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In a bid to drive the strategic economic engagement forward, Prime Minister Narendra Modi and Saudi King Salman Bin Abdulaziz on Sunday directed their finance and trade…

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Australia has offered to be flexible in the area of services and customs procedures to get an early agreement on the proposed bilateral free trade pact with India.

Ministry to pitch for priority sector status for export credit

The Commerce Ministry will pitch for priority sector status for export credit so as to increase exports and raise its contribution to the country's economic growth, Commerce and…

Deficit Worries may Ease with 41% likely Fall in Gold Import

Gold imports are likely to drop 41% in April from that a year ago, a development that augurs well for the Narendra Modi government's efforts to keep current account deficit…

Anti-dumping duty on drilling pipes from China

India is likely to impose antidumping duty on import of certain types of iron and steel pipes from China used in drilling for oil and gas exploration to protect domestic manufacturers…

Oilmeal export dips 52% in FY16

Oil meals export dropped 52 per cent to 1.18 million tonnes (mt) in 2015-16, against 2.46 mt the previous year, due to a sharp fall in soyabean shipments, the Solvent Extractors' Association (SEA)…

Safeguard duty on steel imports will hurt SMEs, says EEPC

The Engineering Export Promotion Council has raised serious concern over 'undue protection' being given by the Government to steel companies, thus overlooking the prospects of small…

'Scrap customs duty on bauxite ore exports'

The low grade bauxite exporters from Gujarat have urged the Centre to remove customs duty of 15 per cent as it was done in the case of iron ore in the recent Budget.

'Textile exports can be taken to $300 b by 2025'

The Indian textile industry, which has been registering a slide on the export front, perceives that with focused trade policy support and by moving up the value chain, the industry can achieve the…

After 4-month fall, steel imports surge in March

Steel imports rose 18 per cent in March, snapping four straight months of falls, provisional government data showed, on the back of deals struck before the government imposed a floor price in…

Spices exports surge 8% in Apr-Dec

Triggered by large shipments of pepper, cardamom and chili, spices exports from India jumped eight per cent in the April-December 2015 period of financial year 2015-16 (FY16).

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The Centre for WTO Studies was set up by the Department of Commerce, Government of India in 1999. The intent was to create an independent think tank with interest in trade in general and the WTO in particular. The Centre has been a part of the Indian Institute of Foreign Trade since November 2002. The Centre provides research and analytical support, and allied inputs to the Government for WTO and other trade negotiations. The Centre also has its own body of publications, and conducts outreach and capacity building programmes by organizing seminars, workshops, and subject specific meetings to disseminate its work, create awareness on recent trade topics and build consensus between stakeholders and policy makers.

WTO cuts global trade growth forecast to 2.8%

Business Standard

New Delhi, April 8, 2016: In what could further depress Indian exports, the World Trade Organization (WTO) on Thursday cut its earlier forecast for global trade growth in 2016 to 2.8 per cent, from the previous one of 3.9 per cent.

World trade would then grow below three per cent for a fifth year. However, WTO forecast a 3.6 per cent rise for 2017.

A slowing Chinese economy, worsening financial market volatility and rising exposure of countries with large foreign debts is primarily blamed for the sluggish growth, as last year.

WTO cuts global trade growth forecast to 2.8% The Geneva-based body, a multilateral regulator for international trade, predicted gross domestic product (GDP) growth in developed economies, especially the US and the European Union, will ease - mainly due to poor business and consumer confidence. Volatility in trade will also be a factor for the financial instability looming over Asian countries.

"While the volume of global trade is growing, its value has fallen because of shifting exchange rates and a fall in commodity prices. This could undermine fragile economic growth in vulnerable developing countries," said WTO director-general Roberto Azevêdo.

Exports from developed countries are expected to grow at 2.9 per cent, and in developing countries at 2.8 per cent. This growth in volume runs the risk of further pushing down global prices if the crash in commodity prices continues, coupled with the large scale dumping of cheaper Chinese inventory in the international market.

India, for instance, has had 15 months of falling merchandise exports; the government revised its cumulative export target for 2015-16 from the earlier $300 billion to $260 billion. Commerce Minister Nirmala Sitharaman said on Wednesday that while merchandise exports had not fallen in volume, lower returns were the culprit.

Asia is expected to record the fastest export growth of any region at 3.4 per cent, followed by North America and Europe, each at 3.1 per cent.

Meanwhile, growth in imports of developed economies is expected to outpace those of developing countries in 2016, with a 3.3 per cent rise in the former compared to a 1.8 per cent increase in the latter. As a result, while developing nations might find it easier to rein in their fiscal deficits, the more complicated challenge of boosting domestic demand can be a headache.

Region wise, WTO said North America should see its imports increase by 4.1 per cent in 2016, while Asian and European imports should both register growth of 3.2 per cent.

More accommodative monetary policy from the European Central Bank could spur growth in the euro area and boost demand for goods and services, WTO suggested. "There remains as well the threat of creeping protectionism as many governments continue to apply trade restrictions and the stock of these barriers continues to grow."

In 2015, the imports of developed economies surged, growing 4.5 per cent by volume, while developing countries stagnated far behind, with only 0.2 per cent growth. However, WTO noted developed economies witnessed 2.6 per cent volume growth in export as compared to 3.3 per cent growth in developing ones.

Alternative indicators of economic and trade activity in the opening months of 2016 are mixed, with some pointing to a firming of trade and output growth while others suggest some slowing. The trade body said data suggests container throughput at major ports had recovered much of the trade lost to the slowdown last year, while automobile sales have continued to grow at a healthy pace in developed countries.

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Despite slowdown, India retains 19th rank among top 30 global exporters

The Financial Express

Geneva, April 9, 2016: India's rank remained unchanged at 19th in 2015 in the list of top 30 merchandise exporters of the world, according to a WTO report. China continues to hold the top position in the list.

However, India's ranking among top importers slipped by one notch to 13th in 2015, from 12th in previous year. In imports, the US topped the list.

India's exports dipped by 17.2 per cent to USD 267 billion last year while imports aggregated at USD 392 billion. In 2014, the country's outbound and inbounds shipments aggregated at USD 317 billion and USD 460 billion respectively.

Slowdown in the gobal demand hit India's exports in 2015 and this year too, the shipments are in the negative zone.

Further, India's rank remained unchanged at 8th last year among the top 30 leading exporters of commercial services respectively. This list was topped by the US in both exports and imports. In imports, India positioned 10th.

In 2015, India's commercial services exports aggregated at USD 158 billion while imports were USD 126 billion.

Indian government has announced a host of incentives with an aim to nearly double goods and services exports to USD 900 billion by 2019-2020.

The report said that China registered the highest merchandise trade by value in 2015 with USD 2,275 billion worth of exports.

Total world merchandise exports were USD 16,482 billion whereas imports were USD 16,766 billion.

"Exports of developed and developing countries should grow at around the same rate in 2016, 2.9 per cent in the former and 2.8 per cent in the latter. Meanwhile, imports of developed economies are expected to outpace those of developing countries in 2016, with a 3.3 per cent rise in the former compared to a 1.8 per cent increase in the latter," it said.

Falling for the 15th month in a row, exports dipped 5.66 per cent in February to USD 20.73 billion due to contraction in shipments of petroleum and engineering goods amid tepid global demand.

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WTO: India opposes US, EU bid to hold small-group talks

Amiti Sen, The Hindu Business Line

April 14, 2016: Taking on India and China, developed members including the US, the EU and Japan have demanded that the talks on tariff reduction on industrial goods should take place plurilaterally between a few like-minded countries.

India, backed by some other developing countries, however, maintained that negotiations on industrial goods (NAMA) should take place within the multilateral framework based on an earlier discussed text, while China said that even if plurilateral talks happen, the concept of special & differential treatment (S&DT) for developing countries should be maintained.

Both India and China have been vocal in demanding the privileges for developing countries at the World Trade Organisation (WTO) negotiations.

"The NAMA talks are an integral part of the on-going Doha Round of multilateral trade talks. There can be no question of holding plurilateral talks in the area within the WTO framework," a government official told Business Line.

The discussions took place at the recent meeting of the NAMA group at the WTO. This was the first meeting after the WTO's ministerial meeting in Nairobi last December where a number of developed countries had called for an end to the on-going Doha round of negotiations and launch of a fresh round.

It is important for India to ensure that the WTO does not become a forum for plurilateral pacts as any country which is not part of those pacts would become less competitive in the markets of countries that are part of the pact since fellow members would get preferential access at lower tariffs.

"The hallmark of the WTO is the most favoured nation treatment that members accord to each other which means that all members are to be treated equally," the official said. Brazil, Malaysia and Bolivia, too, stressed that multilateral talks on industrial goods should continue.

Alluding to India, China and South Africa, the US said there has been no change in positions of members that expect multilateral negotiations will lead to the US cutting tariffs while demanding for themselves flexibilities and no binding commitments, according to another official in know of the talks.

Plurilateral talks

It said that the success of plurilateral talks could be gauged from the completion of the IT Agreement-II (of which India is not a part) and the pact on environmental goods being negotiated.

The EU and Japan, too, expressed their preference for plurilateral talks, with the EU stating that the multilateral talks cannot progress on the basis that it bears obligations while its competitors enjoy flexibilities.

The US and the EU, for long, have been trying to push large developing countries including India, China and South Africa, to take on fresh commitments to reduce the gap between the applied tariff rates (present duties) on their industrial goods and the bound tariff (levels above which tariffs can't be increased because of past commitments).

However, these countries have been insisting that the WTO rules mandate tariff cuts from bound rates and S&DT for developing countries which mean that their tariff reduction obligation has to be much lower than that of developed countries.

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China supports India in solar dispute at WTO

Mayank Aggarwal, Livemint

April 8, 2016: India received support from China in its ongoing battle at the World Trade Organization (WTO) over a subsidy programme for domestic solar panel makers.

"We support the position of India. Most of the countries are giving subsidies for development of renewable energy," China's special representative for climate change affairs Xie Zhenhua told reporters after the two-day 22nd BASIC (Brazil, South Africa, India and China) ministerial meeting on climate change.

In February, a WTO dispute settlement panel ruled that India's solar power programme violated global trade rules by imposing domestic content restrictions on the production of solar cells and modules as part of the National Solar Mission, three years after the US raised a trade dispute against India at the WTO over the issue.

India is preparing an appeal against the ruling, environment minister Prakash Javadekar said after the BASIC meeting. In June, the government set its solar power goal to 100 GW by 2022.

In the run-up to December's Paris climate summit, India announced a 175GW renewable energy target as part of its intended nationally determined contribution to combat climate change.

The BASIC nations in a joint statement said that they are looking forward to signing the Paris Agreement on 22 April.

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India's trade policy ambivalent, says chief economic advisor

Varghese K George, The Hindu

Washington, April 13, 2016: There is ambivalence in India's trade policy and this is partly due to the disruption and dislocation that trade is causing across the world, Chief Economic Advisor Arvind Subramanian said.

"We have had lot of reforms…the barriers have come down significantly, our trade has expanded, but when it comes to trade policy, there is a kind of genuine ambivalence on how rapidly India needs to open up domestically…and to engage internationally whether it is the WTO or the TPP. There is ambivalence within India," Mr. Subramanian said here during a talk on 'Can India ever become a great power?' at the think tank Carnegie Endowment for International Peace.

This is a problem even in the U.S where presidential candidates are campaigning on anti-trade planks, he said.

Carnegie senior associate Ashley J Tellis's newspaper 'India as a leading power' argues that Prime Minister Narendra Modi's call for India to become a leading power represents a change in how the political leadership conceives of India's role in international politics. Mr. Tellis said envisioning India as a great power would catalyse the country's material aspiration and military ambitions. "The key question is whether India can actually achieve that. I argue that it is possible," he said, while acknowledging the considerable uncertainties that loom.

Mr. Tellis' key argument is that Mr. Modi's vision, when fulfilled, will mark the "third epoch in Indian foreign policy."

In the first, India survived the U.S-Soviet cold war hostility through non-alignment, which was "essentially defensive;" and in the second, starting from 1991, India pursued strategic partnerships with more than 30 countries and emerged as a 'balancing power' that can influence outcomes in international debates. "Modi seeks to transform India from being merely an influential entity into one whose weight and preferences are defining for international politics," he said.

"The currently tepid domestic economic liberalisation efforts" amounts to "forfeiting the possibilities of enhanced trade-driven growth," and blames domestic politics and fears of foreign domination for India's modest foreign trade, he said.

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Freeing up trade

The Hindu Business Line

April 12, 2016: In what seems like a shift from its position towards the end of 2014, the Centre is pursuing free trade agreements (FTA) with a surprising burst of enthusiasm. Finance Minister Arun Jaitley expects an "early conclusion" of talks with Australia. While negotiations with the EU have been 'on' and 'off' for close to a decade, Prime Minister Narendra Modi tried to give it a push during his recent visit to Brussels. Talks with Canada, which began in 2010, are moving ahead in fits and starts. The latest Economic Survey takes a guarded if favourable views of FTAs, but suggests a lack of conclusive evidence. It says: "Increased trade has been more on the import than export side, most likely because India maintains relatively high tariffs and hence had larger tariff reductions than its FTA partners." It is widely believed that Asean exports have hurt India's plantation and fisheries sectors. The Survey observes: "The trade increases have been much greater with the ASEAN than other FTAs and they have been greater in certain industries, such as metals on the import side. On the export side, FTAs have led to increased dynamism in apparels, especially in ASEAN markets."

On the whole, it is a pretty mixed picture. Apparel, pharma and textiles exports appear to have benefited from the 42 FTAs that India has entered into so far. Automotive component-makers fear the effects of an FTA with the EU. Small industries are apprehensive of the EU forcing changes in government procurement laws. However, the EU has a valid case when it complains of discriminatory duties on wines and spirits. Australia, New Zealand and Canada have always pushed for more market access in agriculture, an area on which India should move carefully. The Centre needs to take a holistic view of FTAs — pursuing new markets to lift its sagging exports without compromising livelihoods and jobs in the process. The worldwide push for FTAs and mega trade blocs such as the Trans Pacific Partnership (TPP) stems from the stagnation in world growth and trade, and the urgency, particularly in the OECD camp, to prise open new markets. In this rush, the niceties of the Doha Round, which allows poorer countries some space to protect livelihoods and pursue sovereign goals, have been cast aside. Instead, a WTO-plus agenda, spearheaded by the TPP countries such as Canada, Australia and New Zealand, with a focus on labour standards, IPRs and government procurement, tends to set the tone for FTA talks as well. India can sidestep most of this, and yet prevent 'trade diversion' by offering creative solutions.

It could open up services such as accountancy, higher education, e-commerce and law. Above all, it can improve the ecosystem for investors and exporters in particular. Rather than fret so much over the twists and turns in FTA talks, India should focus on moving up 50 places in the ease of doing business rankings (now at 130 out of 189 countries). The world will then seek Indian markets on our terms.

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A Progressive Logic of Trade

Dani Rodrik, Livemint

April 15, 2016: The global trade regime has never been very popular in the US. Neither the World Trade Organization (WTO) nor the multitudes of regional trade deals such as the North American Free Trade Agreement (NAFTA) and the Trans-Pacific Partnership (TPP) have had strong support among the general public. But opposition, while broad, was diffuse.

The difference today is that international trade has moved to the centre of the political debate. The US presidential candidates Bernie Sanders and Donald Trump have both made opposition to trade agreements a key plank of their campaigns.

The populist rhetoric on trade may be excessive, but few deny any longer that the underlying grievances are real. Globalization has not lifted all boats. Many working families have been devastated by the impact of low-cost imports from China and elsewhere. And the big winners have been the financiers and skilled professionals who can take advantage of expanded markets. While globalization has not been the sole force driving inequality in the advanced economies, it has been a contributor.

What gives trade particular political salience is that it often raises fairness concerns in ways that the other major contributor to inequality—technology—does not. When I lose my job because my competitor innovates and introduces a better product, I have little cause to complain. When he does so by outsourcing to firms abroad that do things that would be illegal here—for example, prevent their workers from organizing and bargaining collectively—I may have a real gripe.

Sanders has forcefully advocated the renegotiation of trade agreements to reflect better the interests of working people. But such arguments immediately run up against the objection that any standstill or reversal on trade agreements would harm the world's poorest, by diminishing their prospect of escaping poverty through export-led growth. "If you're poor in another country, this is the scariest thing Bernie Sanders has said," ran a headline in the popular and normally sober Vox.com news site.

But trade rules that are more sensitive to social and equity concerns in the advanced countries are not inherently in conflict with economic growth in poor countries. Globalization's cheerleaders do considerable damage to their cause by framing the issue as a stark choice between existing trade arrangements and the persistence of global poverty. And progressives needlessly force themselves into an undesirable trade-off.

First, the standard narrative about how trade has benefited developing economies omits a crucial feature of their experience. Countries that managed to leverage globalization, such as China and Vietnam, employed a mixed strategy of export promotion and a variety of policies that violate current trade rules. Subsidies, domestic-content requirements, investment regulations and, yes, often import barriers were critical to the creation of new, higher-value industries. Countries that rely on free trade alone (Mexico comes immediately to mind) have languished.

That is why trade agreements that tighten the rules are in fact mixed blessings for developing countries. China would not have been able to pursue its phenomenally successful industrialization strategy if the country had been constrained by WTO-type rules during the 1980s and 1990s. With the TPP, Vietnam gets some assurance of continued access to the US market, but in return must submit to restrictions on subsidies, patent rules and investment regulations.

Second, there is nothing in the historical record to suggest that poor countries require very low or zero barriers in the advanced economies in order to benefit greatly from globalization. In fact, the most phenomenal export-oriented growth experiences to date—Japan, South Korea, Taiwan and China—all occurred when import tariffs in the US and Europe were at moderate levels, and higher than where they are today.

So, for progressives who worry both about inequality in the rich countries and poverty in the rest of the world, the good news is that it is indeed possible to advance on both fronts. But to do so, we must transform our approach to trade deals in some drastic ways.

The world's trade regime is currently driven by a peculiarly mercantilist logic: you lower your barriers in return for me lowering mine. This approach has been remarkably successful in promoting trade expansion, but it has little economic justification.

The time has come to embrace a different logic, that of "exchange of policy space". Poor and rich countries alike need to carve out greater space for pursuing their respective objectives. The former need to restructure their economies and promote new industries, and the latter must address domestic concerns over inequality and distributive justice. This requires placing some sand in the wheels of globalization.

The best way to bring about such institutional re-engineering would be to rewrite multilateral rules. For example, the "safeguards" clause of the WTO could be broadened to allow the imposition of trade restrictions in instances where imports demonstrably conflict with domestic social norms. Similarly, trade agreements could incorporate a "development box" to provide poor countries with the autonomy they need to pursue economic diversification.

Progressives should not buy into a false and counterproductive narrative that sets the interests of the global poor against the interests of rich countries' lower and middle classes. With sufficient institutional imagination, the global trade regime can be reformed to the benefit of both.

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India, EU summit agrees on new agenda for strategic partnership

Business Standard

April 1, 2016: India and the European Union (EU) have endorsed the 'EU India Agenda for Action 2020' as a common road map for the strategic partnership in the next five years, the European Commission (EC) said on Thursday.

However, the EC remained muted on one of the major focus of the summit, negotiations on the Bilateral Trade and Investment Agreement (BTIA) — the official free trade pact which has been pending since 2007.

“The leaders welcomed that both sides have reengaged in discussions on how to further the EU-India broad-based BTIA negotiations,” it said, without announcing a possible completion date for the talks. Prime Minister Narendra Modi, on a day-long trip to Brussels to attend the 13th India-EU Summit, met European Commission President Donald Tusk.

The agenda will build on the joint action-plans of 2005 and 2008 and take into account cooperation in fields like climate change, trade and business, foreign policy, etc.

The BTIA negotiations have remained deadlocked over growing differences regarding greater market access sought by both aides for merchandise exports. However, India’s commerce ministry officials said the EU has consistently sought lower import duties on a range of commodities. This time, the EU is seeking the lowering of tariffs on automobiles and wine products.

The new agenda pushes for a broad based approach to “resolve trade irritants in particular concerning goods, services and investments, and strengthen trade and investment relations”.

On this note, issues related to facilitation of greater movement of professionals from one country to another, arising out of the Mode 4 provisions of the 1995 General Agreement on Trade in Services is another point of contention between the two sides. This also involves India’s demands to be classified a data-safe country, which will help Indian information technology and outsourcing companies gain a foothold.

Other than being India’s largest trading partner and its biggest export destination, the 28-member bloc has also been New Delhi’s ‘strategic partner’ since 2004. Although two-way commerce was $98.52 billion in 2014-15, the EU’s share in India’s total trade has progressively shrunk in recent years.

Similarly, Indian exports to the bloc have shrunk from 21.84 per cent in 2004-05 to 16.04 per cent in 201415. Imports have witnessed a similar slide over the same period, going down from 17.30 per cent to 10.98 per cent.

India has also signalled the establishing of a mechanism to facilitate investments of all member states of the 28-member bloc. The agenda also spoke about the “creation of favourable circumstances for investment”.

With an eye on addressing the import ban by the EU against more than 700 generic drugs clinically tested by Hyderabad based GVK Biosciences, the agenda has also promised regular meetings of the EU-India Joint Working Group on pharmaceuticals, biotechnology and medical devices.

The European Investment Bank (EIB) signed an agreement with India to release the first tranche of 200 million of its total 450 million loan towards the construction of the Lucknow Metro’s first line. The bank, which had committed to support long-term investment in infrastructure in India, also announced that its regional office for South Asia will come up in New Delhi soon.

Before the summit, EU leaders had complained of the slow progress in India regarding the trial of two Italian marines accused of killing Indian fishermen in 2012. This matter, along with that of 'fourteen Estonian and six UK Guards sentenced to prison by an Indian court', was discussed, the EU said.

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Avert raw deal on EU-India trade pact

Swati Dhingra, Business Standard

April 5, 2016: Last week's Brussels visit by Prime Minister Narendra Modi has started speculations that there will now be a renewed push for talks on the stalled EU-India broad-based trade and investment agreement (BTIA). The European Union (EU) is India's biggest trade and investment partner, so it could potentially be a good boost to the Indian economy. But the proposed agreement is one-sided, and will harm India's economic interests unless India negotiates harder. The analogy is that India is picking up the tab for the hotel room and the EU is just paying for the internet charges during the stay.

Tough Bargain

Prime Minister Narendra Modi (left) is welcomed by European Council President Donald Tusk (centre) and European Commission President Jean-Claude Juncker at the EU-India Summit in Brussels on March 30. The proposed broad-based trade and investment agreement is one-sided, and will harm India's economic interests unless India negotiates harder

The public conversation on the EU India BTIA is all about Indian tariff reductions on automobiles and greater ease of Indian info tech professionals to provide services to the EU. But going by the documents that can be accessed (more transparency would be nice), there are two big issues that need to be at the centre of the debate — investor rights and agricultural imports — because they will have big effects on people and future policy in India.

The proposal contains an investor state dispute settlement agreement, which allows foreign firms to take the Indian government to an international tribunal if their ability to make profits in the country is under threat. The last time these clauses were invoked in India was after the Supreme Court cancelled 2G telecom licences bought by companies at "unbelievably low" prices, and when internationally the Canadian government dropped potential legislation on plain packaging of tobacco products due to lawsuit threats under its North American Free Trade Agreement.

Is that the price India must pay for encouraging foreign direct investment into the country? The answer is no. Australia recently negotiated a trade and investment agreement with the United States without agreeing to such investor rights, so surely Indian can do the same as it is the fastest growing economy in the world. Is the Bhopal gas tragedy so easily forgotten, and should we not learn from the lack of compensation to the victims that an unequal society calls for greater protection from the narrow legal tactics of investors?

Although the government has asked the EU for revisions to the text of the investor-state dispute settlement mechanism, the revisions don't go far enough. The main change is that firms would first need to pursue domestic legal remedies and can then access international arbitration for disputes with the government. Domestic firms do not have access to these international arbitration facilities, so this also goes against the spirit of the Make in India campaign of the Indian government.

Another worrisome proposal is the steep reduction in tariffs on agricultural imports from the EU. The continuing plight of Indian farmers is not going to be helped if they have to compete with heavily subsidised large agri-businesses based in Europe. For instance, the Danish milk producer, Arla Foods, received ~65 crore (8.6 million euros) when milk prices slumped in 2009/10, while the Indian government's most ambitious dairy plan is expected to have an outlay of ~17,300 crore per year. Spread over 750 lakh dairy farmers, this amounts to a minuscule ~230 (three euros) per dairy farmer. Opening to EU imports will not make the agricultural market more "competitive", it will lead to a dumping of the burden of EU agricultural subsidies on Indian farmers.

Investment and agricultural imports are not new issues. The government is retreating from the same battles it fought during the Uruguay Round of the World Trade Organisation in 1995. At that point, India was the force behind resistance to agreements on investment, government procurement, agricultural tariff reductions and intellectual property rights, which would mostly harm developing countries by limiting the policy options needed for economic growth. Yes, the world economy has changed now. But life for most people in India continues to be "nasty, brutish and short", so why is there a renewed push for an agreement that concedes to many of the same immiserating policies that India was once at the forefront of rejecting?

India must use its economic power now to get a better deal. This is possible. The EU had earlier insisted on drastic intellectual property laws in the proposed text. After much advocacy, the EU dropped this clause from the proposed text as it would have delayed the introduction of generic medicines and undermined public health (Medecins Sans Frontieres). Resistance to the clauses proposed by the EU does not derail the trade agreement — it ensures that India negotiates a deal that promotes its development goals.

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India-Australia FTA closer to a deal: Sitharaman

Business Standard

April 5, 2016: Negotiations on the free trade agreement (FTA) between India and Australia are progressing substantially and the two countries are probably “close to a deal”, Commerce & Industry Minister Nirmala Sitharaman said on Monday.

The talks for a comprehensive FTA started in 2011 but differences, mainly on tariff reduction in certain product categories, have lengthened the process. Australia is pushing for tariff reduction in dairy products, fresh fruit, pharmaceuticals and wines. India wants zero duty on automobile parts, textiles and fresh fruit. India has also demanded greater access in the services sector.

Several rounds of negotiations have been completed, besides removing non-tariff barriers. Bilateral trade was $13 billion in 2014-15, up from $12.1 billion in FY14. The minister said India was keen to conclude the Bilateral Trade and Investment Agreement with the European Union (EU). She added she’d be asking the EU to “quickly” arrange a meeting between chief negotiators of both countries.

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USIBC team to push for ‘stronger’ IPRs

Arun S, The Hindu

New Delhi, April 4, 2016: The US-India Business Council (USIBC) will lead an executive delegation to India this week to discuss trade-led growth as a strategy for India's economic rise. This comes amid controversy over media reports that the government had privately assured USIBC that it will not issue patent-disabling Compulsory Licenses (CL).

USIBC will deliberate with the stakeholders and Indian government on a study, which among other things, recommended “stronger” Intellectual Property Rights (IPR) protection in India to boost Foreign Direct Investment (FDI) inflows.

CL is the grant of permission by the government to entities to use, manufacture, import or sell a patented invention without the patent-owner's consent. USIBC is a premier business advocacy organisation for strengthening India-US economic and commercial ties.

The study the USIBC will cite in its discussions in New Delhi from April 6 to 8, was released in September 2015 by Washington DC-based think tank Peterson Institute for International Economics. It was partly funded by USIBC.

During the three-day visit, the USIBC will also hold talks on the importance of India's membership in the Asia-Pacific Economic Cooperation (APEC), which also includes the US and 20 other Pacific Rim countries. APEC advocates free trade in the region.

Recently, a Bill was introduced by the U.S. Congress to help India gain APEC membership.

USIBC will also push for India and the U.S. to expeditiously ink a Bilateral Investment Treaty (BIT) with specific clauses on Investor-State Dispute Settlement and provisions limiting governments from expropriating (or the act of government forcibly taking private property citing public interest) the investments made by foreign investors when there is a dispute.

USIBC president Mukesh Aghi had told The Hindu in December last year that many US-based multinationals and pension funds were mulling mega investments in India in sectors such as infrastructure, but were concerned over "inadequate" protection of their investments under the current laws.

They, therefore, wanted India and the US to soon sign a BIT. Aghi said an effective BIT would also enable more direct investments from the U.S. into India, instead of their being routed through Mauritius and Singapore (for tax and other benefits).

Terming IPRs the 'most contentious issue in India's trade policy', the Peterson Institute study said India had sought to exploit the flexibility in the Trade-Related Aspects of Intellectual Property Rights (TRIPs) agreement in the WTO by using CL, occasionally denying patent protection and adopting regulatory obstacles to dilute the protection.

"Because of India's strong consumer groups and its generic drug industry, Indian law, though strengthened considerably to implement the TRIPs agreement, tends to favour weaker rather than stronger protection of IPRs," the study said.

It said India was transitioning from being a net user of technology (which favours weak IPRs) to being a producer as well (which favours stronger IPRs). The Indian drug industry itself is evolving toward companies with greater focus on R&D.

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India, Saudi vow to boost business relations, diversify non-oil trade

Shubhajit Roy, The Indian Express

Riyadh, April 4, 2016: In a bid to drive the strategic economic engagement forward, Prime Minister Narendra Modi and Saudi King Salman Bin Abdulaziz on Sunday directed their finance and trade Ministers to “work together to find ways and means to substantially increase the flow of bilateral investments and growth of trade ties”.

Saudi King Salman expressed appreciation for Modi’s “remarkable vision” for the future of the country, the joint statement said.

Both leaders also witnessed the signing of the framework agreement between the General Investment Authority in Saudi Arabia and Invest India aimed at facilitating investments by the private sectors in the two countries. The agreement was signed at the Royal palace on Sunday.

Sources told the Indian express that while both leaders understood the primacy of oil trade, they were keen to diversify to non-oil trade as well. This was evident from the conversation between the PM and the Saudi Aramco chairman and health minister Khalid A Al Falih as well.

As Saudi Arabia expressed its interest in investing in the infrastructure development in India, Prime Minister Narendra Modi “encouraged” Saudi Aramco, SABIC and other Saudi companies to invest in the infrastructuresectorinindiaandtoparticipateinprojectscreatingmegaindustrialmanufacturing corridors, smart cities as well as the Digital India and Start up India programmes.

According to the joint statement issued after the meeting between the PM and the Saudi King, the Saudi side expressed its interest in investing in infrastructure development in India, especially in priority areas such as railways, roads, ports, and shipping.

“The Saudi side welcomed interest of Indian side in investing in the Kingdom, especially taking advantage of the competitive investment opportunities offered by the Saudi economic and industrial cities,” it said.

Keeping in view the importance of energy security as a key pillar of the strategic partnership, the two leaders expressed satisfaction at their growing bilateral trade in the energy sector, acknowledging Saudi Arabia as the largest supplier of crude oil to India.

“The two leaders agreed to transform the buyer-seller relationship in the energy-sector to one of deeper partnership focusing on investment and joint ventures in petrochemical complexes, and cooperation in joint exploration in India, Saudi Arabia and in third countries. The two sides also agreed to focus onareasoftrainingandhumanresourcesdevelopmentandcooperationinresearchand development in the energy sector. In this regard, the two leaders expressed the need for regular meetings under the umbrella of India-Saudi Arabia Ministerial Energy Dialogue,” the statement said.

Acknowledging the steady increase in bilateral trade over the last few years, the two leaders also expressed satisfaction at the $39 billion trade in 2014-15. Taking note of the “excellent trade and economic engagement”, with the two countries being among the top trading partners for each other, the two leaders agreed upon the need to further strengthen these ties, particularly through diversifying non-oil trade.

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Australia shows flexibility in services in proposed free trade agreement with India

Amiti Sen, The Hindu Business Line

April 4, 2016: Australia has offered to be flexible in the area of services and customs procedures to get an early agreement on the proposed bilateral free trade pact with India.

“Canberra has agreed to accommodate New Delhi’s concerns on the large number of horizontal limitations or curbs imposed across sectors in the services offers made by it and has suggested moving to a negative list that would specify sectors it wants to protect. The rest would not face restrictions,” a government official told Business Line.

Wider access for pros

The services sector is of utmost importance to India as it wants to gain wider access for its professionals in Australia as part of the Comprehensive Economic Cooperation Agreement (CECA) being negotiated.

“The average duties on goods are already low in Australia. Although there are certain sectors such as textiles and automobile parts where we would gain with a duty cut, the gains would be much higher in services where India also has a competitive edge,” the official said.

The proposed CECA is expected to result in lower import duties on industrial and farm goods, greater access to the services market and easier investment norms in both countries.

TFA as baseline

The two countries have also agreed to make the Trade Facilitation Agreement (TFA) of the World Trade Organisation (of which both countries are members) as the baseline for customs procedures, the official said.

A team of senior officials, headed by Australia's special envoy for trade Andrew Robb, will be in New Delhi this week to push the CECA to an early finish.

"In the series of meetings that we had in the last couple of months with our Australian counterparts, we have made progress. But, it remains to be seen whether it is enough to clinch a deal," the official said.

Australia, on its part, wants India not only to take on binding commitments in areas such as insurance and retail but also give an assurance that future openings in sectors such as legal and education would get incorporated in the pact.

The country, however, has softened its earlier demand of large- scale market openings in dairy products because of India's sensitivity towards the sector, the official added.

India- Australia bilateral trade was about $ 14 billion in 2014- 15, with Australian exports at $ 11 billion and Indian exports just at $ 3.2 billion. Australia's engagement with China is much larger with annual bilateral trade at $ 160 billion.

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Ministry to pitch for priority sector status for export credit

The Hindu Business Line

New Delhi, April 7, 2016: The Commerce Ministry will pitch for priority sector status for export credit so as to increase exports and raise its contribution to the country's economic growth, Commerce and Industry Minister Nirmala Sitharaman has said.

Other thrust areas that were short-listed at the Board of Trade (BoT) meeting on Wednesday include removing regulatory provisions which affect smooth functioning of EXIM Bank and Export Credit Guarantee Corporation, revival of Special Economic Zones, giving priority to the micro, small and medium enterprises and promoting exports of organic products. "Export credit should have been treated as priority sector credit day before yesterday and I give my commitment that I will take it up with the Finance Ministry," Sitharaman told the Board of Trade meeting. The Commerce Ministry will pitch for priority sector status for export credit so as to increase exports and raise its contribution to the country's economic growth, Commerce and Industry Minister Nirmala Sitharaman has said.

Other thrust areas that were short-listed at the Board of Trade (BoT) meeting on Wednesday include removing regulatory provisions which affect smooth functioning of EXIM Bank and Export Credit Guarantee Corporation (ECGC), revival of Special Economic Zones (SEZs), giving priority to the micro, small and medium enterprises (MSMEs) and promoting exports of organic products. "Export credit should have been treated as priority sector credit day before yesterday and I give my commitment that I will take it up with the Finance Ministry," Sitharaman told the Board of Trade meeting. Priority sector status obliges banks to lend a specified share to the sector. The suggestion was given by ICICI Bank Managing Director Chanda Kochchar who is a member of the Bot.

India's exports have been contracting for fifteen straight months and are set to be around $260 billion this fiscal, much lower than last year's $310 billion.

The Minister stressed the need to smoothen the functioning of the EXIM Bank and ECGC by bringing the regulatory environment to global standards. Talking to the media, Sitharaman said: "I intend to call a meeting of representatives from EXIM Bank, ECGC and the Department of Economic Affairs to find out why some regulations are only applicable here and what to do about rules that are hampering performance."

At the Bot meeting, the industry raised the pending issues of withdrawal of minimum alternate tax (MAT) and dividend distribution tax (DDT). The Minister said her ministry would work on improving the potential of these zones through other means as they are sitting on huge land banks.

"We will meet with different line ministries, and both current and potential investors in SEZs. We will call up an SEZ specific focus meeting with departments, including economic affairs and CBEC, and industry experts, to see what steps can be taken," Sitharaman said.

On the issue of promoting exports by MSMEs, the Minister said the government had kept the sector's interest 'on top' and had also asked banks to treat their needs separate from that of large corporates.

The Commerce Ministry has also decided to hold interactions with Indian High Commissions and Embassies along with their commercial and economic wings to make them more vibrant and understand requirements of exporters, she said.

Industrialists who attended the BOT meeting included besides Kochhar, Biocon Managing Director Kiran Majumdar-Shaw, Dr Reddy's Managing Director Satish Reddy and TVS Motor Company Chairman Venu Srinivasan.

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Deficit Worries may Ease with 41% likely Fall in Gold Import

Sutanuka Ghosal, Economic Times

Kolkatta, April 15, 2016: Gold imports are likely to drop 41% in April from that a year ago, a development that augurs well for the Narendra Modi government's efforts to keep current account deficit under control.

Although a large section of jewellers across India has called off the strike that began on March 1, there is ample inventory with them, which will reduce the necessity of imported gold.

"Gold import is unlikely to cross 50 tonnes this month, compared to 85 tonnes in April 2015. Shops remained closed for 42 days, of which 12 days are in April. Import will be much less," said Bachhraj Bamlawa, director, All India Gems & Jewellery Trade Federation.

Bamalwa said, not all jewellers reopened their shops, so the demand for bullion is not much now. "The retail chains have opened but some local jewellers and wholesalers have not resumed work till now," he said.

In March, owing to the strike, India imported 18 tonnes of gold, compared to 125 tonnes a year ago.

"Jewellers have their stocks too, which they want to offload first," a senior official of the India Bullion & Jewellers Association said.

Gold discounts due to fall in global prices are now receding as some jewellers are now replenishing inventory after opening shops for the upcoming Akshay Tritiya. Dealers are offering discounts of up to $20 per ounce in the official market and in the grey market the discount is $35 per ounce.

In India, gold price is hovering around .₹ 29,200 per 10 gm. Himanshu Gupta, senior market strategist at Karvy Commodities said that the resumption of Indian market pushed down price of gold to $1,234 per ounce from $1260 per ounce on Thursday.

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Anti-dumping duty on drilling pipes from China

Business Standard

April 4, 2016: India is likely to impose antidumping duty on import of certain types of iron and steel pipes from China used in drilling for oil and gas exploration to protect domestic manufacturers.

The Directorate General of Anti-Dumping and Allied Duties (DGAD) has recommended to the revenue department to impose provisional levy, ranging between $961.33 and $1,610.67 per tonne.

ISMT Ltd and Maharashtra Seamless had moved the DGAD for imposition of the duty on “seamless tubes, pipes and hollow profiles of iron, alloy or non-alloy steel (other than cast iron and stainless steel), whether hot finished or cold drawn or cold rolled of an external diameter not exceeding 355.6 mm.”

They had alleged dumping of the products, originating in or exported from China, and consequent injury to them.

In its preliminary findings, the DGAD said it was of the view that imposition of "provisional duty is required" to offset dumping and injury, pending completion of the investigation.

“Therefore, the Authority considers it necessary and recommends imposition of provisional anti-dumping duty on imports of subject goods from the subject country,” it said.

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Oilmeal export dips 52% in FY16

Business Standard

April 7, 2016: Oil meals export dropped 52 per cent to 1.18 million tonnes (mt) in 2015-16, against 2.46 mt the previous year, due to a sharp fall in soyabean shipments, the Solvent Extractors' Association (SEA) said on Wednesday. In value terms, export fell 65 per cent to ~1,510 crore, compared to ~4,298 crore in 2014-15. “Lower production of soyabean, coupled with high price in the domestic market resulted in to drastic fall in crushing, leading to disparity in export of soyabean meal,” SEA said.

Exports to South Korea, Thailand, Indonesia, Taiwan, Iran, Vietnam, Myanmar and Cambodia drastically reduced in 2015-16 due to price disparity, owing to severe competition from other origins, including China and Argentina.

India lost the Vietnam market for soyabean meal due to stiff competition and increased availability from domestic crushing of imported soyabean, the SEA statement said. Iran has shifted soyabean meal buying from India to other countries, while Bangladesh has moved to import of soyabean for domestic crushing.

According to the SEA data, soyabean meal exports has dropped to 70,820 tonnes in 2015-16, from 6,59,593 tonnes last year.

Exports to other destinations like Thailand and Taiwan also dropped during the 2015-16.

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Safeguard duty on steel imports will hurt SMEs, says EEPC

The Hindu Business Line

April 7, 2016: The Engineering Export Promotion Council has raised serious concern over 'undue protection' being given by the Government to steel companies, thus overlooking the prospects of small and medium enterprises and exporters.

Describing the extension of safeguard duty on steel as "anti- SME", TS Bhasin, Chairman, EEPC India, said the decision is completely discriminatory judgment and does not take into account the negative impact it would have on the user industry which is competing with global players.

The move would further dent the country's exports, which are already in the dumps, he said. Interestingly, he said the Steel Ministry itself has taken note of the fall in steel imports by almost onefourth between April and February this fiscal.

With the existing Quality Control Order and minimum import price, Bhasin said there is no case for continuing safeguard duty till March 2018, particularly when there are indications that global steel prices are increasing.

"While a huge protection is being given to the steel industry dominated by large companies, there are reports about further financial package being worked out. Let protection to one sector not spell death knell to the user industries, which are also facing global slowdown and fall in domestic demand," said the apex body.

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'Scrap customs duty on bauxite ore exports'

The Hindu Business Line

April 7, 2016: The low grade bauxite exporters from Gujarat have urged the Centre to remove customs duty of 15 per cent as it was done in the case of iron ore in the recent Budget.

Inferior bauxite ores available in Gujarat and Maharashtra are not useable by domestic metal manufacturers as it has low alumina and high silica content. About 80 per cent of India's bauxite reserves are in Odisha and Andhra Pradesh where the integrated alumina and aluminium plants are located.

The Union government made iron ore exports duty free from earlier level of 30 per cent in the Budget.

A few small mine owners and export aggregators in Gujarat over the decade have taken initiative to find a market for the inferior ore and succeeded in developing a sustainable "mining industry" which generates direct and indirect employment to over 50,000 people.

China, which imports low grade bauxite from India, blends it with good quality ore imported from Australia and other countries.

CK Joshi, Chairman, Gujmin Industry Association, said Chinese refineries have configured their plants to use different blends of bauxite due to lack of domestic supply and the low energy cost partially make up for the high production cost.

While Australia increased its bauxite export to China by 27 per cent to 19.14 million tonnes (15.04 mt) in 2015, India's export was up 14 per cent to 7.42 mt.

Malaysia's shipments were up about seven times to 22.36 mt (2.82 mt).

The sharp rise in Australia and Malaysia's export to China was largely due to fall in India's share, said Joshi.

The Union government has done well to abolish duty on iron ore lumps and chromium, but for reasons unknown restricted the cut on bauxite to 15 per cent from 20 per cent, he said.

The 'relief' was too little too late to resurrect the bauxite export industry which is battling headwinds from meltdown in global commodity markets, he said.

"Any way, Chinese companies are making massive investments into Guinea (West Africa) which holds the largest bauxite reserves in the world.

"In the long- run, the writing is on the wall for bauxite exporting countries including India," he said.

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'Textile exports can be taken to $300 b by 2025'

LN Revathy, The Hindu Business Line

April 7, 2016: The Indian textile industry, which has been registering a slide on the export front, perceives that with focused trade policy support and by moving up the value chain, the industry can achieve the export target of $300 billion by 2025.

Conceding that "Transpacific Trade Partnership (TPP) is a natural threat," the secretary of Indian Texpreneurs' Federation (ITF) D Prabhu said, "It may not take away the country's textile and clothing business completely. However, to achieve the export target, India should press for reduction of Chinese import and the RCEP (Regional Comprehensive Economic Partnership)."

Access to US market

Explaining the implication of TPP, he said, "Exporters from TPP member countries (of which India is not a member) tend to get preferential access to the US market."

"The US apparel imports account for roughly $82 billion, but India's supplies is just about $3.7 billion (₹25,000 crore approx). India's apparel exports to the US have been sliding since 2010-11. If duty turns disadvantageous for the country's apparel exports, then this share could further fall," Prabhu said.

Yarn forward rule (YFR) makes it mandatory to source yarn, fabrics and other inputs from TPP member countries, basically to avail duty preference.

"The option before Indian businesses therefore would be to consider relocating to Vietnam (a TPP partner and among the 12 countries including the US, Australia, Peru, Malaysia, New Zealand, Chile, Singapore, Canada, Mexico, Brunei Darussalam and Japan) to avail TPP duty advantage, but this proposition may not be feasible considering that labour is highly expensive in Vietnam compared to India," he added.

Alternative markets

To tide over the situation, India should seek improved export market access from China under RCEP, at alternative export markets in emerging regions of Africa, South Asia, CIS and Latin America, Prabhu said. The country will need to address the issue of inverted duties (that is a situation of higher duties on fibre and lower duties on apparel), push aggressively for inclusion of textile and apparel items under India-Mercosur PTA, expedite FTA with Russian Customs Unions (it can be a big market in the coming years), make it mandatory for all least developed countries to use fabrics made in India if they want to export their apparels to India duty free and request the US to include apparel items in its GSP programme, the ITF secretary added.

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After 4-month fall, steel imports surge in March

Business Standard

April 7, 2016: Steel imports rose 18 per cent in March, snapping four straight months of falls, provisional government data showed, on the back of deals struck before the government imposed a floor price in February to curb cheap imports.

Last week, the government extended safeguard taxes on some products until March 2018, and in February imposed a floor price on import to deter countries such as China from undercutting local mills, the first such move in 15 years.

India, third-largest steel producer in the world, imported 994,000 tonnes last month, 18 per cent higher than the corresponding month a year earlier, data from the Joint Plant Committee of the steel ministry showed.

"Some steel could have been booked in January and February. This is probably what has arrived in March, imports are likely to decline again in April and May said Goutam Chakraborty, analyst at Emkay Global Financial Services.

"Imports are likely to decline again in April and May," Chakraborty added.

Imports rose 20.2 per cent in the financial year ended March, compared with the same period a year before, the data showed. Imports were up 9.1 per cent compared with February. Domestic steel makers, including JSW Steel, Tata Steel and Kalyani Steels have lobbied the government for more protectionist measures as their margins have taken a hit due to overseas purchases from China, Russia, Japan and South Korea.

Consumption of steel, in the only major market where steel demand is growing, rose 4.3 per cent between April 2015 and March 2016, largely driven by imports.

Steel exports by fell 32.4 per cent at a time when the US has named India among countries that violated anti-dumping law on cold rolled flat products and slapped a tax.

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Spices exports surge 8% in Apr-Dec

Business Standard

April 8, 2016: Triggered by large shipments of pepper, cardamom and chilli, spices exports from India jumped eight per cent in the April-December 2015 period of financial year 2015-16 (FY16).

Data compiled by Spices Exports showed the figure at ~11,453.99 crore ($ 1,770.86 million) during the period, as against ~10,580.53 crore in the corresponding period of the previous year.

In volume terms, however, exports showed a decline to 603,885 tonnes in the first nine months of FY16 as compared to 644,269 tonnes in the year-ago period.

“The value of exports has registered an increase of eight per cent because Indian spices continue to be much sought after overseas. However, there has been a dip of six per cent in terms of volumes exported, primarily due to decline in export of spice seeds,” said Spices Board Chairman A Jayathilak.

The country achieved 82 per cent of its full-year export target of ~14,014 crore ($2,260 million), set for the first nine months of FY16.

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