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Net services exports up 22.5% in June quarter
Asit Ranjan Mishra, Mint

New Delhi, 19 August 2013: India's services exports grew an annual 10.2% to $37.9 billion in the three months ended June, after remaining flat in the preceding quarter, sounding a positive note amid gloomy economic prospects.

The number provides a glimmer of hope, according to D.K. Joshi, chief economist of ratings agency Crisil Ltd, though it is not enough to correct the underlying imbalance in the current account deficit.

"I believe both services and merchandise exports have the potential to surprise on the positive side with the rupee depreciating and some demand improvement in the developed countries," Joshi said.

Net services exports, or the difference between exports and imports, rose 22.5% to $17.4 billion compared with a contraction of 3.4% in the fourth quarter of 2012-13 that ended in 31 March, Reserve Bank of India data showed on Monday.

Still, India can finance only 34.7% of its trade deficit using the net services exports in the June quarter compared with 37.3% in the preceding three months because the country's merchandise trade deficit rose to $50.2 billion in the first quarter of the current financial year compared with $42.2 billion in January-March.

Between 2006-07 and 2011-12, the surplus in services exports financed around 38% of merchandise trade deficit on an average.

The numbers show net services exports are not keeping pace with the trade deficit, said Indranil Pan, chief economist at Kotak Mahindra Bank Ltd.

India runs up a deficit with the rest of the world in merchandise trade in most fiscal years, with the gap being met partially by a surplus in services trade.

Widening deficit in trade in goods at a time when capital inflows have been volatile puts pressure on the rupee, posing a challenge for the government already battling sagging economic growth. The rupee touched a new record low of 63.13 to a dollar on Monday.

The government has taken a number of measures to stem the decline, such as raising duties on import of precious metals such as gold, silver and platinum to 10%, asking state-run financial institutions to raise funds abroad through quasi-sovereign bonds, and liberalizing rules on overseas commercial borrowing.

Finance minister P. Chidambaram has set a target for the current account deficit at 3.7% of gross domestic product (GDP) against a deficit of 4.8% in 2012-13. Chidambaram has said the shortfall is expected to be around $70 billion against $88.2 billion in the year ended March, expressing confidence that it will be fully financed through capital flows, which are expected to be around $75 billion.

India's services export growth has been faster than that of merchandise exports, with the export of services growing at a compounded annual growth rate (CAGR) of 23.6% between 2001-02 and 2011-12, while merchandise exports grew at a CAGR of 21.4% during the same period. However, growth in services exports became erratic after the global financial crisis in 2008.

India’s services exports range from information technology (IT) to services provided by doctors and nurses abroad. The central bank’s classification of service exports includes transport, travel, construction, insurance and pensions, financial services, telecommunications, computer and information services, and personal, cultural and recreational services. Research firm Gartner Inc. has projected that worldwide IT spending will increase by 4.2% in 2013.

Services are critical to India’s economic well being and constitute more than half the country’s GDP. The share of services in the GDP has risen from 33.3% in 1950-51 to 64.8% in 2012-13.

Although the commerce ministry regularly updates its foreign trade policy and sets annual targets for growth in merchandise exports, forecasts for the services sector or measures to boost its exports are a rarity, in keeping with the widely held belief that many services sectors have grown and flourished without government intervention.

India was ranked sixth in exports of commercial services in 2011, with a 3.6% global share, according to the World Trade Organization. In services imports, it ranked seventh with a 3.4% share.

In contrast, the country was ranked 19th in merchandise exports with a paltry 1.6% market share and was in 13th position with a 2.5% share in imports, according to the international trade body.

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CAD woes: FinMin rules out more import curbs
Express news service

New Delhi, 17 August 2013: Despite announcing plans to compress import demand of non essential items earlier this week, the finance ministry on Friday ruled out a hike in duties of such goods as restrictions on imports of gold, silver and platinum would be adequate to contain the current account deficit (CAD).

"Gold, silver and platinum is what we believe as non-essentials. We have put curbs on that. I don't think we need any more curbs," Arvind Mayaram, secretary, department of economic affairs, told reporters on Friday.

In the third such exercise this year, the government on Tuesday raised the import duty on gold, silver and platinum to 10 per cent. While gold and platinum imports were earlier taxed at 8 per cent, silver imports was taxed at 6 per cent.

The move is aimed at curbing the huge imports of such metals and contain the current account deficit by raising an additional Rs 4,830 crore through the levies.

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Govt nudging trade partners for currency-swap deals
Business Standard

New Delhi, 28 August 2013**:** Commerce and Industry Minister Anand Sharma said the Centre is considering currency-swap deals with some key trading partners to stabilise the rupee, which hit a new low of 66.19 against the dollar on Tuesday.

“We need to look very seriously at the possibility of currency swap with some of the countries. This will not only help stabilise the rupee but increase availability of credit for the exporters, especially in the SME (small and medium enterprise) sector and will also push project exporters and support the labour-intensive sectors … Currencies of all the major emerging economies are falling, but in percentage terms, the rupee's fall has been sharpest," said Sharma during the Board of Trade meeting here on Tuesday.

He added he was going to take up the proposal with Finance Minister P Chidambaram soon, and announced the formation of a task force that has been mandated to submit a report within a month. The task force, which will be headed by Rajeev Kher, additional secretary (trade policy division), commerce department, has been mandated to give the report within a month. Members will be from the department of economic affairs, department of financial services, the Reserve Bank of India, State Bank of India, EXIM Bank and the business chambers.

A currency-swap deal takes place between the central banks of two partner countries, under which the banks would give each other dollars to stabilise their local currencies, in case of need.

Rana Kapoor of YES Bank said: "India needs to identify two or three or more countries and regions to get into long-term swap facilities. This was successfully done with Japan during the 2008-09 crisis. Swapping is a good option because India provides a long-term consumer market. India should look at bilateral swaps to be entered into to build confidence that there is no shortage and there are currencies available waiting to be tapped. This is a very important point to be discussed and rationalised further."

In the first four months of the financial year, the rupee slumped by almost 20 per cent. Sharma said exporters are not able to fully utilise the benefits of the falling rupee because of high import intensity in the exported product.

According to Rafeeque Ahmed of the Federation of Export Organisations (FIEO), exports will surpass the target of $325 billion in FY14 and a turnaround is expected from October. This is for the second time that Sharma has convened the Board of Trade meeting to assess export performance. However, the government is not expected to dole out incentives before November, officials said, until and unless the measures that were announced previously are fully realised.

During the meeting, exporters urged the government to urgently address some of concerns as a short-term measure by reducing the transaction cost for exporters. The commerce ministry has also constituted a committee on this issue under Director-General of Foreign Trade Anup K Pujari, who is expected to submit the committee's recommendations by October.

According to the Confederation of Indian Industry president and executive vice-chairman of Infosys, S Gopalakrishnan, transaction costs in India add 10-12 per cent extra cost, which need to be reduced.

Apparel Export Promotion Council has asked for a duty credit scrip at the rate of five per cent for the sector, currency-swap facilities, as well as changes in service tax, income tax and labour laws.

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Panel suggests measures to boost falling MSME exports
T E Narasimhan, Business Standard

Chennai, 26 August 2013**:** An inter-ministerial committee set up to suggest ways to boost exports of India's micro, small, and medium enterprise (MSME) sector has recommended more credit for the sector at competitive rates, extension of foreign currency credit and marketing support.

The committee also recommended an increase in capital investment limits for the purpose of defining MSMEs, and leveraging of defence offsets to support MSME exports.

According to the ministry of MSME, several product groups exported by MSMEs reported declines in 2012-13 - gems and jewellery (by 3.5 per cent), electronics (9.27 per cent), ready-made garments (5.76 per cent) and engineering goods (3.1 per cent).

The committee submitted its report last month. It was headed by the Finance Secretary R S Gujral and its other members included Raghuram Rajan, chief economic advisor and governor-designate of the Reserve Bank of India; S R Rao, commerce secretary; Sumit Bose, revenue secretary; Madhav Lal, MSME secretary; and Rajiv Takru, secretary, financial services.

Availability and cost of credit at internationally competitive rates is a major issue facing Indian MSMEs, the report noted, with interest rates of 14-16 per cent, limited access to equity capital, and banks insisting on collateral requirements.

The committee has recommended an additional interest subvention of two per cent for exporters who repay on a timely basis; reduction of the spread of foreign currency credit to London Interbank Offered Rate (Libor) + 2 per cent; and automatic increase in foreign currency limits due to the depreciation of the rupee. It also said export credit must comprise at least 40 per cent of overall bank credit to MSMEs, and banks must increase the number of their MSME borrowers by 10 per cent annually until 2017.

Marketing is one of the critical areas where MSMEs face problems, the report said, adding that there are also challenges in product differentiation, brand-building, customised services, clientele-building and after-sales servicing.

"Many entrepreneurs are not entering the field of exports due to lack of market knowledge, availability of a growing domestic market and the complexities of international trade," it noted.

The committee also recommended a larger budget for market development assistance and market access initiative schemes, greater focus on brand-building and trade fairs, income tax deduction for marketing expenses, support for e-commerce and a focus on Asia.

Modifications in labour laws to facilitate more overtime hours and employment of women in night shifts with necessary safety, enhancement of technology upgradation schemes with both capital subsidy and interest subvention; setting up of research/resource/product development centres and linkages with the technical institutions and CSIR laboratories have also been recommended.

The committee has recommended setting up round-the-clock facilities for export consignments at major air cargo and sea port complexes, enhancement of the ASIDE (Assistance to States for Development of Export Infrastructure & Allied Activities) scheme and development of MSME clusters near highways and rail corridors.

The committee has said a differential corporate tax regime for MSME exporters, separate ECGC policy for MSMEs to reduce costs, and removal of service tax on conversion of export proceeds remittances will reduce transaction costs in exports.

The constitution of a standing committee of secretaries to resolve policy- and implementation-related issues and greater coordination at the ground level between customs and DGFT offices has also been recommended.

The committee recommended a cess of 0.1 per cent on the production of chemicals and plastics, to create a technology upgradation fund for the two sectors; additional budgetary support for the handicrafts sector; enhanced support for the Integrated Leather Development Scheme; amendment of APMC Acts to enable direct purchase of horticulture/vegetable items from farmers by exporters; and greater infrastructure support (testing, labs, packaging houses) for processed agriculture exports.

The committee said tax-related incentives were necessary in view of the imperative need to boost exports and reduce the current account deficit, but could be extended for only five years in order not to increase budgetary expenditures or reduce tax revenue.

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MFN to India after removal of trade barriers: Islamabad
Business Standard

New Delhi, 17 August 2013: The government of Pakistan said on Friday it would grant the 'Most Favoured Nation' (MFN) trade status, the fancy term for non-discriminatory status, to India only after we remove non-tariff barriers on Pak export and a consensus was had among all stakeholders in that country.

In contrast, the government of India granted them the MFN status in 1996. Under the World Trade Organization (WTO) norms, member-countries are mandated to give this status to each other on a reciprocal basis. The two governments had decided to normalise bilateral trading relations in 2011.

"For the grant of MFN status, there are certain issues to be addressed by both countries, such as creating a consensus among stakeholders within Pakistan, and persuading the Indian government to remove non-tariff barriers," stated a communiqué by the Pak high commission here, quoting their foreign ministry spokesperson, Aizaz Ahmad Chaudhary. He had addressed Pak media in Islamabad on Friday.

He also said all these issues would be discussed elaborately "as soon as the dialogue resumes" in an effort to "move towards a normal trading relationship between the two countries".

Trade talks have again reached a hiatus, after reports of ceasefire violations along the Line of Control (LoC), with India accusing the Pak army. In June, after the coming in of a new government there under Nawaz Sharif, private sector honchos from both sides met to chart a road map for expanding of trade and investment between both nuclear-armed neighbours. It was widely expected that the new government would take major strides in smoothening the bilateral trade ties.

Since the decision to normalise trade ties in 2011, both sides have taken a series of measures. This includes Pakistan abolishing a small 'positive' list of items that alone could be imported from India, in 2012. As a result, India can export almost 7,500 items to Pakistan.

However, Pakistan still bans export of 1,209 products, including textiles and pharmaceutical products.

Exports to Pakistan reached $432 million during the first four months of this financial year, while imports were $57.9 mn. In 2012-13, the total trade between India and Pakistan was $2.35 billion, over $1.94 bn in 2011-12, according to official data.

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India says no to labour, environment in FTA with New Zealand
PTI

New Delhi, 19 August 2013: The negotiations for free trade agreement between India and New Zealand has hit a major roadblock during the latest round as New Delhi has declined to include other side's demand pertaining to labour, environment and government procurement in the pact.

In the recently concluded ninth round of negotiations for the FTA in Wellington, New Zealand had expressed desire to include provisions relating to trade in labour and environment, besides intellectual property, government procurement and competition policy, in the pact.

"India noted that they did not have a mandate to include these issues, so they would not be able to record them in the FTA," a senior commerce ministry official told PTI.

The negotiations for the pact, officially dubbed as Comprehensive Economic Cooperation Agreement, started in 2010.

Both the sides have expressed hope to conclude the talks for the agreement this year.

India strongly opposes inclusion of such issues in any kind of bilateral trade arrangements. It has also refused to include these in its proposed free trade pact with EU.

An international trade expert said labour and environment are social issues and they cannot be included in FTAs.

"These are social issues and not exactly trade issues. That is why India is opposing. We can discuss these at different foras," T S Vishwanath, principal adviser at APJ-SLG Law Offices, said.

The broad-based free trade agreement proposes to cover goods, services and investment.

The bilateral trade between the countries was a meagre $998.68 million in 2012-13. It was $1.07 billion in the previous fiscal.

The FTA is important for India as it hopes to get more work visas for its professionals especially teachers, healthcare providers, technicians, IT experts, architects and hospitality providers in New Zealand.

New Zealand wants access to Indian markets for its agri products like apple, kiwi, dairy and also for wine.

New Zealand has already expressed concerns over India's tariffs on imported items like butter, milk and wine from that nation. They have said that India's duties are very high.

India has not yet given any significant concession in dairy to any of its other FTA partners including Singapore, Japan, South Korea and the Asean.

Further the official said that both the sides have made substantial progress in areas like Technical Barriers to Trade (TBT) and sanitary and phytosanitary measures (dealing with basic rules for food safety and animal and plant health standards).

An agreement on TBT will ensure that matters like technical regulations, standards, testing and certification would not create unnecessary problems to trade.

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Sharma to discuss concerns of IT, exporters with US official
Amiti Sen, Business Line (The Hindu)

New Delhi, 18 August 2013: Union Commerce and Industry Minister Anand Sharma will meet US Trade Representative Michael Froman this week to discuss India's concerns related to additional visa restrictions on IT professionals, increased cases of visa rejections and expiry of duty-free benefit scheme for its exporters.

While the US is likely to raise concerns over 'lax' implementation of India's intellectual property laws, Sharma will be on a stronger wicket this time as the Obama administration is itself facing questions for overturning telecom giant Samsung's patent rights recently.

Sharma and Froman are scheduled to meet on the sidelines of the ASEAN Economic Community Council Meeting in Brunei beginning Monday.

"We have raised the issue of visa restrictions earlier. But things continue to be bad for our IT professionals. The Minister will discuss these in addition to problems related to expiry of the duty-free export scheme," a Commerce Department official told *Business Line*.

The US has, over the past two years, made it difficult for Indian IT companies such as Wipro, Infosys and TCS to carry out its work in the US. Under tough visa norms, not only have fees been increased several-fold for companies that have more than 50 per cent non-American employees, the Immigration Bill being debated by the US Congress could also impose steep fines on US-based Indian IT companies.

"Although IT body Nasscom has received assurances from various quarters that the Bill is being diluted and harmful provisions targeting Indian companies would be deleted, the Minister would also like to get the same assurance from the USTR," the official said.

Other Irritants

Besides, there are other irritants that Sharma may take up, including increased cases of visa rejection which has shot up to 45 per cent from 5 per cent over the last 18 months. The mandate given to the US Consulate in Chennai to process all L visa (a category of professional visa) applications has compounded the IT industry's woes, as it is inconvenient and expensive for companies located in other cities to get employees sent over for their visa interviews.

Sharma may also press for renewal of the Generalised System of Preferences (that lapsed last month) under which select commodities from developing countries are allowed into the US duty-free. India was the largest beneficiary of the scheme in 2011.

While India's tardy implementation of its intellectual property laws has dominated talks between the US and Indian trade leaders ever since India granted compulsory licence for production of Bayer's patented liver and cancer drug, the USTR is likely to be more subdued this time round.

"The US has already come under a lot of criticism after it upturned Samsung's patent, apparently to protect consumer interest, since it has been so far reprimanding India for taking steps to ensure availability of life-saving medicines for its poor," the official said.

Other issues that may be discussed between the two sides include a Bilateral Investment Treaty that the US has been pushing for some time, and the long-pending totalisation agreement on exempting short-term workers from contributing to the US' social security scheme.

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India presses U.S. for renewal of GSP scheme
Sujay Mehdudia, The Hindu

New Delhi, 22 August 2013: India has taken up with United States the issue of immediate renewal of the US Generalised System of Preferences (GSP) programme, which expired on July 31.

Any delay or failure to renew the programme will result in an adverse impact on trade exchanges between the two countries.

The GSP programme helps developing countries expand their economies by increasing exports to the U.S. It also aids U.S. businesses by lowering the cost of imported goods that are used as inputs in value-added US production.

Highly placed sources in the Commerce and Industry Ministry said that the Indian government had already brought to the notice of the U.S. administration the need to extend the GSP programme through September 2015.

The matter was also raised by the Commerce and Industry Minister Anand Sharma during his visit to Washington last month.

"Presently, the U.S. Congress is debating the issue, and we expect the nod for the extension of the GSP programme till September 2015 to come through very shortly," a senior official said.

Experts are of the view that timely renewal of GSP is very important for maintaining stable bilateral trade between the two countries and avoid uncertainty in quoting/bidding for any new business which will adversely affect the trade.

U.S. jobs and corporate interests are equally linked to the renewal of the GSP programme.

CII Foreign Trade committee chairman, Sanjay Budhia, said last time the GSP renewal by the U.S. was delayed by about three months.

"Though the time gap had been covered by retrospective effect in the administrative action, it had put both the U.S. importers and overseas exporters at a disadvantage for some time. In view of this, it is very important to get GSP renewal notified at the earliest," he said. U.S. businesses imported $19.9 billion worth of products under the GSP programme in 2012, including many inputs used in U.S. manufacturing.

In the Trade Policy Agenda released in March this year, the U.S. administration said that helping developing countries grow and expand their economies through trade also helps the U.S. by providing its exporters greater opportunity to sell products to billions of new consumers abroad.

Contrary to popular perception, India is not just an exporter of services to the U.S.

It is also a significant importer as well. The U.S. accounts for 16 per cent of India's total services imports. "Indian imports of US services will see a sharp increase in the coming years as India's middle-class market grows larger and key services sectors see further reforms," he added.

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India, ASEAN close to economic pact
PTI

New Delhi, 22 August 2013: The comprehensive economic partnership agreement between India and ASEAN has inched closer to fruition with the ministers of both the sides endorsing the final text of the pact in Brunei on Wednesday.

Commerce and industry minister Anand Sharma, who is in Brunei, participated in the ASEAN economic ministers (AEM) -India consultations.

In the meeting, the ministers took note of completion of legal scrubbing of India-ASEAN agreements on trade in services and investment, an official statement said here.

They also endorsed the texts of these pacts for the required steps to be taken by the participating countries for the implementation of the agreements.

''This brings to the completion the Comprehensive Economic Partnership Agreement (CEPA) process between India and ASEAN,'' it added.

Now the only formality remaining is formal signing of the pact.

During the ASEAN-India Commemorative Summit in December last year here, India and the 10-nation Asean (Association of South East Asian Nations) had finalised the free trade agreement in services and investments. Both the sides had already implemented free trade pact in goods in 2011.

The free trade pact after its implementation is expected to facilitate temporary movement of business people, including contractual service suppliers and independent professionals in accounting, architecture, engineering services, medical and dental, nursing and pharmacy, computer services and management consulting.

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Economic ministers agree to establish Asean+6 FTA by 2015
The Nation

23 August 2013: The 16 economic ministers of Asean+6 have agreed to finalise the Regional Comprehensive Economic Partnership by 2015, when the Asean Economic Community takes full effect.

"The ministers agreed that this free-trade agreement should be a single schedule of commitment that should not be separately negotiated by some countries," Thai Commerce Minister Niwatthumrong Boonsongpaisan said yesterday.

The ministers from 16 countries joined their first ministerial meeting and the 45th Asean Economic Ministers Meeting in Brunei this week.

The RCEP will become the largest free-trade area with 3.35 billion people, or more than half of the world population. Its gross domestic product would be US$17.1 trillion (Bt538 trillion), or 27 per cent of global GDP. Combined trade is worth $740 billion, he said.

The RCEP comprises the 10 Asean nations and China, South Korea, Japan, India, Australia and New Zealand.

The second round of RCEP negotiations by officials is set for September 23-27 in Brisbane, Australia.

During the AEM meeting in Brunei, Asean member states also agreed to encourage each country to cut at least one non-tariff barrier a year. Malaysia and Indonesia were urged to reduce their high duties on alcoholic beverages by 2015. If both countries do not want to cut import tariffs, they should at least lower excise taxes to show their sincerity in dismantling trade barriers. Vietnam and Cambodia have been called on to minimise duties on petrochemical products.

Asean countries have been advised to accelerate integration plans for the AEC. The ministers also agreed to the 10th pact of service business liberalisation among Asean members.

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India raises trade imbalance issue with China
The Hindu

New Delhi, 21 August 2013: India, on Tuesday, raised the issue of heavy trade imbalance with China and sought immediate steps to facilitate Indian exports of pharmaceutical and agricultural products, buffalo meat and information technology (IT) services.

Raising the issue with Chinese Minister of Commerce, Gao Hucheng, during his meeting in Brunei, Commerce and Industry Minister Anand Sharma drew the attention of the Chinese Minister to India’s pending request for facilitating Indian exports of IT services, buffalo meat, pharma and agricultural products. Mr. Sharma is in Brunei to attend the Regional Comprehensive Economic Partnership Agreement, East Asian Economic Ministers and the ASEAN-India Ministerial meeting.

Working group

Both the sides agreed that the working group on trade and economic co-operation should meet in September along with another working group on trade in services and trade statistics with a view to implementing the decision taken by the leadership of the two countries. They also discussed about the possibility for the next meeting of the Joint Economic Group (JEG) likely to be scheduled for late October in Beijing. Mr. Sharma informed the Chinese Commerce Minister about India’s preparedness for further engagements in the three working groups constituted during the Prime Ministerial Meeting earlier this year. The working group on trade and economic co-operation is mandated to prepare an action-oriented work plan for bridging India’s trade imbalance with China.

Mr. Gao assured Mr. Sharma that China would make every effort to facilitate imports from India for bridging trade imbalance. Mr. Sharma also sought Chinese investment in manufacturing in the National Manufacturing Investment Zones. It was decided that they would finalise the details about investments in various sectors during their next meeting in October.

In the last JEG meeting with China on August 27, 2012, in New Delhi, Mr. Sharma had handed over to the Chinese Minister the roadmap for enhanced co-operation between India and China in IT& ITeS and the pharmaceutical sectors. If implemented, it would surely be helpful in bringing down the trade deficit with China. “A favourable action in the matter is needed from the Chinese side. India and China have many complementarities in these sectors, particularly in IT and ITeS and the pharmaceutical sectors. Joining hands in these sectors would prove a win-win situation for both the countries,” the statement quoted Mr. Sharma as saying. During January-June 2013, India’s exports to china stood at $5.42 billion whereas imports were $24.70 billion.

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India seeks greater market access from South Korea
IANS

New Delhi, 21 August 2013: India asked South Korea for greater market access for its products to correct the imbalance in bilateral trade and sought investment in its infrastructure development.

Greater market access for Indian products was sought by Commerce and Industry Minister Anand Sharma, when he met his Korean counterpart Yoon Sang-jick on the sidelines of ministerial meeting of Association of Southeast Asian Nations (ASEAN) which was held in Brunei capital Bandar Seri Begawan.

"A balanced trade is conducive to long term, sustainable and harmonious development of our economic cooperation," an official release quoted Sharma as saying.

India's bilateral trade deficit with South Korea was about $4.57 billion during January-June, 2013. In the period under review India imported $6.34 billion, while exported only $1.77 billion to South Korea. Last year, the deficit stood at $9.36 billion, in which India exported goods and services worth of $4.14 billion, while importing $13.50 billion from South Korea.

According to a ministerial statement, Sharma sought greater South Korean market access for Indian goods and services in information technology (IT), generic medicine and textiles.

Both the countries were able to achieve an increase of 70 percent growth in the first two years of implementation of Comprehensive Economic Partnership Agreement (CEPA) that India entered with South Korea.

Sharma elaborated on the huge opportunities available for the Korean companies to invest in infrastructure development in India. He (Sharma) informed his counterpart about the 12 national investment and manufacturing zones (NIMZ) coming up in India as part of the national manufacturing policy which aims to increase the share of manufacturing in gross domestic product (GDP) from the current 16 percent to 26 percent.

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India asks Russia to allow rice imports
PTI

New Delhi, 21 August 2013: Seeking greater market access for its agriculture products, India on Wednesday asked Russia to lift the temporary suspension on importing rice from the country.

The issue came up for discussion during the meeting of Commerce and Industry Minister Anand Sharma and Russian Minister of Economic Development Alexey Valentinovich Ulyukaev on the sidelines of the ASEAN Ministerial meeting in Brunei.

Mr. Sharma sought resolution over sanitary and phytosanitary (dealing with basic rules for food safety and animal and plant health standards) measures concerning standards of Indian agriculture exports to Russia.

“Sharma particularly raised the issue of temporary suspension of Indian rice export to Russia and sought market access for Indian bovine meat,” an official statement said, adding, “Sharma asked Ulyukaev to review the rice export suspension“.

As per reports, India’s rice export to Russia increased five times to $25 million in April-December 2012, compared to $4.5 million in the same period of the previous fiscal, before breaks were applied by the Russian Federal Service for Veterinary and Phytosanitary Surveillance (FSVPS) on the imports in February.

It placed a temporary ban on import of rice from India following detection of Khapra Beetles in the consignments.

Overall economic cooperation

Mr.Sharma also asked the Russian minister to implement the Memorandum of Understanding on Pharmaceuticals which was signed in 2010, saying that the quality and cost-effective Indian generic medicines will greatly benefit Russia.

He also requested Russia for early realisation of the proposed trilateral Customs Union involving Russia, India and Kazakhstan.

Both the ministers emphasised on the need to increase economic cooperation to achieve the bilateral trade target of $20 billion by 2015.

In 2012-13, the two-way commerce between the countries stood at $6.52 billion.

The Russian Minister, meanwhile, raised the issue of protection of Russian investment in India and asked for early conclusion of the Bilateral Investment Protection Agreement (BIPA).

India-Japan economic ties

The statement said that Mr. Sharma also held bilateral meeting with Japanese Minister for Economy, Trade and Industry Toshimitsu Motegi.

Mr. Motegi is coming to India on September 11 with a high level business delegation to enhance bilateral trade and investment cooperation.

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Handicrafts exports grow 10% in July
PTI

New Delhi, 16 August 2013: India's handicrafts exports grew 10 per cent year-on-year to about USD 205 million in July 2013 owing to rising demand from markets like the US, China and Latin America.

In July last year, these exports stood at USD 185.88 million, according to the data provided by the Export Promotion Council for Handicrafts (EPCH).

"There has been an increase in the number of orders from emerging markets like China, Latin America and Africa," EPCH executive director Rakesh Kumar said.

He said the US market has started picking up though the demand is still sluggish in European countries.

The US and Europe together account for about 60 per cent of the country's total handicraft shipments.

Besides, the exporters are exploring new markets like China, Latin America and Africa to reduce dependence on traditional markets.

Founder of RK Arts and former EPCH chairman Ravi Passi said: "We are expanding our presence in new markets like China and Latin America as our products are getting popularity in these markets. Also, we expect this trend to continue in the coming months."

Among the items that registered increase in July 2013, were woodwares which saw the highest growth of 28 per cent, followed by shawls as artwares at 25.56 per cent and imitation jewellery at 25.36 per cent.

During April-July 2013, handcraft items grew about 12 per cent to USD 869 million compared to the same period last fiscal.

The country's total handicraft exports have met the target of USD 3.3 billion for 2012-13.

The handicraft sector employs one million people. Moradabad, Jaipur, Saharanpur and Jodhpur are the major handicraft hubs in the country catering to global markets.

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Textile exports seen rising
Somesh Jha, Business Standard

New Delhi, 23 August 2013**:** The textile sector could witness a jump in its export numbers this financial year due to the falling rupee as there is a spark of revival witnessed in the first quarter of this financial year. Textile exporters feel that the depreciating rupee could lead to a 5-10% rise in textile exports this fiscal after a bleak year in 2012-13.

"There should be 5-10% increase in overall textile export as a result of falling rupee and also, because we are becoming more competitive in this sector. Hence, there would be a turnaround after a gap of few years in the textile industry", said Amit Goyal, President, Confederation of Indian Apparel Exporters (CIAE).

There was a marginal rise in the export of textile in first quarter (April-June) of this financial year as the exports rose by 0.3% to $7793 million from $ 7766 million in the same period last year, according to

Foreign Trade Statistics of India. The textile exports in 2012-13 had fallen 5% to $31,718 million in 2012-13 from $33,371 million in 2011-12.

The impact of the falling rupee, which had depreciated around 5% in first quarter of this fiscal year over the same period in 2012-13, has already reached the ready-made garments segment where exports rose by 11.7% to $3076 million in April-June period from $3437 million in corresponding period of 2012-13. This, economists say, is a healthy sign for revival in textile exports.

"Rupee depreciation will bound to help the overall textiles sector because our finished product is garment and if we are doing well in that, other segments would also do well. Ready-made garments will drive the growth in other segments of textiles and hence, overall textiles export would be better this year", said Ajay Kumar, economist, Confederation of Indian Textile Industry (CITI).

However, the exporters felt that not only rupee, but several other factors also contributed to a surge in textile exports. "It is true that the rupee depreciation has contributed to the export rise but that is only partial as around 40-50% of the impact had reached the exporters. The rest is due to a rise in demand for textiles outside as there is a revival in the US market which is a good sign", said Goyal

He also added that the market is shifting to India from China due to higher cost of production there. "In China, there is a rise in labor cost, hence, there is shift in some of orders from China which is another factor", said Goyal.

The proportion of textile exports to total export in first quarter of 2013-14 increased to 10.78% from 10.57%.

However, segments such as cotton textiles, man-made wool and woolen, silk, etc did not perform well in terms of export. Cotton textiles export declined by 10.4% to $2326 million in first quarter of this year against $2596 in same period last year. In this period, wool exports declined by 7.5% to $2326 million from $2596 million and that of silk plunged 8.6% to $95 million from $104 million.

Experts believed that these segments would not produce good results this year too. "Silk, wool we are going to suffer this time also. These segments are not doing pretty well as we are not inherently better in terms of wool and silk, hence, we do not expect much from this segment", said Kumar.

However, there is a surge in demands for carpets in international market as the exports for carpets (except silk) rose 12% to $254 million from $226 million, and that of silk carpets rose magnificently to $11.8 from $1.4 million.

Almost half the countries to which India exports textiles saw a decline in numbers in Jan-April period of 2013. For instance, the textile exports to China declined by 27%. However, there was a pickup in exports to countries like US and Bangladesh where outbound shipments went up by 7.5% and 16% respectively.

"Our raw material is now going to Bangladesh and not China as China had last year procured a lot of cotton yarn from us. Nearly 48% of our cotton yarn was exported to China and hence, they might be utilizing the buffer stock", explained Kumar.

He further added that US contributes to 20% of our ready made garment and hence, a rising demand in the US markets could be a bumper ride for textiles this year.

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Apr-July coal imports jump 32%
Sudheer Pal Singh, Business Standard

New Delhi, 23 August 2013**:** India's coal imports jumped 32 per cent, roughly a third, in the first four months of this financial year. The energy-hungry country imported 58.3 million tonnes (mt) of coal between April and July, against 44.2 mt in the corresponding period last year.

The jump in costly shipments of the commodity, and the accompanying foreign exchange outgo, comes at a time when the government is struggling to stem a widening current account deficit (CAD) which stood at a record high of 4.8 per cent of gross domestic product last financial year.

The impact of the rising imports has been worsened by the erosion in the value of the rupee. India saw a drain in foreign exchange worth Rs 24,360 crore on account of coal imports this financial year, based on an average conversion rate of Rs 58 for every dollar between April and July this year. This is a 24.2 per cent increase over a Rs 19,610 crore outgo in the same period last year at the then conversion rate of Rs 53 per dollar.

With the regulators permitting a pass through for fuel price, the rates for imported coal generated power would rise further. Experts attribute the exponential increase in coal imports for the world's third-largest producer partly to an ongoing decline in local output, at the back of a lower than targeted production by state-owned monopoly miner Coal India Ltd, and a recent decision by the government to allow power generators to pass on the burden of high cost imports to consumers.

"We expect the prices to stay around the current levels for the second half of the year following the plentiful supplies in the seaborne market. Moreover, India would continue to increase its imports following the widening deficit. Imports in this financial year could go up to 140 mt, or even beyond that," an analyst with commodities-focused research firm Oreteam said.

He added the impact of the increased imports on the country's CAD is likely to be limited, despite the rupee touching the 65 mark against the dollar, due to weakened coal prices compounded by the lull in the freight market. India's CAD is overburdened by crude oil imports, as coal accounts for less than two per cent of total value of imports, he said.

A Business Standard analysis shows the rise in imports led to a foreign exchange outgo of close to $4.2 billion, a 13.5 per cent rise against $3.7 billion in the first four months last financial year.
This is despite a near 13 per cent decline in global prices in the same period. The benefit of lower prices was offset by the rupee devaluation.

The analysis is based on an average Free on Board price of $73 a tonne (5,800 Kilocalorie Indonesian coal of East Kalimantan origin landed at Vizag port) between April and July this financial year, as compared to the average price of $84 a tonne last year.

Indonesian coal accounts for a bulk of India's thermal coal imports of around 110 MT annually. Another 27 MT of steel-making coking coal is imported largely from Australia and South Africa. Overall imports are likely to go up to 180 MT this financial year.

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Misguided protectionism
Financial Express

27 August 2013: Not surprisingly, given the shortage of iron ore following the ban on mining in many areas, and the 54% hike in scrap imports to feed domestic steel plants over the past two years, it is not surprising the steel industry is opposing the move to reduce export tariffs of 30% on ore. It is not even buying the commerce ministry's argument that, given that Indian steel mills cannot use the large quantity of iron ore 'fines' that are mined, it makes sense to allow them to be exported with lower export tariffs. It makes more sense, the steel ministry has said in response to a commerce ministry Cabinet note on the matter, to use the ore for producing and exporting steel since the value addition is much higher.

Seductive as the logic is, it doesn't take into account that competitiveness doesn't come from cheaper raw materials, it lies in the production process of the final product. So, just because India is competitive in exporting iron ore doesn't necessarily mean it will also be competitive in steel production—and this doesn't even take into account the commerce ministry's argument that Indian steel mills don't have pelletisation plants and so cannot use ore fines. In this case, the fact that the markets are quite distinct is best brought out from the FY13 data where ore exports slumped to $1.6 billion from $4.6 billion in FY12 while iron & steel exports remained steady at $6.2 billion in comparison with $6.6 billion in FY12. Indeed, going by the steel ministry's logic, it would be a good idea to ban India's big export items like cotton yarn and textiles, or put high export duties on them, since this will help India's readymade garment exports. Once again, the logic doesn't hold; indeed, while India is competitive in exports of cotton, yarn and even textiles, it loses a lot of the advantage when it comes to readymade garments where countries like Bangladesh have a higher share of the exports market. Which is why, in the last 4 years, while exports of readymade garments rose from $10.9 billion in FY09 to $12.9 billion in FY13, exports of other textiles which include yarn and fabric rose from $8.4 billion to $13.5 billion. Those using the value-addition argument to make a case for high export tariffs on raw materials would do well to remember that one man's output is another's raw material—a higher export tariff on ores may benefit steel producers, but a higher export duty on steel would benefit manufacturers of automobiles or machine tools.

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Indian gold imports set to resume after 4-week halt as export rule clarified
Siddesh Mayenkar & A. Ananthalakshmi, Mint

Mumbai/Singapore, 19 August 2013: Indian traders said they will start importing gold again over the next week or so after the Reserve Bank of India (RBI) clarified a new rule that brought the flow of the precious metal into the world's top gold consumer to a standstill at the end of July.

A resumption of imports would ease tight domestic supply and prices ahead of a festival and wedding season that kicks off next month. Indian imports would also support benchmark international gold prices, which hit a two-month high on Monday.

Indian traders stopped imports on 22 July due to confusion over a rule issued by the RBI that was aimed at stemming the flow of gold into the country, not stopping it completely.

Gold imports are a big contributor to the country's record trade deficit, so the RBI is trying to slow them down.

The confusion centered on a rule that required importers to re-export at least 20% of all imports, known as the 80/20 rule.

Last week, the RBI issued detailed guidelines on how the rule would work, but the complexity of the rule had prevented banks from importing immediately. Banks are the main importing agencies for gold into India.

"I've spoken to many banks and I believe imports may start within this week. (Last week's) circular has clarified many things for importers," said Bachhraj Bamalwa, director of the All India Gems and Jewellery Trade Federation.

"Once the imports start, premiums will come down," said Bamalwa, who expects premiums charged on London prices to fall to $10 an ounce from $40 an ounce on Monday.

Since the rule is new, the importing agencies are taking time to get a grasp on the many operational procedures involved, including the undertaking that needs to be submitted to the customs department once the goods are delivered to an exporter for the next lot of imports.

"From operational or concept point of view the RBI circular is very clear. We would take at least a minimum of 10 days to start importing again," said an official with foreign bank importing bullion in Mumbai.

To cut its import bill, the government has tightened rules to curb gold consumption, increased import duty three times in eight months to a record 10% and banned imports of coins and medallions.

Analysts have said the moves may curb imports but not demand which is at heightened levels due to a fall in gold prices, and could prompt an increase in local premiums and smuggling.

Buying From Singapore

The higher taxes have not curbed India's appetite for gold. India's gold imports rose to $2.9 billion in July from $2.45 billion in June.

The imports were shipped in the first three weeks of July, according to the gems and jewellery trade body, as the 80/20 rule came into effect in the later half.

Traders have said gold is also brought into the country through unofficial means.

Dealers in Singapore said they have seen an increase in buying from Indian dealers and jewellers since last week's hike in import duty to 10%, but they were not sure if it was entering India through legal means.

"We are seeing a lot of buying from Indian nationals over the counter from us," said Brian Lan, managing director of Singapore-based dealer Gold Silver Central Pte Ltd.

Gold forms an essential part of a bride's dowry in India and is considered auspicious as a gift or offering at religious festivals.

"The more the Indian government tries to curb gold consumption, the more likely a black market will occur as there will always be a demand for gold in India," said Lan.

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Indian Pharmaceutical Alliance slams US over charges on Indian patent law
PTI

New Delhi, 25 August 2013: Indian Pharmaceutical Alliance (IPA) has contested US allegations that India's patent Act is discriminatory and said America can go to WTO's dispute settlement mechanism if such is the case.

An industry body comprising mainly domestic drugmakers, IPA said several US companies have substantially increased revenues and market capitalisation in India since 2005 when the patent laws were amended in conformity with the WTO's agreement on intellectual property rights (i.e TRIPs).

"If the US believes that Section 3(d) in the Indian Patents Act is violative of the TRIPs Agreement, the remedy is in triggering the dispute resolution mechanism," IPA has said.

Several American lawmakers and pharma industry players have raised concerns over India's patent act particularly Section 3(d), which restricts patents for already known drugs unless the new claims are superior in terms of efficacy.

If a country feels that a provision or policy of another nation discriminates against its companies, it can challenge that under WTO's dispute settlement system.

Responding to a letter from Pfizer's Chief Intellectual Property Counsel Roy F Waldron, who alleged that "local Indian generic companies have benefited from anti-patent decisions taken by the Indian government", IPA said the country's policy is "consistent with India's obligations under TRIPS agreement".

In his response, IPA Secretary General D G Shah said India has a clear perspective of the value of innovation, the role of intellectual property and the importance of the rule of law.

In fact, India's patent law has remained unchanged since it was amended in 2005 to comply with the requirements of the TRIPs agreement.

"There have been neither changes in policy or law since early 2002 nor have there have been actions inconsistent with established policy and law," IPA added.

Denying that US companies have been targeted, Shah said: "We are not aware of any provision in India's patent law that discriminates against US companies or, for that matter, any company based on its domicile for the grant, refusal of patents."

It would have made no difference to the litigation around Sutent or the rejection of patent for Gleevec, if the patentee happened to be an Indian company, he added.

Shah also said US' own patent laws are hurting that country itself, citing a statement of Eric Goldman from the Santa Clara University School of Law, who said that there was a growing consensus that the current patent system was slowing down the US economy.

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China launches anti-dumping probe on Indian chemical
PTI

Beijing, 23 August 2013: China has launched an anti-dumping probe into imports of Indian tert-butylhydroquinone (TBHQ), an organic compound used in the food industry.

The commerce ministry said it has received requests from domestic TBHQ producers, accusing Indian manufacturers of dumping the product in the Chinese market and calling for an inquiry.

The ministry will consider whether Indian companies have sold TBHQ at an artificially low price in China and any consequences that the action may have brought to Chinese businesses, state-run news agency Xinhua reported. The investigation is expected to take at least a year, and may be extended to February, 2015.

TBHQ is an aromatic organic compound widely used in the food industry as anti-oxidant for vegetable oil, many edible animal fat, roasted food, fried food and other meat products.

It is also used as a stabiliser for insecticide as well as an intermediate for dyes and pharmaceutical. This is the second anti-dumping probe on Indian imports by China this month .

On August 14, China launched an anti-dumping probe against the single-mode optical fibre imports from India.

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US trims anti-dumping duty on Indian shrimp to 5.8%
K. P. M. Basheer, Business Line (The Hindu)

Kochi, 16 August 2013: Though the US Department of Commerce has, in its final determination, imposed a 5.85 per cent countervailing duty (CVD) on shrimps imported from India, exporters are not much perturbed as the demand from the US is on the upswing and the dollar continues to appreciate against the rupee.

The DoC, on Tuesday, cut the CVD from the earlier 5.91 per cent to 5.85 per cent. Indian exporters had hoped the preliminary rate of 5.91 per cent, fixed in May, would be substantially cut in the final determination.

However, DoC opted for only a marginal cut in the case of India, while substantially increasing China's. The CVD – a penal import tax to offset the alleged subsidies allowed by the governments to the shrimp exporters to the US – was imposed by the US Government on six Asian countries and Ecuador on a complaint by the Coalition of Shrimp Industries representing American shrimp farmers and processors. The coalition had complained that these seven countries had offered huge subsidies to their respective shrimp industries, thus hurting the competitive capacity of the US shrimp industry. The six Asian countries are: India, China, Vietnam, Indonesia, Thailand and Malaysia. Together, they had exported 3.4 billion dollar worth of shrimps to the US.

However, Thailand and Indonesia have been spared from the CVD by the DoC in its final determination. Ravi Reddy, President of Seafood Exporters Association of India (SEAI), told *Business Line* that even the DoC's determination was not final.

The International Trade Commission (ITC) of the US would make the final verdict on the quantum of counter-veiling duty by the end of next month.

The ITC would take a decision on whether the subsidies had unfairly hurt the interests of US farmers and the CVD would depend on that verdict.

K.G. Lawrence, Vice-President of the association, pointed out that together with the anti-dumping duty 3.66 per cent, the total import duty of Indian shrimps in the US would be roughly 10 per cent.

“This is, of course, a huge burden on the Indian exporters, but the US demand is going up and the dollar value against the rupee is rising,” he told *Business Line*. “These two factors will, by the end of the financial year, boost the shrimp export earnings.”

US demand has been on the rise because of the fall in supply from Thailand, whose shrimp farms have been hit by a unique disease.

In 2012, the US had imported $551 million worth of shrimp from India.

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Solar thin-films may fall under local sourcing ambit, but with caveat
Amiti Sen & Richa Mishra, Business Line (The Hindu)

New Delhi, 17 August 2013: India may extend compulsory local sourcing conditions on solar thin films, mostly imported from the US, in the next round of the Jawaharlal Nehru National Solar Mission. This will be in addition to similar conditions for solar cells and modules.

The mandatory norms, however, will be imposed only on that part of the 750-MW solar power production (earmarked for the second phase) targeted for supply to Government agencies. The remaining projects will not attract any sourcing restrictions , an official from the Ministry of New and Renewable Energy told *Business Line*.

The MNRE plans to come out with two separate tenders in the second phase —one with compulsory sourcing condition for equipment and one without.

“We have made an estimate of the power that is supplied to government agencies. Based on that, we will divide the power generation in the second phase into two parts,” the official said.

This has been done to avoid further trouble at the World Trade Organisation (WTO) where the US has already lodged a case against India for imposing the local sourcing mandate during the first phase of the Solar Mission. While the WTO rules do not permit mandatory local sourcing on the ground that it discriminates against foreign producers, Government agencies are exempt from these rules.

Domestic Concerns

It is important for India to continue with some bit of local sourcing to encourage domestic manufacturers of solar modules and cells, who have been operating below capacity.

“Of the 750 MW of power production in the second phase, we plan to mandate local sourcing on only a part of it that we believe would be supplied to Government agencies for their internal use. The other part will not be subjected to any sourcing norms,” the official said.

The US filed a complaint with the Dispute Settlement Body of the WTO in February this year against the domestic content requirement in the Solar Mission which mandates that solar photovoltaic modules based on crystalline technology has to be sourced locally.

The US move is aimed at stopping India from extending these norms to solar thin films, which were chiefly supplied by US companies to India in the first phase, as it was exempt from local sourcing norms and was cheaper than modules.

"Not including thin-film in the local sourcing norms was an oversight which led to power producers choosing cheap imported thin films over modules. We want to correct this in the second phase," the official said.

But the US should not have much to complain about this time round, as its companies would be free to supply solar cells, modules and thin films as part of the non-reserved project category.

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India China to Push for Food Security Proposal at Bali WTO Ministerial
Odisha Diary

New Delhi, 20 August 2013**:** The Union Minister of Commerce and Industry Minister Anand Sharma had a bilateral exchange of views with the Chinese Minister of Commerce Gao Hucheng today during his visit to Brunei where he is attending several ministerial meetings on Regional Comprehensive Economic Partnership Agreement, East Asian Economic Ministers Meeting and the ASEAN-India Ministerial meeting. This was the first meeting of the two ministers after the visit of the Chinese Prime Minister to India in June.

Ministers followed up their discussion with a view to plan for the next meeting of the Joint Economic Group likely to be scheduled in late October this year in Beijing. The Commerce and Industry Minister informed the Chinese Minister about India's preparedness for further engagements in the three working groups constituted during the Prime Ministerial Meeting earlier this year. The working group on the trade and economic cooperation is mandated to prepare an action oriented work plan for improving India's trade imbalance with China. Shri Sharma specially drew the Chinese Minister's attention to India's pending request for facilitating Indian exports of Pharmaceuticals, Agricultural products, Buffalo meat and Information Technology services. He was assured by his counterpart that China would make every effort to facilitate imports from India for bridging trade imbalance. They agreed that the working group should meet in September for further work. They also agreed that the other two working groups on Trade in Services and Trade Statistics should also meet in September with a view to implement the decisions of their leaders. The Indian minister sought Chinese investment in manufacturing in the National Manufacturing Investment Zones. China showed special interest in infrastructure, Power and Capital Goods manufacturing. They will finalize the details of such understanding during their next meeting in October. In the last JEG Meeting with China on 27th August 2012 in New Delhi, Shri Sharma had handed over to the Chinese Minister of Commerce the roadmap for enhanced cooperation between India and China in IT& ITeS and the pharmaceuticals sector. If implemented, it would surely be helpful in bringing down the trade deficit with China. "A favourable action in the matter is needed from Chinese side. India and China have many complementarities in these sectors particularly in IT and ITeS sector and the Pharmaceutical sector. Joining hands in these sectors would prove a win-win situation for both the countries" said Shri Sharma.

The minister also exchanged views on the state of negotiations on the Doha Round for the Ministerial meeting in Bali. They both agreed that they would like to see Trade facilitation, Proposal regarding Food Security and the development package to be harvested in Bali. They shared their common views on their strong requirement to see the food security proposal accepted in the Bali ministerial.

During January- June 2013 India's export to china stood at USD 5.42 billion whereas imports were USD 24.70 Billion.

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No Indian for WTO deputy chief post
Nayanima Basu, Business Standard

New Delhi, 17 August 2013: For the first time in the last eight years, India would not have any representative for the post of deputy director general (DDG) of the World Trade Organization (WTO). The Geneva-based body on Saturday named four DDGs from China, Africa, the US and Europe.

WTO director general (DG) elect Roberto Azevêdo on Saturday named Yi Xiaozhun of China, Karl-Ernst Brauner of Germany, Yonov Frederick Agah of Nigeria and David Shark of the US as his four DDGs, who would assume their posts by October 1.

While the WTO is a multilateral platform in which the mandate is to push the agenda of development of all nations, sceptics are concerned that India's own agenda in the global trade deal would be overshadowed. In 2005, Harsha Vardana Singh from India was named as one of the DDGs. Prior to him, Anwar-ul Huda from the Indian Council for Research on International Economic Relations was in the coveted position in 1995. Presently, India's ambassador to the WTO is Jayant Dasgupta, who took over the assignment on August 2010.

"Not having an Indian at the helm of affairs in the WTO is quite significant, now that we are pushing for a deal on food security during the upcoming Bali Ministerial. This is certainly going to impact the sentiments of Indian industry. Also, the world is facing a severe financial crisis with more and more countries resorting to protectionist measures. Hence, it was important for India to have somebody there. In any case, the US has singled us out and labelled us as the 'bad boy' of the talks," an industry representative told Business Standard.

G K Pillai, former commerce secretary and India's chief negotiator at the WTO from 2006-2009, said "Having an Indian as a DDG always helps because then, one is aware of the latest developments there and how positions can be taken during a negotiating round." According to Pradeep Mehta of Jaipur-based think tank CUTS, not having an India as a deputy chief would not make much of an impact on the country's negotiating agenda. With China being there, the agenda of developing countries would be represented sufficiently, added Mehta.

"As global trade continues to play an important role in economic growth and social development, and as new players, patterns and practices continue to emerge, the role of the multilateral trading system has never been more important. The skills and experience that my deputies bring, would help ensure that we can develop and enhance the WTO's agenda across its many different areas of work, including at the Bali Ministerial meeting in December, which is an immediate priority," said Azevêdo.

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