INDIA'S TRADE NEWS AND VIEWS

11 April to 25 April 2013

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Exports show signs of recovery
The Hindu

New Delhi, 18 April 2013: Exports continued to post growth for the third consecutive month, rising by 6.97 per cent in March.

There was, however, a decline in export of 1.76 per cent at $300.6 billion in 2012-13.

Exports in March stood at $30.8 billion compared to $28.8 billion in the same month of the previous year. Imports dipped by 2.87 per cent to $41.16 billion in March, leaving a narrowed trade deficit of $10.31 billion from $13.5 billion in March last year. In January, it had widened to $20 billion, the second highest figure ever in a month.

During 2012-13, the trade deficit widened to $190.91 billion from $183.3 billion in the previous fiscal. Commerce Secretary S.R. Rao said exports were gradually picking up. He expressed hope that the current trend would continue.

“Export performance has started picking up. For March, the export performance has picked by a slightly robust figure as compared to the previous two months. We do expect this trend to continue. I should assume a minimum of 10 per cent growth if the current trend continues,” he told reporters after the release of the new Foreign Trade Policy supplement here.

Mr. Rao said the trade deficit had come down slightly which was good.

“Given a very weak performance for a major part of the year, I think in the last 3-4 months, we really covered a good deal of ground. This may not be sufficient, but certainly there is progress in exports,” he said.

During 2012-13, imports grew by 0.44 per cent to $491.48 billion. Crude oil imports in March 2013 declined by 16.56 per cent to $13.32 billion. Non-oil imports in March increased by 5.41 per cent to $27.83 billion, but during 2012-13, it dipped 3.62 per cent to $322.23 billion.

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Shift in trade pattern as Europe takes backseat
The Financial Express

New Delhi, 24 April 2013: The pattern of the country's merchandise trade is going through a structural shift, according to an analysis by the Prime Minister's Economic Advisory Council (PMEAC).
The analysis revealed that over a six-year period from 2006-07 to 2012-13, the share of traditional destinations, such as Europe and North America, in India's total trade (exports and imports) declined, while that of Latin America, Africa and Asia went up.

In its latest review of the economy, the PMEAC also raised concerns over exports to Asean member countries Japan and South Korea falling despite New Delhi inking a free-trade agreements (FTA) with them.

PMEAC chairman C Rangarajan said controlling the current account deficit (CAD) was the government's main concern in the medium term, while, in the short term, capital flows need to be encouraged by procedural easing and removal of restrictions in certain areas. The CAD is estimated to be $94 billion (5.1% of the GDP) in 2012-13 and could touch $100 billion (4.7% of the GDP) in 2013-14.

Blaming high gold, oil and coal imports for the high CAD, the report listed out several measures to contain it at around $90-95 billion (4.2-4.4% of GDP) in 2013-14 and further to 3-3.5% of the GDP in the next fiscal.

These include containing gold imports by $5 billion, so that it does not exceed $40 billion in 2013-14. Producing more domestic coal would help bring down thermal coal imports by $2-3 billion in 2013-14 and price reform would ensure net oil imports to be lower by $2-3 billion.

However, Rangajaran said reducing oil dependence will be difficult as imports of the commodity will increase as the economy grows. He mooted encouraging more capital flows and making financial instruments more attractive to wean away people from gold.

As per the review, during 2006-07 to 2012-13, the share of Europe in India's external trade fell 4.2 percentage points to 17.9% as well as that of North America (including US and Canada) slipped by 2 percentage points to 9.2%.

However, the share of Africa in India's total trade went up by 2.2 percentage points to 16.5%, that of Latin America up by 2.2 percentage points to 5.1%, and the rest of Asia by 2.7 percentage points to 56.4%.

A closer look solely at India's merchandise exports shows that the share of European Union has declined from 21.2% to 17% during the six-year period, in line with the economic difficulties in the region.

The share of North America in India's exports also fell from 16.2% to 14.1% during this period, in which there was a drop of two percentage points in exports to the US.

Meanwhile, thanks to the market diversification strategy adopted by exporters and government's incentives, exports to Latin America have rose from 3% to 4.6%.

The council also said exports to Africa rose steadily during the period. The share of exports to the GCC area in West Asia went up from 13% to 17%. On the other hand, exports to Northeast Asian markets have fallen 2.1 percentage points mostly in China & Hong Kong [(–) 1.7 percentage points] and South Korea [(–) 0.5 percentage points]. It noted that the drop in exports to China is partly due to the near cessation of India's iron ore exports, which were mostly to China.

It said India's exports to Asean countries fell nearly 12% in 2012-13, which is a matter of concern. "This was a rapidly growing market in the previous two years and is a region where we have entered into FTA and have a range of common interests and logistic advantages," it pointed out. Exports to Japan and South Korea also fell. "We have FTA arrangements with Japan and South Korea and it seems that there is considerable potential which remains to be developed. This must be seen as a near term challenge — from the facilitation side by government, and as a business proposition for industry," the report added.

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Govt announces host of incentives to boost declining exports
PTI

New Delhi, 18 April 2013: Faced with declining exports, the government today announced a slew of measures including extension of the popular EPCG scheme to all sectors and sops for Special Economic Zones (SEZs) to boost shipments.

The initiatives announced by Commerce and Industry Minister Anand Sharma as part of the annual supplement to the Foreign Trade Policy (FTP) are aimed at pushing exports which declined by 1.76 per cent to US $300.6 billion during 2012-13 and pushed up the trade deficit to US $190.91 billion.

The Export Promotion Capital Goods (EPCG) scheme, which allows exporters to import capital goods at zero duty, would be extended beyond March 2013 and would be applicable to all sectors, Sharma said.

"We have decided not only to extend the zero duty EPCG scheme beyond March 2013, but also merge it with 3 per cent EPCG scheme. Now, the zero duty EPCG benefit will be available to all sectors," the Minister said.

As regards the SEZ scheme, Sharma said, the minimum land area requirement for setting up such zones has been reduced to half and there would be no ceiling for IT and ITeS SEZs.

"We have taken note of the fact that there are acute difficulties in aggregating large tracks of uncultivable land which is vacant and contiguous and we have decided to reduce the minimum land area requirement by half for different categories of SEZs.

"...there would be no minimum land requirement for setting up IT/ITeS SEZs and only minimum built up area criteria would be needed to be met by SEZ developer," the Minister said.

On demands of a exit policy for the SEZs, Sharma said it has been decided to allow transfer of ownership and sale of SEZs units.

"I hope that the measures which we have announced today will go a long way in providing much needed support for exports," the Minister added.

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Government eases land norms for SEZs; IT gets a boost
The Times of India

New Delhi, 19 April 2013: The government on Thursday announced measures to revive interest in special economic zones (SEZs) and boost investment, but the much-vaunted Foreign Trade Policy (FTP) fell short of concrete steps to revive the export sector reeling under the burden of the global economic slowdown and rising input costs.

There was a promise of more to come with the Reserve Bank of India reviewing the dollar-credit window for exporters. Commerce and industry minister Anand Sharma also indicated that steps to boost gems and jewellery sector may be announced next month. A new task force on reducing transaction costs was also set up, a move that will bring much needed cheer to the industry which loses cost advantage due to procedural hurdles. But the key element of the "package" announced by Sharma was the move to halve the minimum area requirement for the enclaves. Those setting up information technology zones will not even have to worry about the minimum land requirement of 10 hectares as Sharma did away with the stipulation. Flexibility has been offered to other developers as well with the government also providing an exit policy for SEZ units.

But as reported by TOI on March 30, finance minister P Chidambaram refused to provide tax concessions, including doing away with minimum alternate tax, a major demand of the commerce department and SEZ developers, while agreeing to measures that will not have a bearing on revenue collections. Sharma was candid enough to admit that the tight fiscal situation played a part in policy

formulation, although in the Budget, Chidambaram had promised measures to revive exports and bridge the current account deficit.

For Sharma's department, which had been pushing for changes for 14 months, even in its present form, the new regime will provide major comfort. But the announcements turned the FTP into SEZ policy session with Sharma limiting himself to announcing a series of extensions in schemes from interest subsidy to Export Promotion Capital Goods (EPCG). Under EPCG, the government promised simplified norms for companies importing capital goods, provided exports by them were six times the duty saved in the import of machinery. Of course, with the current fiscal being the last year of the current five-year policy, the minister was not in a position to announce major changes.

Textiles, which happens to be Sharma's other charge, was in line for some additional sops with firms having taken advantage of the Technology Upgradation Fund Scheme also allowed to avail of EPCG.
In several cases, the ambit of schemes was widened. For instance, 2% interest subsidy will not be offered to 134 more products of engineering sector. Similarly, the scope of duty credit scrips was expanded to allow for payment of service tax under the Focus Market Scheme, Focus Product Scheme and the Vishesh Krishi Gramin Yojana.

Exporters demanded more with AEPC chairman A Sakthivel seeking interest rate cut and resumption of drawback payments. CII president Kris Gopalakrishnan demanded that the interest subsidy should be extended to all sectors.

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New FTP evokes mixed response from industry
The Hindu

New Delhi, 18 April 2013: The Foreign Trade Policy 2013-14 has evoked a mixed response from the industry and the business chambers. Confederation of Indian Industry (CII) President S. Gopalakrishnan said the steps announced could help in reviving investors' confidence in SEZs. "Granting interest subvention to all the sectors will help in strengthening exports performance," he added.

FICCI Senior Vice-President Sidharth Birla said the package contained a number of positive measures which would help boost exports in 2013-14. "Having a single zero duty EPCG scheme that will now be available to all sectors is a much-needed step in the right direction," he said.

The Federation of Indian Export Organisations (FIEO) President, Rafeeque Ahmed, rued that there were no big ticket announcements in the policy. He said FIEO had been pressing for the creation of $2 billion export development fund, which was not granted.

Textile bodies

The Apparel Export Promotion Council (AEPC) and EEPC India welcomed the policy, saying it would help in boosting textiles and engineering exports.

"Measure like expansion of zero duty EPCG scheme, extension of TUFS benefits to EPCG, announcements on promotion of incremental exports and widening the ambit of market and product focus scheme will help in promotion of garment exports from India," AEPC chairman A. Shaktivel said in a statement.

Confederation of Indian Textile Industry (CITI) also hailed the FTP announcements, stating that extending zero duty EPCG Scheme benefit to the TUFS beneficiaries was a request that the industry had been making for quite sometime.

It also welcomed the extension of 2 per cent interest subvention on export credit up to March 31, 2014 and inclusion of made-ups for this benefit.

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India, EU eye more sops, fail to clinch trade deal
The Times of India

New Delhi, 17 April 2013: India and the European Union failed to clinch a deal on the Bilateral Trade and Investment Agreement (BTIA) that has been in the works for six years as both sides sought more concessions for the deal to go through.

Amid a volley of protest at home over the government's stance on allowing cheaper imports of cars and wine, Sharma sought a "good package" on services, including "data secure" status that will help Indian IT companies, especially smaller players, source activity from EU.

The other area of interest for India is movement of professionals.

A key demand is to get EU to drop the safeguard clause on services sector that will kick in when 20% of European Union's committed number of professionals enter member states' territories.

In addition, India wants a clause which allows movement of spouses and dependents along with professionals who get temporary entry into an EU member state.

"Both sides sought a complete understanding on a balanced package in the services sector.

Other issues of market access for agricultural products, pharmaceuticals and textiles were highlighted by Sharma.

EU conveyed its strong interest in financial services, automobile sector, wines and spirits and cheese.

EU also sought assurance on the facilitation of registration of their Geographical Indicators," an official statement said.

At the same time, Sharma is learnt to have made it clear that going beyond WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights, or Trips, was a no-go area."The experts and chief negotiators (at the official level) will remain engaged and the next ministerial meeting is scheduled for June," the statement said.

After PM Manmohan Singh's visit to Germany, his office seemed to suggest that the BTIA was a done deal with the final details to be worked out during Sharma's meeting with EU trade commissioner Karel de Gucht.

But given the differences and the protests in India, the government seems to have taken a strong position and did not rush into a deal.

With Indian general elections just a year away, the Europeans are keen on concluding negotiations.

EU negotiators fear that if talks are not concluded by December, the agreement will have to wait for another six to eight months.

Times View: Govt should not be in a hurry

The decision by India and the European Union not to rush into the Broad-based Trade and Investment Agreement (BTIA) is a move in the right direction.

Given the far-reaching impact it is likely to have on several sectors of the Indian economy and indeed on similar agreements with other countries or blocs, it is imperative that it is well thought through and discussed before being signed.

The government should not commit itself to any deal unless each and every move is carefully considered and debated.

Transparency is crucial and the nation must be taken into confidence before finalizing such a comprehensive pact.

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How to make FTA win-win for EU, India
Jaideep Mishra, The Economic Times

16 April 2013: The European Union (EU), with 27 member-countries operating as a single market, is the world's largest economy and major trading bloc. And negotiations for the proposed EU-India Free Trade Agreement (FTA), under discussion since 2007, have reached a critical juncture.

The plan is to reduce tariffs on goods, liberalise services and investment rules for greater, mutually-beneficial market access. The gains from trade can be huge, by way of stepped-up inflows of investment, technology and myriad other skills designed to rev up productivity improvements so as to be better integrated with the global economy.

The government of India is in advanced-stage talks with the EU to conclude a Bilateral Investment and Trade Agreement (Bita), commonly known as the EU-India FTA. But how exactly would the pact benefit India and the EU?

Huge Potential

India's share in the trade of the EU is low — about 1.5% both for imports and exports — so the potential for increase is large. And given such a small share, bilateral trade liberalisation with India is unlikely to be perceived as a major threat.

The share of the EU in India's trade is far higher (about 25% of imports and 21% of exports). But note that India's trade has become increasingly and significantly geographically diversified in the last two decades, and the share of the EU has considerably declined since the 1990s. So, trade liberalisation with the EU cannot be deemed a major threat either.

Besides, services is the fastest growing segment of the Indian economy, and we stand to gain from increased cross-border movement of professionals and service providers. Actually, both parties are keen to include services in the FTA.

Further, liberalisation of trade in agricultural goods is unlikely to be a major demand of either party in the FTA, which is another reason to go ahead with the pact. With a large population dependent on farming, India has high tariff peaks (up to 160%) on agricultural items best left for a multilateral trade deal.

More important, the attractiveness of India as a destination for foreign direct investment (FDI) has improved in recent years, and the high economic growth potential here is reason enough for investors in the EU to engage more with India.

But when it comes to actualising investments on the ground, there are a number of issues to be tackled, such as delays in garnering land or other clearances. Anyway, Indian investors have been actively exploring cross-border opportunities for some time. So, a bilateral pact to make the investment regime more transparent and rule-based should improve investor sentiment. One study estimates that the EU-India FTA is likely to increase FDI from the EU by 27%, and increase the stock of FDI nationally by almost a fifth. For India, such investment flows would mean better integration with global supply chains.

On the flip side, negotiators for the FTA need to guard against shallow trade integration, which would have negative implications across the board. If the agreement is confined largely to reduction of tariffs, it can result in trade diversion — with mostly suppliers in third countries benefiting — exceeding trade creation for both parties.

To purposefully gain from the FTA, what is required is deep integration, including a convergence of norms and guidelines on investments in various sectors. It would then lead to productivity gains driven by technological change, spillover effects and economies of scale here, as well as niche specialisation, for instance, in the high end of the market. In tandem, there is the need to remove significant non-tariff barriers to trade, including opaque procedures.

The bottom line is to boost facilitation to maximise the benefits of trade and investment and avoid the known pitfalls.

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India-EU FTA: negotiators may meet next month
PTI

New Delhi, 21 April 2013: The negotiators of India and European Union are likely to meet here next month in a bid to resolve contentious issues creating a road-block in inking of the bilateral FTA, ahead of their ministers meeting in June.

On April 15 meeting in Brussels, Commerce and Industry Minister Anand Sharma and EU Trade Commissioner Karl De Gucht failed to reach on a conclusion and has agreed to meet again in June.

"Before the ministerial meeting, chief negotiators and expert groups from both the sides are likely to meet next month here. However, the dates are yet to be finalised," sources said.

Several rounds of meetings have already been held between India and the 27-nation European bloc since the negotiations for the Broadbased Trade and Investment Agreement (BTIA) were launched in June 2007 but both the sides are still engaged in bridging the gaps on several issues.

EU is pressing for significant duty cuts in auto, wines and spirits and dairy products, besides hike in FDI cap in the insurance sector and a strong intellectual property regime.

On the other hand, India wants liberalised visa norms for its professionals, data secure status and market access in services and pharmaceuticals sector.

Despite differences over several matters, Sharma has recently said the negotiations are progressing very well.

Germany, one of the key members of the 27-nation European bloc, very clearly articulated the impediments in conclusion of talks, which has missed several deadlines for conclusion.

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

Significantly, European Union has launched the trade talks with Japan last month and gearing up to initiate same with the US in next few months.

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India asks Russia to lift ban on rice, groundnut
Amiti Sen, Business Line (The Hindu)

New Delhi, 13 April 2013: India is mounting pressure on Russia, a growing importer of farm products, to lift the ban on rice and peanuts from the country imposed early this year and accept bovine meat tested in Indian-Government certified labs.

It has also invited officials from the country's quality control department to visit India later this month to inspect the quality of rice and buffalo meat being exported from the country. With Russia emerging as a major buyer of farm products, especially of bovine meat and processed food, India wants it to remove existing restrictions hindering exports from India.

"We have just started the process of establishing a toe-hold in Russia's fast growing market for farm produce and have run into quality issues. We hope to sort these out soon," a Commerce Department official told Business Line.

India's export of rice to Russia increased five times to $25 million in April-December 2012 compared to $4.5 million in the same period of the previous year before breaks were applied by the Russian Federal Service for Veterinary and Phyto-sanitary Surveillance (FSVPS) on exports in February this year.

The country placed a temporary ban on import of both rice and peanuts from India following detection of Khapra Beetle in Indian rice consignments.

"Strong measures have been taken since then by the National Plant Protection Organisation (NPPO) India in conformity with terms of a MoU signed with Russia in 2009," the official said.

The NPPO has withdrawn the authority of the two officials issuing phyto-sanitary certification to Russia and suspended accreditation of the two pest-control organisations for fumigation of export consignments to Russia. It has also issued an advisory to all phyto-sanitary certification authorities directing them to be cautious and vigilant in carrying out inspection of exports to Russia. "We have now asked Russia to reconsider the ban. Detailed investigation in both cases of non-compliance is already underway and details would be shared with Russia soon," the official said.

Bovine Meat

Russia is also a huge market for bovine meat which India has not been able to tap as the authorities want specific quality norms to be adhered to which are too stringent. India wants Russia to accept quality certification given by Government accredited labs as India's buffalo meat is accepted in 60 countries worldwide and there has not been any complaint.

"We want to discuss all aspects of phyto-sanitary regime and have written to Moscow inviting the FSVPS delegation for discussions during end-April, the official added. Bilateral trade between India and Russia in 2012 increased to $6.7 billion, registering 14 per cent growth over the previous year.

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FCI to float export tender for 5 mt wheat
The Financial Express

New Delhi, 16 April 2013: The Food Corporation of India (FCI) is expected to float a tender for export of 5 million tonne of wheat by private players during the next few days. The regional offices of the corporation in the key producing states of Punjab and Haryana have been asked to prepare the tender for wheat exports at a fixed sale price of R1,484 per quintal.

The wheat would be exported from the corporation's 2011-12 stocks. The export price offered is at the same level at which excess wheat is being offered under the FCI's Open Market Sale Scheme (OMSS) for private traders. In the last fiscal, FCI exported more than 3.1 mt of wheat through agencies such as PEC and STC.

At present, FCI has wheat stocks of more than 24 mt from previous years and the procurement for the current year (2013-14) is on. The government has set a target of procuring more than 44 mt of wheat during the next two months against 39 mt purchased in the previous year.

"We want to export some of the excess stocks of wheat during the next few months," an FCI official told FE.

However, softening of the international price of wheat could spoil the prospects of FCI's wheat exports. In the global market, prices have remained sluggish during the last few months. The global price is in the range of $255-$256 a tonne against the offer prices of around $ 280 per tonne. However, officials say the government can't reduce export prices as the corporation has been incurring costs for storing wheat.

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Farm exports likely to rise fivefold by 2030: CII-McKinsey report
The Financial Express

New Delhi, 13 April 2013: The introduction of goods and services tax (GST), creation of infrastructure such as ports, special zones and cold chains and fewer restrictions on farm gate access, among other things, are likely to push India's agricultural exports to more than Rs 7.72 lakh crore by 2030 from the Rs 1.4 lakh crore achieved in 2011, a CII-McKinsey report said on Friday.

The farm sector would then account for 15% of India's total exports, which will make the country one of the top five food exporters globally, the Food and Agriculture Integrated Development Action (FAIDA) report by the global consultancy firm has stated.

The report focussed on five crops — mango, banana, potato, soya bean and poultry — which are likely to play a critical role in boosting India' exports.

However, realising the potential, the study suggested a series of measures, including creation of National Farm Gate to Market Infrastructure Authority, a national body for linking demand and supply by creating the necessary backbone of agricultural infrastructure. It also mooted National Agricultural Technology Mission and Sustainability Mission for increasing production and promoting crop diversification.

The report identifies that in case of cereals and pulses, yields could rise by 20-50%. While the average yield of fruits and vegetables could be enhanced by 30-200%, for most oilseeds, it could rise by 80%. The report titled "India as an agriculture and high value food powerhouse: A new vision for 2030" says that the country presently achieves only 50-60% of the potential yield for most crops due to poor technology adoption, weak link between farmers and the industry, unexplored opportunities in branding, marketing and exports besides lack of infrastructure in value chains.

"It is imperative that India upgrade its agricultural practices and techniques as well as accelerate growth in allied business fields such as food processing for meeting rising demand in the domestic market over the next two decades," Adil Zainubhai, chairman, India, McKinsey & Company, said.

Anticipating huge expansion in the food processing sector, the report has stated that processing in India could move from 10% of total produce to 25-30% of the total produce by 2030.

Consumers' preference for cereals and pulses in the overall food budget had dropped by more than 25% since 2000. "Between 2000 and 2010, the contribution of cereals and pulses to the overall per capita food expenditure reduced from 40% to 28% while that of animal-based products, fruits and vegetables rose from 36% to 42%", the report points out.

The report also said the country produces 161 million tonne of fruits and vegetables, of which 10-12% perishes.

"India's cold storage capacity is 29.3 million tonne, of which 75% is utilised for potato alone. Cold truck transport accounts for only 4% of India's inter-city perishable transport and 80% of these trucks are used for milk," the report said, identifying insufficient cold chain infrastructure.

This report follows a paper recently co-authored by the Commission for Agricultural Costs and Prices (CACP) chief Ashok Gulati, which said that India's on-off policy on agricultural exports is preventing the country from achieving its potential.

"If the government is proactive, FY12 exports can cross $42-43 billion", Gulati had said. In 2011-12, according to Gulati, agricultural exports by India were more than $37 billion against commodity imports of around $17 billion.

Progress incumbent on measures

* By 2030, the farm sector would account for 15% of India's total exports, which will make the country one of the top five food exporters globally
* The study suggested a series of measures, including creation of National Farm Gate to Market Infrastructure Authority, a national body for linking demand and supply by creating the necessary backbone of agricultural infrastructure
* The report identifies that in case of cereals and pulses, yields could rise by 20-50%. While the average yield of fruits and vegetables could be enhanced by 30-200%, for most oilseeds, it could rise by 80%

* The report states that processing in India could move from 10% of total produce to 25-30% of the total produce by 2030

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Handicrafts sector bucks overall export trend
Business Line (The Hindu)

New Delhi, 12 April 2013: Strong demand from the US, Europe, Australia and Latin America boosted handicrafts exports by 22.15 per cent to $3.30 billion in 2012-13 defying an overall downturn in exports. Exporters are hopeful that the sector would grow by another 20 per cent this fiscal despite uncertainty in Europe if the Government comes up with supportive measures in the Foreign Trade Policy to be announced next week.

“As cost of credit has become a big cause of worry, we are hopeful that the Government will increase the interest subvention rate to 5 per cent from 2 per cent and extend the scheme for at least five years,” said Export Promotion Council for Handicrafts Director, R.K. Verma, at a press conference.

The handicraft industry also wants the Government to expand the list of inputs covered in the duty-free import certificate under which the sector is allowed to import certain inputs duty-free. “The needs of our industry are changing. The list has not been revised for long. We want a steering committee to be put in place which would take a re-look at the list and revise it from time to time,” said Rajesh Rawat, a Delhi-based handicrafts exporter.

In a bid to attract more global buyers,EPCH is organising a mega fair in New Delhi starting next week showcasing a wide variety of products including furnshings, floorings, textiles, furniture and houseware. “Leading chain stores an boutique owners from the US, EU, Latin America, Central Asia and African continents will visit the fair which is expected to generate business worth Rs 1,500 crore,” said Verma.

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Rajasthan may see 7-8% rise in foreign tourists inflow in 2013
PTI

Jaipur, 15 April 2013: The number of foreign tourists visiting Rajasthan is expected to grow by 7-8 per cent in 2013, despite the slowdown in the western countries, a top official said today.

“We expect an increase of around seven-eight percent in foreign arrivals in the current calender year,” Rajasthan Principal Secretary (Tourism) Rakesh Srivastava told reporters on the sidelines of the Great Indian Travel Bazaar (GITB) being organised here.

GITB is an initiative of the Ministry of Tourism, Department of Tourism (Rajasthan) and industry chamber Ficci, which has been organising it in Jaipur since 2008. It is a pan-India international platform for inbound tourism.

According to Srivastava, the state attracted about three crore (30 million) tourists in 2012.
“The year-on-year growth of inbounds last year was eight per cent in Rajasthan. The domestic growth stood at 6.73 per cent,” Srivastava said.

To provide better safety measures, he said, the state has been working on many initiatives like formation of tourist assistance force of around 275 personnel deployed at various major destinations, who help foreign and domestic travellers.

“Keeping in mind facilitating tourism industry and the safety and security of the tourists as prime concerns, Government of Rajasthan introduced ‘Tourism Trade Regulation Act’ in 2010,” Srivastava said.

Rajasthan’s Tourism Minister, Bina Kak yesterday said that there has been no impact on the tourists arrival rate in the state due to global slowdown.

“We are seeing tourists coming in and their numbers have been growing. More-and-more projects are also coming up like hotels to accommodate rising number of tourists,” Kak said, while inaugurating the sixth edition of GITB here.

She said that tourism is a major economic growth driver and has a major share in the gross domestic product of the state’s economy.

The share of Rajasthan tourism to the state Gross Domestic Product (GDP) is 13.68 per cent.
Ficci Vice-President Jyotsna Suri said the potential of domestic tourism industry should also be looked at and growth strategies in this regard should be drawn up.

“The Indian domestic tourist industry has enormous potential. In the US the domestic tourist inflows drives many state economies. Similarly, we should look at ways to grow this segment in India,” Suri, who is also the Chairman and Managing Director of The Lalit Suri Hospitality Group said.

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Only 3% of patents filed by MNC pharma firms under dispute: Study
Divya Rajagopal, The Economic Times

Mumbai, 16 April 2013: On April 1, when the Supreme Court rejected Swiss pharmaceutical major Novartis' plea for a patent on an updated version of its cancer drug Glivec, it evoked different reactions: Big Pharma cried foul terming the ruling as one that "discourages innovation and investments in India", while health activists hailed it as a step in the right direction.

Digging deep, ET discovered that multinational pharma companies have been granted over 1,000 patents since 2005, and out of 4,036 patents granted in the past six years, 1,130 have been awarded to multinationals. Among the large multinational pharma companies, British drug maker Astrazeneca tops the list with 180 patents, followed by Roche with 166 patents, while Sanofi and Novartis have 159 and 147 patents, respectively.

The data assumes significance, especially at a time when a growing number of multinationals are getting embroiled in litigation over patents in the country, but often ending up on the losing side.

As a result, big multinationals like Bayer, Novartis and Merck, among others, have complained that India's intellectual property environment is not conducive for doing business, even as health activists have been clamouring for affordable drugs for the poor.

This year, the Intellectual Property Appellate Board (IPAB), the quasi-judicial body that addresses the intellectual property disputes in the country, revoked the patent of Pfizer's anti-cancer drug Sutent and Roche's hepatitis C drug Pegasys after their patents were challenged in the country. It also refused to

overturn the Compulsory Licence that was granted to Natco Pharma for German drug maker Bayer's anti-cancer drug Nexavar.

"The order of the IPAB weakens the international patent system and endangers pharmaceutical research," Bayer had said last month after the ruling against Nexavar. "The limited period of marketing exclusivity made possible by patents ensures that the costs associated with the research and development of innovative medicines can be recovered," it added.

However, patent experts dispute such claims, saying that few drug makers are challenging frivolous drug patents in India, and that the Indian patent office is actually liberal in granting patents.

"One is not sure about the quality of these patents granted by the patent office, since many of them were never opposed," said Shamnad Basheer, owner of Spicy IP, a blog that specialises in IP issues in India. "Our study found that only 3% of the patent applications filed in India since 2006 were challenged. This demonstrates that given the various resource constraints faced by the Indian patent office, one can never really be sure of the patent quality unless the patent is challenged," he added.

Another study done by Columbia University's Bhaven Sampat along with intellectual property experts Kenneth C Shadlen and Tahir Amin found that of the 214 patents filed in India last year, only 3 patents were rejected exclusively for failing to prove better efficacy (Section 3d).

"Across industries in developing and developed worlds, policy makers wrestle with how to weed out "low-quality patents", says the study by these authors titled Challenges to India's Pharmaceutical patents. It also notes that in the United States, the Hatch Waxman Law of 1984 provides financial incentives to generic makers to challenge patents that have been improperly issued by the US Patent Office.

However, Big Pharma says that despite the number of patents granted, there's no assurance if these patents will remain safe.

"Even after the patent is granted, it effectively gets nullified as we saw with Pfizer and Roche, says Ranjit Shahani, chairman Novartis India and also the president of Organisation of Pharmaceuticals Producers in India, the lobby group of Big Pharma.

Shahani says that it's pointless talking about the large number of patents granted, admitting that the numbers so far 'violated' may be small, but it shows that India is not ready to provide the ecosystem necessary for encouraging innovative products to be launched even though it had joined the WTO 18 years ago.

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U.N body calls for balanced 'social benefit' IP regime
The Hindu

Istanbul, 24 April 2013: The World Intellectual Property Organisation (WIPO), a United Nations body, has pointed out the need for a second interpretation of global intellectual property law, one that balances social benefit with the need to protect investment.

This balancing could help reconcile the differences between developing nations such as India, and the concerns of multi-national companies and developed nations, according to Francis Gurry, Director-General of the WIPO.

“I think there are two definitions of intellectual property. One has been defined by the need to innovate, and, therefore, the need to protect investment. The second way is that it should not solely be about protecting the interests of investment, but instead should be about balancing social benefit with the whole mix,” Dr. Gurry told The Hindu here on Wednesday.

He was here to attend the 7th Global Congress on Combating Counterfeiting and Piracy.

Dr. Gurry’s comments come at a time when the Supreme Court’s recent decision to deny Swiss major Novartis a patent extension for cancer drug Glivec has prompted some multi-national drug firms to re-think their India research and development investments.

Replying to a query, Dr. Gurry said that there could be a shift towards a social benefit intellectual property regime at some point in the future.

“While I don’t want to comment on the Novartis decision, I think that, yes, an intellectual property regime that balances social benefit perhaps could be in the offing. In the end, it is basically a problem of variance in purchasing power between countries. There is a global market, but no global consumer as of yet,” Dr. Gurry said. “In the end, the right balance must be found repeatedly. We will have more and more situations like Novartis in India, and we must see how IP can not only be about protecting investment, but also social benefit,” Dr. Gurry added.

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US professional visas Bill may fall foul of global trade rules
Amiti Sen, Business Line (The Hindu)

21 April 2013: A Bill by a group of US senators seeking to put curbs on professional visas to foreign workers could be violating global trade rules, a Government official has said. India would take action if needed, the official added.

IT majors including Infosys, Wipro and TCS will be hit if the proposals, including a steep penalty on companies that hire a greater number of workers on H1B and L1 visas compared to local recruits, are implemented.

“The draft Bill is at an initial stage. We do not have to act just now. But the contents certainly seem to be against the provisions of the General Agreement on Trade in Services. We have kept a strict watch on the developments and would take action when required,” the official said.

According to the provisions of the Bill, if an employer has 50 or more staff, and if more than 30 per cent (but less than 50 per cent) of them are on H1B or L1 visas, a fee of $5,000 for each additional worker will have to be paid. In case the number of workers on such visas cross 50 per cent, the fee would go up to $10,000. H1B is a work permit for temporary speciality workers, while the L1 visas are issued for intra-company transfers that allow companies to relocate qualified employees to US offices.

Apprehensive

A number of Indian IT companies have publicly expressed their apprehensions, saying the Bill would affect them adversely.

Some trade experts have endorsed the Government’s view that the Bill may have violated World Trade Organisation rules. “Under the GATS, the US is obliged to issue 65,000 work visas to foreigners every year. It cannot put conditions on that,” pointed out Biswajit Dhar, Director-General, Research &

Information System.

Although the draft bill also proposes to increase the number of H1B and L1 visas to 205,000 from the 85,000 issued now, the increased number will not lead to a relaxation of obligations imposed by the WTO. “There are a set of rules governing the issue of H1B visas and L1 visas and these have to be followed uniformly. The US cannot say that it would not penalise companies while issuing 65,000 visas and the penalty would kick in after the threshold,” Dhar said.

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Dumping duty on plaster boards from China, 3 other nations
K. R. Srivats, Business Line (The Hindu)

New Delhi, 15 April 2013: The Finance Ministry has imposed definitive anti-dumping duty on certain gypsum plaster boards imported from China, Indonesia, Thailand and the United Arab Emirates.

The levy does not apply to fire boards, impact boards, ECHO boards, heat boards and thermal boards. This anti-dumping duty will be valid for five years with effect from June 7, 2012, the date of imposition of provisional anti-dumping duty.

Saint Gobain Gyproc India Ltd had filed the petition seeking anti-dumping probe on gypsum plaster boards imported from these four countries.

In the case of gypsum plaster boards produced and exported from China, the duty has been pegged at $32.85 per cubic metre. For imports from Indonesia, it has been pegged at $24.11 per cubic metre.

In the case of Thailand, the anti-dumping duty for plaster boards produced and exported by Siam Gypsum Industry (Saraburi) Co Ltd and Siam Gypsum Industry (Songkhla) Co Ltd has been pegged at $54.46 per cubic metre.

For other producers and exporters from Thailand, the anti-dumping duty has been pegged at $73.80 per cubic metre.

In the case of the UAE, the duty for plaster boards produced and exported by Gypsemna Co (L.L.C) Dubai has been pegged at $12.30 per cubic metre. For all other producers and exporters from the UAE, the Revenue Department has imposed duty of $20.15 per cubic metre.

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WTO's dispute panel to take up India-US poultry row
Nayanima Basu, Business Standard

New Delhi, 12 April 2013: India and the US have finally brought the imbroglio over poultry imports to the doors of the World Trade Organization's (WTO)'s dispute settlement body (DSB), a year after the US filed a complaint accusing India of violating global trading rules.

A consultation process that ended in December 2012 failed to reach a solution. "The US was not satisfied with the consultations. Now, the case has started formally. We are very clear on our position. This is a matter which concerns public health and safety. We are going to retaliate very strongly," a senior commerce department official told Business Standard.

According to WTO norms, after a complaint is filed, consultations are held between the two sides

involved. If a settlement is reached, the case is dismissed. However, if consultations fail, both sides are asked to form a panel, after which the case is initiated.

India had imposed a ban on importing chicken legs from countries that had recorded cases of avian influenza. The decision was based on a notification issued by the Department of Animal Husbandry last year. The notification stated the import of poultry products would be restricted from countries that had cases of avian influenza, even if those were under the low-pathogenic category (not serious). However, the notification was country-neutral and didn't mention the US separately.

Till September 2011, the US had recorded low-pathogenic cases.

The notification was termed unscientific by the US; it accused India of violating sanitary and phytosanitary measures. In its complaint, the US said India had imposed a non-tariff barrier on its imports. The Indian poultry industry was apprehensive of the fact that cheaper poultry products from the US might affect its business, as it would be compelled to revise prices, the US said.

Another trade dispute between the two countries, one concerning a solar programme, is yet to be taken up by the DSB, as the consultation process for the dispute has just been concluded. "Now, it is the US that has to decide whether it wants to seek a panel or is satisfied with our explanation," the official said.

Early this year, the US had filed a complaint against India at the WTO, alleging discrimination against American products by India's National Solar Mission. It said under the programme, India was discriminating against US solar equipment manufacturers by offering subsidies to those who procured cells locally.

In March 2012, the US commerce department had imposed countervailing duties of 286 per cent on specific steel rods imported from India, arguing these products were heavily subsidised and, therefore, led to an unfair pricing mechanism. After consultations in this case failed, the issue was taken up by DSB. However, the US has asked for more time to structure its case. India had already informed WTO the US had arbitrarily imposed countervailing duties on its steel products, as the steel manufacturers' lobby in the US wasn't able to compete with India's competitive pricing, the official said.

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India Targets More U.S. State Renewable Energy Programs
Daniel Pruzin, WTO Reporter

Geneva, 19 April 2013: India has identified an additional four U.S. state programs for the promotion of renewable energy that it says might be offering illegal subsidies in violation of World Trade Organization rules.

In a communication circulated to WTO members April 18, India said it was “concerned” that solar energy incentive programs in the states of Delaware, Minnesota, Massachusetts, and Connecticut “have provisions relating to local or domestic content requirements which raises issues of consistency with Article 3.2 (and) Article 3.1 (b)” of the WTO's Agreement on Subsidies and Countervailing Measures (SCM).

India said there were also “issues of consistency” with the WTO's Agreement on Trade-Related Investment Measures (TRIMs) and the General Agreement on Tariffs and Trade.

Two provisions of the SCM Agreement prohibit WTO member countries from providing subsidies contingent on the use of domestic over imported goods.

India's latest claims follow accusations circulated April 17 that incentive programs for the renewable energy sector in the states of Michigan and California and the cities of Los Angeles and Austin, Texas, may also be illegal under WTO rules because of domestic content requirements (75 WTO, 4/18/13).

India also charged April 17 that water utilities in South Carolina, Pennsylvania, West Virginia, and several New England states have been mandating domestic content for equipment use in water projects.

The Indian accusations come in the wake of a U.S. decision Feb. 6 to initiate WTO dispute proceedings to address what Washington charges are illegal domestic content requirements in India's national solar energy program (26 WTO, 2/7/13).

Dispute Follows Ontario Violations

In a separate complaint filed by the European Union and Japan, a WTO dispute panel ruled Dec. 19 that domestic content requirements in the Canadian province of Ontario's Feed-In-Tariff (FIT) program violated WTO rules (244 WTO, 12/20/12). The program requires renewable energy producers to meet a "Minimum Required Domestic Content Level" in the development and construction of electricity generation facilities.

Canada has appealed the ruling; a decision from the WTO's Appellate Body is due by May 6.

India asked the United States to provide information regarding the programs in Delaware, Minnesota, Massachusetts, and Connecticut as well as to provide information on any state, regional or local level renewable energy programs providing incentives contingent upon compliance with domestic content requirements.

The Indian claims are due to be raised at the next meeting of the WTO's SCM committee scheduled for April 22.

India notes that Delaware's Solar Renewable Energy Credits program grants energy suppliers an additional 10 percent credit toward meeting mandated requirements if at least 50 percent of the cost of the renewable energy equipment is sourced in the state.

Minnesota's Xcel Energy-Solar Rewards Program and MN Made PV Rebate Program require that solar photovoltaic module qualifying for incentives be manufactured in the state. Likewise the Commonwealth Solar II Photovoltaic Rebate Program in Massachusetts conditions the granting of rebates on solar modules being manufactured by a company with a "significant" Massachusetts presence.

Connecticut's Residential Solar Investment Program allows the state's Public Utilities Regulatory Authority to provide additional incentives for the use of major system components manufactured or assembled in Connecticut, India added.

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Want clean energy? Avoid trade disputes
Arunabha Ghosh & Ricardo Meléndez-Ortiz, Business Standard

14 April 2013: The world craves cheaper and cleaner energy, but are global trade and energy policies disrupting progress towards greater deployment of renewable energy?

Nearly two billion people in the world have no access to modern sources of energy. Providing them with power - particularly clean power - is an imperative for social and economic development. According to UN Secretary-General Ban Ki-Moon, renewable energy is the "golden thread that connects economic growth, social equity, and a climate and environment that enables the world to thrive".

However, efforts to scale up renewable energy are being obstructed by a range of barriers to sourcing the best technologies from global markets. Subsidies, tariffs, standards, public-procurement policies and local content requirements are slowing down, or outright hampering possibilities for large-scale use of renewable sources. Rather than focusing on energy access, renewable energy policies have, instead, become tools to achieve other objectives: generating fiscal revenue, developing local industries, creating job and stimulating the economy, to name a few. As a result, renewables remain artificially more expensive than they need to be, delaying access to the poor and postponing the day when they can serve as viable substitutes for fossil fuels.

Take clean energy subsidies, for instance. One of us recently studied how subsidies vary in both form (including financial transfers, preferential taxes, regulations and infrastructure support) and purpose (from energy access at one end to promoting clean energy exports at the other). Some of these measures correct market failures, while others distort trade. This is why disputes are emerging across the world over clean energy subsidies, even though subsidies for fossil fuels - that reached $523 billion in 2011, up 30 per cent from 2010 - actually far exceed those for renewable energy, which are barely one-sixth that amount. The recent solar energy sector disputes are a clear example of how trade relationships can turn sour and make the investment climate for clean energy more uncertain.

Second, tariffs against clean energy technologies as well as non-tariff barriers, such as cumbersome standards, provide another obstacle. For renewable electricity products and wind energy equipment, applied rates range from seven per cent and eight per cent in India and Germany, to 14 per cent in Brazil. Applied tariffs on solar water heaters stand at 35 per cent in China, the second highest in the world. Many countries maintain prohibitive tariffs on ethanol, exceeding 100 per cent in some cases. Solar photovoltaic products face non-tariff barriers in the US market, which does not accept the International Electro-technical Commission standards (otherwise accepted in markets elsewhere), adding to costs.

A third obstacle involves local content requirements, a policy tool intended in part to promote domestic industry and nurture local jobs. However, by requiring that a minimum share of local content be used in the final product, these measures actually result in reduced competition, delayed technology deployment, and higher prices for renewables.

The logic behind these measures is flawed on two counts. For one, it assumes that the renewable energy pie will always remain small, when current trends indicate otherwise. In 2010, clean energy was only eight per cent of global power generation capacity, but 34 per cent of new capacity addition. As the pie expands, all countries could benefit, either from improved access to cheaper technologies or newer markets.

Another logical fallacy is the assumption that if one country has a large share of the market for clean energy products today, it would always remain in pole position. In reality, a global supply chain for renewable energy products is developing, with components produced in several countries assembled together or deployed in others. Moreover, technological innovation could easily make protectionist measures redundant.

Ideally, these obstacles would be addressed at the World Trade Organisation (WTO). However, governments have been unable, so far, to tackle these issues in a holistic and effective manner, and the ongoing negotiations under the Doha Development Agenda do not instill much confidence. Meanwhile,

time is of the essence, and our atmosphere and the billions of people without electricity cannot afford to wait for WTO negotiations to conclude. An alternative process is, therefore, needed to kick-start a wide-ranging dialogue on clean energy and trade. To this end, we offer three suggestions.

First, this week's Clean Energy Ministerial (CEM), being hosted in New Delhi, offers a star opportunity to address some of the issues at stake. CEM members currently represent 80 per cent of global energy consumption, making their input vital in identifying concrete responses to trade barriers in clean energy technologies. India, for instance, could spearhead this process, having already demonstrated leadership in clean energy through its National Solar Mission. Its experience could help spark discussions among fellow CEM members on how countries can retain policy space for promoting energy access while also maintaining open and predictable markets.

Second, countries could use regional trade agreements (RTAs) more imaginatively as tools for promoting renewables. With their limited membership, RTAs might have the flexibility to lower barriers to trade in renewable energy products. Asia-Pacific Economic Cooperation economies have made progress on a valuable package of environmental goods negotiations in recent years, a positive example that could be mimicked for clean energy as well.

A final suggestion would be to create a sectoral trade agreement on energy, a Sustainable Energy Trade Agreement (SETA). Using the momentum gathered under the sustainable energy trade initiatives, a SETA would leverage a critical mass of countries to elucidate complex international rules on sustainable energy and improve market access. Greater clarity in policy and progress in negotiations would mitigate the current surge of renewable energy-related disputes at the WTO.

Today, we stand at a crossroads. The threat of climate change and the challenges of sustainable development are greater and more pressing than ever - yet the deployment of renewable energy technologies is hampered by higher prices and increasing political tensions. No country wins in this situation, nor does the global climate. We, therefore, urge policy makers to explore all avenues - multilateral, regional, and plurilateral - to create a favourable environment for clean energy deployment. Globally, this would be a win for energy access and for the clean energy industry.

Ghosh is CEO, Council on Energy, Environment and Water (ceew.in) and Melendez-Ortiz is CEO, International Centre for Trade and Sustainable Development (ictsd.org). They are hosting a policy dialogue on clean energy and trade on the occasion of the Clean Energy Ministerial

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Some solar projects may escape local content rule
Richa Mishra, Business Line (The Hindu)

New Delhi, 21 April 2013: The Ministry for New and Renewable Energy proposes to have two categories of projects under the Jawaharlal Nehru National Solar Mission — one with mandated domestic content and the other allowing use of imported equipment.

To participate in the National Solar Mission, developers have to buy solar cells and modules from domestic manufacturers and sign power purchase agreements with power plants under the mission.
In return, they receive benefits including subsidies through guaranteed long-term power tariffs.

US Pressure

By having two categories, the Ministry seems to have found a way to stave off US pressure not to bring in more products under the draft guidelines that mandate use of domestic equipment.

Off-grid projects under Batch I of the second phase began from April 1, and tenders for grid-connected projects will be out next month.

While all approvals are in place to rollout grid-connected projects under the second phase, guidelines spelling out the domestic content requirement still need to be formalised.

The second phase will be in two batches as the capacity is high — 3,000 MW.

The earlier proposal bringing more items, such as thin films and solar cells, under the domestic sourcing requirement had so irked the US that it had filed a complaint with the Dispute Settlement Body of the World Trade Organisation against the mandate that crystalline solar photovoltaic modules had to be sourced locally.

Tarun Kapoor, Joint Secretary (Solar), MNRE, said the Ministry was yet to firm up how much of the 750 MW being tendered would fall under the domestic content norm.

He said WTO norms were not being violated under the Solar Mission.

One of the Mission's main objectives is to promote domestic manufacturing in the sector, which is why certain domestic content requirements were made mandatory in various schemes under Phase I. In the second phase, the domestic sourcing content is being expanded.

At the 4th Clean Energy Ministerial, Prime Minister Manmohan Singh had said that "as we expand our reliance on solar energy, we are keen to ensure induction of the best technology and also encourage domestic production of the equipment needed.

Large Market

"India is potentially a large market for production of such equipment. It is also a potentially competitive attractive production base for supplying to other countries. We, therefore, encourage global manufacturers to set up production facilities in this area."

Following the launch of the mission in 2010, the domestic manufacturing capacity of SPV cells and modules has increased from about 200 MW to 2,000 MW. The sourcing of power generated from projects in the second phase will be done by Solar Energy Corporation, which has been formed primarily to execute the mission.

For the first phase, NTPC Vidyut Vyapar Nigam, the trading arm of NTPC, was designated as the nodal agency for sale and purchase of grid-connected solar power.

The first phase of the mission, which concludes on March 31, has 1,500 MW of installed capacity till now.

This includes States' capacity and migrant projects. An additional 10,000 MW will be implemented by the end of 12th Plan ending 2017.

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India to Defend PMA Extension to Local Tele Gear Companies
Joji Thomas Philip, The Economic Times

New Delhi, 15 April 2013: India will cite the examples of US, Australia and Taiwan to ward off criticism against its new policy that gives preferential market access (PMA) to domestic telecom gear makers for government contracts.

International business lobbies, including the US-India business council, Information Technology Industry Council, Digital Europe and the Telecommunications Industry Association of US, amongst several others, have warned that India's plans of extending the PMA provisions to private mobile phone companies, would represent an unprecedented interference in the procurement of commercial entities and would also be inconsistent with the country's obligations to the World Trade Organization.

The telecom department (DoT), in its draft response, in an internal note, reviewed by ET, has said that various countries had put restrictive clauses against foreign vendors on security grounds."The US Committee on Foreign Investment had blocked Huawei's attempt to take over Server Company 3Leaf Systems.

Australia recently blocked Huawei's from taking part in that country's National Broadband Network.

Taiwan had earlier blocked Chinese companies from participating in telecom networks in that country," the department's note added.

The DoT internal note also points out that a recent report by the US Congress Panel had said that the two Chinese vendors - Huawei and ZTE - have ties to that country's government and military and must be barred from mergers and acquisitions in the United States.

India in its response will also point out that the US Congress Panel had said that government systems, particularly sensitive systems, should not include Huawei or ZTE equipment, and the report had further added that 'private sector entities in the US should be strongly encouraged to consider long term security risks in doing business with these Chinese vendors for equipment or services'.

Its response will also add the country's new telecom policy (National Telecom Policy - 2102) states that domestic production of telecommunication equipment should meet up to 80% of the sector's requirements by 2020.

The policy further states that India will provide preference to domestically manufactured telecom products that had security implications consistent with its WTO commitments, the department's internal note added.

The DoT has further justified its move stating that that rules to buy from domestic manufacturers 'does not provide price preference to them over imported products and also that there has been no dilution of technical requirement's.

The department is also of the view that this provides sufficient transparency on its part before unveiling the new norms for security sensitive products.

Security agencies here too had a role to play in the formulation of the new rules, as they have warned multiple times that malicious codes could be implanted to networks, before or after manufacturing, and that testing of equipment alone may not solve the problem.

Redefines 'Security Sensitive' Products

The government has redefined "security sensitive" telecom products in the run-up to implementing 100% domestic sourcing of such telecom gear, reports Kalyan Parbat from Kolkata.

In a bizarre round of policy-making, the department of electronics & IT (DeitY) says "electronic products with security implications are those which are necessary for protecting human, animal or plant life and health, apart from protecting the country's security interests," in an internal note, a copy of which was reviewed by ET.

The new clause will be at the heart of the final preferential market access (PMA) norms likely to be notified on April 20.

The new definition of telecom products with security implications was discussed on April 8 during a closed door interaction between communications minister Kapil Sibal and all major telecom industry bodies.

Over 90% of telecom gear classified as security-sensitive comprises electronics.

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WTO chief urges success at Bali ministerial meeting on trade
Xinhua

Geneva, 11 April 2013: World Trade Organization (WTO) Director-General Pascal Lamy said on Thursday that members needed a change in mindset in order to gain the "early harvest" they want in a ministerial meeting due to be held in Bali, Indonesia in December.

"The stark reality is that the current pace of work is largely insufficient to deliver successfully in Bali. But, more than changing the pace of work, we need a change in mindset," he said.

Lamy told an informal trade negotiations committee meeting that negotiators had to urgently change course, to be more flexible in their negotiating attitude, to accelerate substantive work and to refrain from "throwing bricks at each other."

"Without rapid acceleration and real negotiations, it is highly probable that you will not see the deliverables you desire in Bali," he warned.

Bali is set to host a ministerial meeting on issues such as trade facilitation, agriculture and food security. But there are fears the talks could end in a deadlock like the Doha round of talks in 2001.

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WTO panel seeks talks on new issues, end of sops for developing nations
Sidhartha, The Times of India

Geneva, 25 April 2013: A panel appointed by the World Trade Organization (WTO) chief Pascal Lamy on Wednesday recommended sweeping changes, including special treatment for developing and poor counties, pushed for inclusion of new issues such as investment, currencies and climate change in the multilateral body's programme, besides reiterating the need to conclude the Doha Round talks.

It has also suggested that the existing system of across-the-board flexibility to developing and poor

countries be replaced with a needs-and-capacity-based approach that could be time-specific. This may result in countries such as India getting the same treatment as the developed countries.

Indian officials immediately attacked the report saying it is not in the country's interest. "It is not WTO's report. It is WTO director general's (Pascal Lamy) report. We will oppose the proposals," said an official.

Others too opposed the move with some going to the extent of accusing the panel of pushing the rich nations' agenda.

Lamy, however, backed the suggestions. "It offers food for thought to members on what they should do in the medium to long-term."

If the recommendations are accepted, the bilateral trade deals, which have mushroomed in recent years as the Doha Round talks have made little progress, would be impacted. "The multilateral system will remain deficient until a real set of disciplines is established to facilitate convergence of PTAs (preferential trade agreements) with the multilateral trading system," the report said.

In other words, it could mean that countries such as India that cut import duty on cars or wine and spirits under a trade pact with, say, the European Union (EU), would allow the import of the products on payment of same customs duty from all WTO member countries.

The change in the trade architecture is meant to check PTAs becoming the dominant way of doing business. After all, there are 300 such agreements that the 159 WTO members have signed and several are under negotiation. On an average, any member belongs to 13 separate PTAs and is negotiating at least one agreement.

For Indian policymakers the new issues that are currently "no go" areas are a bigger concern. The panel has given a list of nine areas - competition policy, international investment, currencies, trade finance, labour, climate change, corruption and integrity, Aid-for-Trade and international economic rules - that it believes are relevant to the global trading system. Some the of the developed countries such as EU members had earlier tried to get subjects such as competition, investment, environment and labour into the Doha Round talks but had to back off after India managed to hold its ground vetoed their inclusion.

In fact, the panel has now suggested that the consensus model, so far followed in global trade negotiations, be tweaked and countries be asked to specifically state the reason for their opposition to an issue.

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Candidate Field Narrows for WTO Director-General's Race
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18 April 2013: The first cut in the race for the position of WTO Director-General took place last week, after four candidates were deemed as not having sufficient support to make it to the leadership contest's second stage. The process to whittle down the remaining list of five candidates - which come from either Asia-Pacific or Latin American countries - to three is already underway, with the second round of consultations kicking off on Tuesday.

General Council Chair Shahid Bashir - Pakistan's ambassador to the global trade body - reported to fellow WTO members on Friday that Alan Kyerematen of Ghana, Anabel González of Costa Rica, Amina Mohamed of Kenya, and Ahmad Thougan Hindawi of Jordan had attracted the least support in the first round, and would therefore be expected to withdraw from the race.

Bashir, together with Dispute Settlement Body Chair Jonathan Fried of Canada and Trade Policy Review Body Chair Joakim Reiter of Sweden, is part of the troika that is conducting consultations with the membership in the Director-General selection process.

The five candidates that will formally remain in the race for the next round will therefore be Mari Pangestu of Indonesia, Tim Groser of New Zealand, Herminio Blanco of Mexico, Taeho Bark of South Korea, and Roberto Carvalho de Azevêdo of Brazil.

Pangestu, Groser, Blanco, and Bark are all current or former trade ministers of their respective countries, while Azevêdo has served as his country's WTO ambassador since 2008.

With the remaining five candidates from either the Asia-Pacific or Latin American regions, many expect the next big fight to be over who attracts the most support from African member countries, as well as from the EU and US. Other factors, such as how well a candidate is known in Geneva, their views on trade policy, and whether other international bodies are already headed by someone from their region could very well play into the race.

While speculation abounds over who might advance to the third - and likely final - consultations round, many caution that it is still anybody's race, and that it is difficult to predict who will support which candidates, as the consultations are conducted confidentially.

Kenya, Ghana express concerns over process

Under the guidelines for selection of WTO Directors-General, candidates who attract the least support are expected to withdraw from the consultations process. On Friday, however, Kenya reportedly said that they were not able to join the consensus, according to multiple sources familiar with the meeting, and would not be withdrawing Amina Mohamed's candidacy. However, whether Mohamed would continue to remain in the race, and for long, was unclear at the time of this writing.

Sources told Bridges that both Ghana and Kenya expressed concerns at the General Council about the consultation process, specifically over how some members submitted five preferences instead of the four that the troika had requested for this first round. Others from the African Group reportedly raised similar questions over transparency and adherence to procedure, one source told Bridges.

Some delegates from other countries commented privately to Bridges that - should Mohamed stay in the race - the result could be "worrying." Such a result has only occurred once in the WTO's history, during the Director-General's race of 1999. Others, however, suggested that Mohamed staying in the race - though "surprising" - would ultimately have limited impact on the process, as they speculated that she would be unlikely to attract much support.

In his report to members on Friday, Bashir stressed, however, that "the fact that some delegations deviated from four preferences did not affect the results in this round." Furthermore, he added, the list of four candidates with the least support did not change regardless of whether preferences were counted purely in terms of numbers received, or in breadth of support across geographic regions, or over generally recognised groups within the membership.

No candidate received unanimous support from any region, the General Council Chair added.

Multilateral system at a crossroads

The race for a new global trade chief comes at a time when many see the WTO as being at a "crossroads," with the Doha Round negotiations now finishing their twelfth year with no end in sight. Many have said that a failure to conclude even an abridged package of Doha deliverables in time for the December ministerial conference in Bali, Indonesia, could spell failure for the overall negotiations, and could cause long-lasting damage to the credibility of the multilateral trading system.

A new Director-General will only have been in place for a few months by the time the Bali conference takes place, having just taken office at the beginning of September. While the next WTO head will be faced with ensuring the final ministerial preparations come together, trade observers and officials alike say that the new Director-General's impact would most likely be seen in the post-Bali process, as members determine what to do with the remaining issues on the table in the Doha Round, along with the so-called "21st century issues, such as food security, climate change, or the proliferation of preferential trade agreements.

Outgoing Director-General Pascal Lamy has already been conducting consultations with members on a post-Bali process. However, some members have said - both privately and, in some instances, publicly - that whether or not there will even be a "post-Bali" agenda for the new WTO chief depends on whether members can achieve some sort of meaningful outcome for this December's ministerial.

"The WTO members need to face up to the key trade policy questions of the day, even if they do not yet agree on the answers," former World Bank President Robert Zoellick said in an op-ed in the Financial Times. "If the WTO members do not select a new leader with an agenda, global trade diplomacy will drift and other negotiations will fill the vacuum."

However, how much of an effect any Director-General may have could be constrained by the fact that the WTO is a member-driven organisation, some have warned, with its head having limited powers.

Second round already underway

The second round of consultations began on Tuesday 16 April, and is scheduled to end on 24 April. The "troika" conducting the consultations will convene another informal meeting of the General Council shortly thereafter to report on the results.

In this ongoing second round, members have been given the revised slate of five candidates, and asked to name two preferences - "not more, not less" - according to Bashir. Delegations will be asked to answer the question "What are your preferences?" in confidential individual meetings held with the troika. The preferences stated by members in the first round will not be used in this second set of consultations.

Following this second round, the three candidates with the least support will be expected to withdraw, leaving two candidates to battle it out in the third round. Members must name a successor to Lamy by 31 May, according to the WTO's procedures for the selection of the Director-General.

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