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India's jewellery exports are likely to decline 10 per cent in 2015-16 to a six-year low due to weak demand in the US and the European Union.

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With pulses prices still ruling high on likely production concerns, the government has issued a tender to import 5,000 tonnes of pigeon peas (tur) to boost domestic supply from next month.

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The government on Tuesday removed the export duty on iron ore pellets to make the value added product competitive amid subdued demand and weakening prices.

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Indian steel imports fell for a second month after the government imposed taxes and anti-dumping duties on some products to protect local mills from cheaper overseas supplies.

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The road after Nairobi ministerial

Pradeep S Mehta, The Hindu Business Line

January 8, 2016: Much has been written and said about the Nairobi meeting of the WTO criticising India's trade and industry minister, Nirmala Sitharaman. She could not have done better than what she did for our poor farmers.

We all knew very well that the rich had already expressed their desire to shut down the excruciating and inconclusive 14-year long Doha Round much before landing in Nairobi, and they succeeded despite objections by many poor countries.

That said, let us focus on what we should do now both at the domestic level and in the international arena so that we can take stock and strategise for the future.

Bilaterals and regional trade agreements are replacing the multilateral space, which is why the US and the EU could not be bothered with the Doha Round. And if the poor persisted, then the Nairobi ministerial would have collapsed, as at Cancun in 2003.

<u>Times have changed</u>

The Cancun ministerial collapsed when the Africa group walked out of the green room on Singapore issues: investment, competition, transparency in government procurement and trade facilitation.

Farm subsidies still remain on the WTO's agenda but the Nairobi ministerial is ambiguous on this, and one wonders whether they will be addressed at all.

Of the four Singapore issues, trade facilitation was retained and wrapped up at the Bali ministerial in 2013. The other three issues, along with a few others, will now be resurrected in Geneva.

This is a fallout of the Nairobi ministerial with the caveat that all members have to agree. My guess is that the rich will push it through a plurilateral approach — seeking a negotiating agenda with willing members.

By the way, these issues are already covered in the mega regionals, such as the Trans-Pacific Partnership (TPP), which were orchestrated by the US and cover a majority of global trade. We are also engaged in these issues in the RTAs that we are negotiating.

Since 2001, things have changed hugely. We are successfully wooing foreign investment and also investing abroad, so why fear an investment treaty? In fact, it may help us, and is better than negotiating several bilateral treaties.

We also have a good competition law regime in our country. We have joined the WTO's plurilateral Government Procurement Agreement (GPA) as an observer, with the intent to join it. This will enable our firms to bid in public procurement contracts abroad; they cannot do so because we are not party to the GPA.

Foreign suppliers are already bidding and securing contracts in India. We are strongly promoting procurement from abroad coupled with or without investment in the sensitive defence sector, so where's the fear? GPA members maintain negotiated carve outs, which we will also be able to do. Our own public procurement law is on the anvil.

Negotiating the right way

Therefore, at the international level, India should engage in such deals when they are foisted on the agenda. Crucially, joining them at the inception will allow us to influence the negotiations.

It will also send a signal that India, in spite of the Nairobi outcomes, is a serious international economic player with ambitions to become one of the largest economies in the world sooner than later. In the words of Arun Jaitley, in a signed article: "Achieving inclusive growth will provide the basis for India to engage internationally. The year 2015 ended with two major efforts at international/multilateral cooperation: the COP (Conference of Parties) 21 climate change conference in Paris and the World Trade Organisation (WTO) negotiations to conclude the Doha Development Agenda in Nairobi. India was a constructive player in both efforts, not least because we had so much at stake."

At the domestic level, we need to do a stocktaking of our strengths and weaknesses sector by sector and arrive at a sound strategy. Simultaneously, we need to study the TPP chapter by chapter to see how they sit with the proposed Regional Comprehensive Economic Partnership (RCEP) agreement of which India and China are members. A news report says that India and China will do the study together. Seven countries are common to RCEP and TPP, so willy-nilly, the standards of TPP will creep into the RCEP, gradually.

Many angles

India's future agenda on trade and competitiveness should be guided by a multipronged strategy. First, we should raise our level of ambitions while negotiating trade and investment deals.

Various studies have shown that trade liberalisation helps the economy to grow. Other than swiftly concluding the negotiations with the EU, the European Free Trade Association (EFTA) and Australia, and at a level of comfort to both parties, we should emphasise swift conclusion of RCEP.

Unless, we close this deal quickly, some critical members of RCEP will get attracted to TPP and the geo-economic importance of RCEP will diminish. Given its rising clout, China may too join TPP. If that happens, then US will find it easy to attract other Eastern and South East Asian countries to join up, thus leaving India out in the wilderness.

We need to speed up our efforts in reducing the costs of doing business through a carrot and stick approach. Our subsidy system in industry and agriculture which can be impugned at the WTO needs to be reformed.

We have launched direct benefit transfers in many of our welfare schemes and should do the same in our production systems.

Then we need to send signals across all branches of the government at Centre and States so that we can harness ourselves to deal with the international agenda in a 'whole of government' approach, and in all trade deals.

In conclusion, our international trade policy cannot be defensive, but needs to be proactive.

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Think again, at WTO

K M Chandrasekhar, Indian Express

Pune, January 15, 2016: There has been much discussion in Parliament and in the media on the outcome of the Nairobi ministerial conference of the World Trade Organisation. Going by the statements in Parliament and before the media, the Indian commerce minister seemed satisfied with the outcome. Yet a number of experts, writing on the conference, have expressed disappointment at the outcome.

I am aware that only those directly involved in the negotiations would be in a position to properly evaluate the success of the conference. I recall that the Indian delegation at the Singapore ministerial conference waged an arduous and lonely battle against the inclusion of the so-called "Singapore issues" (trade and investment, trade and competition policy, government procurement and trade facilitation) in the WTO agenda. For several hours, the Indian delegation held firm until at last reasonably satisfactory language was found.

The Indian delegation, which I was part of as joint secretary in the commerce ministry, considered this a satisfactory solution, but there were angry reactions, including the adjournment of Parliament, back home. At Doha, in 2004, Murasoli Maran, then commerce minister, fought relentlessly despite poor health to keep out the Singapore issues and for a greater development focus to the work programme to be initiated at the conference. The ministerial declaration at the end of the conference again represented a compromise, which left enough room for negotiators to continue discussion. Again, this could be viewed as a victory or as a defeat.

The fact remains, however, that after the Doha meeting, Indian negotiators, led by Arun Jaitley (and, earlier, Arun Shourie), chipped away at the language of the Doha declaration, played a proactive role in the discussions that followed and, at the ministerial conference in Cancun, got three of the Singapore issues out of the WTO agenda, leaving only trade facilitation (in which India, too, had a strong, positive interest). The omission of these issues was, however, not reflected in the ministerial statement at the end of the conference.

My point is that the language of the statements that come out after the conference does not often reflect the cut and thrust of actual negotiations. The Nairobi ministerial declaration, therefore, represents a compromise. From the words of the declaration, there is little to show as progress. It reiterates decisions already taken at Bali on public stockholding for food security and at Hong Kong on special safeguard measures for developing countries in agriculture. The only forward movement, as I can see, is that these issues will now be discussed in special sessions of the committee on agriculture.

The most conspicuous feature of the Nairobi declaration seems to be the implicit recognition of the fact that many countries have begun to lose interest in the Doha work programme. The usual strong affirmation of commitment to the work programme, expressed even as late as 2013 at Bali, is muted in the Nairobi ministerial declaration. In Paragraph 30 of the declaration, it is stated that many members reaffirm the Doha agenda while others do not, "as they believe new approaches are necessary to achieve meaningful outcomes". This is further reiterated in Paragraph 34 which says, "While we concur that officials should prioritise work where results have not yet been achieved, some wish to identify and discuss other issues for negotiation; others do not." Of course, introduction of other issues will be subject to the agreement of all members.

It would appear that the negotiations hereafter will not be confined to the broad framework of the Doha work programme as it has evolved over the last decade and a half. New issues will be put on the table and issues that have been discussed and eliminated or modified in negotiations after the Doha meeting may reappear on the table. The long-drawn-out Doha negotiations, yet to see significant results in key areas, and the proliferation of bilateral and regional trading arrangements have led to declining interest in the WTO work.

The present situation gives India a unique opportunity to sit back and reflect on where we stand. There is a great difference between the India of 2001, when the Doha ministerial declaration was issued, and the India of 2016. We have evolved and progressed in various sectors and our interests have also changed. In respect of trade and investment, for example, we have opened the doors wide to foreign direct investment. Our business enterprises have also invested heavily abroad. Likewise, we have a strong competition law in place and have constituted a robust competition commission. Our share of global trade has also significantly grown. We would like other countries to open their markets to our products; in fact, in this context, we have serious concerns regarding non-tariff barriers.

It would also be in our interest to move the services negotiations forward, while our interests in the agricultural sector will remain defensive in the foreseeable future. Thus, this is the time to rethink our negotiating positions, discover new bargaining chips and forge new alliances based on our present interests, as earlier groupings seem to have broken down in some cases. A proactive role, in keeping with our present political and economic stance, would serve our interests better.

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The many must resist the some

R.V. Anuradha, The Hindu

January 5, 2016: The World Trade Organisation's (WTO) press release after the Nairobi Ministerial Conference in mid-December said, "WTO members secured a historic Nairobi

Package for Africa and the world". Those seemingly optimistic words, however, belie several fundamental challenges that the Nairobi Ministerial Declaration presents for the future of the WTO. Buried in the last few paragraphs of the declaration is a recording of differences between WTO members over how the future negotiations will be conducted. It notes that while many WTO members reaffirm the Doha Development Agenda (DDA), not all members share this view.

A cardinal principle for WTO negotiations is consensus. The WTO works on the principle of one vote for each member country, irrespective of size or economic power. This principle worked well in theory in a world where a few economically strong powers could continue to hold the reins of decision-making, but has been running into increasing complexities in a multipolar WTO with a membership of over 160 countries, and a U.S. and European Union whose economic clout have been diminishing.

The Doha precedent

To add to the complexities of the increasingly complex WTO was the fairly egalitarian mandate that the DDA presented. The Doha Development Round, launched in 2001, set for itself the challenge of a "single undertaking" comprising several elements including agriculture, non-agricultural market access, services, intellectual property, trade facilitation, trade and environment, and trade and development. Virtually every item was envisaged as a whole and indivisible package which could not be agreed upon separately. The underlying principle for this was the need for a balanced outcome in all streams of negotiations.

The slow progress at the WTO has been accompanied by the growth of mega-regional trade agreements — the recently concluded Trans-Pacific Partnership (TPP) formed among 12 countries, and two under negotiation: the Regional Cooperation for Economic Partnership (RCEP) formed among the 10 ASEAN countries and India, China, Japan, South Korea, Australia and New Zealand, and the Transatlantic Trade and Investment Partnership (TTIP) between the U.S. and the E.U. These mega-regionals need to also be seen in the context of increasing bilateral free-trade agreements (which have increased from around 124 such agreements in 1994 to over

600 agreements in 2015). A significant amount of India's own negotiating capital and focus has been on the mega-regional RCEP agreement, and on bilateral free-trade agreements; but neither approach is a substitute for the WTO and its strong edifice of a multilateral system of rules, backed by an effective dispute-settlement mechanism.

Agreeing to disagree

It is in this context that the Nairobi Ministerial Declaration's admission of dissonance in the WTO membership on the 'Doha mandate' assumes greater significance. This dissonance is presented in the text of the declaration which records what "many Members" versus "some Members" want. While "many" reaffirm the Doha mandate, the others do not. While "many Members want to carry out the work on the basis of the Doha structure", "some want to explore new architectures". And finally, while "some wish to identify and discuss other issues for negotiation" (a reference to issues other than those under the Doha mandate), "others do not".

For the first time in a Ministerial Declaration adopted by consensus, there is reference to a consensual acknowledgement of divergence of views, which underlies the slow progress of the Doha round. While there is no identification in the declaration, the developing countries, including India, clearly belong to the "many" category, while "some" includes the U.S., the E.U., and other developed countries. The use of the word "many" could perhaps be seen as an implicit recording of a majority view in favour of the Doha mandate. A glimmer of hope, however, remains — that the views of the majority could potentially be tapped for driving at a logical and hopeful conclusion of the Doha mandate.

However disappointing the Nairobi outcome may be, it is in essence a recording of a factual reality of the differences between countries, and the strong pressure of the developed world to manoeuvre the WTO in a direction that best suits its interests. The only option for India is to forge ahead with a high degree of preparedness and focus on areas of its interests, coalition-building with like-minded countries, and translating what "many" want into actual results. The Doha round had resulted in several decisions and declarations which continue to remain legally valid decisions of WTO members and need to be honoured in taking forward the negotiations.

The Nairobi Declaration in fact refers to the recently concluded United Nation's 2030 Sustainable Development Goals (SDGs). One of the SDGs is that of promoting an equitable multilateral trading system under the WTO "through the conclusion of negotiations under its Doha Development Agenda". This can again be seen as an implicit referencing of the DDA and its importance.

Furthermore, the Nairobi Decisions on special safeguard mechanism for developing country members and on public stockholding for food security purposes clearly make reference to post-Doha decisions (the Hong Kong Ministerial Decision and the Bali Decision) as the basis for further negotiations. It is important to build on each of these to reach clear, successful and speedy outcomes.

On other Doha issues, it is important to clearly map what India wants, and how that may be achieved — for example, in services negotiations.

Of equal importance is the need to prepare for the new issues, approaches and architecture that "some" WTO members have expressed their desire for in the Nairobi Declaration. The recently concluded TPP agreement perhaps provides a clear glimpse of what these new issues are likely to be — environment, labour, investment, competition, government procurement, and so on. How to engage on these issues, and identify the red and green lights for negotiations, is the next challenge that India needs to be prepared for.

The WTO remains an institution that is worth preserving. India needs to approach it from a position of strength, with clearly defined agendas, and with preparedness for the new challenges it presents.

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India to counter 'new-issues' at WTO talks

Arun S,The Hindu

New Delhi, January 7, 2016: The government is firming up a strategy to prevent 'attempts' by rich nations to introduce 'new pro-corporate issues' such as global value chains, digital economy, labour and climate-related trade into the World Trade Organisation (WTO) deliberations and negotiations on mega free trade agreements, officials say.

When the Doha Round negotiations (for a global agreement to lower trade barriers) resume at the WTO headquarters in Geneva, India will make it clear that discussions on any 'new issue' can take place only after resolving all the outstanding matters related to the Doha Round talks, official sources told

The development came after India had opposed the declaration brought out after the WTO's ministerial conference (its highest decision making body) in Nairobi last month as it did not include measures primarily meant for improving trade prospects of developing and poor nations.

The outstanding issues include an effective 'Special Safeguard Mechanism' (or a tool to help developing countries protect the interests of their poor farmers by temporarily increasing duties to counter farm import increase and price fall) and a permanent solution for the issue of public stockholding for food security purposes.

Two criteria

India will state at the WTO that any country pitching for the introduction the 'new issues' will first have to ensure that they meet two criteria.

One is to establish the relevance of these issues in the context of trade and the other to ensure that there is a consensus among all 162 WTO member countries in taking up such an agenda.

Simultaneously, India will strengthen the alliance of developing and poor countries to put an end to the attempts to introduce 'new issues' into the WTO talks at this stage, sources said.

These ‘new issues’ that the developed world is keen to introduce into the WTO’s Doha Round talks include global value chains, e-commerce, labour, climate-related trade (such as environmental services and goods), competition policies, investment pacts, government procurement and state-owned enterprises, on all of which the rich nations have superior standards or rules than the developing and poor countries.

The developing nations feel these standards or rules might therefore become non-tariff barriers, hurting their exports to rich nations while the latter will be able to indirectly open up the developing markets through an agenda that includes 'new issues'.

In the Regional Comprehensive Economic Partnership (RCEP) talks too, India will state that the focus should be on expeditiously concluding discussions on the goods, services and investment chapters of the pact.

Pointing out to the presence of some rich countries in the RCEP grouping — which are also a part of the U.S.-led Trans Pacific Partnership (another similar mega free trade pact) that has higher standards than the RCEP, the sources said India will oppose their attempts to bring in any “non-trade and WTO-plus” issues such as labour and environment into the RCEP.

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India Reposes Faith in WTO, Sees No Threat from Regional Pacts

Kirtika Suneja, Economic Times

Visakhapatnam, January 12, 2016: India has reposed its faith in the multilateral trading system of the World Trade Organization, dismissing any threats from the regional trading arrangements such as the TransPacific Partnership (TPP). Commerce minister Nirmala Sitharaman on Monday said that India is fully committed to the WTO. Shishir Priyadarshi, director at the WTO, on his part said that the debate over multilateralism versus regionalism is no more relevant as in the current scenario both are going to stay.

Conclusion of the TPP, which has brought common and higher standards for nearly 40% of the world economy, has made India cautious of losing market share in the US to countries such as Vietnam. There are also apprehensions over issues related to labour, environment and investment protection gradually creeping into the WTO. India's concerns have increased because seven countries in TPP are also negotiating with it under the Regional Comprehensive Economic Partnership agreement.

"We strongly believe in multilateralism and that is why we are fully committed to WTO. It is also sometimes a bit of a challenge that issues don't move fast enough, that countries don't feel confident that any agenda can get within a time period, to its logical conclusion. This is one of the arguments held against Doha developmental agenda which was brought in nearly 15 years ago," Sitharaman said at the CII Partnership Summit. The minister's comments came almost a month after the 162-member WTO failed to reaffirm the Doha Development Agenda, India's main demand. This has led to a "lot of frustration" among emerging countries and LDCs (least developed countries) which are "saying why are issues of importance for developing countries not moving fast enough," she said. Priyadarshi said at the same event that the challenge is to make the scenario of multilateralism and regionalism a win-win situation for the large group of countries including small economies and LDCs.

The minister questioned the basic premise of the 12-member TPP and asked which region it does justice to as it has countries from across the world. "Is it really regional trade agreement or are group of countries picking and choosing a basket of countries saying we are having an agreement with them?" said Sitharaman.

To counter this, she said India will form special purpose vehicles to help domestic companies set up facilities in Cambodia, Laos, Myanmar and Vietnam (CLMV) to cushion India from the impacts of regional trade agreements.

Allaying industry's fears that India might get isolated in the TPP, she said that no country has ratified it as yet and many have been given 20 long years to adjust to the core principles of the agreement.

"India is not being kept out and the nature of what is happening in some of the agreements like TPP is much less about trade and much more about other things. There is nothing for us to worry," she said.

FREE TRADE AGREEMENTS

At a time when the government is in talks to have free trade agreements (FTA) with the European Union, Australia and Canada, Sitharaman said there is a need to review the pacts signed during the term of the previous government.

"We have signed trade agreements with some of the South Asian countries before this regime. Industry has been voicing their concerns about FTAs which have been signed much before this regime came in. We need to review them. We need to renegotiate them," the minister said.

Sitharaman said this is the case as many Indian manufacturers think FTAs have an adverse impact on them. The government is trying to bring back "core business that has left India," she said referring to concerns raised on trade pacts with Japan and Korea.

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RCEP talks: India formulating requests for improved market access

Amiti Sen, The Hindu Business Line

New Delhi, January 14, 2016: New Delhi is comparing market access offers made by member countries of the proposed Regional Comprehensive Economic Partnership (RCEP) — including the 10member ASEAN and China — with India's industry demands in order to frame requests that could result in improved offers from the partner countries.

"This is a crucial phase of the negotiations as seemingly generous offers made by countries could be meaningless if they don't result in access in areas of importance to a particular country. In our requests to various countries, we will seek market access in sectors that hold potential based on submissions made by our industry," a government official told Business Line.

For instance, New Delhi may want China to improve its offers for items such as engineering goods, pharmaceuticals, optical and medical equipment, rice, marine and dairy products, while for members of the ASEAN- bloc the emphasis would be on items such as gems and jewellery, vehicles and auto- components, organic chemicals and textiles and accessories, the official explained.

Other members of RCEP include Japan, South Korea, New Zealand and Australia.

The negotiations for RCEP — which once concluded could result in the largest trading bloc in the world with a combined GDP of $ 21 trillion — is taking place in the request- offer mode where members offer market access to other members based on an initial commitment each has taken on over- all liberalisation of items. Other members submit requests for its improvement and the process goes on till a satisfactory agreement is reached.

Stock- taking exercise

The next round of RCEP talks has been scheduled in Brunei from February 15 to 19 and would focus on the offers and requests made by the 16 countries with the aim to wrap up the negotiations after the ASEAN ministerial meet in September, the official said. A stock- taking of the request and offers in the services and investment sector, too, will be carried out in Brunei.

India and China have agreed to remove duties on 42.5 per cent of items for each other. The ASEAN bloc, Japan, South Korea and Australia have decided to eliminate duties on 80 per cent of items for India while New Zealand has agreed to do so for 61.5 per cent of items.

"We have to be careful while framing our requests because if we become too ambitious vis- à-vis particular members, we can't complain if they too have high expectations of us. So, a balance has to be maintained," the official said.

It is important for India to negotiate a successful agreement with RCEP members to counter the ambitious US- led Trans- Pacific Partnership (TPP) agreement involving 12 Pacific Rim which includes six members from the RCEP. The TPP has been finalised but is yet to be ratified by the member countries.

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India Set to Push for Liberalisation of Services Trade at WTO Geneva Talks

Kirtika Suneja, Economic Times

New Delhi, January 8, 2016: Reinstating its stand of continuing with the Doha Development Agenda, India will push for liberalising services trade at the World Trade Organization talks in Geneva.

Though services negotiations are part of the Doha Round under the General Agreement on Trade in Services, not much has happened in these negotiations since 2011. Besides, 23 countries of the

WTO are separately negotiating the Trade in Services Agreement (TISA), which aims at opening up markets and improving rules in areas such as licensing, financial services, telecom, ecommerce, maritime transport and professionals moving abroad temporarily to provide services. Many of these areas lie outside the WTO's ambit. India wants these to be brought back into the body's mandate.

"We would also like to see greater issues looking at liberalisation of services and facilitation for those such as Mode 4 services. Apart from Mode 4, we would also like to see market access being discussed in the WTO because that has gone into TISA discussions," said a commerce department official. Mode 4 refers to the movement of natural persons.

Of the four pillars of services negotiations—market access, domestic regulation, emergency safeguard measures and special treatment for least developed countries—only the last has been discussed at length at WTO.

"An outcome on services will balance the round for India because that is an area of strength for us and we have accepted many WTO decisions, which mostly favour the developed countries," said an expert privy trade to the development.

India wants to push for the Doha Round because the declaration of the recently concluded ministerial in Nairobi clearly stated a crack in the member countries' intent to reaffirm it, much to India's disappointment. The Doha Round was launched in 2001 to open up markets in agriculture and industrial goods and services but has not delivered as per the expectations, making developed countries push for expansion of the WTO mandate by including newer issues.

While India has vehemently opposed the inclusion of new issues in the WTO mandate, the Nairobi declaration has made an opening for these subjects to the consensus of all members.

Experts fear that issues such as investment and government procurement, which developed countries have been trying to push for quite some time, maybe the first ones to be hurled at the developing countries. “Investment and government procurement are the two immediate targets, which we have always opposed. Developed countries want the exception given to developing countries in government procurement withdrawn. The exception allows a country to favour its domestic suppliers for government procurement,” said an expert.

“If they bring in new issues and ours are not supported then we will have to block other issues,” the commerce department official said.

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Dragon’s fire may singe Indian industry

Arun S, The Hindu

January 9, 2016: A decline in the value of China’s currency against the dollar is a worrying development as it may lead to a sharp increase in cheap imports hurting several Indian industries, Commerce and Industry Minister Nirmala Sitharaman said.

There are reports of excess capacity in China, especially in sectors such as steel, leading to alleged instances of dumping of such products in several countries, including India, at rates below those in China or even lower than the production cost, says Nirmala Sitharaman. Commerce Secretary Rita Teaotia (right) is also seen.

The depreciation of the yuan may expand the country’s trade deficit, she said.

“There is the issue of excess capacity in China leading to dumping and the apprehension that products will become even cheaper due to the currency devaluation because of what has happened now is the third major devaluation. There is also the fear that subsidised imports are coming in. These are worrying developments. India’s trade deficit with China will grow even more," Ms. Sitharaman told reporters after the first meeting of the Council for Trade and Development.

India's merchandise trade deficit with China had ballooned from a minuscule $1.1 billion in 2003-04 to a whopping $48.5 billion in 2014-15 or over four times India's exports to China ($11.9 billion) in FY'15. During April-September this fiscal, imports from China already touched $31.6 billion while India's exports to that country were only $4.5 billion, leaving a trade deficit of $27.1 billion.

However, cumulative FDI inflows from China into India during April 2000-September 2015 were only $1.2 billion (or just 0.47 per cent of the total $265 billion worth overall FDI inflows into India in those 15 years), much less than the actual potential.

There are reports of excess capacity in China, especially in sectors such as steel, leading to alleged instances of dumping of such products in several countries, including India, at rates below those in China or even lower than the production cost, Ms. Sitharaman said.

The commerce ministry would soon hold meetings with the Chief Economic Advisor Arvind Subramanian and the NITI Aayog Vice-Chairman Arvind Panagariya on the developments, she said.

The government is considering proposals to protect domestic steel manufacturers from cheap steel imports mainly from China, the minister said

A tariff line-wise detailed assessment was being done on the steel sector to find out the subsegments that are affected the most and need protection in terms of anti-dumping duty, countervailing duties (or antisubsidy duties) and minimum import price, she said. "We will not rush into any decision. The Commerce Ministry is in consultations with the Finance and Steel Ministries. We are looking at item by item to see which all segments are hurt due to the surge in cheap imports," the minister said.

As a result of the plunge in value of the Chinese currency, stock markets across the world, including in India, tumbled. Asked whether there was a need to let the rupee fall further to make exports more competitive, Ms. Sitharaman said though such a move may be good for exports, there are views against it too.

More China investments

To offset the impact of trade deficit, India had sought more investments from China especially in mega industrial parks (in States such as Gujarat and Maharashtra) so that products including electronic items, power equipment, footwear, industrial machinery, active pharmaceutical ingredients and apparel in addition to several value-added products can be manufactured in those parks and then shipped to China and other overseas markets. That way, India could increase its exports and simultaneously reduce the trade deficit with China. But, huge Chinese investments are yet to happen.

In November, Ms. Sitharaman, during a meeting of the Parliamentary Consultative Committee (attached to the Ministry of Commerce & Industry), had voiced concern over China “making efforts to stall” India’s shipments to that country.

China, is continuing to stall India’s exports using non-tariff barriers such as phytosanitary stipulations and standardisation measures. This is despite India laying emphasis on sectors such as IT/ITeS, pharma, textiles, gems and jewellery, fruits and vegetables and meat to increase the country's exports, she said.

India had taken up with China, during bilateral meetings and also at the sidelines of important meetings such as the G-20, the issue of the widening trade deficit but the Chinese government only accepted India’s concerns but had not taken action on them, Ms. Sitharaman said.

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Falling exports: Centre-states meet on Jan 7 to discuss FTAs, worries over taxation

Shruti Srivastava, Indian Express

New Delhi, January 5, 2016: Worried over exports continuing to fall for the 12th straight month in November, the centre is meeting states later this week to urge them to resolve issues on taxation front with regards to export including delay in refund of value added tax and sensitise them about the opportunities presented by the free trade agreements that India has signed with various countries to help exporters take benefit.

The Council for Trade Development and Promotion, chaired by Union Commerce and Industry minister and comprising states' ministers of commerce and central government secretaries, will meet on January 7 to review the trade scenario. This will be the first meeting of the council since it was formed in July 2015. Exports slid 24.43 per cent in November to $20.01 billion, reaching $243.68 billion in the 11 months of 2015 as against $323.2 billion for the entire 2014.

"The Centre wants to involve states in promoting exports. The meeting will specifically look at making states aware about the opportunities available due to free trade agreements that India has entered into. Further, the issue of states charging tax on exports in form of electricity duty and octroi and not rebating these taxes will also be taken up. These add to cost of export. Exporters have also been raising the matter of delay in getting VAT refund. It will also be raised," an official source told The Indian Express. The official said that the states take a lot of time to process refunds while the infrastructure related to exports also needs to be revamped in many states.

"The connectivity like road to port is not so good in many states. We have zeroed in on those states. Also, it would be beneficial for exporters if states start electronic data interchange. This will improve ease of doing business," the official added. Among other issues, power supply, law and order and overall governance in states will be taken up.

In the Foreign Trade Policy 2015-20 statement, the department of commerce had said states would be urged to play a significant role in promoting exports and rationalising non-essential imports.

Apart from setting up Trade Facilitation Council with representations from states and Union territories to mainstream them in the process of international trade and assist them with their infrastructural needs, the Centre had also said that states would be encouraged to formulate their own state trade policy.

So far, 26 states have appointed export commissioners while around 15 states have attempted formulating a trade policy. During the meeting, all industry bodies including federation of Indian export organisations (Fieo), CII, Ficci and Assocham will also be present along with representatives from NITI Aayog.

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Canada-India free trade agreement talks delayed

Arun S, The Hindu

New Delhi, January 14, 2015: The negotiations on the Canada-India free trade agreement (FTA), which began in November 2010, have been put on the back burner due to several sticking points, official sources privy to the development told

Canada, the sources said, had pulled back its team that was negotiating India on the FTA — officially called the Comprehensive Economic Partnership Agreement — and asked them instead to focus on completing the ratification process of the TransPacific Partnership (the U.S.led mega regional FTA between 12 Pacific rim nations, including Canada). India is not a part of the TPP.

Simultaneously, Canada — citing demands from investors, especially from the financial services sector, for protection of their rights — wanted India to first ensure that the bilateral Foreign Investment

Promotion and Protection Agreement (FIPA) is signed and brought into force, before proceeding with the FTA talks. The FTA includes chapters on opening up merchandise goods and services trade between both the countries. The investment aspects are covered separately by the FIPA. The sources also said there are major differences between both the sides regarding the FTA though nine rounds of negotiations have been held including the last one in March 2015. The FTA is meant to help Canadian companies get greater access to India's huge market comprising over 1.25 billion people and Indian firms obtain more access to the lucrative North American market by using Canada as a hub.

The High Commission of Canada did not respond to specific questions from

on the reasons for the delay in signing the FIPA and in concluding the FTA talks but only said: "Canada's new government is focusing on expanding trade with large fastgrowing markets, including India… Canada's new government looks forward to engaging India on key economic and other issues that will enhance our mutual prosperity."

Differences on FIPA

In June 2007, India and Canada had said they concluded the FIPA talks. However, the FIPA is yet to be ratified and made operational, the sources said. Later, India had decided against signing new Bilateral Investment Treaties (BIT) till a model BIT text was in place. Though India had recently brought out a model BIT text, the matter is yet to be taken forward with Canada. However, the sources said since the Indian government had decided to accord sanctity to all the BIT negotiations that went on till the freeze on signing new BITs, such a window could help in expediting the signing of the Canada-India FIPA.

It is learnt that Canada has differences with India regarding clauses in the proposed FIPA including on the Investor-State Dispute Settlement (ISDS) mechanism.

In case of any dispute, India wants investors to exhaust the domestic remedies before approaching international tribunals. But Canada is worried about judicial delays in India and wants flexibility to help investors approach international tribunals at the earliest. Also, Canada wants India to ensure protection of investment commitments made based on existing policies in case any roll-back / changes in those policies later hurt those investment plans.

India has not agreed to Canada's demands on these issues fearing that they will lead to the government losing policy space.

The unresolved issues in the FTA include clauses proposed by Canada namely "MFN-forward" and "ratchet". 'MFN-forward' is to ensure that future concessions — accorded by India to any other trading partner country under a bilateral pact — are extended automatically to Canada as well and vice-versa. India has opposed "MFNforward" saying each FTA is inked on the basis of a unique relationship with the partner country and automatically extending all such benefits to Canada will lead to imbalances and conflicts.

'Ratchet' is to make sure that the benefits arising from future liberalisation of India's domestic policies are automatically extended to Canada, and vice-versa. India is against 'ratchet' as "it will result in a loss of policy space for the government." India has also opposed Canada's attempts to include labour and environment standards as well as competition and government procurement in the FTA.

India-Canada trade in 201415 was just $6 billion (with India's exports at $2.2 billion and imports from Canada worth $3.8 billion), much below potential.

FDI inflows from Canada to India during April 2000-September 2015 were only $586 million (or 0.22 per cent of the $265 billion in total FDI India received in those 15 years).

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Nirmala Sitharaman: Govt open to revisiting FTAs

Business Standard

New Delhi, January 12, 2015: The government is open to reviewing and renegotiating existing free trade agreements (FTAs) India has signed with different countries, Union minister of state for Commerce and Industry Nirmala Sitharaman said on Monday.

Addressing stakeholders at the Confederation of Indian Industry's 22nd Partnership Summit at Vishakhapatnam, Sitharaman said there were both "pluses and minuses" in such pacts and the government would take into account the complaints of domestic industry regarding these.

She also allayed industry fears over adverse impacts on trade and investment as a result of the formation of mega trade agreements like the TPP (Trans-Pacific Partnership Agreement).

Industry has been voicing concerns about FTAs, which the minister said involved a lot of issues worth reviewing.

While she accepted there was a need to renegotiate such FTAs, she stressed that these were signed before the current government came to power.

India has FTAs with a dozen countries such as Japan, South Korea and the Asean bloc.

On the TPP trade agreement, which includes twelve Pacific Rim countries, Sitharaman said "necessary steps to boost India's trade and investment have been taken in the wake of emerging new trade architecture". CII President-Designate Naushad Forbes called for adopting a more inclusive approach in regional trading arrangements, particularly for mega-FTAs.

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FTA with EU: India to take up ‘stock-taking exercise’

Banikinkar Pattanayak, The Financial Express,

New Delhi, January 11, 2016: India will undertake a “stock-taking exercise” for a free trade agreement with the EU later this month, after a gap of three years, and pitch for greater marketaccessinservicesonce the stage is set for further negotiations, a senior commerce ministry official said.

Before engaging in serious formal talks on the EU-India Bilateral Trade and Investment Agreement (BTIA), a “stock-taking exercise” will be undertaken, as some contours of the earlier negotiations have to be altered, keeping in view the changes that have taken place since the talks were stuck in 2013, Arvind Mehta, additional secretary in the commerce ministry, told FE.

For instance, India has further liberalised many sectors for foreign investments, including some of the areas where the EU had interests, over the past three years. For instance, the FDI cap in insurance has been raised to 49% from 26% and 100% FDI is allowed in telecoms. In private sector banking, full fungibility of foreign investment is now permitted and accordingly FIIs/FPIs/QFIs can now invest up to a sectoral limit of 74%, with certain conditions.

While India feels the flexibilities shown by it in further opening up to foreign investments should be considered positively by the EU, it also expects some reciprocal measures by the 28-member bloc to address its concerns, especially on data privacy and market access in the services sector. However, there will be no binding commitments until India’s core concerns are addressed suitably, Mehta said. The BTIA negotiations cover boosting goods and services trade as well as investment.

India seeks a data secure status because the high compliance cost with EU’s data protection laws will hit small and medium enterprises (SMEs) of India and make them un-competitive.

Mehta said India will be betting for a trade facilitation agreement (TFA)in services at the World Trade Organisation — similar to the TFA in goods — that would focus on liberalised visa regime, long term visas for business community and freer movement of professionals for the greater benefit of both India and the world. India will pursue it vigorously in negotiations for the BTIA as well as Regional Comprehensive Economic Partnership. RCEP is a proposed FTA between the Asean members and the six states with which it has forged FTAs, including India.

India is keen on services, as they account for over a half of its GDP. The EU is India’s largest trade partner, accounting for close to 15% of trade in both goods and services. It is a major market for Indian textiles, garments, pharmaceuticals, gems and jewellery and IT. The EU is also the largest source of FDI inflows to India, accounting for over one-fourth of the total. However, India ranks only ninth among the EU's top trade partners, making up for just about 2% of its total merchandise goods in 2014.

BTIA talks were to be revived last year, but the EU's surprisebanon700productsof GVK shocked India, which then called off the negotiations. Prior to that, the negotiations centred around India's demand for

The EU is interested in further liberalisation of FDI in multi-brand retail and insurance, and closed sectors like accountancy and legal services. The underutilised private banking space in India is another draw. India's intellectual property regime (IPR), which is unlikely to allow evergreening of patents, remains a concern for European pharma majors. Moreover, the EU has been seeking a cut in the high import duties on assembled vehicles and wines and spirits. In case of assembled vehicles, the import duties remain in the range of 60-75%.

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Govt-industry tie-up can bring faster anti-dumping action

Kunal Bose, Business Standard

January 11, 2015: There is no point in complaining that the authorities in the US and European Union move faster than their counterparts in India in introducing anti-dumping duties on products that could harm domestic industries.

But, as commerce minister Nirmala Sitharaman says, ahead of any anti-dumping action research and inquiry on it take up to 18 months. Scrutiny leading to anti-dumping measures relates to establishing beyond challenge that the targeted exporting country was indulging in direct and unapparent subsidisation of products with the objective purpose of selling these abroad.

New Delhi admits in the intervening long period between the filing of an application by a domestic industry to the designated authority in the department of commerce and the levy of anti-dumping duty by the finance ministry that much injury could be caused to the industry constituents concerned. As experiences here and in other similarly placed countries will bear it out, it is beyond the capacity of the government alone to hasten the process of data and facts collection on the basis of which anti-dumping steps could be initiated.

How could, then, the injured industry get relief earlier? Sitharaman has said in a TV interview, "We want a system whereby we are able to do it (research and inquiry) faster." In this exercise, the industry should ideally partner the commerce ministry. Admitting the ministry is not equipped to "collect enough such data with which we can take decisions", she recommends "the industry and us will have to work much more methodically" on anti-dumping enquiry.

The sooner a meaningful partnership between the commerce ministry and the industry materialises, the better it will be for Indian steel which remains down in the dumps largely due to large imports deluging the local market and thereby hurting prices. No wonder, as the managing director of Tata Steel, T V Narendran points out steel prices in India are down 40 per cent in the past year and a half against global decline of 30 per cent. Hot-rolled steel prices here fell 26 per cent in the past 12 months alone. The villain of the piece in the eyes of every country from India to the US owning 'injured' steel industries with their losses mounting is China. There, a shrinking market and a big surplus capacity are forcing Chinese steelmakers to export aggressively at prices unarguably made possible by state subsidies.

A weaker renminbi trading at a four-year low following the country's central bank bringing its reference rate to the lowest level since 2011 is also aiding Chinese export. Globally, steel prices are also impacted by significant exports by other surplus countries such as South Korea, Japan and Russia. China alone had exported 101.7 million tonnes (mt) till November and when the December numbers are in, the total will exceed last year's exports of 93.78 mt by a long margin.

Investment banker Macquarie gives the grim warning that China's annual steel exports will remain in excess of 100 mt at least till the end of the decade. A cause for concern here is that the steel production fall in China remains less than the forecast demand shrinkage. The World Steel Association says Chinese steel demand in 2016 will fall by another two per cent to 672.2 mt on the back of 3.5 per cent contraction last year to 685 mt and 3.3 per cent in 2014 to 710.8 mt. But, the country's production shrank by only 2.2 per cent to 738.38 mt between January and November from a year earlier.

Now, Beijing is to charge export tax at a reduced rate on steel billet and pig iron.

What also is contributing to predatory export prices of steel by the world's biggest producer are economic slowdown in China and deceleration in global trade. Narendran believes India's steel demand benefiting from 'higher economic activity' will grow seven per cent in 2016.

But, the fear remains a portion of that incremental demand will be lost to imports. Unless of course suitable tariff and non-tariff barriers are put in place to staunch foreign origin steel flooding our market. Between April and November, Indian steel imports were up 34.4 per cent to 7.446 mt from a year earlier. Mercifully, justification of 'curbs' for a 'level-playing field' for local producers has come from steel secretary Aruna Sundararajan, who says minimum import price has to cover 45-50 per cent of steel coming from abroad.

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Jewellery exports may decline to six-year low

Dilip Kumar Jha, Business Standard

January 6, 2015: India’s jewellery exports are likely to decline 10 per cent in 2015-16 to a six-year low due to weak demand in the US and the European Union.

Jewellery exports declined 13 per cent in April-November 2015 to $21.45 billion from $24.70 billion in the corresponding period a year ago. With hardly any occasion left for fresh jewellery purchases in the West, chances of an export recovery are slim. Sentiment was upbeat in the US during the year-end season. The country consumes 38 per cent of the world’s jewellery production and the 45-day season ending in February contributes 40 per cent of annual sales in developed countries.

“A marginal recovery in exports cannot be ruled out. But, given that exports were 13 per cent lower in the first eight months, the financial year may end with a 10 per cent decline,” said Vipul Shah, managing director and chief executive officer, Asian Star, a city-based jewellery exporter.

Praveen Shankar Pandya, chairman of the Gems and Jewellery Export Promotion Council (GJEPC), had forecast a 25 per cent decline in exports this season. “But, the season has been much better,” he said.

Diamond De Beers, Alrosa and Rio Tinto have lowered their production targets for 2015. However, they are yet to announce actual cuts.

Indian importers of rough diamonds have cut purchases to reduce inventory. The GJEPC estimates India’s rough diamond imports to have declined 27.15 per cent to $8.65 billion during April-November 2015 from $11.87 billion in the corresponding period a year ago.

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Government to import 5,000 tonnes of tur

Business Standard

January 6, 2015: With pulses prices still ruling high on likely production concerns, the government has issued a tender to import 5,000 tonnes of pigeon peas (tur) to boost domestic supply from next month.

State-run MMTC has invited bids for supply of 5,000 tonnes of pigeon peas and the quantity of shipment can be increased depending on the price bids. Fearing pulses prices might flare up again in 2016 due to little improvement in domestic output as compared to 2015, the government has directed MMTC to import more pulses to improve domestic availability and check prices, which are still ruling high at around ~180 per kg. According to the tender document, MMTC has invited global bids for import of 5,000 tonnes of pigeon peas of the latest crop from Myanmar, Malawi, Mozambique or any other origin.

Both technical and price bids should be submitted by January 18 and the tenders will remain valid till January 22. MMTC said bids should be for a minimum quantity of 2,000 tonnes and the shipment should reach Jawaharlal Nehru Port Trust and Chennai port between February 7 and March 15. The trading firm had last year imported 5,000 tonnes of tur dal to check prices. It however did not get response for an import tender for urad.

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Govt removes export duty on iron ore pellet

Prabhudatta Mishra, Financial Chronical

New Delhi, January 6, 2015: The government on Tuesday removed the export duty on iron ore pellets to make the value added product competitive amid subdued demand and weakening prices.

“This will improve capacity utilisation of pellet plants and give necessary boost to the sector,” steel and mines minister Narendra Singh Tomar said. In 2014, a duty of 5 per cent was levied on export of iron ore pellets, the raw commodity for making steel.

Iron ore pellet makers as well as some miners had urged the government to remove the export duty on iron ore pellets as it would help in making the product more competitive. Since this is a raw material, made out of iron ore, the facilities in India will continue to operate if export opportunities are widened, they said.

India exported about 6.40 lakh tonnes of iron ore pellets during the first six months of the current fiscal as compared with a total of 7.58 lakh tonnes in entire 2014-15, according to official data.

China and Iran continue to be the major export destinations while demand from Malaysia and the UAE has boosted this year’s export prospect. Prices of steel and its related raw material have fallen due to subdued demand and high production.

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Jute product exports shrink due to high cost

Jayajit Dash, Business Standard

January 7, 2015: Rising prices of jute goods triggered by steep raw jute prices have shrunk the export market for domestic manufacturers. A squeeze in export orders could wipe out the profitability of the mills with major export orders.

Raw jute prices have touched an all-time high of ~53,000 a tonne, double the level of ~26,000 per tonne a year ago

Jute goods exports have logged almost flat growth from 2010-11 (0.19 million tonne) to 2013-14 (0.21 million tonne). However, jute goods exports declined sharply in 2014-15 to 0.15 million tonne, a fall of 27 per cent.

Raw jute prices have touched an all-time high of ~53,000 a tonne, double the level of ~26,000 per tonne in the year-ago period. This has escalated prices of jute goods as well. B T prices are now at ~74,000 a tonne whereas Hessian has moved beyond ~100,000 a tonne.

“Rising prices of jute goods have both a short-term and long-term impact on the export market. While exports may not be impacted in a big way in value terms, the decline would be felt in volume terms. We have already lost major export markets like Egypt and Syria. Also, there is no incentive from the government of India unlike Bangladesh which continues to incentivise jute exports,” Manish Poddar, chairman, Indian Jute Mills Association told Business Standard.

A report by Jute Commissioner Subrata Gupta says jute mills with substantial export orders have been adversely impacted as several had contracted orders with foreign buyers without expecting such huge jump in raw jute prices.

“While on the one hand, this could wipe out profit for these mills, on the other, the increase in prices of these goods could also shrink the demand from foreign buyers. Further, the sharp increase in price of some products such as jute felt and Hessian can also adversely impact the opening up of new markets, such as those for geo-textiles and jute composites. These developments do not augur well for the health of the jute sector in the long-term," the report adds.

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Steel imports fall for second month in Dec

Business Standard

January 13, 2015: Indian steel imports fell for a second month after the government imposed taxes and anti-dumping duties on some products to protect local mills from cheaper overseas supplies.

Inbound shipments dropped 1.4 per cent to 941,000 tonnes in December from a year ago, according to provisional data from the steel ministry. For the nine months through December, imports climbed 29 per cent to 8.39 million tonnes.

India plans to step up safeguards for its debt-laden steelmakers by imposing a minimum price on imports and studying loan restructuring, steel secretary Aruna Sundararajan said last month. China, world's biggest producer, is facing the slowest growth in a quarter century and its surfeit of steel is driving a surge in exports, forcing governments from India to the US to impose curbs to protect domestic mills.

India's latest measures include a 20 per cent import tax on hot-rolled coils for 200 days imposed in September, and anti- dumping duties on cold-rolled flat products of stainless steel for five years.

Steel output declined 1.4 per cent to 7.62 million tonnes in December from a year earlier, while consumption climbed 1.2 per cent to 6.93 million tonnes, according to the ministry. For the April-December period, production fell 1.4 percent to 68.04 million tonnes, while demand rose 4.7 per cent to 59.08 million tonnes.

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Fall in exports projected to be worst since 1952-53

Arun S,The Hindu

New Delhi, January 2, 2016: Merchandise exports this fiscal are projected to fall around (-) 16 per cent over the previous financial year, high-level sources in the government told The Hindu.

This will be the second worst export performance since independence, according to official data.

Only in 1952-53, exports had fared worse when it shrank (-) 18.7 per cent. In the 68 years since independence, the country's exports have been in the negative growth territory only on 14 other occasions.

Shipments during April-November this fiscal had shrunk (-) 18.46 per cent to $174.3 billion from $213.8 billion during the same period in 2014-15. So officials are expecting a minor recovery in the last four months of this financial year that will in turn help reduce the contraction to (-) 16 per cent for 2015-16.

In value terms, exports – with a (-) 16 per cent contraction — will end this fiscal at around $260 billion, the lowest since the shipments broke the $300 billion-mark for the first time — in 2011-12 with $305.96 billion.

"We should be ending up with at least 16 per cent less than last fiscal due to factors such as fall in commodity prices and currency devaluation by some countries," a senior official said.

Sonal Varma, India economist, Nomura, said the fall in exports is of concern as several employment-intensive sectors are export-oriented. "Since the demand for exports is down, going forward there will be increasing reliance on the domestic demand," she said.

Since FY’12, exports have stayed above the $300 billion-mark, though it had fallen by (-) 1.8 per cent in FY’13 to $300.4 billion, then recovering slightly with a 4.7% growth in 2013-14 to $314.4 billion only to contract in 2014-15 by (-) 1.23 per cent to $310.53 billion.

The best performance in terms of year-on-year growth has been in 2010-11 when exports grew 40.5 per cent to $251.13 billion. The other good years for export growth were 2004-05 (30.8 per cent), 1974-75 (30.1 per cent), 2007-08 (29 per cent) and 1973-74 (25.8 per cent), making the top five.

Federation of Indian Export Organisations (FIEO) – the exporters’ apex body — also estimates exports in 2015-16 to end up at around $260-265 billion as companies usually manage their inventories well during the year-end festival season and tend to push exports in the last quarter, said Ajay Sahai, Director General and CEO, FIEO.

However, he said in addition to factors including the weak demand overseas, the fall in commodity prices and the currency volatility, the exports sector was hurt by the delay on the part of the government to release the interest subvention amount as well as the high transaction costs.

Mr. Sahai said the country should target $325 billion in the next fiscal, a growth of 23-25 per cent if global factors help.

The government, meanwhile, is working on a slew of measures to prop up export-oriented firms including Special Economic Zones in the coming Union Budget. Separately, the Centre has called a meeting (likely on January eight) of all the State governments for the first time to expedite the notification of a separate foreign trade policy for each state and to push through infrastructure creation measures that can support exports.

Official sources said the government also wants the Reserve Bank of India to look into the currency volatility-related issues and take measures to help India’s exports as several countries –

some of them India's competitors and others its markets — had chosen to devalue their currency in the last one year, in turn impacting India's exports.

"The idea is to ensure that our exports are competitive and retain their market share, because once we lose markets it is tough to gain it back," a senior official said.

The Finance Ministry had, in its mid-year review of the economy, said: "… declining exports seem to be predominantly determined by a decline in world demand. Regardless of the causes, the effect has been a drag on growth."

"This drag has been about one percentage point even relative to last year," it added.

However, the Commerce Ministry – the nodal ministry for exports — in a statement said there is no crisis in India on the export front, adding that while there is a need for caution, there is no need for alarm or panic.

Noting that the main reasons for the fall in exports were decline in prices of raw materials used in petroleum exports (crude oil) and gems & jewellery exports (gold), the Ministry said decline in non-oil and non-gems and jewellery exports during April-November was 9.7% in dollar terms and only 3.7% in rupee terms.

"Excluding petroleum and gems & jewellery, India's exports have not declined significantly. When the export figure in rupees is compared with the average negative wholesale price index inflation rate of (-) 3.3%, the fall in exports in real terms is likely to be negligible in volume terms," it observed.

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India offers no duty cuts on steel to China, Australia under RCEP

The Financial Express,

New Delhi, January 1, 2016: India has not offered any duty cut on steel to China, Australia and New Zealand as part of the ongoing negotiations for the Regional Comprehensive Economic Partnership (RCEP) agreement.

To protect steel and other manufacturing sectors, the country has not come out with any duty reduction for these three countries, an official said.

"These issues among others will be discussed among RCEP members during the three-day meet in February in Brunei," the official added. As part of the talks, all member countries, including India, have shared their trade commitments with each other. The 11th round of talks for the proposed RCEP, an ambitious trade deal between 16 countries, is due to kick off in Brunei from February 17.

RCEP negotiations started in Phnom Penh in November 2012. The 16 countries account for over a quarter of the world's economy, estimated to be more than $75 trillion. For its part, India has promised to open its market the most for Asean countries — with which it has an FTA in place — and has offered to eliminate duties or tariffs on 80% of items for the 10-nation bloc. Similarly, for Japan and South Korea, it has offered to open up 65% of its product space.

India already has free trade agreements (FTAs) with Asean, Japan and South Korea. For Australia, New Zealand and China, New Delhi has proposed to eliminate duties on only 42.5% of products. As India does not have any kind of FTA with these three countries, its offer is less, the official explained.

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Engineering exports in doldrums: EEPC chief

The Hindu Business Line

January 2, 2016: Hit by the global economic slowdown and sharp depreciation of currency in competing countries, engineering exports from India has suffered its worst phase in recent years.

The primary iron and steel along with non- ferrous metals and products, which contribute the maximum to the engineering export basket, witnessed a real blood bath in the export market, leaving absolutely no pricing power with the producers.

Out of India’s top 25 engineering export destinations, shipments to 20 countries have fallen in the first eight months of this fiscal. Incidentally, these top 25 countries accounted for 73 per cent of total exports between April and November.

Exports to top destinations including the US, the UAE, the UK, China, Germany, South Africa and Singapore have slipped due to economic slowdown in these countries. Shipments to 221 countries have fallen 14 per cent to $ 40 billion ($ 47 billion) in eight months of this fiscal, despite eight per cent depreciation in rupee against dollar.

TS Bhasin, Chairman, EEPC (Engineering Export Promotion Council) India, said given the current pace of exports it is unlikely that engineering exports will reach the last year’s level of $ 70 billion.

“At best we may end up this fiscal with shipments about $ 60- 62 billion with a hope that things will change for the better in the next financial year,” he said.

The primary iron and steel along with non- ferrous metals and products, which contribute the maximum to the engineering export basket, witnessed a real blood bath in the export market, leaving absolutely no pricing power with the producers of suppliers, said Bhasin.

All non- ferrous metals and products barring tin and products made of tin witnessed deterioration in exports during November 2015 over the same period last year.

Railing the government on excessive protection given large scale steel firms by way of safeguard duty, Bhasin said the proposal to fix a minimum import price for steel, if cleared, will hit the last nail on exporters.

“All these measures are lopsided and overlook interest of the small and medium enterprises which are made to buy raw material at high costs losing competitive edge in the tough export market,” he said.

Overall merchandise exports have dipped consecutively for 12 months in a row. It was down 29 per cent in November. Between April and November, the country’s total merchandise exports were down 18 per cent at $ 174 billion ($ 213 billion).

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Textile exports hit by US legislation: FICCI

The Hindu Business Line

January 2, 2016: India’s textile exports are getting affected on account of the US legislation for federal procurement, which stipulates sourcing of raw materials from the designated countries or domestic suppliers, Ficci said on Friday.

The industry body submitted a representation in this regard to the Ministry of Textiles and Ministry of Commerce & Industry.

“Ficci has requested the Centre to take up the issue, either bilaterally or multilaterally, with the US government to resolve the issue amicably,” it stated.

Indian textile exporters have reported that buyers or companies based in the US, supplying to their government departments and agencies, have halted sourcing raw materials from countries like India, which are not part of the General Services Administration (GSA) Schedule Contract.

The GSA is responsible for supporting several federal agencies in the US with basic functions, including procurement services. Pursuant to the Buy American Act, the US federal acquisition process is based on preferential treatment of US- made products. Manufacturers are considered as US products if manufactured domestically and the cost of local components is more than 50 per cent of the overall cost of all components.

Under certain conditions however, the Buy American Act may be waived. The Trade Agreements Act of 1979 (TAA) gives the President authority to waive Buy American Act requirements for certain procurements.

So far it has been waived for eligible products in acquisitions covered by the WTO Government Procurement Agreement, some relevant free trade agreements (FTA), as well as for least-developed countries.

As per the TAA, all products listed on the GSA Schedule Contract be manufactured or "substantially transformed" in a "designated country".

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Indonesia signs MoU to import rice from India, Pakistan

The Hindu Business Line

January 12, 2016: Indonesia has signed a Memorandum of Understanding (MoU) to import rice from India and Pakistan, in order to reduce its dependence on Thailand and Vietnam for meeting its domestic demand.

“It’s just an MoU. We haven’t decided on the amount of rice to be imported,” Indonesia’s Trade Minister Thomas Lembong said on Monday at the launch of an investment permit programme at the investment coordinating board BKPM.

The Indonesian government has allowed import of half- milled rice or entirely milled rice of intact sticky/ glutinous variety, Thai Hom Mali rice with 5 per cent broken grain, half- steamed rice, Japonica with maximum 5 per cent broken grain, Basmati with maximum 5 per cent broken grain, rice with maximum 25 per cent broken grain, rice with 100 per cent broken grain, and sticky rice with 100 per cent broken grain. Rice with maximum 25 per cent broken grain can be imported for price stabilisation, as a buffer for emergency situations, poor people, and/ or mitigation of food insecurity by state- owned logistics firm Bulog after considering its stock, the difference between the market price and government’s procurement price, and estimation of production surplus.

In such situations, rice can only be imported one month before the main harvest season, during the season, and two months after it. The main harvest season is determined by the agriculture ministry.

Lembong added that the government is taking steps to prepare for the impact of El Nino in February. He did not give details, but confirmed he is awaiting the forecast of the intensity and coverage of El Nino from the Meteorology, Climatology and Geophysics Agency, or BMKG.

El Nino had delayed the harvest season to Nov- Dec in 2015 from Oct- Nov, he said.

Late last year, Coordinating Minister for Economic Affairs Darmin Nasution said the government will increase its rice stock to 1.35 mln tn by March to counter low harvest in the Jan-Mar period, including through imports from Thailand and Vietnam.

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India’s tea exports to Pakistan up 42%

The Financial Express

New Delhi, January 14, 2016: India's tea exports to Pakistan have increased by 42% to Rs. 116.12 crore in the first eight months of the current financial year on account of rise in volumes and price of the beverage.

The exports to Pakistan stood at ` 81.61 crore in the first 8 months of the last fiscal.

The overall total exports have also risen by 6% to Rs. 2,746.04 crore in the AprilNovember period of the 2015-16 from Rs 2,590.08 crore in the year ago period.

In volume terms also, the outward shipments increased to the neighboring nation from 9.65 million kg to 11.85 million kg.

The total tea exported from India in the period under review also rose to 141.07 million kg from 129.82 million kg according to the Tea Board data.

Increase of tea exports was seen in major tea-importing countries like CIS countries, the UK, Germany, Poland, the UAE, Bangladesh and Sri Lanka.

Tea production has been low this year mainly due to unfavorable weather conditions and wages issues have also hit tea producers hard.

During the year, there have been reports of labour migration to other industries rather than staying at the tea gardens on account of issues related to quality of life and wages.

India is the world's second-biggest tea producer and also one of its largest consumer. The country exports CTC (crush-tear-curl) grade tea to countries like Egypt, the UK, and other traditional varieties to Iraq, Iran and Russia.

Tea plucking in India mainly picks up between July and October.

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Sopa seeks TRQ of 1 MT for soybean oil

The Financial Express

Pune, January 15, 2016: Seeking curb on excessive import of edible oils, the Soybean Processors Association of India (Sopa) has asked the government to fix TRQ (tariff rate quota) of one million tonne for soybean oil to help the industry and far mers.

"The reasons for the excessive import are low prices in the world market and low custom duty in India," Sopa chairman Davish Jain said in a letter to commerce minister Nirmala Sitharaman.

In a representation made to the minister, Sopa has pointed out that as per the National Institute of Nutrition, the edible oil requirement of India with a population of 1,300 million comes up to 16.607 million tonne. As against this, the total oil availability in 2015 was 21.60 million tonne including 14.42 million tonne of imported oil, the Sopa chairman said.

According to Jain, import of soybean oil is also having a deleterious effect on Indian farmers, the soy industry and soy meal exports. The soybean industry and far mers have now reached a stage where the future looks grim, he said. The association has suggested that the government should fix a TRQ of one million tonne for soybean oil to be imported at the current rate of customs duty and any quantity above the TRQ should be charged the WTO-bound rate of 45%.

TRQ could also be fixed for other edible oils, the association said. Such measures will substantially reduce the foreign exchange outflow. In 2015, some 30.30 lakh tonne of soybean oil was imported as against 21.01 lakh tonne in 2014. The association has also made representations to food and consumer affairs minister Ram Vilas Paswan and agriculture minister Radha Mohan Singh.

Export of soybean meal in December, 2015 was just 5,667 tonne compared to 1,94,012 tonne in Dec, 2014 showing a decrease of 97%. The export during April-Dec 2015 was 61,559 tonne as compared to 4,31,368 tonne in the same period of previous year, showing a decrease of 85.73%.

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