INDIA'S TRADE NEWS AND VIEWS
16 March to 31 March 2016

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'Clean tech is the new sweet spot for India- US bilateral trade'

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India, Peru to expedite launch of FTA talks

India and Peru are trying to fast track launch of negotiations on a free trade agreement (FTA) with both sides examining how ambitious the pact should be.

India-Australia FTA long overdue: FM

The sooner the India-Australia Free Trade Agreement (FTA) is signed, the better, said Finance Minister Arun Jaitley, while addressing the ethnic Indian media on Wednesday at the Shangri-La…

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[EU extends tariff preference for Indian garments]()
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[Govt extends wheat import duty by 3 months]()
The government has extended a duty on wheat imports by three months to protect farmers from cheap overseas supplies.

[Growth of shrimp exports may shrink to single digit this fiscal]()
Frozen shrimp exports might slow down this financial (FY16) year on lower international demand and production setbacks due to floods and disease.

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

Regional trade agreements cannot replace multilateral trading system: Yonov Frederick Agah, WTO

Kritika Suneja, The Economic Tines

New Delhi, March 23, 2016: Regional trade agreements cannot replace the multilateral trading system, says Yonov Frederick Agah, deputy director general of WTO. In an interview to ET, he says not only have the two kinds of trading arrangements coexisted, but if the WTO is strengthened there will be very little reason for countries to go outside. Edited excerpts:

Many countries including India have complained to the WTO about allegedly protectionist measures adopted by other members. What should WTO do to display a fair approach?

What the WTO does is to ensure a level-playing field for all its members. So, if the US feels that India's measures on solar panels affect its trade and interests and can demonstrate a causal link in terms of injury on fairness then that is the system and that system is working.

If India too feels that measures taken by the US are inconsistent with the US obligations and commitments to the WTO and talks of the case, that is good. Nobody precludes any member from protecting its interests.

With regional trading blocs coming up, how do you strengthen the multilateral trading system?

What people need to understand is that the multilateral trading system and regional trade agreements have always coexisted. They are not mutually exclusive. The freer the international trade the better it is for the economies, for the businesses of the members. It is easier sometimes to make deals bilaterally because you easily know who you are opening up to and what you are getting in return.

But it can be very difficult to do that multilaterally. The good thing is also that if you open up bilaterally, then the fear of what happens when you open up multilaterally, diminishes. In the WTO, most opening is not for the sake of opening but for the benefit of all. What I would think is if we strengthen the WTO and make it effective, there will be very little reason for people to go outside the WTO.

There are issues also that can never be sorted out in RTAs like subsidies. If you look at the recent agreement in Nairobi on export subsidies in agriculture, it is very difficult for individual countries through bilateral arrangements or RTAs to remove subsidies. The key issue is where the balance is.

India fears that new issues may gradually creep up in the WTO and with the Nairobi ministerial that window is now open…

I wouldn't say it's a part of the window being opened. Gradually, there have been changes in the way the global economy works, so people started looking at issues that were important like standards, shipment inspection, TBT, sanitary and phytosanitary measures, rules of origin. Today the structure and landscape for production has changed...things are now "made in the world", not made in a particular country. So, rules also need to be adjusted.

India has begun the process of ratifying the Trade Facilitation Agreement. By when is agreement likely to come into force?
India is an important member of the WTO. It has contributed a lot to the functions of the multilateral trading system in all its facets including negotiations. The requirement (for the agreement to come into force) is two-thirds and at present, the count (total WTO membership) is 163.

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EU, Canada red- flag India's crop cover scheme at WTO

Amiti Sen, The Hindu Business Line

March 22, 2016: Fresh trouble is in store for India at the World Trade Organisation (WTO), with the EU, Canada, Australia and Thailand questioning Prime Minister Narendra Modi's crop insurance scheme for farmers. The countries have sought details from India at the multilateral trade forum to examine if it should be classified as a trade- distorting amber- box subsidy subject to a cap.

India is already fighting to get food procurement subsidies recognised as non- trade distorting subsidy. New Delhi can notify the scheme as a permissible and un- capped subsidy (green box) at the WTO only if it establishes that the insurance amount is payable after at least 30 per cent crop is destroyed and a natural calamity has been declared — conditions that may not be easy to meet.

"At a recent meeting of the committee on agriculture at the WTO, Canada and the EU asked India about the crop insurance scheme and noted that it would bring down the rate of premium paid by farmers to 2 per cent. The countries want to find out if they can stop India from declaring the subsidy for crop insurance as a green- box subsidy," a Commerce Ministry official told Business Line.

Threat of a 10% cap

If India wants to give unlimited amounts of crop insurance subsidy, it has to comply with the green- box criteria, pointed out Abhjit Das from the Centre for WTO Studies.

"If not, the subsidies will be classified as amber box and clubbed with all other product- specific support, including the minimum support price programme (MSP) and subject to a cap of 10 per cent of farm production," he said. Overshooting the 10 per cent cap may, in turn, lead to challenges and penalties.

Under the PM's Fasal Bima Yojana (PMFBY), three levels of indemnity — 90 per cent, 80 per cent and 60 per cent — corresponding to low- risk, medium- risk and high- risk areas will be available for all crops based on production in the past ten years. This means farmers will have to bear the loss of the first 10 per cent, 20 per cent or 40 per cent for the different categories.

"However, there is no clause in the scheme mentioning the minimum crop loss that would make a farmer eligible for insurance pay- outs. It would depend on the assessment done by the insurance companies," the official said. Therefore, green- box eligibility based on a minimum 30 per cent loss of income or production could be difficult to meet for the government.

Political decisions

The requirement for declaration of a ' natural disaster' in order to meet the eligibility criteria of green- box subsidy is also tricky; such declarations are usually political decisions and the government may not always want to come up with such an announcement.

The PMFBY, which will be operational from April 1, seeks to provide insurance coverage and financial support to farmers in the event of natural calamities, pests and diseases and stabilise income in distress years.

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Crop insurance revisited

The Hindu Business Line

March 24, 2016: The fact that the Centre's new crop insurance scheme has hit a WTO speed breaker does not really surprise. The EU, Canada, Australia and Thailand have implicitly said that in its present form, insurance payouts cannot readily be placed in the ‘green box’ — one that exempts certain expenditures from farm subsidy calculations for WTO purposes. They have, in effect, argued that for crop insurance to qualify as a green box item, the damage, or income (and not output) loss, should not be less than 30 per cent and the government should declare a natural calamity. That is, the income loss in the current year should be at least 30 per cent of the farmer’s average income in the preceding five years, excluding the best and the worst years. The agriculture and commerce ministries would have to return to the drawing board to iron out inconsistencies with the WTO’s Agreement on Agriculture (AoA). A 30 per cent threshold so calculated may sound stiff, but it may go some way in checking moral hazard, an aspect that the current policy does not adequately address. For income losses to be computed at the farm level in a country where markets are fragmented, e- markets for food products and livestock will have to evolve quickly. Insurance companies, dealing with both yield- based and weather- based products, will have to adjust to the WTO scheme of things, wherever required.

It would be a pity if the salutary features of the new scheme — better coverage for lower premiums with the government picking up the tab — were to run into trouble on technicalities. Crop insurance, implemented well through the financial inclusion platform, can help dispel the pessimism that seems to cling to agriculture, more so in times of increasingly unpredictable weather.

It is possible for India to meet its food security, rural livelihood and development concerns within the WTO framework, even as it questions certain conditions, such as the computation of the global price while arriving at the ‘ aggregate measure of support’, which is the difference between domestic and world prices. Using the 1986- 88 period for arriving at the reference price exaggerates the AMS, more so when domestic prices are at market rather than real rates. Under Article 6.2 of the AoA, investment support and input subsidies for resource- poor farmers are left out of subsidy calculation, as they are not seen to be market- distorting. But a $ 20 billion public stockholding programme has driven up its AMS to more than 5 per cent of farm GDP. While India’s argument on computation of global prices is all very well, it should consider achieving optimal results through a lesser outgo on subsidies through direct transfers. A shift from ‘amber box’ (price- related subsidy such as the minimum support price programme) to green box related expenditure will lower its AMS. This will leave it with elbow room, both in a budgetary and WTO sense, to cope with the multiple challenges that agriculture faces today.

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India has right to grant compulsory licences under WTO: Government

The Economic Tines

New Delhi, March 22, 2016: The government has not closed the option of compulsory licensing, the ministry of commerce and industry has clarified in a press statement.

"India has a well-established TRIPS-compliant legislative, administrative and judicial framework to safeguard IPRs. Under the Doha Declaration on the TRIPS Agreement Public Health, each member has the right to grant compulsory licences and the freedom to determine the grounds upon which such licences are granted," the statement said.

Compulsory licensing is when a government authorises a party other than the patent owner to produce the patented product or process, without the patent owner's consent. This is largely resorted to in the case of public health emergency to make expensive patented drugs available. India has issued its first compulsory licence in 2014 to NATCO for a cancer drug, ending the monopoly of German pharmaceutical company Bayer AG over the drug.

The commerce ministry also said that even though the government is conscious of the need to spur innovation and protect individual rights, it retains the sovereign right to utilise the flexibilities provided in the international IPR regime.

"It may be noted that to date, there has been only one case of compulsory licence in India and that too after a well-thought out and laid down process which was subsequently upheld right up to the highest Court of the land," the ministry's statement said.
The US-India Business Council (USIBC) in a report has said that India had given verbal assurance that it would not use compulsory licences for commercial purposes. Such a move would make it difficult for domestic pharma players to make cheap versions of patented drugs

The pharmaceutical sector is one of the 25 focus areas of the government for its Make in India programme. India accounts for 20% of global exports in generics and it is the largest provider of generic medicines globally.

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Protecting India’s trade interests

Pralok Gupta and guest, The Financial Express

New Delhi, March 25, 2016: India has recently ratified the Trade Facilitation Agreement of the WTO, concluded at its Bali Ministerial Conference in December 2013. Already consented to by 70 countries till March 1, 2016, it will enter into force once two-thirds of the WTO members ratify it. This agreement only deals with goods trade and provides for expediting the movement, release and clearance of goods, including goods in transit but not of services. Facilitating services exports and imports is not yet discussed in the WTO, in spite of the important role played by services in international trade. India must put forward a progressive agenda for promoting global trade in services.

Services constitute an important component of the country’s domestic economy as well as of its international trade, contributing more than 60% to GDP and around 33% to total exports. India’s exports in services remain concentrated in IT/ITeS sectors, which contribute more than one-third to the country’s services exports. Trade potential in other services—such as professional services, health including nursing and paramedical—is not yet fully realised by India owing to policy and capacity constraints at domestic level as well as restrictions imposed by major importing countries. To realise this untapped potential, India should advance multilateral negotiations on trade facilitation in services in order to remove these restrictions. This is also important given the recent signing of the Trans-Pacific Partnership (TPP) and significant advancement in Trade in Services Agreement (TiSA) negotiations. Multilateral negotiations will help in minimising possible trade diversion effects of these mega deals. In fact, important WTO members who are not yet part of TiSA are likely to welcome India’s initiative.

India’s proposal on trade facilitation in services could focus on border and behind the border restrictions affecting India’s services exports. However, the country should not focus only on visa-related (mode 4 in services trade terminology) demands—such as visa fee, processing time and multiple entry—in its proposal, rather it should equally emphasise on issues such as data security and qualification recognition for online supply of services (mode 1), transparent and time-bound approval process for commercial establishment (mode 3) and non-discriminatory treatment to its service providers. India could also borrow from the Canadian submission in the WTO on ‘Improved transparency of mode 4 commitments’ that aims at better assessment of the actual liberalisation value of services commitments. So far, India’s demands in multilateral and bilateral trade negotiations remained primarily for facilitating its professionals’ movements, which over time have become more of a stumbling block, taking negotiations nowhere.

Given political sensitivities associated with foreign labour movement, India has to move beyond such demands in its trade negotiations. Ironically, India has not been able to fully utilise such preferences in its existing services FTAs with Singapore, Korea, Japan and Malaysia.

Another important area for services trade facilitation is the removal of discriminatory requirements (economic needs test) for foreign service providers, such as allowing hiring of a foreign professional only if domestic expertise is not available. As identified in the MERCOSUR proposal before the WTO, such tests constitute one of the most important market access and national treatment barriers, and affect a wide range of services.

The restrictive effects are further compounded by the fact that the criteria for their application are generally vague or non-existent, thereby allowing discretion in their administration and undermining the certainty and predictability of market access and national treatment commitments.

Applying domestic regulations in an objective and transparent manner should also be included in this proposal. The WTO allows member countries to impose domestic regulations (prudential regulations) for public policy objectives. However, the line between prudential and trade protectionist regulations is thin and blurred, and hence most developed countries use domestic regulations in a disguised way to protect their markets. This is also evident from the fact that both TPP and TiSA, and trade initiatives led by the US and other developed countries do not have any specific provisions to prevent misuse of domestic regulations, as against mandatory provisions on market access and national treatment related issues. The proposal should not only include cross-cutting disciplines on domestic regulation, but also sectoral disciplines in order to capture sector-specific realities. At the same time, India should be alert to oppose cherry-picking by developed countries to focus only on transparency issues, as attempted in October 2015 just before the Nairobi Ministerial.

India's strategy in trade negotiations has so far been generally reactive. Instead of being reactive, the country should have a forward-looking agenda for services liberalisation on its own and table its proposal on trade facilitation in services in the WTO. India should also make efforts to sensitise other countries on services facilitation issues to make a coalition of like-minded countries. Trade facilitation in services will act as a bargaining chip for India in future negotiations and will help protect the country's trade interests.

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Solar row: India may move WTO against US

The Hindu Business Line

March 26, 2016: The Centre is considering filing a case against the US in the World Trade Organisation (WTO) related to American State government programmes that protect domestic solar manufacturers.

Piyush Goyal, Minister of State for Power, Coal and New and Renewable Energy, says India is ingenious enough to find alternative ways to protect the domestic solar industry

This was stated by Power Minister Piyush Goyal at a CII event here on Friday.

Commenting on the WTO’s ruling on mandatory domestic content stipulations in India’s solar power generation programme, Goyal said: “There are at least nine US States which have similar programmes that give protection to domestic manufacturers. I am now examining them and after that we will file a case against the US.” The Centre is considering filing a case against the US in the World Trade Organisation (WTO) related to American State government programmes that protect domestic manufacturers.

This was stated by Piyush Goyal, Minister of State (Independent Charge) for Power, Coal and New and Renewable Energy, at a Confederation of Indian Industry event here on Friday.

Commenting on the WTO’s ruling on mandatory domestic content stipulations in India’s solar power generation programme, Goyal said: “There are at least nine US States which have similar programmes that give protection to domestic manufacturers. I am now examining them and after that we will file a case against the US.”

“We will, of course, go and appeal against the WTO order. But we are ingenious enough in India to find an alternate mechanism to protect our manufacturers,” he added.

While the Jawaharlal Nehru National Solar Mission aims to add 100,000 MW by 2022, the local content requirement is only for 8,000 MW for rooftop and land- based projects where the government provides a subsidy.

India has been arguing that since the power generated through JNNSM was bought by NTPC, a public sector agency, the transaction qualifies as government procurement and is not covered by WTO rules.

This was rejected by the WTO, which stated that the domestic content requirement was on power equipment and not on power that is bought by the government.

Tarun Kapoor, Joint Secretary of the Ministry of New & Renewable Energy, said earlier in the week that domestic manufacturers will be given protection by procurement through defence agencies and other such means.

"It is very unfortunate that the US decided to pursue their case against India in the WTO. All that India has done is to protect domestic manufacturers who have so far given 400 MW of equipment to the installed capacity of 6,000 MW," he said.

Goyal said: "When India scales up to a 100 GW, all that the Indian manufacturers can produce is about 15- 17,000 MW over the next seven years. This would still leave more than 80,000 MW of market for the world. The US took a very myopic view."

The Minister also warned that if Indian manufacturers manage to prove a case of dumping against the US manufacturers, solar power will become expensive forcing the government to abort the solar programme.

Dumping worries

"Our domestic manufacturers had won a complaint against US manufacturers for dumping their products in India which would have resulted in high anti- dumping duties. I personally persuaded the Indian manufacturers, and it was their magnanimity, who withdrew their request. If Indian manufacturers go back to seeking anti- dumping duties, solar power will again become expensive and we may have to abort the programme," said Goyal.

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Steel imports: India asks US to comply with WTO ruling against CVD

Amiti Sen, The Hindu Business Line

March 29, 2016: Eager to help the debt- ridden steel industry regain its foothold in the US market for hot rolled carbon steel products, India has asked Washington to comply with the dispute settlement body's ruling against countervailing duties (CVD) imposed on imports. The last date for complying with the ruling lapsed on March 19.

India, together with Japan, the EU, Brazil and China, has also asked the US not to transfer anti- dumping and CVD imposed on imports to its industry — a move that was ruled illegitimate by the WTO several years ago, a government official told BusinessLine.

Anti- dumping duties and CVD are penal levies imposed on imports when there is a surge in inflow of particular goods either due to the seller off- loading them at prices lower than what it charges in its domestic market or the exporting country subsidising them.

Delaying tactics?

"While the US, at a recent meeting of the Dispute Settlement Body, said it was taking steps to comply with the WTO's ruling against the CVD imposed on hot- rolled steel, we feel it is playing for more time as it has asked India for all kinds of fresh data related to price and production of steel and coal. This is unacceptable to us," the official added.

New Delhi now plans to use the ' hearing' to be held by the US in April on its implementation process for the WTO ruling to ensure that the country sticks to the directions given by the multilateral body.

The WTO, in its ruling on the case filed by India against the CVD, had found faults with the way the US calculated the penal duties including its assumption that the iron ore bought by Indian companies from NMDC is supplied at a subsidised rate because it is a "public body".

Potential gainers

Indian companies including Tata Steel, Jindal, Essar and SAIL, could gain significantly if the US withdraws or re- calculates the CVD as per the WTO's ruling. Exports from India of the targeted steel product almost stopped over the last few years due to imposition of steep penalties, which were as high as 500 per cent in some cases.

India and a number of other members fighting cases against similar penal duties imposed on their exports have asked the US to also stop distributing the duties collected to its domestic industry as this gives it a competitive edge.

With global steel prices declining, New Delhi recently imposed a Minimum Import Price and a safeguard duty of 20 per cent on import of the metal to shield the domestic industry from cheap inflows.

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With RCEP commitment, India marks big shift in trade policy

Asit Ranjan Mishra, Live Mint

March 23, 2016: India has outlined higher level of commitment to liberalize investment and services for the members of Regional Comprehensive Economic Partnership (RCEP), marking a significant shift in its trade policy that could also become a template for future bilateral treaties.

India has accepted ratchet and most-favoured nation-forward (MFN-forward) clauses but will, in turn, impose conditions on RCEP members for accepting these clauses, a commerce ministry official said, requesting anonymity.

Ratchet implies that future domestic policy changes undertaken autonomously by India will automatically get committed under RCEP, while MFN-forward means any future concession given to a trading partner under a bilateral treaty will automatically get extended to RCEP members as well.

"Services offers have been made on a positive listing basis with indicative sub-sectors. We have gone beyond the required commitment and given commitment for 100 sub-sectors out of 170. We have also given ratchet and MFN-forward in services. In investment, we have given our offers on negative list basis for eight sectors and 20 sub-sectors. In investment, however, MFN Forward will be granted on a negotiation basis on specific sectors while ratchet will be accorded with limited deviation," the official said.

However, India has not made any commitments on multibrand retail nor in according national treatment before investors set up shop in the country, the official said.

Biswajit Dhar, professor of economics at the Jawaharlal Nehru University, said commitment on horizontal issues such as rat c h e t and MFN-forward should be conditional to any gain through commitments for professional visas for Indians. "What we agree to give in services has to be seen in the context of what we get under Mode 4 because India has nothing to gain in opening up of services sectors," he added. Mode 4 facilitates movement of professionals from one country to another.

In Brunei, where the last round of RCEP negotiations were held in last month, India urged members seeking higher level of ambition in services and investment.

“There is bound to be resistance which we know. They will always want to do an early harvest and close it. We want services chapter to include an agreement on professional and business visas. We have put forward a proposal but nobody has reacted so far. We will know the reaction of other members in the next round of talks,” the official said.

The next round of RCEP negotiation will take place in Perth, Australia between 23-29 April.

What has further delayed negotiation is incomplete offers made by the Association of Southeast Asian Nations (Asean). “We hope Asean will make its offers before the next round of negotiation,” the official said.

India followed a threetier approach for making tariff liberalization offers based on whether it has a free-trade agreement (FTA) with the country or not. Among its free trade partners also, it made separate offers to Asean on one hand and Japan and South Korea on the other hand.

In the first tier, which includes members of the Asean countries, India has offered 80% tariff liberalization. Out of it, 65% elimination of tariff will come into force immediately as the agreement comes into force and another 15% tariff elimination will happen over a period of 10 years.

In the second tier, India has offered 65% tariff elimination to South Korea and Japan with whom it has FTAs while these two countries will give 80% tariff elimination.

In tier three, India will offer 42.5% to China, Australia and New Zealand while each of these countries will offer India 42.5%, 80% and 65%, respectively. Even though its tariff line liberalization pegged to the trade value for each country, New Zealand is asking that the 42.5% tariff liberalization India will offer should include 55% of its trade value with India.

Started in May 2013, RCEP comprises the 10 economies of the Asean region—Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam—and six of its free trade partners—Australia, China, India, Japan, New Zealand and South Korea.

The grouping envisages regional economic integration, leading to the creation of the largest regional trading bloc in the world, accounting for nearly 45% of the world’s population with a combined gross domestic product of $21.3 trillion.

The regional economic pact aims to cover trade in goods and services, investment, economic and technical cooperation, competition and intellectual property. India's interests lie mostly in services, the removal of technical barriers to trade such as those taken under sanitary and phyto-sanitary measures, and trade in goods such as pharmaceuticals and textiles.

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Exporters risk being blacklisted when new EU rule kicks in

Amiti Sen, The Hindu Business Line

March 21, 2016: Indian exporters enjoying preferential access into the EU market through the Generalised System of Preferences (GSP) scheme face a tough technical challenge.

From next year, they may have to self-certify the origin of their goods, instead of accredited agencies, in order to avail of benefits under the scheme. This could prove to be a complicated process and might also lead to black- listing of firms if errors creep in, a government official told Business Line.

"The government plans to train exporters as they would have to log into the EU website and go through established procedures to generate rules of origin certificates. In case of wrong entries leading to erroneous rules of origin certificate, there could be adverse rulings not for just the particular exporter but the entire sector," the official said.

Countries have the option of requesting the EU for more time to switch over to the new system, but India is attempting to meet next year's deadline.

Benefits of the scheme

Under the EU's GSP scheme, developing countries are eligible to pay less or no duties on their exports to the EU as long as the total exports are below a specified threshold.

India, China and Brazil are among the top beneficiaries of the EU's GSP scheme with almost 40 per cent of items being exported from India, including garments, jewellery, handicrafts and certain engineering items, gaining from it.

Why the certificate matters

The certificate of origin, which establishes that an item being exported originates from the beneficiary country, is of key importance as it is a check against third- country exports flowing into the EU at preferential duty rates.

“If wrong entries are made by exporters even inadvertently, it might not be taken kindly by the EU. So we have to train exporters to operate the system,” the official said.

Two government officials from India recently visited the EU for training and they in turn would be designing training programmes for exporters.

At present, agencies such as the Export Inspection Council (EIC), the Directorate General of Foreign Trade the Central Silk Board, the Marine Products Exports Development Authority and a number of SEZ development commissioners are authorised to give origin certificates for export to the EU.

Once the new system kicks in, the government will appoint one agency as the ‘competent authority’ to register all exporters who would be participating in the self- certification process and pass on the details to the EU.

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India offers EU compromise formula to break deadlock in trade talks

Amiti Sen, The Hindu Business Line

March 30, 2016: India has offered to meet the EU half- way in getting the negotiations on the long- pending free trade agreement re- started.

It has proposed to set up a working group on automobiles that would exclusively focus on meeting the 28- member bloc’s aggressive interests in the sector, but has refused to take commitments on duty cuts before the talks begin.

“The ball is now in the EU’s court. It has to decide whether our offer, made in Brussels last month at the Secretary- level talks, is good enough for it to reengage with us, or if it wants to keep insisting on duty cut commitments as a pre- condition to talks” a government official told BusinessLine.

An announcement at the India- EU Summit on the re- launch of the talks, officially called the Broad- based Trade and Investment Agreement (BTIA), depends on how early the EU takes a call on the matter, the official added. The BTIA seeks to reduce tariffs in goods and liberalise rules in services and investments.

The EU wants India to commit to sharp cuts in import duties on automobiles currently ranging between 60 per cent and 120 per cent, as opposed to 10 per cent duties levied by the bloc.

Auto focus

Automobiles have been a focus sector for the EU right from the beginning of the BTIA talks in 2007. The EU lost interest in the negotiations in 2013, which were then suspended, as it was disappointed with the market openings offered in the automobiles and wines & spirits sectors and also in services such as banking, insurance and retail.

“It is the EU which expressed interest in re- starting the talks last year. We are now in a position to offer more in several areas due to autonomous changes in our policies, but it is difficult to proceed if tough pre-conditions are placed,” the official said.

The domestic automobile industry has been lobbying against reduction of import duties on cars as it argues that it will be a reversal of the country’s policy of high tariffs to encourage investment, local manufacturing, local value addition and local employment.

“The working group that we have proposed to set up with the EU will focus on meeting the EU’s demands while keeping domestic realities and needs in mind,” the official said.

Curbs on workers

India, on its part, would want the EU to commit to not just giving more work visas to Indians, but also ensure that additional barriers to movement of workers don’t crop up.

“The increased restrictions on foreign workers, in the form of minimum salary requirement and higher fees, being planned by the UK is of great concern to us, and we want the BTIA to address these,” the official said.

Two- way trade between India and the EU is well balanced at about $ 100 billion annually. Exports to the EU account for about 16 per cent of India’s total exports.

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‘Market access for India’s services key to BTIA’

Sriram Lakshman, The Hindu

March 31, 2016: Obtaining greater access to the market for services in the European Union (EU) is key for the progress of the Broad based Trade and Investment Agreement (BTIA) between the EU and India, Commerce Minister Nirmala Sitharman told The Hindu in an exclusive telephone interview in Brussels.

The two governments are hoping to make progress on the trade deal during the 13th EU India Summit in Brussels on March 30.

In a global economic climate of falling demand and competitive currency devaluations, the textile industry was among those that had approached the Commerce Ministry and expressed a view that a free trade agreement with the EU would be beneficial to it, Ms. Sitharaman said. However, she added that India would also take up the issue of market access for its services in the EU.

‘Data secure’

“On services, for instance, India cannot be sitting and watching on data security,” Ms. Sitharaman said. India has not been granted “data secure” status by the EU, and this has hampered the progress of negotiations around the liberalisation of trade in services in the BTIA talks. Being considered ‘data secure’ is crucial for a number of services especially in the IT and ITES sectors.

Similarly, for the textile sector, “if access is not available, the negotiations go through a difficult patch. We still negotiate hoping there will be some give and take,” Ms. Sitharaman said. In response to a question on what had stalled the negotiations, Ms. Sitharaman said, the contours of the discussions had recently been widened by the EU to involve investments, not just trade in goods and services, converting a free trade agreement into a broader scope trade and investment agreement.

Visa issues

Re-iterating that India was not happy with higher fees for temporary United States work visas (H-1B and L-1 caterogies) Ms. Sitharaman said, “We are very clear we are taking them [the U.S.] to the WTO.” India initiated a dispute with the U.S at the WTO on this issue on March 3. This is against an increasingly disputatious background between India and the U.S. in the WTO with the trade body recently ruling in favour of the US in a case involving domestic component requirements in India's solar panel program. India is also considering filing a counter complaint with the WTO on similar practices in the U.S.

The government's objections to visa regimes extend beyond the U.S. After Brussels, Ms. Sitharaman will go to London where she will discuss U.K. visa issues with Immigration Minister, Mr. James Brokenshire.

Ms. Sitharaman said U.K. visa rules discriminate against Indian technical professionals including because they have hiked visa fees and have numerical caps on visas. Earlier in March, the U.K. government announced a fee hike across most visa categories including Tier 2 visas, used to employ skilled foreign workers in the U.K.

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'Clean tech is the new sweet spot for India- US bilateral trade'

Rutam Vora, The Hindu Business Line

March 18, 2016: The next level of bilateral trade between the United States and India would be focused on innovation in clean tech and entrepreneurship, said Charles H Rivkin, Assistant Secretary of State, US Department of State — Bureau of Economic and Business Affairs, at an innovation roadshow here.

Challenge and opportunity

While India has laid down a roadmap to encourage entrepreneurship and innovation through its newly launched start- up policy, it is providing an opportunity to Indian entrepreneurs to innovate and engage with their international counterparts to grow further.

"All know that climate change is our biggest global economic challenge. But it is also a global economic opportunity and that's why I am here with my senior advisors and representatives of American clean tech companies.

The opportunity and the scale of the opportunity in clean tech is enormous. We have had 14 gigawatts in 2016, and growing to 175 gigawatts by 2022, which requires financing of about $ 100 billion. So, it is a social challenge as well as social opportunity and an economic challenge and economic opportunity," Rivkin told Business Line here.

Rivkin, however, pointed out that instead of merely discussing at the federal level, the goal of the American Innovation Road show is to strike a people-to-people engagement.

“We are the two great nations, two friends, two markets, two federalist societies so it makes more sense if we engage at state- to- state level, city-to-city level as well as at the federal government level,” he said.

Rivkin met Gujarat Chief Minister Anandiben Patel in Gandhinagar on Wednesday.

The delegation will cover four cities – New Delhi, Gurgaon, Ahmedabad and Hyderabad.

Representatives of the US energy and infrastructure companies will engage with Central and State government leaders, civil society groups and entrepreneurs sharing experiences of the US innovators and Indian entrepreneurs.

Trade between India and the US tripled since 2005, and the number of US companies operating in India has increased from 200 to 500 now.

“It is fair to say that defense, clean energy, economics and trade have broken past records. So we are already heading in a good direction but our job is, working with Prime Minister Modi's government, to turbo charge that and deliver on the expectations,” he added.

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India, Peru to expedite launch of FTA talks

The Hindu Business Line

March 19, 2016: India and Peru are trying to fast track launch of negotiations on a free trade agreement (FTA) with both sides examining how ambitious the pact should be.

“In a recent meeting in Lima, the two sides discussed the possible areas the pact could cover and decided to finalise the joint study group (JSG) report soon,” a government official told BusinessLine.

An FTA with Peru, together with a similar agreement with Chile (which will be launched as soon as the Union Cabinet gives its nod), will give Indian exporters a stronger foothold in South America and help the country diversify beyond the traditional markets of the EU and the US.

“India and Peru believe that an FTA could increase bilateral trade several- fold from the present level of $ 1.4 billion annually,” the official said.

India’s major exports to Peru include iron and steel laminated products, rubber tyres, three wheelers / motor cycles & parts, pharmaceuticals, organic and inorganic chemicals, yarns.

India’s main items of imports from Peru are metalifers ores & metal scraps, gold, fertilisers, crude, silver, non- ferrous metals, inorganic chemicals, leather and dye.

“There exists a lot of scope for India and Peru to collaborate in the hydrocarbon and minerals sectors and also in financial services,” the official said.

Services included

New Delhi wants the proposed FTA to also cover services and not be just limited to goods. “While language is a problem in the Latin American market, but we are confident that there would be demand for India’s cheap and high quality services in various areas including IT and financial services,” the official said.

The exact contours of the FTA would be clear only after the JSG finalises its report.

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India-Australia FTA long overdue: FM

Neena Bhandari, Business Standard

March 31, 2016: The sooner the India-Australia Free Trade Agreement (FTA) is signed, the better, said Finance Minister Arun Jaitley, while addressing the ethnic Indian media on Wednesday at the Shangri-La hotel in Sydney’s central business district.

When asked if signing the FTA was a priority for his government and if the FTA would address services and make material concessions to attract Australian companies to operate and partner in India, Jaitley told Business Standard, “This is at the negotiations stage; therefore, it is not fair for me to comment.”

Recently, while delivering the 2016 Lowy Institute for International Policy annual speech, Australian Prime Minister Malcolm Turnbull said, “Trade with India has not looked this promising for hundreds of years. That's why, to aid the transition to a new and more diversified economy, I'm placing a high priority on the conclusion of a free trade agreement with India — as complex as those talks have been."

Jaitley said, "It (FTA) was a priority even when the Indian Prime Minister (Narendra Modi) was here in 2014. He (Modi) wanted this to be done in 2015. So, we have already crossed the deadline. The sooner the better."

The minister was quizzed by the ethnic media on a wide range of topics from Adani's coal mine to the Jawaharlal Nehru University (JNU) issue back home.

Jaitley said Adani's pit-to-port Carmichael coal project in Queensland was "not really" on the agenda. "This is a subject which is internal to Australia and that is not a subject for the purpose ofmy visit. But, in the course of my discussions, one of the ministers of the Australian government has informed me that as far as the government of Australia is concerned, they are trying their best to stick to the contract, subject to whatever other influences in a democracy are there."

On the question of how much of a dent had incidents like JNU made on the image of India abroad, Jaitley said, "I don't think it is an issue of creating any dent to an image, for the simple reason that no country— however, liberal— can allow an agenda, which openly speaks in terms of breaking up the country. India is a liberal society; it is a democratic society. It allows free speech, but even under our Constitutional order, sovereignty of India is an exception to the principle of free speech."

When asked to list the two-year-old Modi government's achievements and challenges, Jaitley said, "It has maintained a direction and the government has not committed any major mistake. More so, the government is perceived to be more decisive and, certainly, corruption has disappeared from the corridors of New Delhi. I think the challenges will still be fighting poverty, strengthening India's agrarian sector and building infrastructure."

He emphasised that "there are areas of Australian expertise, which can do a considerable amount of good to the Indian economy. For instance, in the recent Budget, I have opened the food processing sector to 100 per cent FDI (foreign direct investment). This is an area where Australia has done a lot. Mining is another area."

Jaitley said there's considerable opportunity available in the power sector— in thermal, hydel and renewable energy.

On when the first smart city would be completed, Jaitley said, “It will take time. Twenty cities have already been identified and their partners have been found so the actual development works on those areas can take place.”

India is seeking Australian expertise in building smart cities. David Holm, director at Cox Richardson, Sydney’s leading architectural and planning practice, told Business Standard, “India can be a template for the way cities should be over the next century. But, one of the great blocks we have in India is working with the bureaucracy. Most of the work we do (in India) is with private entities and they solve a lot of the issues of governance and contracts.”

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Free movement of businessmen in SAARC area by May: Jaishankar

The Hindu Business Line

March 17, 2016: Foreign Secretary S Jaishankar on Wednesday said the SAARC Business Travellers’ card that will ensure seamless movement of businessmen within the South Asian region will be launched by May.

“The SAARC Business Travellers’ Card, an initiative designed to enable easier movement of South Asian businessmen to India, will be launched within the next two months,” he said while addressing the 42nd SAARC Standing Committee Meeting in Pokhara, Nepal.

In an official statement issued here, Jaishankar highlighted the need for greater connectivity within the SAARC region.

He said that the speed of regional connectivity has to be “hastened” particularly in those areas that are central to the SAARC developmental agenda.

“In this context, I urge that we sign, at an early date, the SAARC Motor Vehicles Agreement and SAARC Railways Agreement. Finalisation and implementation of these agreements will realise a long standing dream of seamless movement of passengers and cargo through the entire region,” he said.

He added that India was focussing on projects in areas such as rail and road building, power generation and transmission, waterway usage and shipping through regional, sub- regional, trilateral and bilateral arrangements.

Jaishankar also hoped that the much- touted SAARC Satellite may be launched by the end of the year, which is aimed at supporting applications in the area of health, education, disaster response, weather forecasting and communications.

He said the SAARC Knowledge Network would provide a unified high speed network backbone for knowledge related institutions in the region.

"This will bring together all stakeholders – scientists, researchers and students – to work closely for faster development," he added.

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Exports contract for 15th month, down 5.7% in Feb

Business Standard

March 16, 2016: India's merchandise exports fell for the 15th straight month by 5.7 per cent to $20.7 billion in February this year, against $22 billion in February 2015, according to data released by the commerce ministry on Tuesday. Compared to this, during the 2008-09 global financial meltdown, the decline was for nine months on the trot.

The rate of decline in February, however, decelerated from 13.60 per cent in January and was, in fact, the second lowest since the outbound shipments started contracting since December 2014. It was in the last month of 2014 that exports had declined 3.77 per cent.

However, experts cautioned that the small fall in February was no indication of any revival in exports as global conditions were sluggish and commodity prices depressed. They don't see revival happening before the last quarter of 2016.

The country exported goods worth $238 billion during the first 11 months of FY16, 16.7 per cent lower than $286 billion during the corresponding period of the previous year. The government had earlier set a $300 billion export target for 2015-16, but Commerce Secretary Rita Teaotia recently said such a target needed to be revised downwards to $260 billion. As much as $22 billion worth of goods need to be exported in March to meet even the truncated target. If this target is met, it would be almost $50 billion lower than the previous year's realization ($ bn.) and contraction for the second year in a row.

Besides a global slowdown, the severe fall is attributed to a decline in global commodity prices. China also posted the steepest fall of around 25 per cent in merchandise exports in February since May 2009.

Imports, too, declined five per cent to $27.3 billion in February, compared to the year-ago period, when it was $28.7 billion.

The oil import bill dropped 29 per cent in February to $4.76 billion, following global cues of plunging crude oil prices. Compared to this, $6.10 billion was the comparative cost a year-ago.

As such, non-oil imports in February this year were estimated at $22.5 billion, which was 0.47 per cent lower than non-oil imports of $22.6 billion in February last year.

Gold imports declined 29.5 per cent to $1.4 billion, down from $1.9 billion a year-ago. As such, nonoil, non-gold imports, taken as a proxy for indicator of industrial demand in an economy, rose 1.9 per cent to $21.1 billion in February this year from $20.7 billion a year-ago. This might mean a small industrial recovery in February after three months of continuous decline in the index of industrial production. Non-oil, non-gold imports went down 7.43 per cent in January, much more than the two per cent registered in December.

Trade deficit narrowed to $6.6 billion in February this year, compared to $7.6 billion in January.

The cumulative imports till February FY16 stood at $351 billion, a 14.7 per cent drop from $412 billion a year-ago, which was the cumulative figure for the same period last year.

As a result, trade deficit narrowed to $113 billion for the first 11 months of FY16, compared to $126 billion in the year-ago period. This will augur well for the current account deficit.

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External account worries

Business Standard

March 29, 2016: The Reserve Bank of India has released data for India's balance of payments in the third quarter of 2015-16 - the months between October and December, 2015, inclusive. The headline news was good: that the current account deficit, or CAD, narrowed to $7.1 billion in that period, which amounts to 1.3 per cent of gross domestic product or GDP. The CAD for the equivalent quarter of 2014-15 was $7.7 billion, or 1.7 per cent of GDP. The trade deficit, at $34 billion, was $4.6 billion less than in the equivalent quarter of 2014-15 and $3.4 billion less than in the second quarter of the current financial year. A cursory examination of these numbers would suggest that India's external sector is strong, and there is no cause for worry. This conclusion would also fit with the intuition that India, as a major commodities importer, would in general benefit from the long downturn in the global prices of commodities.

However, a closer look at the numbers suggests that any such confidence might be misplaced. In fact, there are three significant weaknesses in India's external account, all of which have been highlighted by the data released by the RBI. The most obvious is the weakness in exports. Exports of goods brought in $64.9 billion in Q3, 2015-16, down by $15.2 billion from the equivalent quarter in the previous year. This is not entirely due to lower fuel prices. Exports of petroleum, oil and lubricants fell in value by only $7.6 billion. In other words, exactly half of the decline in exports was due to non-oil goods. The continuing weakness in India's non-oil exports is problematic, as it is happening in a time in which many peer countries are growing their exports, such as Bangladesh and Vietnam. The structural changes needed to render Indian exports competitive are clearly not yet in place. If export growth does not revive soon, then there is a significant weakness at the heart of India's external account.

Two other specific sectors are worthy of mention as causing concern. One is remittances from overseas Indians. The country received remittances from overseas Indians totaling $14.8 billion during October-December, 2015. This was the lowest in 18 quarters. In the corresponding months of the previous year, remittances had been $15.97 billion; in the previous quarter of 2015, remittances had been $15.9 billion. It is likely that weaker oil prices have hit the incomes of Indians in the Gulf states. This, again, moderates the positive effect that low fuel prices have had on the CAD. And then there is the deceleration in services exports, particularly software exports and business services exports, which together account for more than half of services exports. In software exports, growth is barely positive; in business services exports, there is a decline. This again indicates that the commodity downturn should not lead to complacency about India's balance of payments situation. It is true that, currently, low fuel prices and a sharp increase in foreign direct investment mean that the situation appears comfortable. But both these variables cannot be controlled by policy. If they reverse, then the comfort on this account goes away. The government must work harder to counter the decline in exports of both goods and services.

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Commerce Minister to hold meeting with export bodies

Amiti Sen, The Hindu Business Line

March 28, 2016: Worried about exports falling two years in a row, Commerce and Industry Minister Nirmala Sitharaman will hold a meeting with export bodies, including export promotion councils, next week to assess the situation and see if there is a need for further government intervention.

"The meeting with exporters has been tentatively scheduled for April 5. The Minister wants to meet representatives from all important sectors to get their assessment of the global situation and see if the government can do anything to improve the situation," a Ministry official said.

This is the first interaction that Sitharaman has scheduled with exporters after the Union Budget, which did not come up with anything specific for the sector. Over the past few months, exporters have sought a number of measures, such as extension of the Merchandise Export from India Scheme to more items, countries and also merchant exporters from identified sectors.

Those importing capital goods at reduced import duties under the Export Promotion Capital Goods Scheme have asked for a longer time period

Fall in exports is not just spread across products but also across regions.

Exports in the current fiscal will be around $ 260 billion, according to estimates made by exporters' body FIEO. This is about $ 50 billion short of exports worth $ 310 billion in 2014- 15 and $ 314 billion in 2013- 14.

Interestingly, fall in exports is not just spread across products such as engineering goods, agricultural produce, petroleum products and leather goods, but also across regions. In the first 10 months of the current fiscal, India's exports to Europe and the US fell by nearly 12 per cent, Africa by 26 per cent, Asia by 19 per cent and CIS & Baltics by 32 per cent.

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Despite export gloom, some sectors have retained market share: Teaotia

The Hindu Business Line

March 23, 2016: In the current phase of weak global demand, a few sectors like pharmaceuticals, gems-jewellery and textile- garment have either retained their market shares or are growing, said Commerce Secretary Rita Teaotia.

“This trend of marginal rise in exports is likely to help them to realise better prices when the global economy rebounds,” she said at a press conference here on Tuesday.

The Centre is working out plans to strengthen industry to help ride out this period and maintain market share.

“I can assure you that most of the sectors have managed to maintain their market share, even increase their market share” she said. “It is the price realisations which have reduced and hopefully they will improve once commodity prices begin to rise and the global economy strengthens.”

According to Teaotia, the stagnating prices of steel and other metals, along with lower crude oil prices, had led to a slowdown in the global economy.

“The US, the European Union and China witnessed lower than expected growth during the year. But the situation may improve in the next financial year,” she said.

She said the free trade agreements (FTA) India had signed so far has benefited the country, but a FTA with the European Union will take more time.

Earlier, speaking at Federation of Indian Export Organization (FIEO’s) interactive meeting, Teaotia said exports may touch $ 270 billion by end of this financial year.

‘Exports will look up’

She said that the rupee was witnessing a fall against select global currencies but it was not under valued and the RBI, will take the final call. She was positive that India's exports will gain next fiscal, as global petroleum and commodity prices are likely to gain.

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Safeguard duty on steel import extended

Business Standard

March 31, 2016: The central government has extended the safeguard duty on some steel imports till March 2018, to protect domestic industry from cheaper supplies from China, amid a global glut. However, the duty would be reduced to 10 per cent in stages over the next two years.

In September last year, India had imposed a 20 per cent safeguard duty on 'hot-rolled flat products of non alloy and other alloy steel coils of a width of 600 mm or more'.

Major steel companies have also asked for an anti-dumping duty, as well as countervailing duty on various products in this category.

On March 15, the Directorate General of Safeguards said the duty should be extended for two and a half years as increased imports were threatening the domestic producers. In a notification dated Tuesday, the Central Board of Excise and Customs (CBEC) said the 20 per cent safeguard duty would be extended till September 13.

The duty would be reduced gradually — it would be 18 per cent for the period between September 14, 2016 to March 13, 2017; 15 per cent between March 14, 2017 and September 13, 2017; and 10 per cent between September 14, 2017 and March 13, 2018.

"The extension vindicates what the domestic industry has been talking about. Considering the extent of injury because of dumping, whatever margins have been imposed based on the prices prevailing during the investigation period might not be adequate. So, it is a welcome step by the government," said Seshagiri Rao, joint managing director and group chief financial officer, JSW Steel.

In January, the government had imposed a minimum import price (MIP) for six months on as many as 173 products to protect domestic players from cheap imports. If required, the government may extend it beyond six months. Moreover, the steel ministry is working with the finance ministry to issue a financial package within two months for revival of the sector. “The steel industry has been seeking long-term measures to contain a huge influx of imported steel. The final findings and extension of safeguard duty till March 2018 is a right step and we welcome this move,” said H Shivaramkrishnan, chief commercial officer, Essar Steel India.

According to the steel ministry, imports came down by 25 per cent in the first 11 months of the current financial year. In 2014-15, steel imports were of 9.32 million tonnes (mt). This year, the imports would be around seven mt.

Safeguard duty is allowed under World Trade Organization rules as a temporary measure, for a specified period, to protect a country’s domestic industry from cheaper import.

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Gold import bill to dip in FY16

Rajesh Bhayani, Business Standard

March 18, 2016: Tepid import of gold in the last two months (Feb-March) of this financial year will help the government save some foreign exchange.

The import bill for 2015-16 is now estimated at $31.5 billion, almost nine per cent lower from 2014-15. Import in February was 35-38 tonnes or $1.4 bn. March has begun with marginal import; due to jewellers’ strike to oppose excise duty, the month might end with gold import of $500-700 million (17-23 tonnes). “The 2015-16 average price is likely to end lower by approximately eight per cent from 2014-15. Most imports were primarily during months when prices were lower,” said Sudheesh Nambiath, lead analyst at GFMS, Thomson Reuters.

The February import was half of January's, with a steep $30-50 per ounce discount to the cost of import.

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EU extends tariff preference for Indian garments

The Hindu Business Line

March 30, 2016: Indian ready- made garments exporters are hopeful of gaining a larger market share in the European Union (EU) over the next few years as the 28member bloc has decided to continue extending tariff preference to the sector for three years while the same was withdrawn from China.

The tariff preference fixed at 20 per cent of total tariff, applicable from 2017- 19, was, however, withdrawn for textile exporters from India as the sector graduated out of the scheme.

This happened because its share in EU imports from GSP beneficiaries exceeded 17.5 per cent.

"With EU being one of the biggest markets for Indian readymade garment products, the tariff preference news is a big relief for Indian exporters. With China's absence in the preference list, Indian products will gain a new edge in new markets (in the bloc)," according to the Apparel Export Promotion Council (AEPC). Of India's total annual garments exports of around $ 17 billion, about a third go to the EU.

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Govt extends wheat import duty by 3 months

Business Standard

March 30, 2016: The government has extended a duty on wheat imports by three months to protect farmers from cheap overseas supplies.

The 25 per cent duty will stay until June 30, the finance ministry said in a notification on March 28. The government first imposed a 10 per cent duty on imports in August and increased it to 25 per cent in October through March, citing a decline in global prices and its adverse impact on domestic growers.

The tariff extension comes amid forecasts for a rebound in the Indian crop from a five-year low and should prevent distressed sales by farmers during the harvest. Output will total 92 million tonnes to 93 million tonnes in 2015-16 after untimely rain and hail recently caused some damage to the crop, Agriculture Minister Radha Mohan Singh said March 19. The ministry earlier estimated the crop at 93.8 million tonnes compared with 86.5 million tonnes a year earlier."It will not make any sense to import wheat at this duty," said P Gunasekaran, president of the Tamil Nadu Roller Flour Mills Association. "We will have to manage with local wheat for the next three months before planning our imports. As such the quality of Indian wheat is good this year."

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Growth of shrimp exports may shrink to single digit this fiscal

Sohini Das, Business Standard

March 27, 2016: Frozen shrimp exports might slow down this financial (FY16) year on lower international demand and production setbacks due to floods and disease.

According to industry estimates, marine product exports at 421,385 tonnes declined 14 per cent in value and 4.5 per cent in volume in the first half of 2015-16 from the same period a year ago. The Marine Products Export Development Authority had in July projected exports in 2015-16 would reach $6.6 billion. India exported $5.5 billion worth of marine products in 2014-15, a growth of 10.05 per cent over the previous year. Frozen shrimp accounted for 67 per cent of the total export value. The contribution of cultured shrimp to total shrimp exports was 76.45 per cent. This year, the growth of shrimp exports might be in the low single digits, the industry reckons.

"Several states have curtailed the fishing season keeping in mind marine conservation requirements. This will have an impact on shrimp exports from India," said Rustom Irani, president of the Seafood Exporters' Association of India. He added aquaculture shrimp growth had also slowed because of floods and viral diseases.

During 2014-15, shrimp aquaculture grew 30.64 per cent to 4,34,558 tonnes. Production of the Vannamei variety of shrimp increased 41 per cent to 3,53,413 tonnes. Black Tiger shrimp production remained stagnant at 71,400 tonnes. All the major shrimp-producing states had clocked growth in the previous financial year: Andhra Pradesh (31 per cent), Tamil Nadu (20 per cent), Gujarat (182 per cent), Maharashtra (113 per cent) and Orissa (56.13 per cent).

Kamlesh Gupta, chairman and managing director, West Coast Group, a Surat-based integrated seafood company, said, "We are eyeing 30 per cent year-onyear growth as a company for the next three years."

He added there had been an immense improvement in processing capacity. India has an estimated 1.1 million hectares available for brackish water shrimp cultivation and only 100,000 hectares are being farmed.

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