored export benefits for cotton yarn under the "incremental export incentivisation scheme" that was withdrawn in September 2013.

The scheme, introduced at the beginning of this fiscal, entitles an exporter to duty credits worth 2 per cent of the exported goods which could be used to import inputs duty free or sold in the market.

"Withdrawal of the benefits of the incremental export incentivisation scheme (IEIS) had dampened the enthusiasm of cotton yarn exporters and the restoration of these benefits will reflect in the export performance during the remaining part of the year," said Prem Malik, Chairman, Confederation of Indian Textile Industry.

Exporters want the benefits for cotton yarn under the Focus Market Scheme (under which incentives are given for exporting to identified markets), which was also withdrawn last September, should be given back.

"Concerted efforts were being made by the industry to penetrate new markets, especially in South America and Africa, on the strength of the scheme and restoration of these benefits would encourage such efforts and help the industry to meet the high logistics costs in export of cotton yarn to these regions," Malik said.

Notification

The Directorate General of Foreign Trade, in a notification dated January 23, clarified that the ineligible category of cotton yarn inserted by a previous notification on September 25, 2013 stands deleted.

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Govt clears export subsidy for raw sugar
Business Standard

New Delhi, 16 January 2014: A Group of Ministers headed by Agriculture Minister Sharad Pawar on Thursday approved a cash incentive for export of four million tonnes of raw sugar for two years. The idea is to help mills reduce their surplus stock.

The amount of subsidy has not been decided. The ministry of food and consumer affairs will calculate and circulate a cabinet note on the subject. “We have decided to give incentives to promote raw sugar as a new product,” Food Minister K V Thomas told reporters after the meeting.

The group was set up on the direction of Prime Minister Manmohan Singh. In 2007-08, a similar subsidy was given but for all kinds of sugar. This time, it is to be limited to raw sugar and to adjusting the difference between production cost and the international sale price.

Officials said the food ministry had proposed an incentive of Rs 2,390 a tonne on raw sugar, with the burden shared by the Centre and state governments; it would cost at least Rs 1,000 crore over two years. However, the panel is believed to have disfavoured this and asked for a reworking of the amount, they said.

The Indian Sugar Mills Association had suggested an incentive of Rs 3,500 a tonne, which would cost the exchequer Rs 1,400 crore. It noted the global price was Rs 22,500 a tonne, against the domestic production cost of Rs 26,500 a tonne, sources said. “The government should move fast in notifying the subsidy, as the sugar season will come to an end in two to three months,” a sector official said. Mills are facing a cash crunch as prices have come below the cost of production, in view of surplus availability. They also have huge cane payment dues, projected to reach Rs 15,000 crore by the end of the 2013-14 sugar season in September.

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Cashew exports walking up to a new peak
PK Krishnakumar, Economic Times

Kochi, 21 January 2014: Indian cashew exports are inching closer to a new peak of Rs 4,500 crore in the current fiscal. The shipments for the nine month period ended December 2013 have shown 16% rise in quantity and as much as 24% increase in value with rupee value falling during the year. India exported 90,244 tonne valued at Rs 3,764 crore in these nine months.

Looking at the earlier trend in the year, the industry was hopeful of achieving Rs 5,000-crore export for the year. But the sharp rise in imported raw cashew nut prices from East Africa has thrown a spanner in the works.

Consequently, exporters feel it may surpass last year's Rs 4,420 crore but could fall short of Rs 5,000 crore. "In volumes, we will cross 1.20 lakh tonne. The last time we did that was two years ago, when the export quantity went up to 1.30 lakh tonne. But the worrying factor is that carryover stock is depleted and the Tanzanian raw cashew nut prices have gone up considerably," said Hari Krishnan R Nair, a major exporter and former chairman of Cashew Export Promotion Council of India. When the raw nuts were coming from West Africa, the prices were lower. But India had to compete with Vietnam, which purchased large quantity of nuts for processing.

However, Indian exporters were helped by the fact that the domestic production was better. The Indian raw cashew output, which used to range between 6-7 lakh tonne went up to 7.28 lakh tonne in 2012-13.

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Onion exports in April-December period rose by 59 pc to Rs 2,532 cr
PTI

New Delhi, 22 January 2014: Onion exports in value terms during April-December period of 2013-14 have risen by 59 per cent to Rs 2,532 crore on account of higher export price fixed by the government. Exports during the same period in 2012-13 fiscal stood at Rs 1,590.79 crore, according to National Horticultural Research Development Foundation (NHRDF) data.

In the entire 2012-13 fiscal, the country had exported onions worth Rs 2,294.90 crore.

During April-December period of 2013-14, in quantity terms onion exports declined by 30 per cent to 9.87 lakh tonnes as compared with 14.04 lakh tonnes in the corresponding period of previous financial year.

India exported 18.22 lakh tonnes of onions in the entire 2012-13 fiscal.

The government imposed MEP on onion in September and then it was raised several times to curb exports and boost domestic supplies as retail prices had shot up as high as Rs 100 per kg in major parts of the country. The country had to even import onion to control price rise.

On December 26, onion MEP, which is the benchmark price below which the commodity cannot be exported, was reduced to $150 a tonne from $350 a tonne.

Before that, MEP was reduced to $350 per tonne from $800 a tonne on December 19, while it was cut to $800 a tonne from $1,150 on December 16.

With improved domestic supplies and fall in wholesale rates, the Centre has now reduced the MEP sharply to boost exports and stabilise the domestic prices. Wholesale rates in Lasalgaon mandi in Nashik have risen to Rs 11.25 per kg from around Rs 10 per kg last month.

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Iron ore exports up 253% in December quarter
Dilip Kumar Jha, Business Standard

Mumbai, 18 January 2014: Iron ore export from India rose sharply in the December quarter due to the opening of new mines in Chhattisgarh, Madhya Pradesh and Rajasthan. Activity in the traditional mining states of Karnataka, Jharkhand, Goa and Odisha remained low, resulting in rising dependence on import for steel mills.

Data from the Federation of Indian Mineral Industries (Fimi) showed a 253 per cent increase in ore export during the October-December quarter of this financial year, at 3.75 million tonnes as against 1.06 mt in the corresponding period of the previous year.

This is significant, as steel mills have faced acute shortage of the key input, reducing their operating capacity. Overall export during the first nine months of 2013-14 (April-December), however, was lower by 28 per cent than in the same period of 2012-13, at 11.2 mt as compared to 15.6 mt.

Mining has stopped in Goa, which used to export a little over half of India's total. It will take months to re-commence excavation there. The other large producing state, Karnataka, has been facing a similar issue, of clamps due to a crackdown on illegal mining. While activity has resumed here in one of three categories of mines, the quantity excavated from these is inadequate to feed mills in the state.

Large steel mills are, therefore, importing ore. R K Sharma, secretary-general of Fimi, says mills have imported a little over three million tonnes of ore so far this financial year.

"In our view, the surge in (ore) export could be of pellets, as a number of steel mills have focused of late on forward integration to produce pellets for exports. As against nil duty on pellets, iron ore attracts 30 per cent export duty. Also, the realisation on pellets is higher than ore," said Hitesh Avachat, senior analyst, CARE Ratings.

Of the 18,000 million tonnes of iron ore reserves in the country, Chhattisgarh and Madhya Pradesh are estimated to have 18 per cent and Rajasthan 1.5 per cent. Government-owned Steel Authority of India has given five applications to the Madhya Pradesh government for grant of a prospecting licence to set up benefication and pelletisation plants in ore-bearing areas, in Chhattarpur district.

Another public sector steel major, Rashtriya Ispat Nigam Ltd (RINL), was allocated a large iron ore block at Bhilwara by the Rajasthan government in June last year. RINL plans to initially invest Rs 2,500 crore to set up a benefication unit and a two-million tonne pellet plant for value addition of the ore, before using it at its Vizag steel plant.

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5% duty on exports retrograde step, say pellet makers
Business Line (The Hindu)

New Delhi, 28 January 2014: Iron ore pellet makers are miffed at the Government's latest move to levy a 5 per cent duty on exports of the commodity.

"This is a retrograde step which will have far reaching implications. The duty has been levied without taking into consideration the views of pellet makers and is based on erroneous facts," said SK Chatterjee, Secretary, Pellet Manufacturers Association of India in a statement.

The Finance Ministry on Monday announced a five per cent customs duty on export of pellets.
India has become the only country that is discouraging export of a high value added manufactured product, especially when it is not hurting the domestic market, Chatterjee added.

The pellet makers claimed that pellet exports at just over a million tonnes were about 1.2 per cent of the country's installed capacity currently.

Capacity creation

The pellet manufacturing capacity, which stood at 28 million tonnes in 2010-11, has gone up to 60 million tonnes and total investments were estimated at over Rs 30,000 crore.

The Government had encouraged capacity creation in iron ore pellets, a move that was aimed at utilising the low-grade iron ore fines, traditionally considered a mining waste in India.

Moreover, the gradual depletion of high grade reserves had prompted the steel makers and mineral companies to go for processing technologies.

Steel makers

Among the steel makers who have set up — and were in the process of setting up — pellet making capacities include Jindal Steel, SAIL, Essar Steel and KIOCL.

Pellet makers claim their current capacity utilisation is less than 50 per cent owing to the lower off take by the steel industry. Pellet makers are already paying three times more rail freight for pellet meant for exports.

This additional levy will kill the industry, they said, urging the Government to exempt pellet from exports.

Industry body Assocham had urged the Government to impose 30 per cent duty on exports of pellets to ensure higher availability of raw material for domestic steel industry as the production of iron ore had declined in the current year.

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Antidumping duty likely on Chinese, Korean, Thai alloy wheels
PTI

New Delhi, 23 January 2014: Government is likely to impose anti-dumping duty on a certain type of aluminium alloy auto wheels imported from China, Thailand and Korea, to protect domestic players from below-cost imports.

In its preliminary findings, the Directorate General of Anti-dumping and Allied Duties (DGAD) has recommended imposition of duty ranging between USD 1.18 and USD 2.15 per kg on imports of cast aluminium alloy wheels from the three countries, the Commerce Ministry said in a notification.

It further said the import duty has been suggested for alloy wheels of diameters ranging from 12 inches to 24 inches.

The restrictive duty is recommended by the Commerce Ministry, while the Finance Ministry imposes it.

The Directorate's recommendation comes on the basis of its findings that the product has been exported to India from these countries "below its normal value, thus resulting in dumping of the product".

"...imposition of anti-dumping measures would remove the unfair advantages gained by dumping practices, would prevent the decline of the domestic industry and help maintain availability of wider choice to the consumers of the goods," it added.

However, it said that the imposition of the duties might affect the price levels of the products manufactured using cast aluminium alloy wheels.

The DGAD, which is under the Commerce Ministry, has initiated the investigations in December 2012. The period of investigation for the purpose was from July 2011 to June 2012.

"Authority considers it necessary and recommends imposition of provisional anti-dumping duty," it said.

Import of the wheels from China, Korea and Thailand increased to 12,497 tonnes (during July 2011 to June 2012) from 3,066 tonnes in 2009-10. The imports stood at 4,719 tonnes in 2010-11 and 12,039 tonnes in 2011-12.

Countries initiate anti-dumping probes to check if domestic industry has been hurt because of a surge in below- cost imports.

As a counter-measure, they impose duties under the multilateral WTO regime.

Unlike safeguard duties, which are levied in a uniform way, anti-dumping duties vary from product to product and from country to country.

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FDI inflows into India up 17% at $28 bn last year: UNCTAD
PTI

United Nations, 29 January 2014: FDI inflows into India grew 17 per cent to $28 billion in 2013 despite unexpected capital outflows in the middle of the year, according to a United Nations report.

It also said that foreign direct investment across the world rose to the levels not seen since the start of the global economic crisis in 2008.

India ranked 16th among the top 20 global economies, receiving the maximum FDI.

Global FDI

Global FDI increased by 11 per cent to an estimated $1.46 trillion in 2013, with the lion's share going to developing countries, according to the UN Conference on Trade and Development (UNCTAD) report. UNCTAD forecasts that FDI inflows will gradually rise to $1.6 trillion and $1.8 trillion in 2014 and 2015, respectively.

As global economic growth gains momentum, this may prompt investors to turn their cash holdings into new investments, it said.

However, uneven levels of growth, fragility and unpredictability in a number of economies and risks related to the tapering of quantitative easing could dampen the FDI recovery.

FDI inflows into developing economies reached a new high of $759 billion, accounting for 52 per cent, during the year. Developed countries, however, remained at an historical low (39 per cent) for the second consecutive year.

FDI inflows into developed countries increased 12 per cent to $576 billion, with such investments into the European Union increasing, while flows to the United States continued their decline. The US received $159 billion in FDI inflows last year.

The BRICS — Brazil, Russian Federation, India, China and South Africa — continued to be strong performers in attracting FDI. Their current share of global FDI inflows at 22 per cent is twice that of their pre-crisis level.

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Red tape obstacle in trade among neighbours in subcontinent: Study
Dipak Kumar Dash, Times of India

New Delhi, 29 January 2014: Commerce ministers from Saarc countries who met recently spoke of increasing trade within the region but a study shows how the subregion in South Asia comprising India, Nepal, Bangladesh and Bhutan remains one of the toughest places to move goods due to archaic procedures.

Sample this: it may take up to a month for pulses, juices and carpets to move within three countries, when the actual driving time is much less.

The study done by Delhi-based thinktank Research and Information System for Developing Countries (RIS) for Asian Development Bank and UN Economic and Social Commission for Asia and the Pacific has detailed how trade through three key corridors in the four countries faces major delay because of tardy procedural clearances. For example, procedural approvals for both importers and exporters to transport pulses from Nepal to Bhutan via India takes at least 23 days.

It's no different for the import or export of carpet between India and Nepal. The study shows that 21 clearances for importers take as many as 21 days. For importing exporting orange between India and Bhutan traders need to spend 18 days to get 32 clearances.

The report shows how the traders of lentils need as many as 36 documents and 115 copies while orange traders need to carry 32 documents as proof and 95 copies of these documents.

"Our study has found that procedural approvals in India come fast and it's smooth as we have gone for automation of trade documentation. There had been allegation from some quarters that transit through India delays cargo movement in the region. But it's not so," said Prabir De, a senior fellow at RIS, who authored the study.

The report says that on an average submission of documents over 80% is handled manually causing all the more delay to faster clearances in Nepal, Bhutan and Bangladesh. De said that there are issues relating to both the physical and procedural infrastructure, which are hurting trade across the four countries.

"Physical infrastructure augmentation will take more time and need greater investment, which should be taken up simultaneously. But there is a need to prioritize process reengineering to reduce huge time lost in getting clearances for import and export of items in the region," De said.

The report suggests interventions how each country can expedite clearances to boost trade. For example, by making submission of documents electronically, Bhutan can save over a week and harmonization of documentations would reduce average transaction time from 22 days to less than 10 days in the region.

But, analysts also feel that improvement of road infrastructure remains the key as most of the roads in Bangladesh cannot carry 20 tonnage trucks and it's no good in Bhutan and Nepal.

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Canada, Pakistan frown at India's foodgrain exports, farm subsidies
Amiti Sen, Business Line (The Hindu)

New Delhi, 27 January 2014: Rice and wheat exporting countries have raised fresh concerns about India's food stocks and farm subsidies at the World Trade Organisation (WTO).

This comes less than two months after Western countries promised India that no action would be taken against it for breaching food subsidy levels prescribed by the multilateral body at least for the next four years. The WTO's Committee on Agriculture (CoA) will take up the questions raised by Canada and Pakistan on India's wheat and non-Basmati rice exports, existing levels of stocks and the subsidies extended, in a meeting scheduled on January 29, a Commerce Department official told Business Line. Canada has asked India to give details on the volume of wheat stocks held by the Food Corporation of India (FCI) in the light of recent reports that the country would be exporting up to 20 lakh tonne of wheat due to surplus stocks.

In a representation to the CoA, Canada has also asked India to specify how it calculates the floor price (minimum price) for wheat exports. "Reports (news) indicate that the Government of India has lowered the floor price for wheat to $260 per tonne from $300 per tonne which is lower than the price of the same quality wheat from Canada (and other countries) sold in the range of $270 to $275 per tonne," the representation said.

WTO concession

India and a number of other developing countries have been granted a reprieve by the WTO against legal action for breaching farm subsidy limits, fixed at 10 per cent of total produce, on items covered under the country's food security programmes.

This was part of the deal struck at the WTO Ministerial meet in Bali, Indonesia, in December. Members are now supposed to work on a permanent solution to the problem.

India is likely to breach the prescribed subsidy limits once it fully implements its Food Security Programme which offers 5 kg of subsidised foodgrain to about two-thirds of its population. The reprieve, however, would not be applicable if the subsidised foodgrain is released in the export market and affects global prices. India is also obligated to supply all data related to production, pricing, procurement and subsidies demanded by WTO members who would want to ensure that subsidised food was not distorting the global market.

A number of civil society organisations, such as Right to Food Campaign, Action Aid and Third World Network, had earlier warned that the temporary reprieve, called the Peace Clause, would lead to insufficient protection and onerous data sharing obligation.

Pakistan, in its representation to the CoA, has asked India to furnish details of rice exports in the last two years. It has also asked the country to clarify if all non-Basmati rice varieties were eligible for market price support. "India will get some time to reply to the questions," the official said.

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WEF bats for supply chain reforms
India Blooms News Service

Davos-Klosters, 21 January 2014: Urgent implementation of the Bali trade accords and deeper behind-the-border reform is needed to sustainably meet world food demand, and foster industrial development, according to Enabling Trade: From Valuation to Action, a new report released on Tuesday by the World Economic Forum (WEF), in collaboration with Bain & Company.

Government leaders need to step out of traditional ministerial silos to lead value-chain reforms and reap the benefits in domestic investment and global trade.

The report finds that supply chain inefficiency contributes significantly to the 1.3 billion tons of food lost each year. Attacking these barriers would help improve the livelihoods of billions of the world's poorest people, and cut emissions, energy and water use. Lost or wasted food costs over $750 billion per year.

Yet, agriculture and consumer policy remains focused on production and retail improvements, with insufficient action on supply chain and trade connections.

Major manufacturing investments could be unlocked by accelerating cross-border connectivity. Overcoming deep competitive differences, automotive executives align around the trade priority of faster and simpler border crossing.

According to the report, roughly US$ 6 billion is spent each year by the automotive industry on inventory-carrying costs at borders. If redirected into product development, this could pay for up to 6 new car launches every year.

"The report highlights an important new opportunity for trade liberalization and economic growth, combining border and behind-the-border reforms to strengthen the competitiveness and job-creating potential of key economic sectors," said Richard Samans, a Managing Director of the World Economic Forum.

"Such a strategy has the potential to help countries and regions translate the recent WTO agreement on trade facilitation into tangible economic gains."

The report's call for implementing supply chain reform builds upon earlier Enabling Trade findings, that reducing supply chain barriers could increase global GDP six times more than eliminating all tariffs.

The report highlights bright spots of political will, including the Pacific Alliance in Latin America, where deeper economic integration and supply chain facilitation are being prioritized at the presidential level. Improved border management, a primary focus of recent negotiations at the World Trade Organization's Ministerial Conference in Bali, is emphasized in the report's call for accelerated co-development of e-logistics and smart customs systems.

"The WTO agreement announced in December in Bali was a tremendous step toward trade liberalization and efficiency," said Mark Gottfredson, a Partner at Bain & Company and co-author of the report.

"Now is the time for governments and businesses to take action on the detailed and difficult work ahead."

The Enabling Trade: From Valuation to Action report is based on pilot agricultural programmes in India, Kenya and Nigeria, an automotive CEO dialogue requested by the WTO, and supply chain surveys and case studies conducted with business and customs administrations. It illustrates:

In poorer regions, 94 percent of food loss and waste stems from supply chain inefficiencies. Yet only 5% of agricultural funding goes to postharvest improvements.

Supply chain improvements increase flexibility and early-stage value for food - and cut loss.

Overly strict product standards, poor transportation infrastructure, border delays, and poor business climates are the main supply chain barriers for agriculture.

Border crossing processes are priorities for automotive trade reform. For example, pallets shipped wet from Western Europe need reweighing when dry at the Russian border.

Simplifying parts re-export is another automotive trade priority, notably for pooled equipment.

Consistent safety and environmental standards in the EU/US would save billions - an important goal for the TTIP negotiations.

The Pacific Alliance, representing Chile, Mexico, Colombia and Peru, promises to create a 200 million people, $2 trillion market, if supply chain reforms continue.

Better border management - "smart borders" - can dramatically improve supply chain efficiency. In Thailand and Kenya, process improvements have more than halved export times.

Each year, the World Economic Forum's Global Enabling Trade Report series focuses on measuring whether economies have in place the necessary attributes for enabling trade and where improvements are most needed.

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Bali success may put Doha talks back on track: WTO
Financial Express

Bangalore, 29 January 2014: The success of the Bali Ministerial last month is expected to help put the stalled Doha round of trade negotiations back on track, the World Trade Organisation’s Director General Roberto Azevedo said on Tuesday. The WTO is currently working on defining the steps to be taken towards reaching a conclusion of deliberations, he said. “We have a chance to make the year 2014 as the year that put the Doha round back on track. It will not be easy but it is achievable and we hope that together we can capitalize the success of Bali and seize the opportunity it has provided,” Azevedo said at the CII Partnership Summit in Bangalore.

At the ninth ministerial conference held in Bali last month, countries had adopted the “Bali Package”, which refers to a series of decisions aimed at streamlining trade, allowing developing countries more options for providing food security, boosting least-developed countries’ trade and helping development. The Doha round of negotiations, meanwhile, had been launched at the WTO’s fourth ministerial conference in November 2001.

“So our priority now will now be two things. First implement what we did in Bali, particularly the part where we have to provide technical assistance and build capacity in least developed countries. The second part of our programme is to define what to do next in terms of the Doha round, how do we move forward towards the conclusion of the round,” he said. Asked how soon the WTO expected to conclude the round, Azevedo said: “We would like to conclude it as soon as possible. We clearly cannot wait another 13 years.”

Some of the outcomes in Bali are estimated to provide benefits of upto $1 trillion to the world economy and create upto 21 million jobs worldwide.

Commerce minister Anand Sharma said that member countries need to develop a unified view of the three pillars of agriculture, market access to non-agriculture goods and services. Trade facilitation is being driven by new technologies which will make exports much more competitive, he said.

Sharma vows to protect UAE investors’ interests

Commerce minister Anand Sharma on Tuesday said the Indian government will do its best to protect the legal interests of investors from the United Arab Emirates (UAE). The minister has assured the UAE that the government is addressing legacy issues faced by Etisalat, TAQA, DP World and Emaar, said a statement from the commerce ministry.

“We will do the best under the circumstances to protect the legal interests of the UAE investors, without violating any judicial orders,” he said at a bilateral meeting with UAE’s minister of economy, Sultan bin Sayeed Al Mansouri, on the sidelines of the CII Partnership Summit 2014 in Bangalore on Tuesday. The total trade between India and UAE crossed US$75 billion in FY13. Both the leaders discussed follow-up action on decisions taken during the inaugural meeting of the India-UAE High Level Task Force on Investment, according to a statement.

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WTO should capitalise on success of Bali meeting: Anand Sharma
Barun Jha, Mint

Davos, 24 January 2014: India wants the WTO to capitalise on the success of the ministerial meeting in Bali and move ahead with the Doha development agenda for a global trade deal.

The issues were discussed during the meeting of commerce and industry minister Anand Sharma and WTO director general Roberto Azevedo in Davos on the sidelines of World Economic Forum Annual meeting. Both the leaders took stock of the progress of post-Bali programme of WTO negotiations.

“We must capitalise on the momentum gained in Bali and push ahead with the work programmes that we agreed to establish on the Doha Development Agenda and food security,” Sharma said.

Overcoming a string of failures over the years, the WTO reached a landmark agreement in the Bali meeting in December last year that can help boost global trade by USD 1 trillion, while taking on board concerns of countries like India to protect its food security scheme providing subsidised grains to the poor.

Congratulating WTO’s chief on the Bali success, Sharma said that all the members worked together, showed flexibilities where required and demonstrated the willingness to work for the greater good of the multilateral trading system.

Azevedo is coming to India next week to address a session on trade in Bengaluru. He will also have discussions with Sharma and senior officials in the capital city of Karnataka.

Although the WTO succeeded on a few issues in the Bali meeting last year, the Doha Round of negotiations launched in 2001 have remained virtually stalled due to differences between the rich and the developing nations mainly on the level of protection for farmers in developing countries.

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Post-Bali Discussions Must Find Balance On Agriculture, Market Access, Services
Madhur Singh, WTO Reporter

29 January 2014: Discussion to build on the 10 agreements reached at the World Trade Organization ministerial meeting in Bali in December 2013 must aim to find a balance between members' interests in issues including agriculture, non-agricultural market access (NAMA) and the inclusion of services in the multilateral trade regime, WTO Director-General Roberto Azevedo said at a trade conference in Bangalore.

“Overall, Bali was a leap forward,” he said, “By the end of this year we must have an agreement on the remaining DDA [Doha Development Agenda] issues – agriculture, of course, but also industrial goods and services.”

Azevedo said parameters must be realistic on the achievables and how countries will get their domestic constituencies on board; interconnected issues must be tackled together; and members must be flexible, creative and open.

He said development must remain the basic pillar of efforts, the poorest members must see tangible results for the poorest members and the process must be inclusive and transparent at every step.

Single-Undertaking Principle

India's trade minister Anand Sharma agreed, saying the single-undertaking principle must not be diluted even if an incremental approach is taken to reach agreement on various issues over which there are conflicts and disagreements.

“Many countries are in a position to do more than they have conceded,” Sharma said, giving the example of India's concessions on trade facilitation, which is an area in which India has been taking steps under its trade policy of 2009 to install or improve systems for e-payment, e-filing, linkages of cargo terminals and ports, for example. “We also want to bring down prices to make our exports competitive,” he said.

The speakers agreed that agreement is necessary on non-tariff barriers, as well as market access and trade facilitation, for which it is necessary for businesses to directly engage with the WTO.

B. Muthuraman, vice chairman of Tata Steel Ltd., said developing countries are interested in including services in the multilateral regime, but services depend on the movement of people, against which many developed countries have objections. He said some developed countries are known to be forming “regional groups of friends” within the WTO to reach a plurilateral arrangement in the services sector, which is against the spirit of the WTO.

Involve SMEs

Arancha Gonzales, executive director of the International Trade Centre, said any movement forward for the WTO must involve small and medium enterprises (MSMEs) more meaningfully. Such enterprises are witnessing a blurring frontier between goods and services, as exemplified by India's expertise in the services as well as the manufacturing sectors, Gonzales said.

However, she said, the competitiveness of the small and medium enterprises sector depends to a large extent on regulatory frameworks, and they need a trade agenda that reflects these realities. She said an MSME friendly trade regime would have more focus on services, would bring down non-tariff barriers substantially, and would be ready for rapid implementation.

Change Face of Trade

Mega FTAs or large plurilateral trade pacts such as the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP) will change the nature, volume and patterns of international trade while having significant economic and political fallouts, speakers said. Many countries are part of regional and plurilateral trade agreements in addition to being WTO members.

“The TPP and the TTIP will change the architecture of global trade as companies will choose to operate in blocs where they get better protection and terms,” Kamal bin Ahmed Mohamed, minister of transportation and acting chief executive of the Economic Development Board of Bahrain said. “In the Middle East, we have not done enough to integrate ourselves except through the GCC [Gulf Cooperation Council].”

Norihiko Ishiguro, vice minister for international affairs at the Ministry of Economy, Trade and Industry of Japan, said Japan is involved in negotiating four mega FTAs – the TPP, the Regional Comprehensive Economic Partnership, the Japan-EU FTA and the China-Korea-Japan FTA. Japan also has bilateral pacts with some members of the ASEAN and a comprehensive economic partnership agreement with India. He said his country is benefiting from all these pacts, although there are problems – for example, Japanese companies face some difficulty as they deal with different rules, standards and procedures in different blocs. “We still value the WTO because it imposes discipline and helps us trade with developing countries,” he said.

Rizal Affandi Lukman, deputy minister for International Economic Cooperation, Indonesia, said regionalism of the sort enshrined in the RCEP is a step forward on the road to multilateralism — for many developing countries, regionalism is a stepping stone to multilateralism. The benefit of regionalism is that barriers can be removed more easily as technical and other standards are not very different within a region. Since regional standards are easier to meet, verify and maintain, one product approved in one region does not have to go through proof of procedure in another market. This brings down time and costs, and issues of connectivity and inclusivity are also easier to address so that development gaps can be narrowed.

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