INDIA'S TRADE NEWS AND VIEWS

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Gold imports continue to be affected as importers struggle to meet the Reserve Bank of India's mandatory norm of re-exporting 20 per cent of the precious metal brought into the country…

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UK watchdog restricts drugs from India's Wockhardt

Britain's health regulator has restricted exports from a factory of Indian pharmaceutical firm Wockhardt, the company said, the third such plant to face restrictions…

Emerging markets like Brazil, South Africa initiate reforms in patent laws in line with India's IP policy

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US pharma majors are putting pressure on the Government to stop issuing permits to domestic companies for making low-priced copies of patented life saving drugs…

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With India among the fastest growing sources of investment into the US, the two countries have agreed to further strengthen bilateral economic ties and work towards a greater understanding of investment…

Local sourcing mandatory in Phase II of solar projects

Cocking a snook at the US, which had objected to compulsory local sourcing conditions imposed in 1st phase of India's National Solar Mission, the country is all set to extend similar norms to the 2nd phase…

Azevedo's pre-Bali messages

The Director General of the World Trade Organisation (WTO) Roberto Azevedo, was in New Delhi this week to kick-start his bilateral engagements with member countries to take forward the progress…

Hope food security issues be resolved in Bali: Sharma

India expressed hope that all issues related to food security and trade facilitation would be resolved during the forthcoming meet of the World Trade Organisation (WTO) members at Bali in December…

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India's consent to the temporary waiver being negotiated at the WTO to allow developing countries to go beyond their permitted food subsidy limits will depend on its duration and the food items covered by it…

WTO Farm Talks: Negotiators on Final Lap Before Bali Ministerial

Trade officials have entered the last stretch of talks before the WTO's ninth ministerial meeting in Bali, Indonesia, with an outline deal for a "small package" of measures now due to be wrapped up...

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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.

Join the Asean way
Sreeram Sundar Chaulia, Times of India

10 October 2013: The 11th summit meeting in Brunei between India and the 10-member Association of Southeast Asian Nations (Asean) comes at a moment of heightened expectations about our role in the Asia-Pacific region. Mainstreaming the notion of an 'Indo-Pacific' theatre is acknowledgment that India is no longer a marginal player in Southeast Asia but a participant in its stability and economic dynamism.

The original intent of India's two-decade-long 'Look East' policy had been for us to integrate closer with an economically prosperous Southeast Asia which dazzled the world through the Asian Tiger and Tiger Cub miracles. The journey that Singapore, one of the pillars of Asean, undertook from "third world to first world" (in the words of its former patriarch, Lee Kuan Yew) in barely two generations showed how strategic trade policy and state-engineered economic transformation can buoy a whole society from penury to high living standards.

During the prime ministership of P V Narasimha Rao, India realised that it would miss out on a critical external partner to rev up its own emerging economy if it did not partake in the vibrant zone carved out by Asean's powerhouses. Ever since, the concrete benefits to Indian businesses and our economy from trading and investing with Asean have added to GDP growth and opened vistas for our middle classes, while delivering market opportunities for Asean's manufacturing titans in India's vast consumer base.

Presently, India and Asean are on the cusp of a free trade agreement (FTA) in services and investment. This landmark deal would complement a thriving FTA in goods between India and Asean since 2010. Two-way trade in goods has touched $80 billion and the advent of a services component is projected to take the volume of annual economic exchanges past the $100-billion mark in the next couple of years. The FTA in services and investment is especially auspicious because of the concern in India that goods trade with Asean always generates deficits for us and surpluses for the Southeast Asians. Highly industrialised and export-oriented economies of Asean hold an advantage in goods trading with countries like India, whose manufacturing sector is relatively weak.

The FTA in services, on the other hand, can help redress the trade imbalance and make it a healthier economic relationship. Once the FTA in services is inked, India's business professionals, consultants and contractual workers, who are drivers of economic growth, will gain firmer foothold in Asean nations and boost our export revenues.

Services trade liberalisation not only empowers highly skilled Indian companies and citizens, but also enhances people-to-people ties between Indian and Southeast Asian societies. As more qualified Indians travel to this historically interconnected region (part of which was once labelled 'Indo-China') under the banner of the FTA in services, the stronger the collaborations and joint ventures and deeper the inter-social affections at grassroots level. In diplomatese, service sector exchanges engender 'thick relations' between India and Southeast Asia that transcend particular ruling regimes and elites who may be in power today but out tomorrow.

The India-Asean summit in Brunei is occurring at a politically clouded time when US President Barack Obama has been forced by the 'government shutdown' drama in Washington to cancel his attendance at the Asia-Pacific Economic Cooperation (APEC) summit in Indonesia and East Asia Summit (EAS) in Brunei. Obama's no-show in crucial regional gatherings has spread a wave of disappointment and doubt in the Philippines, Singapore and Indonesia. America's stated commitment as a resident 'Pacific power' is under the scanner throughout Southeast Asia, which expects extra-regional involvement in order to manage the Chinese giant.

No one should be under an illusion that the US can displace China's singular centrality to Asean. In the marked absence of Obama, Chinese President Xi Jinping grabbed centre stage at the APEC and EAS meets. Before a rapt audience of Indonesian legislators, Xi laid out a stunning blueprint for steering China-Asean trade to a mind-boggling $1 trillion by 2020. China is an indispensable economic imperative for Asean that neither America nor India can ever push aside.

Yet, the anxieties writ large on the faces of many Asean members at Obama's failure to turn up reveal that Southeast Asians prefer a more multi-partner architecture rather than one in which China holds all the cards. At the strategic level, India has been welcomed into the folds of the EAS by Southeast Asian countries that wish to avoid the trap of total dependence and subservience to China, which has been acting aggressively on territorial disputes in the South China Sea.

As middle powers in Asia, Southeast Asians would ideally like to play off all the big guns in a manner that retains autonomy and foreign policy freedom for the former. It is here that India looms large as Asia's third largest economy and an ambitious naval power which could project forces in Southeast Asia sufficiently to keep options open for Asean nations. Unlike the US, India is less intrusive and not militaristic and hence our expansion in the region is welcome.

Obama's domestic predicament can be an opportunity for India, which will be needed badly by an Asean stung by fears of American strategic retrenchment. The India-Asean summit in Brunei is thus a harbinger of economic and strategic recalibration in a pivotal region.

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India to set up separate ASEAN mission; FTA by year-end: PM
PTI

Brunei, 10 October 2013: Eyeing greater cooperation with South East Asian countries on economic and security issues, India today announced a separate Mission for ASEAN region to be set up in Jakarta with a full-time resident Ambassador.

Pact with ASEAN nations

Addressing the 11th ASEAN-India Summit here, Prime Minister Manmohan Singh also said that India was ready to sign a Free Trade Agreement (FTA) with ASEAN on services and investment to boost their bilateral trade to $100 billion by 2015 from $76 billion last year.

Singh said over the last two decades, India and ASEAN have established a comprehensive agenda of cooperation and a wide-ranging framework to pursue it. "Today, we stand on the threshold of the third decade of our engagement. In keeping with our substantial achievements, the recent elevation of our ties to a strategic partnership and the rich potential of our cooperation, I feel it would be appropriate for me to take this opportunity to announce that India will soon set up a separate Mission to the ASEAN in Jakarta with a full-time resident Ambassador," he added.

The secretariat for ASEAN (Association of South East Asian Nations), a ten-member block of countries, including Brunei, Indonesia, Malaysia, Myanmar, Singapore, Thailand and Vietnam, is based in Jakarta.

Singh said that all the "countries have equal stakes in the security and prosperity of our shared Asian neighbourhood. The global economic crisis and turmoil in different parts of the world underscore the salience of our robust partnership. The scope of India's engagement with East and Southeast Asia has grown steadily in the last two decades."

“We seek to promote not only mutually beneficial bilateral relations, but also to work institutionally with regional partners and foster a climate that is conducive to stability, security and economic development in our region,” he added.

The Prime Minister said that ASEAN has paved the way for a great level of “cooperation and integration, not only among themselves, but also in the broader region.

“For India, it is an article of faith of our Look-East policy that ASEAN must remain central to the future evolution of regional mechanisms, which must be open and inclusive. We share your vision and aspirations for the region and we applaud your march towards an ASEAN Economic Community in 2015,” he added.

India-ASEAN relations

About progress on relations between India and ASEAN, Singh said that “India stands ready for the signature of the India-ASEAN Free Trade Agreement on Services and Investment by the end of this year and its early implementation.

“This will complement our Agreement on Goods and bolster our economic partnership,” he said, while adding that initiatives have also been taken by the Federation of Indian Chambers of Commerce and Industry (FICCI) to revitalise the ASEAN-India Business Council and to set up an ASEAN-India Trade and Investment Centre.

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Indo-Pak officials prepare ground for resuming trade talks
Amiti Sen, Business Line (The Hindu)

New Delhi, 14 October 2013: Trade talks between India and Pakistan are likely to get back on track as soon as the political situation normalises.

Commerce Ministry officials from both sides met last month informally, to discuss the next steps that could be taken to improve bilateral trade relations when they get the nod from their respective political bosses.

Negotiations to normalise trade ties between the two countries launched in January 2011 were suspended early this year following the killing of soldiers at the Line of Control.

Sensing a gradual dissipation in political tension, a small team of officials from the Commerce Ministry met their Pakistani counterparts in Islamabad last month to take stock of the state of affairs.

“We were pleasantly surprised to find that the Pakistani side has done the ground work for allowing most imports from India through the land route which was to be the next step in the trade normalisation process,” a Commerce Ministry official told *Business Line*.

The Pakistani side informed the Indian officials that they were just waiting for the political signal and would come up with the necessary notifications as soon as they got the required nod, the official added. Currently, Pakistan allows only 137 items to be imported through the Attari land route. The rest has to go via the sea route to Karachi through Mumbai and Dubai, increasing costs several fold.

The recent meeting between Prime Minister Manmohan Singh and his counterpart Nawaz Sharif in New York has infused hopes that a formal round of talks between the Commerce Secretaries may be scheduled soon.

“We are hopeful that we will be able to meet soon formally and take further steps in the trade liberalisation process,” the official said.

Both sides have already made considerable concessions for each other as part of the liberalisation process to push up bilateral trade currently at about just $2 billion.

Pakistan now allows over 6,800 items from India, up from about 2,000 items earlier. India, on its part, has agreed to eliminate or reduce tariffs on 234 items from Pakistan under the South Asia Free Trade Agreement of which both countries are signatories.

The country, however, is yet to extend the Most Favoured Nation (MFN) status to India which basically means treating it on par with its other trading partners by allowing import of all items. Pakistan continues to ban over a 1,000 items from across the border although India had extended it the MFN status way back in 1995.

“Pakistani officials said that MFN status, too, would be bestowed on India in due time but Commerce Secretaries have to meet formally for the matter to progress,” the official said.

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Large FDI from China way to address huge trade deficit: Manmohan Singh
PTI

Beijing, 22 October 2013: Expressing concern at the "unsustainable imbalance" in trade with China, Prime Minister Manmohan Singh today welcomed enhanced Chinese investment and the proposal to set up an industrial park in India as a way to overcome the growing trade deficit.

"India faces an unsustainable imbalance in its trade with China. One of the ways of overcoming the trade deficit is for India to attract larger flows of Foreign Direct Investment from China," Singh, who is starting his three-day visit here today, said in an interview to official Chinese media.

Bilateral trade touched $66.5 billion last year, of which China's exports to India totalled to about $47.7 billion. The burgeoning trade deficit has touched almost $20 billion amid declining Indian exports of raw materials like iron ore.

"We are happy that more Chinese firms are looking to India as an investment destination. During his visit to India, Premier Li (Keqiang) suggested that we look at the option of establishing a Chinese Industrial Park in India where companies and firms from China could cluster together," he said.

"We welcome this idea. Recently, a Chinese delegation visited India and had good discussions with our concerned officials. We have also shown them a few possible sites for a Chinese Industrial Park. We will work with the Chinese side in implementing the idea," he said.

To a question on the progress of the discussion of Regional Trading Arrangement (RTA) between China and India, he said the large trade deficit is causing concern in India. Both countries asked their Commerce Ministers to explore the idea of RTA, for which some studies were conducted a few years ago, he said.

"I am sure the Commerce Ministers will continue to discuss this idea. But I must be honest that there is a great deal of concern in our industry, given the large and growing deficit in our trade with China. When conditions are more propitious and trade is more even, we will find it more feasible to discuss an RTA or an FTA between our countries," he said.

On China's offer to build High Speed Railways (HSR) in India, he said India has not yet taken a decision on building HSR. "We are aware of China's High Speed Railway development. India is currently undertaking techno-economic studies on HSR. We have not yet made a decision on whether to go forward with construction of HSR in our current stage of development," he said.

Meanwhile, the railway authorities of India and China have been in touch with each other and are considering cooperation in station development, heavy-haul freight traffic and raising the speed of passenger trains on existing tracks, he said.

On the proposal to build a corridor linking Bangladesh, China, India, Myanmar (BCIM), he said India is promoting regional connectivity for balanced economic and infrastructure development within the country and accelerated integration with the neighbourhood, including Southeast Asia.

"We believe that the BCIM Economic Corridor can potentially reinforce our existing connectivity initiatives and we have expressed our support in principle to the idea during Premier Li Keqiang's visit to India," he said.

"To take the idea forward, we need to first get the support of the other two countries, namely Bangladesh and Myanmar and together study the various practical elements of such a corridor, its alignment, funding, responsibility of member countries, economic potential, soft infrastructure requirement, etc," he said. "Following our agreement during Premier Li's visit to set up a Joint Study Group of all four countries, we have set up the Indian component of this JSG (Joint Study Group). India will participate with great enthusiasm in its deliberations," he said.

On the prospect of India-China cooperation in BRICS (Brazil, Russia, India, China and South Africa) framework and progress of India's capital implementation of the BRICS Development Bank, Singh said the bloc's cooperation draws strength from bilateral relationships between its individual members, including between India and China, "which have acquired significant depth and substance".

There are many functional areas of cooperation such as urbanisation, agriculture, health, science and technology under BRICS in which India and China find synergies, he said.

"It is a matter of satisfaction that BRICS Development Bank, which was first mooted during the New Delhi Summit in March 2012, has registered significant progress," he said. "There is now agreement on key issues. I hope that BRICS technical experts would be able to resolve the remaining issues before the next summit," he said.

Singh said that setting up of the New Development Bank would send a strong signal of collective capacity of BRICS to help each other as well as other developing countries to address challenges relating to deficit of long-term infrastructure financing, state-run Xinhua news agency reported.

"Another important BRICS initiative is the Contingent Reserve Arrangement, which will help stimulate trade among our countries," he said.

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China to Sit Out Next Round of TISA Talks; BRICS Partners Critical of Participation
Daniel Pruzin, WTO Reporter

18 October 2013: China will not participate in the next round of talks in the Trade in Services Agreement (TISA) negotiations in early November but will be briefed by participants on developments in the talks, officials involved in the negotiations told Bloomberg BNA.

The officials said China and Uruguay, which is also seeking a seat in the talks, are expected to be briefed on the outcome of the week's discussions in a “transparency” session at the end of the round.

China submitted a formal request September 29 to take part in the TISA negotiations, a move which would mark a significant shift in the dynamic of the negotiations that have so far been dominated by the U.S. and other advanced economies. China promised to participate in the negotiations “positively, constructively and equally” and said it looked forward to participating in the next round of TISA talks.

The TISA talks were launched in early 2012 by the U.S. and other proponents of services liberalization frustrated with the continued stalemate in the World Trade Organization (WTO) Doha Round of global trade talks, now in their 12th year.

The U.S. will host the next round of TISA talks taking place in Geneva the week of November 4-8.

U.S. Seeks Assurances

“This is a great moment for the multilateralization of TISA,” said a senior trade diplomat in regard to the Chinese request.

The U.S., however, has said that it first wants assurances that China is prepared to accept the same level of ambition for the negotiations as existing parties. Canada and Japan also have expressed some reservations about China's bid, while the majority of participants have voiced strong support for China's application.

“China's last services offer in the Doha Round was not particularly ambitious,” U.S. Trade Representative Michael Froman said October 1. “And our experience in the Information Technology Agreement [ITA] negotiations has not been reassuring with regard to [China's] level of ambition having joined the negotiations.”

China was blamed by the U.S. and others for sinking the ITA talks last July after it sought to exclude from duty-free treatment more than 100 of the 256 products under consideration. However, China recently submitted a revised offer that would shift around a third of the excluded products to a “staging” list where tariff elimination would be phased in over a transition period. That prompted ITA participants to end the suspension of the talks and reconvene negotiations for the week of October 21-25.

The U.S. and others will need to undertake domestic discussions before the group can decide on China's participation, a decision that will require consensus.

Froman said the U.S. would “consult closely with our Congress, with our stakeholders, with the other parties in the negotiations as part of a due diligence process to ensure that any new party to the TISA negotiations shares the same level of ambition for the negotiations as the existing parties.”

Proposed Conditions for Newcomers

The Obama administration is expected to eventually submit a 90-day notice to Congress if it determines the conditions are in place for China's participation. The earliest China could take part in the talks as a full participant would be at a February 2014 round of talks to be hosted by the EU, although some cautioned that even that time frame appeared ambitious.

TISA negotiators met Oct. 17 to discuss three proposed conditions that newcomers would be expected to meet in order to be accepted as a participant. While there was no agreement on the need to accept these commitments in writing, officials said the newcomers would be expected to confirm their acceptance when applying to participate.

The three proposed conditions are:
• accepting the stabilized text setting out the legal framework for the negotiations;
• agreeing to submit “timely” offers indicating in which sectors they would extend market access to participants; and
• agreeing not to open any texts or issues already agreed to by the current participants.

Allies Question Bid

A senior trade diplomat said participants have received “positive indications” that China is ready to accept the agreed texts and it is important that those skeptical of China's intentions not delay too long on its request to participate.

“We certainly want to encourage China and avoid a situation where delay appears to them as refusal,” the diplomat said.

China's TISA bid was questioned by a number of its closest allies in the WTO who remain on the sidelines of the talks.

In an October 14 meeting in Geneva convened by South Africa and involving WTO officials from the BRICS countries, India and South Africa rebuked China for failing to inform them in advance of its intentions to take part in TISA, with India in particular expressing the most discontent. Both warned the U.S. was unlikely to agree to China's participation in TISA, and said the group should step up coordination on reinforcing the multilateral trading system.

The BRICS countries include Brazil, Russia, India, China and South Africa. Russia does not take part in the BRICS discussions at the WTO.

Chinese officials did not speak on the country's TISA bid at the meeting, officials told Bloomberg BNA.

Until recently, China joined Brazil, India, South Africa and other major developing countries in refusing to take part in TISA, arguing it would diminish chances for a WTO Doha Round deal and undermine the multilateral trading system.

Ministers from China, India and South Africa issued a joint statement in January 2012 denouncing the initiative, declaring that it goes “against the fundamental principles of transparency, inclusiveness, and multilateralism” and “weaken(s) the resolve of WTO Members to overcome the substantive gaps that exist among them.”

However, China has made development of the services sector a key element in its national economic growth strategy. China's 2011-2015 Five-Year Plan sets out the goal of further liberalizing the services sector, promoting the development of international trade in services and attracting foreign investment in the sector.

In its September 29 request for a seat in the TISA talks, China said that the country already is the third-largest services market in the world. “China's participation in the TISA therefore will help to push the negotiation forward,” the country's request said.

Countries currently taking part in the TISA talks are Australia, Canada, Chile, Colombia, Costa Rica, the EU, Hong Kong, Iceland, Israel, Japan, Liechtenstein, Mexico, New Zealand, Norway, Pakistan, Panama, Paraguay, Peru, South Korea, Switzerland, Taiwan, Turkey, and the U.S.

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India, Russia hail BRICS role in boosting world economy
PTI

Moscow, 21 October 2013: India and Russia today noted the enhanced role played by BRICS nations as part of global efforts for a strong, sustainable and growing world economy and also acknowledged the contribution of the SCO group for ensuring peace and development in Eurasia.

Both nations were positive on the outcome of the BRICS Summit in South Africa held in March and noted the increased role which BRICS played in the efforts of the international community aimed at bringing the world economy to the path of strong, sustainable and balanced growth, according to a joint statement issued after talks between Prime Minister Manmohan Singh and Russian President Vladimir Putin.

The BRICS bloc comprises of Brazil, Russia, India, China and South Africa which are all developing or newly industrialised countries, but are distinguished by their large, fast-growing economies and significant influence on regional and global affairs; all five are G-20 members.

India and Russia stand for strengthening of BRICS as a mechanism for strategic and ongoing coordination of the activities undertaken by the member states on a growing range of international political and economic issues, the statement said.

The two sides also confirmed their full support for the eThekwini Action Plan adopted at the BRICS Summit in 2013 and expressed determination to contribute actively to its implementation.

India and Russia stressed the importance of developing all aspects of multilateral cooperation within BRICS as the most solid basis for further strengthening of diverse ties among its members and expressed support for the projects for establishing the BRICS Development Bank and the Contingent Reserve Arrangement among member states.

The five BRICS countries represent almost 3 billion people, with a combined nominal GDP of over USD 16 trillion, and an estimated USD 4 trillion in combined forex reserves.

The Indian side agreed to consider the Russian proposal to develop a Strategy of Multilateral Economic Cooperation of BRICS member states.

The two nations expressed confidence that the forthcoming BRICS summit in Brazil would help strengthen the role of the bloc on the international stage.

Russia also commended India's active participation in the Shanghai Cooperation Organisation (SCO) as an observer state and reiterated its strong support for New Delhi's bid for full membership of the SCO. They agreed that the SCO contributed significantly to ensuring peace and stability, economic development and prosperity in Eurasia.

The SCO is a political, economic and military organisation focusing on Central Asia founded in 2001 in Shanghai by the leaders of China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan.

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EU Parliament panel may raise FTA issue with Anand Sharma
PTI

New Delhi, 14 October 2013: India-EU free trade agreement is expected to be a major issue that will come up in the meeting between a high-level delegation of European Parliament's panel on international trade and Commerce Minister Anand Sharma.

The seven-member delegation led by Maria Badia, a member of European Parliament.

"One of the main areas of interest expressed by the delegation is India-EU free trade agreement. On October 29, they will meet Sharma and likely to discuss the pact," a commerce ministry official said.

The delegation would also share views on India's position at the forthcoming meeting of WTO members at Bali in December.

India and the 27-nation bloc EU had failed to reach a consensus on the proposed pact in May here. Both the sides had failed to bridge substantial gaps on crucial issues, including insurance and data security status for IT sector.

Launched in June 2007, the negotiations for the proposed broad-based bilateral trade and investment agreement (BTIA) between India and the EU has witnessed many hurdles.

The EU side has been pressing for hiking FDI cap to 49 per cent in the insurance sector. India has expressed its inability to do so without an approval from Parliament.

Besides demanding significant duty cuts in automobiles, EU is also demanding for tax reduction in wines and spirits and dairy products and a strong intellectual property regime.

On the other hand, India is asking for granting data secure nation status by EU. The matter is crucial as it will have a bearing on Indian IT companies wanting market access. It also wants liberalised visa norms for its professionals and market access in services and pharmaceuticals sector.

The two-way trade between India and EU stood at USD 91.3 billion in 2010-11.

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India-EFTA trade pact likely by early 2014
Financial Express

New Delhi, 18 October 2013: India and the European Free Trade Association (EFTA) — comprising Switzerland, Iceland, Norway and Liechtenstein — are planning to ink a broad-based bilateral trade and investment agreement (BTIA) by early 2014.

Officials from the EFTA member countries are in the capital for the 12th round of negotiations. The negotiations had begun in October 2008 with a view to boost bilateral trade and investment as well as to strengthen ties in other areas of economic cooperation.

"We have come to the conclusion that there is a window of opportunity and energy on both sides to conclude the negotiations in the next few weeks. If everything goes right, the agreement would be signed by early next year," Swiss ambassador Linus von Castelmur told reporters at an event organised by the Embassy of Switzerland.

He said the agreement will be beneficial to India and the EFTA countries as it would lead to greater investment and enhanced market access for goods and services.

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India slaps $9/kg anti-dumping duty on a bulk drug from EU
PTI

New Delhi, 20 October 2013: India has slapped anti-dumping duty of up to USD 9 per kg on import of a bulk drug from the European Union to protect the domestic industry.

The Revenue Department has imposed the duty - a levy to discourage cheap imports - on bulk drug Cefadroxil Monohydrate originating in or exported from the EU for five years. It has been levied following recommendations by the Directorate General of Anti-dumping and Allied Duties (DGAD). The duty "shall be levied for a period of five years (unless revoked, amended or superseded earlier)," a notification by the Central Board of Excise and Customs said.

Depending on different factors, the duty will be USD 7.88 and USD 9.03 per kilogramme on import of bulk drug.

The DGAD had carried a probe in the imports and concluded the bulk drug entered the Indian market from EU below normal value resulting in dumping and thus causing "material injury" to the domestic industry. The investigation was done after DGAD received an application from pharma major Lupin, Mumbai, on behalf of the domestic industry, alleging dumping of the bulk drug "originating in or exported from the European Union". Hyderabad-based Aurbindo Pharma had supported the application.

Bulk drug Cefadroxil Monohydrate is an active pharmaceutical ingredient (a raw material) used for the manufacturing of pharmaceutical formulations.

Countries initiate anti-dumping probes to check if domestic industry has been hurt because of a surge in below- cost imports. As a counter-measure, they impose the duty, which is WTO compatible.

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India Raises State-Purchase Price of Wheat
Mukesh Jagota and Debiprasad Nayak, Dow Jones Institutional News

New Delhi, 17 October 2013: India Thursday increased by 4% the price that government agencies pay for procuring wheat, a senior official said, a decision that would help farmers but likely stoke already-high inflation and strain government finances.

A panel of ministers cleared a farm-ministry proposal to increase the price of wheat, the main winter crop, to 1,400 rupees ($22.86) per 100 kilograms, said the official.

The government offers a minimum purchase price for key staples under a decades-old policy that aims to prevent any shortage of rice and wheat, as well as to protect farm incomes. State-run granaries are overflowing due to bumper production in the past two years, and a portion of these stocks, stored in poor conditions, is now infested with parasites or has been damaged by rain.

According to data from the Food Corporation of India, the main grain-procurement agency, state warehouses are stocked with 38 million tons of wheat, more than double the minimum stocks the country needs to maintain under local rules.

Farmers may prefer selling to the government because of the higher price it offers, further complicating India's grain-storage problem.

Much of this grain is supplied through government welfare programs, and increasing the minimum price means the government's subsidy expenses would increase as well. Food subsidies account for more than 40% of all government subsidies.

Analysts said the rise in minimum purchase price would also increase the market price of the grain and add to food inflation. Food prices have pushed consumer inflation to 9.84% in September, according to the latest government data.

The ministerial panel has also increased the purchase price of rapeseed to 3,050 rupees per 100 kg from 3,000 rupees, said the official, who didn't want to be identified.

In India, sowing of winter crops begins in November, and harvest starts at the end of March or early April.

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Vegetable oil import bill likely to be low
Rajesh Bhayani, Business Standard

Mumbai, 15 October 2013**:** Import of vegetable oil, one of the top commodities in India's import bill, has fallen in the first half of this financial year. According to data provided by the Solvent Extractors' Association of India (SEA), total imports, of edible and non-edible oil (refined and crude), fell 6.25 per cent in volume terms in the first half of the year. During the same period, oil prices fell two to 12 per cent in the international market, keeping a check on the overall bill.

B V Mehta, Executive Director of SEA, said in the 2011-12 oil year (November-October), the import bill was $10.2 billion. For the 2012-13 year, it is expected to stand at $9.6 billion, as prices, on average, have been 15 per cent lower year-on-year.

In the remaining part of financial year 2013-14, "prices in the international market will remain under check and may also fall marginally, as supplies are higher than demand. For India, a lower price could help improve consumption. In quantity terms, imports may rise but due to the overall lower price, the import bill, in dollar terms, is likely to remain under check in FY14", Mehta said.

In the first 11 months of the current oil year, vegetable oil imports rose 5.46 per cent to 9.66 million tonnes (mt), compared with 9.16 mt in the year-ago period. If the current trend continues, overall imports could break the psychological barrier of 10 mt this year.

In September, imports declined for a consecutive month, as traders refrained from fresh bookings, amid expectations of further appreciation of the rupee against the dollar. Total imports plunged 13.1 per cent to 8,63,917 tonnes from 9,93,912 tonnes in the corresponding month last year. In August, imports fell 15.5 per cent, data compiled by SEA showed.

In September, the import of refined oil stood at 20 per cent, offering a breather to domestic refiners. In May this year, the share of refined oil to the overall import basked had risen to 42 per cent, and this had forced domestic refiners to idle installed capacities and focus on the trading business. With a steady increase in imports, India's reliance on imported vegetable oil is rising. Imported vegetable oil is primarily used to produce edible oil. It is also used as a raw material in soapmaking. With an estimated 7 mt of production from domestic sources, India meets about 55 per cent of its annual consumption of 16.5 mt through imports, largely from Malaysia, Indonesia and Argentina.

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Nafed to canalise onion imports; China, Egypt eyed
G. Chandrashekhar, Business Line (The Hindu)

Mumbai, 22 October 2013: "The Centre is considering import of onion in order to augment supplies and contain rising prices," K.V. Thomas, Union Minister of State (Independent Charge), Ministry of Food and Consumer Affairs, has said.

The Minister told *Business Line* that he held talks with Union Agriculture Minister Sharad Pawar and it was proposed to direct the National Agricultural Cooperative Marketing Federation (Nafed) to source onion from overseas markets. The most likely origins are China and Egypt.

"Consumer Affairs Secretary and senior management of Nafed are set to discuss plans for import and distribution of onions," the Minister said.

Onion crop in many parts of the country, especially in Maharashtra – the largest producer – has been affected by the extended run of the South-West monsoon.

Harvest and crop movement is delayed. There are also reports of some traders hoarding and cartelisation. The Government is keen to break the stranglehold, if any, of traders. "We have asked the State Governments to take stringent action in case hoarding of onion or cartelisation of traders is detected," Prof Thomas asserted.

He was slated to speak with the Chief Minister of Maharashtra on the issue.

In Delhi, onions are currently retailing at close to Rs 80 a kg. With elections round the corner, there surely are concerns over not only high onion pries but also food inflation in general.

"I admit, there is some tightness in supplies at present; but we are hopeful, the situation will come under control and onion prices will moderate soon when new supplies hit the market," the Minister said.

Our New Delhi Bureau adds: India will import more onions, if required, to contain the sharp rise in retail prices, Commerce and Industry Minister Anand Sharma has said.

Onion prices across the country are on a steady rise due to supply shortage with retail prices in Delhi set to cross Rs 100 a kg. Passing on major responsibility of the price escalation to States, the Minister said that hoarding of onions was the main reason behind artificial scarcity and sharp rise in prices and States need to act firmly against hoarders. The Minister was speaking to reporters at a meet of CLMV (Cambodia, Laos, Myanmar, Vietnam) countries organised by industry body CII. Sharma said that despite adequate domestic availability, if required India would import more onions.

"If there is a need and we receive such a proposal, we will import onions to tide over the crisis and stabilise the situation," the Minister added. Onion prices had started rising in July this year crossing Rs 30 in some markets as supplies got affected due to the effect of last year's drought in some onion-growing States.

In August, prices rose further as supplies fell to a third at 17,000 tonnes compared to about 45,000 tonnes supplied in August 2012.

To prevent onions from being shipped out of the country, the Government imposed a minimum export price of $650 a tonne in September which it subsequently increased to $900.

Last month, the Government imported onions from Pakistan, Egypt and China through public sector procurement agency Nafed, which helped to cool prices a bit. However, due to recent heavy rains in some parts of the country and increased consumption due to festivities, supplies are constrained again pushing up prices.

Earlier, speaking at the meet, the Minister said that India and the CLMV countries should look to deepen bilateral partnerships in areas such as agriculture, mining, oil and gas, energy, healthcare, skills development, and textiles.

Stressing on the importance of building overland, air and sea connectivity between India and the CLMV countries, Sharma said extension of the Trilateral India-Myanmar-Thailand Highway Project to Cambodia, Laos and Vietnam will open up huge opportunities for trade, investment and tourism flows.

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Spice exports see 9% drop
George Joseph, Business Standard

Kochi, 21 October 2013**:** India suffered a setback in the export of spices, especially chilli **-** the single-largest exported spice **-** ginger, turmeric and garlic. Overall, shipment during the April-June 2013 period dropped nine per cent at 177,625 tonnes against 195,248 tonnes in the corresponding period of the last financial year. This is mainly because of the economic slowdown persisting in major markets such as Europe and the US, affecting the shipments.

Leading exporters told Business Standard that the off-take by Europe has fallen drastically and this will continue in the remaining months of the current financial year, causing a drop in the overall export. High prices of Indian spices, especially pepper and chilli, also keep importers from the Indian market. Rise in local demand keeps the prices high in India, whereas other major producing countries offer lower tags than India.

However, on value terms, India recorded a 13 per cent growth. This is because of the rise in the prices of major spices such as black pepper, coriander and value-added products. Total export kitty increased to Rs 2,711.48 crore during April-June this year from Rs 2,398.52 crore in the year-ago period. In dollar terms, the growth was nine per cent at $484.11 million.

According to the Spices Board's latest exports data, it is chilli which suffered the most as the cumulative volume dropped 19 per cent. Chilli exports were 65,500 tonnes during the period against 80,676 tonnes in the year-ago period. On value terms, the drop was 12 per cent at Rs 558 crore during the first quarter of FY14, against Rs 635.18 crore in the year-ago period. This is mainly due to the drop in demand across the globe, especially in Europe and in the Gulf region, exporters said.

They pointed out that most of the spices are facing serious problem on the export front as European and US buyers are showing less interest in importing spices from India. In the case of ginger, the drop was 53 per cent, while 30 per cent decrease was reported in turmeric. Ginger export was just 3,700 tonnes in the first quarter of FY14, against 7,870 tonnes in the year-ago period. In the case of turmeric, the figures were 17,500 tonnes and 24,982 tonnes, respectively. Garlic dropped 56 per cent at 3,750 tonnes valued at Rs 16 crore in the first quarter of FY14, against 8,599 tonnes valued at Rs 20.65 crore reported in the year-ago period.

Notably, outstanding growth was recorded in the case of nutmeg and mace and cardamom (small) during the period. As much as 1,200 tonnes of nutmeg and mace were shipped during the period, against 407 tonnes in the year-ago period. On the other hand, 505 tonnes of cardamom were shipped in the first quarter against 198 tonnes during the Q1 of FY13.

In the case of spice oils and oleoresins, 2,815 tonnes valued at Rs 373 crore were exported against 1,851 tonnes valued at Rs 283 crore, recording an increase of 52 per cent and 32 per cent, respectively. As much as 4,400 tonnes of pepper valued at Rs 175 crore were exported, showing an increase of 12 per cent in volume and 10 per cent in value.

A sharp rise in the prices of coriander lifted the value of exports by 65 per cent, although volume of exports increased just three per cent. Ten thousand tonnes of coriander valued at Rs 80.78 crore were exported against 9,735 tonnes valued at Rs 48.88 crore. Export of celery recorded an 87 per cent increase, while that of cumin increased 25 per cent, according to the Spices Board data. About 4,550 tonnes of curry powder/paste were also exported, earning Rs 72 crore in the first quarter of FY14.

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Garment exports up 15% in Sept, may still miss target
Financial Express

New Delhi, 11 October 2013: Aided by a weak rupee and a steady rise in orders from key traditional markets, India's garment exports surged 15% to $1.11 billion in September, according to Apparel Export Promotion Council (AEPC) chairman A Sakthivel. However, with a 13% rise in the first half of the current fiscal from $6.23 billion a year before, the country is set to miss the ambitious target of $17 billion, or a 30% jump over the last fiscal, in 2013-14, according to some textile industry executives. This is because outbound garment shipments have to jump 47% in the second half of the fiscal to achieve the target, which is almost impossible despite the rupee depreciation. However, the exports may touch $15 billion in 2013-14, compared with $12.96 billion a year before, given the weakness of the domestic currency which is making the shipments more lucrative. The rupee has depreciated by 13.3% so far this fiscal.

"We organised fairs last month, we went to BSM New York and Spain and we got positive signals about the revival of the economies in the US and the EU," Sakthivel said. The US and the EU account for roughly 65% of the country's garment exports.

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RBI's re-export norm continues to impede gold imports
M. R. Subramani, Business Line (The Hindu)

Chennai, 17 October 2013: Gold imports continue to be affected as importers struggle to meet the Reserve Bank of India's mandatory norm of re-exporting 20 per cent of the precious metal brought into the country.

This, in turn, has resulted in domestic gold prices ruling seven per cent higher than global prices. "There is huge shortfall in gold supplies currently, even as festival buying is picking up. Lack of imported consignments is pushing up prices here," said Harmesh Arora, spokesman for the Bombay Bullion Association.

On July 22, the RBI issued a notification making it mandatory for those importing gold to re-export at least 20 per cent of the quantity imported into the country.

“Since then, hardly a couple of tonnes of gold have come into the country,” said Arora.

The RBI had come up with the re-export norm as part of the Government’s efforts to curb the rising current account deficit (CAD), which ballooned to $21.8 billion in the first quarter of the current fiscal. Gold imports are seen as a major reason for trade imbalance, resulting in CAD rising.

On Thursday, spot gold in the global market ruled at $1,318.35 for an ounce. Taking into consideration the global price (about Rs 26,000), the 10 per cent import duty (Rs 260) and other charges such as handling, the cost should be around Rs 29,000.

But in Mumbai, pure gold (99.9 per cent purity) closed at Rs 31,120 for 10 gm, a premium of over Rs 2,000.

“In fact, people are selling gold in the physical market and buying in the futures ,” said Prithviraj Kothari, Director of RiddiSiddhi Bullions Ltd. “Though prices in the domestic futures are ruling higher than global prices, they are cheaper than spot prices,” he said. On the Multi Commodity Exchange, gold contracts maturing in December ruled at Rs 29,946. “Gold in India is ruling higher only because imports have been totally hit,” said Arora.

Initially, lack of clarity and Customs authorities not being sure on implementing the norm were blamed for imports coming to a standstill. On September 20, the Commerce Department officials said that gold imports would resume as the Government would help the Customs Department in interpreting the RBI notification correctly.

“It is impossible to fulfil the norm of re-exporting 20 per cent. Banks, which buy the precious metal on our behalf, are not willing to import,” said Ba. Ramesh, Joint Managing Director of Thangamayil Jewellery Ltd.

Importers say that it will be difficult to meet the norm since re-exports accounted for hardly six per cent of total imports during the last two years.

“The problem has been compounded because Customs authorities want us to meet the stipulation for each consignment,” said Arora. The RBI notification said that fresh imports would be allowed only after an importer re-exports 20 per cent of the shipments brought into the country earlier. Banks also have to keep the gold meant for re-export in separate Customs bonded warehouses.

“It takes between 60 and 90 days for exports to take place. Until then, you can’t bring gold into the country,” said Kothari.

Currently, only gold that is meant to be re-exported is finding its way through the ports.

“Totally, imports in the last couple of months could have hardly been four tonnes,” Arora said.

During January-September this year, gold imports were a little short of 400 tonnes with the bulk coming in during April-June. Last year, gold imports totalled 860 tonnes, down from 969 tonnes in 2011.

“We don’t think that imports will rise drastically over the next couple of months due to the prohibitive policy,” said Ramesh.

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The slack in services export
Ritesh Kumar Singh and Anshul Pachouri, Business Line (The Hindu)

24 October 2013: On an average, world trade in commercial services has grown faster than trade in merchandise (8 per cent versus 7 per cent per annum) over the last 30 years (1980-2011) according to the World Trade Report, 2013.

In dollar terms, world exports of commercial services could grow by 2 per cent to 4.3 trillion in 2012, while exports of merchandise remained stagnant at $18.3 trillion.

Given the predominance of the tertiary sector in India's GDP, it would be pertinent to examine how India fares in the global export of commercial services.

Can services provide the much-needed support to India's policymakers in dealing with unsustainably high current account deficit at 4.9 per cent of GDP (Q1 FY2013-14)? How bright are the prospects of India's services export? Going forward, does India need a change of focus or can it continue depending upon a few developed countries for its export of commercial services?

As the table shows, exports of most commercial services, including transportation and tourism, posted moderate growth rates while exports of communication, financial services, and royalty and licence fees declined in 2012.

Computer and information services could grow by 6 per cent in 2012 to $ 265 billion. The exports of other business services that include engineering , accounting/legal, management consulting, advertising and trade-related services went up by 2 per cent while that of personal, cultural and recreational services went up by 3 per cent in 2012.

The US and West European countries still remain the largest importers of commercial services. However, the BRICS nations — China (19 per cent), Russia (16 per cent) and Brazil (7 per cent) — were the fastest growing import markets for services in 2012. Now, China and Hong Kong together account for 8.2 per cent of the global import of commercial services as compared to 9.9 per cent by the US. Other fast growing import markets are Australia, Japan, South Korea and Nigeria.

Export of Services

Unlike manufacturing, the export of services is not so dependent upon quality of basic infrastructure or regulatory regime. India scores over other countries on availability of a technically qualified workforce with knowledge of English. However, the contribution of the tertiary sector to India's total exports of goods and services is not more than 33 per cent even though it accounts for roughly 57 per cent of GDP. Despite the hype about India's comparative advantage in services, compared to China's 4.4 per cent, India's share in global exports of commercial services stood at around 3.4 per cent in 2012.

India's export of services has a narrow base (in terms of product offerings and market mix) with the share of IT and ITES alone being 40 per cent. Of that, more than 75 per cent goes to just three countries — the US, the UK and Canada.

In 2012, India's share in global export of computer and information services was 18 per cent compared to 4 per cent in other business services, the largest component of the global commercial services pie.

India's free trade agreements (FTAs) mostly cover trade in merchandise. Even where trade in commercial services is covered under its comprehensive pacts, in the absence of mutual recognition agreements (MRAs), businesses do not benefit from preferential market access.

The best examples are the India-Korea and India-Japan trade pacts. The slow progress of trade in services agreement under India-Asean FTA has not helped the situation.

The Way Forward

The proposed change in the US visa regulations and growing sentiment against outsourcing will further constrain India's export of IT and ITES to the US.

India will thus need to push export of business services in addition to traditional services such as travel and tourism that possess immense untapped potential. In 2012, India's share in global export of travel and tourism stood at just 1.6 per cent ($18 billion) compared to China's 9.2 per cent ($102 billion).

Given the growing share of emerging nations in import of commercial services, the future growth in India's export has to come more from countries such as China, Russia, Brazil and Nigeria. China, Hong Kong, Russia, Brazil, Australia and Japan imported $700 billion worth services in 2012.

Out of this, other business services alone were worth $146 billion while computer and information services were close to $20 billion.

The rising cost of skilled employees in a bleaker external environment can adversely affect India's export of services, as also increased competition from new players such as China or the Philippines. Sharp depreciation of the rupee will somewhat improve the (dollar) cost competitiveness of India's services, but it will not be enough.

In the short run, India needs to expedite its MRAs for pushing services exports through the preferential route. The long-term solution lies in ensuring adequate supply of skilled workers, in addition to broadening the offerings in services and reaching out to key emerging markets.

Moving up the value chain is the way to go if India does not want to compete on labour cost alone. That calls for intensifying the R&D effort.

A serious flaw in India's negotiating strategy is putting too much emphasis on getting market access for Mode 1 (covering BPO/KPO) and Mode 4 (covering movement of professionals) that are politically difficult to swing, especially in the current macroeconomic environment when outsourcing is increasingly being seen in the EU and US as transferring jobs abroad.

Besides, given the trans-boundary presence of Indian businesses, it is time India developed its offensive trade interests in Mode 3 (commercial presence in the country of service receivers).

India enjoys the legacy of delivering IT and ITES offshore that can be leveraged for export of non-IT business services.

(Singh is Group Economist of a corporate house. Pachouri works with a consulting firm. The views are personal.)

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UK watchdog restricts drugs from India's Wockhardt
AFP

Mumbai, 22 October 2013: Britain's health regulator has restricted exports from a factory of Indian pharmaceutical firm Wockhardt, the company said Tuesday, the third such plant to face restrictions.

Britain's Medicines and Healthcare Products Regulatory Agency (MHRA) has cancelled Wockhardt's "good manufacturing practices" certificate for a factory in Kadaiya (Daman) in western India for noncompliance with its manufacturing standards.

The factory will however be allowed to test, make and supply to Britain certain drugs critical to public health, the statement to the stock exchanges said Tuesday.

The fresh blow comes days after the MHRA recalled five drugs made by Wockhardt from a plant in Chikalthana in Maharashtra state.

In recent months both the US and UK watchdogs issued import alerts on drugs made at another Wockhardt manufacturing unit in Waluj, Maharashtra in western India, citing quality concerns.

The firm's shares fell 4.29 percent to 458.2 rupees after Tuesday's setback, and Wockhardt said the impact of the fresh export curbs "will only be known once it receives further communication from MHRA".

It said it did not make any products for the United States market from the Kadaiya plant.

India's government has defended its lucrative generic drug industry, which accounts for nearly $15 billion in annual exports, as safe and tightly regulated.

India's pharma giant Ranbaxy, after facing a lengthy legal battle in the United States, was hit by a new setback last month.

The US Food and Drug Administration (FDA) banned imports from Ranbaxy's "ultra modern" Mohali plant in northern India in September, whose renovation was supposed to mark a turning point for the Indian generics giant after years of run-ins with US regulators.

Now three of Ranbaxy's plants have been hit by an import ban to the United States, its largest market.

In May, Ranbaxy had pleaded guilty to US charges of selling adulterated antibiotic, epilepsy and other drugs, and agreed to a record $500-million fine.

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Emerging markets like Brazil, South Africa initiate reforms in patent laws in line with India's IP policy
Economic Times

New Delhi, 24 October 2013: Days before the Supreme Court ruled that Novartis' cancer drug Glivec is not a new invention good enough to be granted patent in April, a top executive of Pfizer had told a US Congress sub-committee, "India's action reverberates far beyond its borders."

That was perhaps the worst fear of Big Pharma, and it seems to be coming true with key emerging markets Brazil and South Africa initiating reforms in their patent laws in line with India's intellectual property policy. And global experts now expect other developing countries to follow suit.

"Both Brazil and South Africa have been greatly influenced by India's decision to incorporate TRIPS (Trade Related Intellectual Property Rights) flexibilities designed to prevent evergreening of patents and to increase access to affordable medicines," Brook Baker, professor at Northeastern University School of Law, Boston, told ET.

Most global experts ET spoke to feel that the globally debated Supreme Court judgment on Glivec became a critical trigger in reviving patent reforms debate across emerging economies.

“I think that the Indian legislation has influenced both the South Africa draft IP policy and the Brazilian proposed reform of the patent law,” Carlos Correa, eminent IP expert and a professor at the University of Buenos Aires, said.

Brazil earlier this month tabled in its Parliament proposed changes in its patent policy that “clarifies matters that are not considered to be inventions: such as new use patents and new forms of known substances — along the lines of the Indian Patent Act as revised in 2005”. It also recommends “increase in the standard of inventive step in order to promote incremental innovation, along the lines of the Indian Patent Act”.

South Africa, in a draft patent policy on which it has invited public comments, has recommended allowing opposition to a patent before and after it is awarded “to effectively foster spirit of granting stronger patents”. The draft released last month says, “A country like India resorted to pre and post-grant opposition to facilitate a possibility of opposing weaker patents… This procedure has been a success to challenge ‘weaker patents’.”

Both Correa and Baker think Section 3(D) of Indian Patent Act, which bars award of patent to frivolous and obvious incremental innovations and was at the heart of the Supreme Court’s Glivec judgment, has been a clear inspiration for Brazil.

“The Indian influence is perhaps most evident in case of Brazil in relation to the standard of patentability, since the proposed reform partially relies on the concepts incorporated in Section 3(D) of Indian Patents Act,” Correa said.

Experts now feel many smaller economies in the Africa and Latin America will initiate similar patent reforms to protect public health interests at home.

“One can expect that with these two powerful technologically proficient developing countries making the move, other developing countries are likely to follow suit,” Shamnad Basheer, an IP expert, said.

According to Basheer, Big Pharma's anguish at India striking a different patent chord was not so much about the relatively minuscule Indian market and their expected losses from patent invalidations and compulsory licensing. It was more about the fear of other countries following suit and this fear is now playing out.

Baker said that by moving in the same direction, India, Brazil and South Africa — all BRICS members — are also demonstrating an IP leadership that is having positive precedential effect in other countries such as Uganda and Zambia among others.

The development comes when India’s jurisprudence on patents is still evolving and the court's decision on many important patent battles such as the one between US multinational Merck Sharp & Dohme and domestic firm Glenmark on diabetes drug Januvia would shape the Indian patent landscape further.

Leena Menghaney of Medecins Sans Frontiers feels that the Supreme Court decision on Glivec provided an impetus for public health groups to accelerate this debate in Brazil and South Africa where public interest and treatment groups are running ‘fix the patent laws’ campaigns relentlessly to reduce abuse of the patent system by pharma companies. Not everyone agrees though.

MM Kleyn, fellow of the chair of intellectual property at the University of Stellenbosch in South Africa, said that apart from some arbitrary references in the draft that South Africa should follow the mould of “similar economies such as Brazil, India and Egypt” and few brief references, “there is no supporting empirical evidence or research that allows for any form of systematic and consequential analysis of the draft policy of South Africa".

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US pharma firms lobby to protect patents in India
Amiti Sen, Business Line (The Hindu)

New Delhi, 24 October 2013**:** US pharma majors are putting pressure on the Government to stop issuing permits to domestic companies for making low-priced copies of patented life saving drugs.
Top officials from a number of US drug makers such as Pfizer, Mylan and Merck recently met the Department of Industrial Policy & Promotion (DIPP) Secretary to lobby against use of compulsory licences by India, a DIPP official told *Business Line*.

A compulsory licence is a permit issued by a Government to local industry for producing copied versions of patented medicines without the consent of the patent holder.

The delegation, organised by the US India Business Council (USIBC), also tried to dissuade the Government from putting in place restrictions on foreign direct investment in pharmaceuticals and urged it to enforce stricter intellectual property rules.

India has been maintaining that it is not against intellectual property protection and considers issuing compulsory licences only under extreme conditions abiding strictly by global rules on intellectual property prescribed by the TRIPS Agreement, the official said.

"The US companies were extremely worried that their patented drugs face threat in the Indian market as compulsory licences allowing their local production could be issued anytime. We assured them that such licences are not issued on a day-to-day basis and are guided by prescribed rules," the official said.

The DIPP informed the delegation that it had sent back three proposals for compulsory licences forwarded by the Health Ministry as it was not satisfied with the arguments given and wanted more evidence on why there was a need to issue them. Some experts are of the view that India may already be wilting under pressure from the US industry and Government.

"The US industry thrives on employing pressure tactics to get its way. The fact that India has visibly gone slow in its drive to ensure availability of cheap life-saving medicines to the public through compulsory licences shows that all the noise being made might be working," a WTO expert from a Delhi-based research institute pointed out.

India has been facing huge protests from the US and the EU after it issued its first compulsory licence last year to Hyderabad-based company Natco for selling generic or copied versions of Bayer's anti-cancer drug Nexaver.

The Indian Patent Office allowed Natco to sell the copied version at Rs 8,800 for a month's treatment compared to Bayer's version priced at Rs 2.8 lakh, making treatment affordable to thousands of patients afflicted with kidney cancer.

With patents worth an estimated $150 billion held by drug majors set to expire between 2010-2017, companies are desperate to protect their valid patents all across the globe and also renew their old patents. The US companies also want India to be less stringent while deciding on granting fresh patents. Last year, the Indian Patent Office revoked Pfizer's patent for cancer drug Sutent as it was seen as being obvious and not inventive. This led to a lot of heartburn between the two countries.

India's proposed legislation to restrict take-overs of existing pharmaceutical companies by foreign companies is now a fresh worry for the West.

"The pharmaceutical companies did not want restrictions to be in place for FDI in the sector, either in greenfield or brownfield projects," the official said.

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India, US to work on understanding on investment issues
Lalit K Jha, PTI

Washington, 14 October 2013: With India among the fastest growing sources of investment into the US, the two countries have agreed to further strengthen bilateral economic ties and work towards a greater understanding of investment related issues.

"Indian foreign direct investment (FDI) in the US increased from USD 227 million in 2002 to almost USD 5.2 billion in 2012, making India one of the fastest growing sources of investment into the US," Finance Minister P Chidambaram and his American counterpart Jack Lew said in a joint statement after their meeting here yesterday.

During the fourth annual meeting of the India-US Economic and Financial Partnership held at the IMF headquarters here, the two leaders agreed that the economic and financial relationship between India and the US continues to deepen and strengthen.

"Despite a challenging global economy, US-India bilateral trade in goods and services grew from USD 59.9 billion to USD 92.5 billion between 2009 and 2012," the joint statement said. "Total FDI inflows from the US into India, from April 2000 to July 2013, are USD 11.492 billion," it said.

Chidambaram and Lew agreed to continue working towards a greater understanding on all investment related issues including taxation and IT enabled services, an equitable and principled resolution of ongoing tax disputes and strengthened bilateral ties in this regard, the joint statement said.

The two leaders agreed to continue to cooperate on deepening capital markets and strengthening financial regulation.

"We committed our financial sector experts to holding the next meeting of the Financial Regulatory Dialogue, which brings together our respective financial sector regulators, to consult on the full range of domestic and international regulatory concerns, in India in 2014," the joint statement said.

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Local sourcing mandatory in Phase II of solar projects
Metis Energy Insider

21 October 2013: Cocking a snook at the US, which had objected to compulsory local sourcing conditions imposed in the first phase of India's National Solar Mission, the country is all set to extend similar norms to the second phase as well.

Domestic sourcing conditions would, however, be imposed on just 50 per cent of capacity earmarked for the second phase, a senior Government official has said.

But, this may fail to pacify the Americans as the Ministry for New & Renewable Energy (MNRE) has decided to expand the coverage of local sourcing norms to include solar thin films, mostly imported from the US during the first phase.

Interestingly, this MNRE move comes despite the Commerce Ministry warning it against continuing with its domestic sourcing clause, given it could lead to further acrimony at the World Trade Organisation.

Second Phase

The MNRE is coming up with tenders for a 750 MW grid connected solar projects under the second phase of the Jawaharlal Nehru National Solar Mission on October 24.

Phase-1 of the Solar Mission only stipulated compulsory purchase of solar modules from local companies, and not thin films. Both modules and thin films can be used in solar projects, and are interchangeable.

"We made a mistake in the first phase by not including thin-film in the local sourcing norms as it led to power producers importing cheap thin films rather than use domestically produced modules," the official said.

Flouting Norms?

The US dragged India to the World Trade Organisation in February this year for stipulating local sourcing norms in Phase-1 of the Solar Mission on the grounds that it flouted norms that discourage discriminatory practices against foreign companies.

MNRE is of the view that it is important to continue protecting the fledgling domestic solar industry as it is operating way below capacity.

In 2013, analysts expect close to 1 GW worth of project installations in India, of which only 10-15 per cent will use domestically made cells and modules, even though the domestic industry has a capacity to provide for 100 per cent of these installations.

Since WTO rules are not binding on sourcing done by the Government, MNRE is hopeful that by restricting local sourcing clause to just half the projects, it may escape action, as it could claim that power produced is being used by the Government. However, proving this may be difficult.

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Azevedo's pre-Bali messages
T S Vishwanath, Business Standard

10 October 2013: The Director General of the World Trade Organization (WTO) Roberto Azevedo, was in New Delhi this week to kick-start his bilateral engagements with member countries to take forward the progress achieved in Geneva over the last few weeks and successfully conclude the Bali Ministerial meeting in December 2013.

Interestingly, this was the first time a director general (DG) of the WTO made India his first stop for a bilateral discussion. He will certainly be following this up with several other bilateral meetings in the next few weeks. The Doha Round that was launched in November 2001, has been steered by several DGs.

Of these, Pascal Lamy had the longest stint of eight years as head of the Geneva-based multilateral organisation. What is interesting is the new style that Azevedo brings to this job. In his meeting with the industry it was clear that he believed in a direct approach. There was no beating about the bush. It is, therefore, important to look at the messages he conveyed in a bid to achieve success at Bali.

First was an admission. Multilateralism is at a crossroads and, therefore, it is important to have a productive ministerial meeting in December. He urged industry to support governments to find a balance in their negotiating position. He also urged governments to be practical in their approach to the negotiations. He was clear that the Bali Ministerial would be the first step towards an agenda that member countries will define for the WTO to deliver on areas of interest for developing and developed countries.

Second was an expectation that countries will not dig in their heels on issues and would be willing to look at a compromise that more or less addresses their concerns. This was in the context of the G-33 proposal on food security of which India has been a strong advocate. The WTO DG pointed out that when the G-33 group of countries put forward this proposal it had been turned down as a deal-breaker for Bali. But over the last few weeks a consensus seems to be emerging that while the real issue can be debated later, Bali could deliver a peace clause that will allow developing countries such as India to continue government purchases to support the public distribution system for the poor.

The peace clause, as he pointed out, will certainly be a worthwhile achievement. G-33 countries such as India should view the in-principle agreement on the peace clause as a win, given the strong resistance it has faced in the past.

News reports suggest that India's Commerce Minister Anand Sharma was inclined to give this proposal a favourable nod. The commerce minister was quoted as saying that "you don't do negotiations with a tight list and say this is the final list. I don't want any ambiguity on food security. Its legitimacy has been appreciated, and the negotiators will find an acceptable solution to that."

Third was the new WTO DG's approach to industry. In his meeting with the Confederation of Indian Industry (CII), he recognised the need for a partnership between industry and the WTO. He was willing to team up with the CII for joint reports and look at ways to make the partnership more meaningful. This move signals a change from the approach adopted by his predecessors and is welcome since it can help make the negotiating process more inclusive for stakeholders beyond the government.

Trade facilitation, as the DG pointed out, remains an important deliverable at Bali. As of now all countries seem to be in favour of having a good trade facilitation text agreed at the ministerial meeting.

One area, however, needs more attention - development. The issue of development is critical for least-developed countries that make up a large portion of the membership. Countries will have to quickly come up with reasonable proposals to ensure that the development pillar is adequately addressed at Bali.

The DG's visit to India has brought new hope for the multilateral system. He will now have to convert this hope into reality by getting the large players to build the required consensus on issues.

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Hope food security issues be resolved in Bali: Sharma
PTI

12 October 2013: India on Saturday expressed hope that all issues related to food security and trade facilitation would be resolved during the forthcoming meet of the World Trade Organization (WTO) members at Bali in December. "It has become imperative to revisit the issue of food security at WTO and I remain optimistic that we will have a resolution of all the issues related to multilateral trade," Commerce and Industry Minister Anand Sharma told reporters.

New Director General of the World Trade Organization (WTO) Roberto Azevêdo had said India's food security law would raise subsidy levels and the issue needs to be addressed in a positive manner. "On food security issue, here is a G-33 proposal to allow countries with food security law to procure goods for ensuring food security for its people. We have shown our willingness to find a common ground and take forward the negotiations," Sharma said.

He also said India would agree to negotiate about the trade facilitation pact. India is keen to win legitimacy for its ambitious food security law that promises highly subsidised foodgrain to the poor from WTO and is open to the issue being discussed at the Bali meeting.

The country is implementing the Food Security Act which entitles 82 crore people to five kgs of foodgrain per person in a month at the rate of Rs 1-3 a kg. The country needs 62 million tonnes of foodgrain in a year to implement the law.

Countries like the US and Canada have raised concerns over India's food security legislation. They have asked India to explain the effect the legislation would have on global stocks and commodity prices.

External Affairs Minister Salman Khursid also said this was absolutely an issue of high importance to India. "It is important to make a very clear distinction that these stockpiles are not for trading, not for finding a market for our agriculture and other goods, but for safety and security of our people," he said.

He added India would engage with every country that have similar concerns on food security. "We are convinced this is not just reasonable but also a moral imperative that we needed to do something of this nature for our people. This is something that must go hand in hand with our growth strategy," he said.

"Unless our people have food security, health security..., the (economic growth) numbers that please the world, those would not be enough," Khurshid said. The 9th WTO Ministerial Conference will be held in Bali from December 3-6. The Ministerial Conference is the highest decision-making body of the 158-member WTO which meets at least once every two years.

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India to push for longer validity of WTO food subsidy waiver
Amiti Sen, Business Line (The Hindu)

New Delhi, 15 October 2013: India’s consent to the temporary waiver being negotiated at the World Trade Organization (WTO) to allow developing countries to go beyond their permitted food subsidy limits will depend on its duration and the food items covered by it.

The Government may also not agree to possible conditions attached to the waiver such as linking it to international availability of foodgrain and global prices as proposed by some developed countries, a Commerce Department official told *Business Line*.

“We want the temporary waiver or the peace clause to be in place for much longer than the three years being offered by developed countries and all major foodgrains should be covered by it. The waiver should be applicable irrespective of the global market situation,” the official said.

A group of more than 40 developing countries including India, Indonesia and the Philippines, formally known as the G-33, have been trying to convince the WTO to amend its farm pact (Agreement on Agriculture) to remove limits on public stock holding and food aid.

It is important for India to get a waiver because once its new Food Security legislation, which offers 5 kg of subsidised foodgrain to about two-third of its population, is fully implemented, it will breach the existing food subsidy limits fixed at 10 per cent of total production.

In return, these countries will support a Trade Facilitation agreement being pushed by developed countries to improve customs infrastructure and ensure time-bound clearance of shipments.

WTO members are hopeful of signing both agreements at the meeting of trade ministers from all 149 member countries in Bali, Indonesia, in December. These pacts are expected to give a boost to the Doha Round of negotiations launched in 2001.

The global trade talks have been stuck due to differences between developed and developing country members over market access issues for both farm and industrial goods.

In a meeting of the Committee on Agriculture at the WTO on Monday, the Chairperson noted that at this stage, members do not envisage changing the rules of the Agriculture Agreement.

“Instead, they are focusing on a shorter term way of allowing developing countries some leeway to exceed their agreed domestic support limits when they buy, stock and supply cereals and other food in order to boost food security among the poor,” Chairperson John Adank of New Zealand said.

There is also no agreement on what safeguards would be available to prevent the release of the stocks from affecting international markets, and how countries using the provisions would provide enough information to make their actions transparent.

The G-33 wants to ensure that any agreement for a waiver should also include a time-line for negotiating changes in the AoA to ensure that higher good subsidy limits become part of the pact.

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WTO Farm Talks: Negotiators on Final Lap Before Bali Ministerial
Bridges Weekly Trade News Digest, Volume 17, Number 34

17 October 2013: Trade officials have entered the last stretch of talks before the WTO’s ninth ministerial meeting in Bali, Indonesia, with an outline deal for a “small package” of measures now due to be wrapped up by the first week of November - a month before the conference.

Sources told Bridges that only a few issues would remain for ministers to decide upon after 8 November, with members now set to make a concerted bid to close outstanding gaps during the next two weeks. Negotiators are aiming to develop a three-pronged package for the Bali ministerial, drawn from the overall Doha Round - a series of trade talks that were launched in 2001, but which ministers later declared at an ‘impasse’ when they met in Geneva two years ago. This December’s package would, if achieved, ideally include an agreement on trade facilitation, select agriculture issues, and some components related to developing countries.

The chair of the agriculture negotiations, New Zealand ambassador John Adank, was this week expected to prepare draft negotiating text that trade officials could consider, following an informal meeting open to all WTO members which he convened last Friday.

“The priority now is to capture in a more concrete way the convergence that I have described earlier,” he told members at the end of the meeting.

The chair reported on consultations he has held on three topics: food purchases at administered prices in developing countries, as part of public stockholding programmes; disciplines on export subsidies and similar measures; and new rules on the administration of tariff rate quotas for imports.

Food stockholding: possible waiver?

Adank told members that he had held consultations on eight aspects of an eventual deal on food stockholding, where the G-33 developing country coalition has sought greater flexibility to purchase food at administered prices from low-income, resource-poor producers. The group argues that price inflation in recent decades has eroded their ability to run some types of programmes covered under WTO rules, although a number of other countries are eager to ensure that any additional flexibility does not create new trade distortions or undermine food security in other countries.

Trade officials are exploring whether countries could temporarily agree to refrain from bringing legal disputes, in exchange for various safeguards and conditions that would apply to any country wishing to make use of this flexibility.

Legal analysis at the WTO secretariat has indicated that members could consider four main options for a possible agreement in this area, Adank said. These included a waiver; a different form of ministerial decision; a ministerial declaration; and a chairperson's statement.

Adank told the group that, by discussing in some detail transparency requirements, conditionality, and safeguards, "members had already taken steps towards elaborating quite specific requirements on which the flexibility will be dependent" - suggesting that the agreed mechanism might be more likely to take the form of a ministerial decision rather than one of the other options.

However, he warned that many countries saw the legal form of the agreement as being linked to associated conditions and safeguards.

He also said he expected the mechanism to apply automatically to countries, once the agreed conditions and safeguards had been fulfilled.

Coverage: a limited number of crops?

Adank told the meeting that members had "informally agreed" on the broad scope of application of the proposed new flexibility, which he said would cover cases in which there is "a clear risk" of breaching countries' agreed ceiling on trade-distorting amber box payments - known as AMS, or the "aggregate measure of support" at the WTO.

However, they remained divided over whether countries should have to commit to a limit on the number of staple crops that would be covered by the new flexibility or not. Some negotiators had suggested that countries should agree to limit the coverage to "traditional" staple crops.

Transparency: "most convergence"

"It is fair to say that this has been the element on which we have seen the most convergent and detailed focused discussion so far," Adank told the group with regards to transparency.

Trade officials have said over the last two weeks that they feel optimistic about the progress that had been achieved in this area.

Adank said that, in order to benefit from new flexibility in this area, governments would have to ensure that their farm subsidy notifications to the WTO were up-to-date. They would also have to provide some additional information to other members.

"We have already had a very extensive discussion in this area and are, I believe, close to an agreement on these various elements," the chair said.

Safeguards: are other countries affected?

Negotiators had also had a “rather conceptual” discussion around safeguards that could help ensure that other countries’ trade or food security was not harmed by food stockholding programmes elsewhere in the world, Adank reported - although he noted that “more discussion” on this topic was required.

On the duration of the flexibility, the chair told the meeting that two groups of countries could be identified. One group would like a clear time-bound solution - for example a two-year period - while the other would like the flexibility to apply until a permanent solution could be found.

A third option could be to establish a time-bound arrangement and a work programme aimed at a more permanent solution, but without any direct relationship between the two, the chair said.

Post-Bali: members’ views diverge

“Work of some sort will need to continue post-Bali to explore progress on more enduring solutions,” Adank told the group, although he warned that views still diverged on what form this future work should take.

Although some countries had emphasised the importance of addressing the issues raised by the G-33, others had advocated for a “more open approach.”

Export competition: no legal changes?

Trade officials told Bridges that they were concerned that Bali might not deliver more than a political declaration of the importance of action on eliminating export subsidies. “There is no appetite to change current rules,” one source said.

Adank told the meeting that a number of members “do not see a legal change to commitments as possible in the context of Bali” - despite others seeing this as “the central part” of talks over agricultural export subsidies and equivalent measures.

WTO members agreed to eliminate these instruments at the global trade body’s fifth ministerial conference in Hong Kong, eight years ago. A proposal to cut current ceilings for export subsidies, submitted last year by the G-20 developing country group, has made little headway in the face of opposition from the US and EU.

Adank told the meeting that work on this issue after Bali would need to take into account “the wider context of the WTO agriculture negotiation and more generally the context of the Doha Round as a whole.”

TRQ administration: US, China at odds

Trade sources told Bridges that differences between the US and China were preventing further progress on a proposal to overcome administrative barriers to imports, as part of a review of rules on tariff rate quotas, or TRQs in the jargon used by negotiators.

However, Adank told the meeting that “there are fewer issues remaining to be resolved” on TRQ administration than there are on either the G-33 proposal or on export competition issues.

Members continue to differ, though, on the extent to which developing countries should be able to benefit from “special and differential treatment” on proposed new arrangements aimed at easing import requirements in cases where quotas are persistently not being filled.

New text, more consultations

Adank told the meeting he would continue to hold consultations “in different formats” throughout this week. He would then hold another informal negotiating meeting with all members before the end of the month.

The chair said his aim was “to continue to extend the areas of convergence and progressively build upon them elements of drafting for further consideration.”

“This week, I expect John Adank will come up with draft text on a peace clause,” one source familiar with the consultations confirmed.

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