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Centre for WTO Studies, 7th Floor, IIFT Bhawan, B-21, Qutab Institutional Area, New Delhi - 110016
Tel: 91-11-26965124, 26965300, 26966360 Ext-725,710 Fax: 91-11-26853956 Email: cws@iift.ac.in
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.

Saving the WTO from the risk of irrelevance

Prabhash Ranjan & Rachit Ranjan, Business Standard

November 7, 2015: As we approach the tenth ministerial meeting of the World Trade Organisation (WTO) in Nairobi, a major question that confronts the global trading community is the very future of the WTO. WTO, the multilateral arbiter of international trade rules between 160-odd counties, faces a serious existential crisis. This is primarily because, since its inception in 1995, it has failed to deliver on significant trade liberalisation. The only consolation is the Agreement on Trade Facilitation, concluded during the 2013 Bali ministerial conference. But why is WTO important? WTO, notwithstanding its limitations, is the only multilateral platform that allows smaller and developing countries to make concerted efforts at integrating trade and development. WTO allows these countries to negotiate international trade issues in blocks and together withstand the relentless demand of developed countries to open their markets without reciprocal benefits. It also allows for effective and non-partisan settlement of trade disputes and for the review of each country's trade policy.

This existential crisis of the WTO has deepened due to the conclusion of a plethora of free trade agreements (FTAs), including mega FTAs like the recently executed Trans Pacific Trade agreement (TPP). TPP has countries like the US, Canada, Australia, Japan and New Zealand as its members with a collective GDP of $27.5 trillion, approximately 40 per cent of the global economy and covering nearly a third of global trade. All these FTAs operate on the basis of non-most favoured nation (MFN) principle, which is a fundamental cornerstone of the WTO. Economically, FTAs may act as building blocks for the multilateral trading regime if they liberalise 'substantially all trade' between its constituent members and do not impose a higher burden on non-constituent members than what existed before the formation of the free trade area. These conditions are given in Article XXIV of the General Agreement on Tariffs and Trade (GATT), an integral part of the WTO, and constitute an exception to the MFN rule. Thus, all FTAs that WTO member countries sign have to satisfy these legal requirements. However, whether all FTAs actually satisfy these requirements is a question that has hardly been tested.

We argue that one way to keep the WTO relevant is by strengthening its existing mechanisms that exercise supervisory control over FTAs. We discuss two options in this regard:

Strengthening the role of CRTA

First, as per WTO law, all WTO member countries are bound to notify the WTO of their intention to enter into a FTA. The WTO's Committee for Regional Trade Agreements (CRTA) examines the compatibility of the notified FTA with WTO rules. In other words, the CRTA could come to the conclusion that the notified FTA is inconsistent with WTO rules. This would, in turn, compel countries to make their FTA compatible with WTO rules. However, WTO's CRTA, which must decide by consensus, has never been able to finalise any report examining the compatibility of FTAs with WTO rules. As a result, one does not know whether the humongous number of existing FTAs act as 'building blocks' or 'stumbling blocks' for the multilateral trading regime. There is an urgent need to strengthen the CRTA to ensure that the exercise of checking the compatibility of notified FTAs is carried out swiftly.

Role of WTO's DSU

Second, countries could ensure greater control of the WTO over FTAs by using WTO's dispute settlement understanding (DSU). WTO member countries have frequently used the DSU to settle a variety of trade disputes with other members. From 1995 till the end of 2014, more than 500 complaints were filed by different countries, resulting in close to 100 decisions of the Appellate Body (AB) - the highest court of the WTO. Thus, a WTO member country can use the DSU to challenge deviation from MFN, which is permissible only if the requirements of Article XXIV are satisfied.

The use of the DSU is particularly important in the context of the TPP. It is widely believed that the TPP purports to create a set of standards that would lead to significant market access barriers for many developing countries. For example, in the case of Vietnam, the US has offered a zero per cent import duty on apparel imports subject to the Rules of Origin (ROO) practised by the

US. The US ROO in apparel follows a "yarn-forward rule", which stipulates that yarn used to make textiles or apparel must be sourced from another TPP country. Currently, the largest providers of cotton yarn to Vietnam are China, South Korea and India, who are incidentally not members of the TPP. This will create a higher and more restrictive regulation of commerce to non-constituent countries like India and thus violate Article XXIV. To provide another example of the trade restrictiveness on third parties of the TPP, it is believed that certain market access conditionalities have been included in the form of higher environmental and labour standards. These standards will necessarily make a significant dent on the global competitiveness of products originating from countries like India, which will not be able to meet such standards, again leading to a potential violation of Article XXIV.

Protectionist and exclusionary FTAs weaken multilateralism. Thus, India and other developing countries should consider exercising their rights under the WTO, which would not only challenge these protectionist FTAs but also revitalise an almost moribund international organisation.

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WTO MEET: Govt Needs to Stand by Farmers

D. Ravi Kanth, Mint

10 November 2015: An electoral debacle for the ruling party in a major state is one thing. But the failure to safeguard the interests of hundreds of millions of poor farmers will be a much bigger embarrassment. That is the predicament the Narendra Modi governments faces in less than five weeks. The verdict of the people in Bihar, India's third most populated state with around 100 million people, came as a body blow to Modi and his party. The inescapable lesson is that people want inclusive economic and social development with justice.

But, on a larger global stage, the Bihar electoral result also resonates with another message. It is whether governments in developing countries can secure multilateral justice for their subsistence/livelihood farmers. The existing global trade rules do not favour the wretched of the earth. That these rules are rigged in favour of rich countries is conclusively established by numerous studies. Little wonder that governments in industrialized countries continue to provide tens of billions of dollars regardless of the distortions they cause in the international markets. The cotton farmers of West Africa have suffered untold misery because of the American subsidies. The US, for example, provides around $50,000 to its farmers on a per capita basis annually. In contrast, India offers around $200 per farmer. And the number of people dependent on farming in India runs into hundreds of millions while in the US they add up to a little more than 25,000 farmers.

Come 15 December, the farmers of India and other countries will know whether their governments stood for their bread-and-butter interests at the trade ministerial summit of the World Trade Organization (WTO) in Nairobi, Kenya. The meeting is also an acid test for the future of WTO and whether it continues to pursue the unfinished Doha Development Agenda trade negotiations.

The US and the European Union started the Doha negotiations in 2001, immediately after the 9/11 terrorist attacks, promising that "the needs and interests of developing members" will be squarely addressed. After adopting intransigent positions during the past 14 years, the two trade elephants are working round the clock to bury the Doha negotiations at Nairobi.

More insidiously, the US and the EU along with other industrialized nations have ensured that the iniquitous rules of the previous Uruguay Round for farm subsidies are left untouched. Of course, it suits them to continue with their farm subsidies on an increasing scale. Hence, the sustained attempt to terminate the Doha negotiations in Nairobi without reforming those distorting farm subsidies. Last month, India hosted a meeting of African leaders in New Delhi. When trade ministers meet in Nairobi, Modi said at the meeting, they should ensure that the "the Doha Development Agenda of 2001 is not closed without achieving those fundamental principles". They should also "achieve a permanent solution on the public stockholding programmes for food security and special safeguard mechanism (SSM) in agriculture for the developing countries," he said.

These two outcomes are central to the survival of poor farmers in India and other developing countries. The public stockholding programme enables governments in the developing world to procure food grains at market prices from subsistence farmers and then distribute them at cheaper prices to people for their daily consumption. But the rules governing the public stockholding programmes are filled with conflicting provisions. While the public stockholding programmes figure in the so-called green-box subsidies that are exempted from reduction commitments, they also come under the purview of trade-distorting subsidies. This anomaly needs to be corrected.

In a similar vein, SSM is critical for preventing unforeseen surges in imports of agricultural products coming from subsidized farmers of rich countries. The G-33 coalition of 47 developing countries led by Indonesia, in which India, China, and other countries of Africa, Asia, and South America are members, have offered simple proposals based on the decisions taken in the Doha negotiations.

These two issues could have been easily sorted out over the last two years. Indeed, the outcome on the permanent solution for public stockholding programmes for food security is mandated as part of the decisions taken last year, following a bilateral agreement between the US and India.

But the industrialized countries chose to adopt a vicious form of diversionary tactics time and time again. Last week, the US, the EU, Australia, Canada, Norway, along with Chile, Colombia, Paraguay and Pakistan, among others, scuppered the proposed outcomes on both the public stockholding programmes for food security and SSM, citing extraneous reasons.

During a meeting of heads of delegations at WTO on Friday, Chinese trade envoy Yu Jianhua pointed a finger at these countries for having walked away with the trade facilitation agreement last year while turning their backs to the remaining issues of the DDA.

Indeed, New Delhi had blundered by signing the bilateral agreement with the US on the public stockholding programmes without securing cast-iron guarantees last year. It should have known that there was never any genuine intention on the part of the US and other countries to deliver on the promises they made either in the DDA or at the Bali ministerial meeting.

The reasons for closing the round by these countries are as clear as daylight. They want to transform WTO to serve their egregious interests and sweeten bilateral deals struck among them. The developmental agenda of the DDA has almost been killed by these countries.

China, India, South Africa, Indonesia and other countries should form a robust alliance to prevent these sordid developments at the 10th ministerial conference. The developing countries must ensure that WTO is not reduced to a permanent satellite of Washington and Brussels. In short, the Modi government has an opportunity to prove that it stands for its farmers when push comes to shove at Nairobi. Otherwise, poor farmers of Bihar, Uttar Pradesh, West Bengal, Tamil Nadu, and Kerala will never forgive.

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Nairobi meet may not solve WTO standoff on food security

D. Ravi Kanth, Mint

13 November 2015: Poor farmers in India and other developing countries are unlikely to secure credible outcomes for public stockholding programmes for food security and a special safeguard mechanism (SSM) at the Nairobi ministerial meeting of the World Trade Organization (WTO) next month as major industrialized countries have asked the chair for the Doha agriculture negotiations to drop his technical consultations, according to people familiar with the development.

India, along with its other allies in the G-33 farm coalition, has demanded that the Nairobi meeting find a permanent solution for public stockholding programmes for food security and the SSM for curbing unforeseen surges in imports of food products.

The G-33 has also tabled concrete proposals on how to arrive at credible solutions to these two major issues for developing countries.

Last month, Prime Minister Narendra Modi told African leaders about securing a permanent solution on public stockholding programmes for food security and an SSM.

But powerful countries such as Canada, the US, the European Union, Japan and Australia, among others, apparently told the chair not to proceed with his technical consultations based on the proposals tabled by the G-33. These countries want the chair to focus only on issues in the export competition pillar, according to a trade envoy who asked not to be identified.

Issues in the export competition pillar that the industrialized countries are pitching for include elimination of export subsidies and strong disciplines for removing the distorting elements in the export credits, food aid and state trading enterprises.

While the industrialized countries demand outcomes only in the export competition pillar at the Nairobi meeting, they have not tabled any concrete proposals until now.

Even though negotiations at the WTO proceed on the basis of concrete proposals, the proponents seeking solutions on export competition pillar have not come up with anything in writing till now, the envoy said.

Moreover, the US is seeking special flexibility, such as a safe harbour provision for export credits to get protection from possible legal challenges from the agreement on subsidies and countervailing measures.

The US also doesn’t want strong disciplines for food aid, particularly in-kind food aid monetization provisions.

Incidentally, the US denied the safe harbour flexibility to India on the public stockholding programmes for food security last year despite New Delhi's repeated requests.

Despite intense pressure on the chair to stop his work on SSM and public stockholding programmes, Ambassador Vangelis Vitalis of New Zealand is going ahead with his efforts to ensure that there is a credible process in which both sides present their positions on the merits of the proposals instead of stonewalling discussions on extraneous considerations, the envoy cited above said.

During the meeting on the SSM last Friday, Indonesia on behalf of the G-33 presented a revised proposal stating that "there is no substitute to an accessible and effective SSM" which is "necessary to effectively address destabilizing import surges and price depressions caused largely by unbridled subsidization and other distortions".

"SSM is all the more necessary as Members further delay reforms needed to make a serious dent on, if not totally eliminate, trade distorting subsidies to production and exports that are unduly penalizing developing Members," the G-33 argued.

It called for exploring an outcome based on certain principles such as the coverage of products, remedies and application and duration of an SSM. In short, the SSM involves applying an additional import duty to address the injury caused by unforeseen imports.

At the meeting, several major industrialized economies—the EU, the US, Australia, and Norway—as well as some developing countries such as Chile, Paraguay and Brazil severely opposed an outcome on SSM at the Nairobi meeting. While the EU maintained that there is no need for an outcome on SSM at Nairobi as issues in market access are not discussed, Chile said the SSM is a red line.

The US said while in Trans-Pacific Partnership it would cut tariffs on 18,000 products, SSM would lead to an increase in tariffs.

The US asked the G-33 coalition whether it would block an agreement at Nairobi because of the SSM, according to a participant familiar with discussions at the meeting.

Indonesia, the Philippines, China, Turkey, and India expressed concern at lack of “engagement” to find a meaningful outcome on SSM. India’s trade envoy Anjali Prasad severely criticized her counterparts for “stonewalling the discussion” without entering into a give-and-take discussion. She asked if some members want to discuss SSM after Nairobi then, were they prepared to discuss export competition pillar after Nairobi, the participant said.

In his eight-page restricted report circulated to members last week, reviewed by Mint, Vitalis said “while we may have a (rather unfortunate) increasing clarity on the issues (or even pillars) that may not be part of the MC10 deliverables, the situation with what actually would be deliverable for Nairobi needs to be clarified urgently.”

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Refrain from new protectionist measures: WTO to G-20 leaders

Economic Times,

Geneva, 3 November 2015: Concerned over "stockpile" of trade restrictive measures, WTO has asked the G-20 nations, which includes India, to refrain from implementing new protectionist measures.

The WTO's 14th trade monitoring report on G-20 trade measures showed that the application of new trade-restrictive measures by G-20 economies remained stable compared to the previous reporting period.

Although the report shows relative restraint by G-20 economies in introducing new trade restrictions, the stockpile of measures continues to grow.

"Because the uncertain global economic outlook continues to have a negative impact on international trade, the report calls on G-20 leaders to deliver on their pledge to refrain from implementing new protectionist measures and to roll back existing trade-restrictive measures," the WTO said.

During the reporting period (May 16 and October 15), it said, G20 economies applied 86 new trade-restrictive measures.

"This equates to an average of just over 17 new measures per month indicating that the rate has remained stable compared to the previous reporting period," it said.

The overall stockpile of restrictive measures introduced by G-20 nations nevertheless "continues to grow," it said.

Of the 1,441 trade-restrictive measures, including trade remedies, introduced by these countries since 2008, only 354 had been removed by mid-October 2015, it added.

The total number of those restrictive measures still in place now stands at 1,087 -- up by more than 5 per cent compared to the last report.

"Despite the G-20 pledge to roll back protectionist measures, therefore, more than 75 per cent of those implemented since 2008 remain in place," it said, adding that although G-20 members are eliminating some of their trade-restrictive measures, the rate by which this is done remains insufficient to seriously dent the stockpile.

The report also said that as WTO members prepare for the 10th Ministerial Conference in Nairobi in December, the G-20 should seek to set an example in eliminating existing trade restrictions and pursuing further multilateral trade liberalisation.

The WTO has recently lowered its forecast for world merchandise trade volume growth in 2015 from 3.3 per cent to 2.8 per cent, and reduced its estimate for 2016 from 4 per cent to 3.9 per cent.

G-20 members include Australia, Brazil, Canada, China, France, EU, India, Japan, Russia, UK and the US.

This report reviews trade and trade-related measures implemented by G-20 economies during the period 16 May to 15 October 2015. Trade restrictive measures include mandatory local content requirement and cumbersome registration process.

Increasing protectionist measures hinders smooth flow of goods and services across the globe and impacts economic growth.

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Trade pacts, sectoral diversification to boost trade with Africa

Business Standard

New Delhi, November 4, 2015: India should take advantage of the upcoming Tripartite Free Trade Area (TFTA) in Africa as a springboard towards greater trade, industry body Associated Chambers of Commerce and Industry of India (Assocham) said on Tuesday.

In a report on India-Africa trade, Assocham marked out the TFTA as a major area of interest with regards to future trade with the continent. Its other recommendations include specific push to trade and investment treaties and concerted effort towards removing instances of double taxation.

The third India-Africa Forum Summit, which concluded on October 30 was attended by heads of states and government representatives of 54 African countries.

Prime Minister Narendra Modi announced concessional credit of $10 billion over the next five years for Africa, over and above India's current credit programmes. However, a concerted government policy push towards greater investments and trade in the area is still awaited.

The report said Africa's share in India's total exports and imports stood at 10.18 per cent and 9.24 per cent, respectively, during the April-July period of the current financial year. India has already signed bilateral free-trade agreements with 19 African nations and preferential trade agreements with 13 more. These have had a significant impact, with total trade rising from $97million in 1991 to more than $71billion in 2014-15, with a compound annual growth rate of 31 per cent.

The report also pointed out that currently India's primary markets are Nigeria, Egypt, Tanzania and Kenya. However, it added, it would be beneficial for the country to diversify its product basket and expand to other markets such as Algeria, Togo, Cameroon, and Ghana, all having demonstrated high growth rates in the recent past. Indian investment in Africa is mainly in commodities such as oil, gas, and mining, as well as in telecom and fertiliser industries. The report said greater sectoral diversification was the need of the hour.

It pointed to the high potential of the pharmaceutical market in the continent but warned low access due to lack of awareness and health standards proved major restrictions.

The report stressed that African nations needed to coordinate with India so as to improve non tariff measures in trade, which are currently inefficient and complicated.

On the banking front, it welcomed the African business community to expand its presence in India, where only a handful of players exist. Other potential areas of investment in India were in food and hospitality, it said.

However, it said the government would have to remove constrictions on the free flow of capital.

The report also recommends the increase of trust building measure from the Indian side. This would involve the establishment of skill building institutes and research facilities, incorporating more direct business interactions between India and Africa.

According to the Financial Times, Africa is the fastest growing destination for FDI, with investment coming into the region rising by 65 per cent in 2014, totaling approximately US$ 87 billion.

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India, Bangladesh Ink Pact to Enhance Bilateral Trade

Indian Express.

New Delhi, 15th November 2015: India and Bangladesh today signed the Standard Operating Procedure (SOP) for operationalising the 'Agreement on Coastal Shipping', signed in June this year, a move that will improve the bilateral trade between the two countries by reducing the logistic costs.

The SOP was signed by the Joint DG (Shipping) Ministry of Shipping, India and Chief Engineer & Ship Surveyor, Department of Shipping, Bangladesh in the presence of Union Minister Nitin Gadkari here today, an official statement said.

Speaking on the occasion, Road, Highways and Shipping Minister Gadkari said that once the SOP is operational, the Coastal Shipping Agreement will enable a huge saving in logistic costs of EXIM transport between the two countries.

The SOP has been framed as per the terms and conditions of the Agreement on Coastal Shipping and both the countries have agreed to its provisions, he added.

Shipping Secretary Rajive Kumar and Bangladesh's Secretary of Shipping Shafique Alam Mehdi were also present on the occasion.

The SOP will pave the way to promote coastal shipping between India and Bangladesh and would enhance bilateral trade by bringing down the cost of transportation of EXIM cargo, the statement said.

It contains provisions which stipulate that India and Bangladesh shall render same treatment to other country's vessels as they would have done to their national vessels used in international sea transportation, it added.

The two sides have also agreed upon the use of vessels of River Sea Vessel (RSV) category for Indo-Bangladesh coastal shipping.

The two countries will also hold Shipping Secretary level talks tomorrow, which will cover issues relating to MoU on passenger and cruise vessel movement.

There will also be discussion on the protocol to operationalise the MoU on use of Mongla and Chittagong ports, payment of transit fees and bank guarantee, dredging of rivers in the protocol route using Regional IDA Assistance of World Bank Assistance and various upcoming port projects in Bangladesh, the statement said.

The agreement will enable opening of coastal shipping between India and Bangladesh helping in enhancing the movement of cargo to the North East through coastal shipping up to Chittagong and thereafter by road/inland waterways.

The deep draft ports on the eastern coast of India can be hub ports for the onward transportation of cargo to Bangladesh via the coastal mode through RSV category of vessels, the statement said enumerating the advantages of the agreement.

The Indian ports will attract enhanced cargo and also the overall transportation cost to Bangladesh will get reduced.

The Indian ports serving as trans-shipment ports for Bangladesh cargo will derive benefits by way of enhanced throughput as a result of Indo-Bangladesh coastal trade, it added.

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Government asks exporters to set up warehouses to push trade with LatAm

Huma Siddiqui, Financial Express

New Delhi, November 3, 2015: In line with its plans to boost exports to Latin America, New Delhi has asked exporters to create a supply chain through backend operations and logistics. According to sources, government has asked exporters to create warehouses wherever necessary to plug the transportation gap.

The Export Promotion Council for Handicrafts (EPCH) has undertaken various initiatives to promote the export of handicrafts in the Latin American region through participation in several trade shows. The EPCH has been holding shows like Indian Handicrafts and Gifts Fair to create brand image of Indian handicrafts and to attract buyers.

There has been a steady growth in the export of handicrafts items from India to Latin American region. Currently, exports to the region stands at $ 60.40 million in 2014-15.

Continuing with the initiatives in the continent, the council earlier this month had decided to set up a warehousing facility at Montevideo, Uruguay. Talking to FE, EPCH executive director Rakesh Kumar said: “The warehouse will help facilitate export of handicrafts items in the region by developing the concept of availability of ready stock and encouraging spot orders. As Montevideo has the free port in the South American region, the warehouse facility has very high relevance for the Indian exporters.”

The port of Montevideo is located on river plate and is geographically positioned as the main cargo transport route of Mercosur (the Southern Common Market). Mercosur is composed of six sovereign member states: Argentina, Bolivia, Brazil, Paraguay, Uruguay and Venezuela. Mercosur offers a huge market for the exporters and having a warehousing facility at Uruguay opens door for them to the highly lucrative Mercosur region.

"Montevideo is a free port having excellent location with competitive advantages (in terms of natural characteristics and infrastructure), services and investment opportunities. All South American countries are at a 2 hours flight from Montevideo. The goods made available through the warehouse would be FOB Montevideo," said Kumar.

Meanwhile, the setting up of a warehouse comes ahead of a proposed visit of Uruguay's president Tabare Vazquez next year. The move is seen as an effort by Uruguay to increase its trade opportunities and access new markets, given the current difficulties to forge an agreement with the European Union.

Rodolfo Nin Novoa, Minister of Foreign Affairs, Uruguay, who was in New Delhi recently, said that the private sector has a key role in broad basing India-LAC (Latin America and the Caribbean) trade and investment relations. He pointed out that while there are some challenges in the way of accelerating bilateral trade and investment flows through deeper bilateral cooperation, challenges can be turned into partnership opportunities.

Keeping in view of the increasing complexities in the global economic environment, Novoa underscored the need for India and LAC to enhance inter-dependence, especially in areas like food security, services, etc. He also referred to Uruguay being the gateway to the LAC markets by virtue of the country's geographical location, modern port facilities and free trade policy. Uruguay, whose economy is growing at 5%, has been ranked as the second most attractive investment destination in the LAC region. The trade minister of Uruguay also stated that India and Uruguay have an FTA.

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China to push alternative trade pact at APEC: Minister

Economic Times,

Beijing, 10 November 2015: China will seek to push its own vision of an Asia-Pacific trade pact at a regional summit next week, senior officials said Tuesday, just weeks after the release of a rival US-led deal that pointedly excludes the Asian giant.

Beijing sought to promote the Free Trade Area of the Asia-Pacific (FTAAP) at last year's Asia-Pacific Economic Cooperation (APEC) summit, which it hosted.

At the meeting's close, participants endorsed efforts to explore the idea, which was seen as a potential rival to the Trans-Pacific Partnership (TPP), a Washington-led trade coalition that includes the region's largest economies, except for China.

Little has been heard of the FTAAP since, while the long-secret text of the TPP deal was released Thursday, receiving cheers from global business interests and jeers from labour, environmental and health groups, which vowed to fight its ratification.

China said it would report the findings of a study on FTAAP at next week's APEC summit in the Philippines, to be attended by President Xi Jinping.

"We need to actively work for the establishment of FTAAP," Chinese vice finance minister Wang Shouwen told a briefing, adding that FTAAP would be "a facilitator for regional integration in APEC."

It would be the world's largest free trade area, encompassing TPP and other regional frameworks.

APEC's 21 members account for more than 50 percent of global GDP and nearly half of world trade.

Although it gathers some of the world's most important leaders, the group's annual meeting is a better known for its group photos of powerful people in matching shirts than substantive deals.

But Wang said China remains hopeful that the group will complete a roadmap for establishing the FTAAP framework.

"Our objective is to complete the joint strategic study next year and to present operable suggestions and recommendations to the leaders at next year's summit," he said.

China has latched onto the FTAAP, first proposed by APEC in 2006, as a hedge against the US-led TPP, a key element of Washington's "Asia pivot".

The TPP would be the world's biggest free trade area, an attempt to break down barriers to commerce and investment between 12 countries comprising about 40 percent of the global economy.

Although the US has said it is open to Chinese participation in the TPP, it has pointedly excluded the world's second largest economy from negotiations.

US President Barack Obama has insisted he wants China "to do well" despite simmering tensions between the world's two largest economies.

"The United States welcomes the rise of a prosperous, peaceful and stable China," he said at last year's APEC summit.

But at home, he has repeatedly used Beijing as a bugbear to scare up cooperation from an intransigent Congress to support the deal.

Obama, who strongly pushed the TPP as a foundation for "21st century trade", heralded the pact as a boost to the US economy that would also protect workers and the environment.

But he also said that ratifying the deal "means that America will write the rules of the road in the 21st century" rather than China.

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TPP trade agreement text triggers fresh debate in U.S.

Hindu,

7 November 2015: The release of the bulky text of the 12-nation Trans Pacific Partnership (TPP) trade agreement — it has 30 chapters and numerous annexure and related instruments — has triggered a fresh round of domestic debate in the U.S. on how it would impact the country.

Getting Congressional approval for the pact will be a challenge for Barack Obama, during his last year in White House, as dozens of lawmakers remain sceptical about it.

The TPP has implications for India, too, as experts have predicted the possibility of the proposed pact leading to trade diversions from India. TPP will cover 40 per cent of the global commerce, and will ease trade among the participant countries — Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the U.S. and Vietnam.

“Here’s the deal,” the President said in an e-mail to the public on Thursday. “The TPP is the highest standard trade agreement in history. It eliminates 18,000 taxes that various countries put on American goods. That will boost Made-in-America exports abroad while supporting higher-paying jobs right here at home.”

The claim was immediately challenged by Democratic presidential aspirant Senator Bernie Sanders, who tweeted: “I will do everything I can to defeat the TPP. We need trade policies in this country that work for working families, not just CEOs.”

At least 10 presidential candidates are opposed to the deal, including Republican Donald Trump, who has described the deal as “horrible for America.” Hillary Clinton, who was initially a supporter, has turned critical in recent months. Neither Mr. Trump, nor Ms. Clinton commented after the text was released. Opponents and advocates of the deal have contradicting interpretations on how this will affect ordinary people. “You will see that this is, in fact, a new type of trade deal that puts American workers first,” Mr. Obama said.

Critics have launched a fresh campaign with the tagline, “worse than we thought,” after the text was released.

“Apparently, the TPP’s proponents resorted to such extreme secrecy during negotiations because the text shows that the TPP would offshore more American jobs, lower our wages, flood us with unsafe imported food and expose our laws to attack in foreign tribunals,” said Lori Wallach, director of Public Citizen’s Global Trade Watch.

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Export volumes up in some sectors despite slow-down in demand

Business Standard

New Delhi, November 10, 2015: The fall in Indian merchandise exports for the tenth straight month, ended September, 2015, was mainly driven by falling global commodity prices and not necessarily declining export volumes, economic research firm and ratings agency India Ratings and Research (Ind-Ra) said on Monday.

Saying the volume demand for Indian exports may not have suffered significantly during the period, Ind-Ra said a global freefall in export prices of agricultural, crude oil and related products were to blame for heavy decline in the outbound shipments, value-wise.

The rating agency said export volumes in certain categories continued to increase. For instance, it said automobiles exports rose 14.9 per cent in FY15, jumping from 7.3 per cent in FY13. Value of agriculture exports, which account for 9.7 per cent of total export in value, fell 19.1 per cent on a year-on-year basis.

Similarly, crude oil and its products, (18.3 per cent of FY15 merchandise exports) declined in value, 45.4 per cent year-on-year. The decline in these two categories alone accounted for around three-fourths of the overall decline in merchandise exports, it said.

Also, the sharp fall in the prices of other commodities along with lower crude oil rates has depressed prices of many intermediate and manufactured goods.

Consequently, the value of exported items has shrunk. A weak euro also contributed to Indian merchandise exports witnessing an aggregate 15.1 per cent year-on-year fall, in dollar terms, over eight months leading to September.

The euro fell by 17.1 per cent over the last one year, Ind-Ra said. The rating agency said the slowdown in economic activity in countries in Asia and Africa, which account for more than half of India's merchandise exports, may be a bigger challenge to India's export growth than demand from the United States (13.7 per cent of merchandise exports) or Europe (18.1 per cent). Ind-Ra added the demand conditions in the US and Europe are likely to continue to grow at a gradual pace and, therefore, will support export volumes from India in the near term.

However, export growth to Asian (49.6 per cent) and African (10.6 per cent) regions is likely to remain subdued, as economic activity in these regions has moderated due to falling commodity prices, volatile exchange rates, and moderating domestic demand.

The agency believed the prices of most major commodities are close to their lowest. However, merchandise exports (in dollar terms) are expected to post single-digit negative growth for the rest of FY16, given that commodity prices will continue to be lower on a year-on-year basis. A marginal uptick in exports (in dollars) is likely from first quarter, FY17, driven by the base effect.

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Innovation in packaging can boost exports: Nirmala Sitharaman

Economic Times

November 7, 2015: Union Minister Nirmala Sitharaman today stressed on innovation in packaging technology as a measure to boost exports.

Sitharaman, Minister of State for Commerce and Industry, described packaging as a blend of art, aesthetics, science and technology and underlined the role played by the industry in economic development.

She was speaking at the Annual Convocation of the Indian Institute of Packaging (IIP) in the city.

"Asia is the biggest market for packaging material with a 41 per cent share, as compared to 22 per cent of Europe and 21 per cent of USA and the field offers immense opportunities for the students graduating from the Indian Institute of Packaging," she said.

Sitharaman urged the graduating students to form start-ups and innovate new packaging designs.

"Today is the age of start-ups. Groups of students can form start-ups, and with some support from government, can become entrepreneurs," she said.

The minister added that the Centre attaches immense importance to innovation and Prime Minister Narendra Modi has already announced government support to provide a launch-pad for start-ups.

She further said that while packaging was essential for all products, the wastage of packaging material was a matter of grave environmental concern.

She supported use of jute for packaging instead of man-made fibres wherever feasible.

Sitharaman pointed out that her ministry would consider positively the proposal to make IIP an institute of national importance.

She also said that the government was fully geared to meet the challenges through exports on account of slowdown in the global economy.

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April-October coal import bill down by over 14%

Financial Express,

New Delhi | November 13, 2015: India's coal import bill came down by over 14% or Rs 8,287 crore during April-October, 2015 from a year ago, thanks to double-digit growth in domestic coal production. According to the Directorate General of Commercial Intelligence and Statistics (DGCI&S), thermal coal imports stood at 108.36 million tonne (MT) in the first seven months of the fiscal, compared to 114 MT in the corresponding period last year. Consequently, the value for coal imports came down to R49,676 crore from R57, 963 crore, in what could augur well for the country's current account. Along with the surge in gold imports, imports of 'black gold' too had in recent years caused a strain on the current account.

In the first seven months of the current fiscal, coal imports have remained lower than the year-ago period for every month except in May and June. India imported 212.10 MT of dry fuel worth over R1 lakh crore last fiscal.

Domestic coal production from government-owned coal miners, which included Coal India and Singareni Collieries Company (SCCL), grew by 10.7% for April-October period to 306 MT. However, the production from captive coal mines halved to 15.16 MT in the same period compared to the previous year, primarily owing to delays in the handover of clearances to the new owners of the mines post-coal auction earlier this year.

Higher production complemented by similar growth in coal evacuation reflected in the coal stock position at power plants. Coal availability at power plants nearly quadrupled to 23.8 MT for the first seven months of the fiscal. This stock is estimated to be sufficient for 19 days of power generation compared with five days worth of stock in the same period last year.

The coal production target for FY16 is at 700 MT, which includes production from CIL, SCCL, captive and other sources. For April-October period, nearly 47% of the target or 328.10 MT has been met, primarily dragged down by decline in production from the captive mines.

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Priced out, India's oilmeal exports in Oct plunge record 94%

The Hindu Business Line,

New Delhi/ Mumbai, 6 November 2015: India's exports of oilmeal plunged a record 94.3 per cent in October from a year ago, as higher prices prompted key Asian buyers to switch to South American rivals offering a steep discount from Indian prices, trade data showed on Friday.

Indian oilmeal exporters were forced to raise prices, as oilseed output fell, hit by the first back-to-back drought in three decades although South American suppliers trimmed prices, thanks to abundant supply and sharp drops in their currencies.

In October, India shipped 13,716 tonnes of oilmeal, down from 238,703 tonnes a year ago, Mumbai-based trade body Solvent Extractors' Association (SEA) said in a statement.

In April-October, the first seven months of the current financial year, India's annual oilmeal exports shrank by two-fifths, to 763,113 tonnes.

The overseas sale of Indian soyameal, the animal feed, became uncompetitive as a 15 per cent output drop pushed up domestic soyabean prices. Soyameal forms the bulk of Indian oilmeal exports.

Indian soyameal exports last month slumped 85.4 per cent from a year ago as prices of about $500 per tonne forced customers to turn to countries such as Argentina and Brazil that are selling the meal for $360-370 a tonne, the statement said.

Indian key soyameal client South Korea last month turned to South America for cheaper imports, skipping purchases from the South Asian nation.

During the period from April to October, South Korea shipped in 18.2 per cent less soyameal from India on the year, the statement showed.

Higher domestic prices of soyameal even made imports viable for the poultry industry. Indian buyers have contracted to import 7,000 tonnes of non-genetically modified soyameal at around $350 per tonne, for the first time in years.

India in October exported 3,079 tonnes of rapeseed meal, a decline of 97.8 per cent on the year, the data showed.

Rapeseed meal is used as organic fertiliser as well as animal feed, primarily in Indonesia, Myanmar and Taiwan.

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