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Pakistan offers peace dividend, grants India MFN status
TNN

Nov 3, NEW DELHI/ISLAMABAD: Pakistan's cabinet on Wednesday unanimously agreed to grant India most favoured nation (MFN) status, a long pending move which is expected to strengthen trade and bilateral relations between the two fractious neighbours and provide a boost to the peace process.

Following the announcement, Pakistan will now allow trade in more goods by shifting to a system of negative list, which will only restrict shipments of products mentioned on this list. At present, it uses a system of positive list, which means trade is permitted only in a handful of products, resulting in consignments getting routed through third countries such as the UAE.

Strained relations between the two nuclear-armed neighbours had cast a shadow on bilateral trade and hurt economic engagement. But over the past few months, New Delhi and Islamabad have taken tentative steps to mend relations and deepen trade and economic ties. More than boosting trade, Pakistan's decision is being seen as a major confidence-building measure to help improve frosty relations.

"This was a decision taken in the national interest and all stakeholders, including our military and defence institutions, were on board," Pakistani information minister Firdous Ashiq Awan told reporters in Islamabad.

"It will be beneficial for both countries. It opens up new pathways of elevating our economic engagement to a much higher level. We are clear that economic engagements, removing barriers to trade and also facilitating land transportation will help the region. Eventually, economic activity and industrial activity will bring in prosperity and stability. It will generate jobs," commerce, industry and textiles minister Anand Sharma said.

According to the World Trade Organisation, MFN status means that every time a country lowers a trade barrier or opens up a market, it has to do so for the same goods or services from all its trading partners - whether rich or poor, weak or strong.

India granted MFN status to Pakistan in 1996 and has been demanding that Islamabad reciprocate but political developments hurt progress on the issue.

India policymakers and industry groups welcomed the move but said roadblocks like stringent visa rules, non-tariff barriers, difficulty in communication and opening of more trade routes like Wagah remained to be addressed.

Experts said the move is also expected to benefit trade in South Asia. "It's a major step not only in bilateral terms but also in taking the Safta (South Asian Free Trade Agreement) process forward. India can't live in a poor neighbourhood and we are now seeing trade becoming an engine of growth," said Biswajit Dhar, director general of RIS, an trade think tank.

In May 2010, as part of 'Aman ki Asha', business delegations from India and Pakistan had said that grant of MFN status by Pakistan would provide a big boost to bilateral relations.

In September, during a meeting between the two commerce ministers, India and Pakistan agreed to work to more than double bilateral trade within three years, from the current level of $2.7 billion per annum to about $6 billion. New Delhi had pointed out that trade in petroleum, energy and commodities would be significant steps for building long-term stake in each other's economy and had identified strengthening the border infrastructure as top priority.

Industry groups say MFN status would help cut down on illegal and third country trade. Indian pharmaceutical, engineering goods, plastic industry, silk and cotton textiles are expected to benefit from Wednesday's announcement. Trade in commodities between India and Pakistan is also expected to get a huge boost.

"It is a historic development. This will also have an impact on efforts to solve the political problems," said Ramu Deora, president of the Federation of Indian Trade Organisation.

Analysts said the decision to accord India MFN status may have been taken by the Pakistan cabinet but it would have gone nowhere without the express permission of the army. According to sources, Pakistan's parlous economic state has now acquired serious security implications.

While the army may have been slow to pick up these signs, it is clear now that Pakistan needs to improve its economic numbers, particularly as its relationship with the US is on a downward slope. Besides, as Pakistan stands exposed to the vagaries of international aid, one of the complaints of many countries is that Islamabad should get over its cussedness about trade with India.

Cautiously optimistic, Indian officials said it remained to be seen whether Pakistan would open the Wagah border for trade. Shipping links between the two countries are fairly incipient.

"Let us see how long this lasts. In 1976 they granted us MFN and revoked it in three years. Pakistan is merely fulfilling its bilateral, regional and international commitments which it has not fulfilled in the past," former Indian envoy to Pakistan G Parthasarathy said.

Asked whether the Kashmiri leadership was consulted, Pakistani information minister Awan said the two parts of Kashmir were already conducting trade across the Line of Control. "We cannot live in regional isolation," she said.

Times View: Pakistan granting India MFN status has been long overdue but is welcome nevertheless. It should help boost trade between the two countries, but much more needs to be done on that front. Easing visa requirements on both sides of the border is one obvious measure, but not the only one. Indeed, building stronger economic ties between must be part of a larger strategy of improving people-to-people contacts. At the moment, the relationship between India and Pakistan is dominated by the negatives. Those are unlikely to go away in a hurry, but building on the positives would help in dealing even with the contentious issues. We must give peace a chance.

16 years on... Pakistan finally reciprocates granting MFN status to India
Zia Khan, The Express Tribune
Cabinet unanimously supports decision, despite initial opposition.

November 3, ISLAMABAD: More than 16 years after it became a founding member of the World Trade Organisation, Pakistan has finally decided to live up to one of its most important obligations under that treaty: granting Most Favoured Nation status to India.

In a decision that came after several hours of reportedly heated debate, the cabinet – ultimately unanimously – chose to approve the commerce ministry's proposal to grant MFN status to India. New Delhi had already granted that status to Pakistan in 1996 and had been demanding that Islamabad reciprocate, particularly during the most recently concluded round of trade talks, held last month in Mumbai.

"The federal cabinet has unanimously approved India as the most favoured nation," said Federal Information Minister Firdous Ashiq Awan while briefing the media after the meeting, though she did admit that there had been some resistance to the move within the cabinet.

The decision to grant MFN status to India essentially just means that Pakistan will no longer discriminate against India and treat it the same as it treats over 100 other countries. It does not mean an automatic removal of the barriers that currently exist to trade with India, though it makes removing them easier.

Yet even as late as earlier this week, it seemed that there was too much resistance for the proposal to pass.

Several members of Parliament, most notably National Assembly Opposition Leader Chaudhry Nisar Ali Khan had opposed the move, citing Pakistan's historical animosity to India due to the dispute over Kashmir. Yet the commerce ministry, specifically Commerce Secretary Zafar Mahmood, were careful to frame the discussion in terms of Pakistan simply meeting its treaty obligations and tried to keep the discussion in the economic realm.

Yet at least two cabinet members, notably the defence minister, had tried to bring up the security-related concerns about the proposal. One participant of the meeting told *The Express Tribune* that the defence minister had called for first evolving a mechanism for monitoring Indian goods that would be transported to Pakistan as a result of the new liberalisation of trade. Those concerns and proposals, however, did not ultimately carry the day.

Sources said that the other minister who did not support the move was the minister for industries and production.

“The prime minister reviewed all the objections and took the cabinet into confidence that it will not hurt our national security and then they unanimously approved this summary sent by the ministry of commerce,” Awan said.

“We can’t live in isolation in the region… it was our obligation but it doesn’t mean that we have changed our position on issues. We are still firm on our strategic interest,” the minister said in an apparent bid to pre-empt a possible hostile reaction by opposition political parties.

The challenges already seemed to be brewing. Senator Haroon Akhtar Khan, a member of the Senate Commerce Committee, said that he would be pushing his panel to summon the government to Parliament to explain its decision.

“The WTO regime does not make it binding to grant a bilateral MFN status to every country,” claimed the senator. “It was purely an executive decision without any consultation with the parliament or its relevant panels.” Pakistan and India had about $1.7 billion worth of bilateral trade in 2010, the last year for which complete data is available. The trade is tilted heavily in India’s favour, with Indian exports to Pakistan totalling $1.45 billion whereas Pakistan exported about $275 million worth of goods to India.

The commerce secretary, however, downplayed the idea that opening up to more trade with India would harm domestic producers. “Trade was already taking place illegally. We have just regularised it.

Pakistan okays MFN status for India

ET Bureau

3 Nov, NEW DELHI: Pakistan has lifted barriers to imports from India, reciprocating a similar move from New Delhi 15 years ago, giving a breath of fresh air to the relationship that has been marred by acrimony and distrust for decades.

To facilitate trade, Pakistan's cabinet has agreed to grant India the Most Favoured Nation (MFN) status, which means that imports from India would enjoy the same terms as those from other trade partners. It will allow import of most goods from the country instead of just a handful of items.

Granting of MFN status has the potential to raise bilateral trade from $2.6 billion to $6-8 billion in a few years and reduce costs as many goods are routed via third countries such as Dubai to disguise the origin. Without restrictions, several goods can be delivered by road. Commerce and Industry Minister Anand Sharma said the move to grant MFN status to India will herald a "paradigm shift" in bilateral relations.

Pak garment exporters support move

Top industry chambers are already talking of the next step: Allowing bilateral investments and eventually creating an integrated South Asian market that will also include Colombo and Dhaka.

Garment exporters in Pakistan have strongly supported the move saying it would help them get a foothold in the fast-growing Indian market. An agency report said that Pakistan may also import electricity from India to help ease severe shortages that disrupt power supply for 10 hours a day, causing widespread resentment.

Pakistan's government faced resistance from opposition and militant groups, which wanted the two countries to resolve the Kashmir issue before boosting trade. But business groups and top officials pressed for the move that is expected to improve relations which had hit a low after the Mumbai attacks. Agency reports said some ministers had voiced concerns but the decision was taken unanimously after discussing several issues.

The Indian government welcomed the decision. "Just now Pakistani Commerce Minister Makhdoom Faheem has spoken to me and confirmed that the Pakistan cabinet has decided to grant MFN status to India. We deeply appreciate this positive gesture which underscores with clarity the wish of both countries to bring about a paradigm shift in mutual relations," Anand Sharma said in a statement.

India is now expected to reciprocate by liberalising visa norms for business visitors. The home ministries from both countries are discussing allowing grant of multiple entry visas to businessmen to more than one destination.

With the new arrangement, Pakistan will allow imports of all items except a small negative list, replacing the current trade regime where Islamabad allows imports of just 1,933 items contained in its "positive list" with India. Pakistan allows import of more than 6,000 products from other countries.

The issue of grant of MFN status by Pakistan to India as mandated by the World Trade Organisation has been hanging fire since 1996 when India had accorded the status to its neighbour. Pakistan, however, refused to oblige linking the issue to the Kashmir problem.

Under the South Asia free trade agreement or Safta, implemented by both India and Pakistan recently as part of the Saarc group of countries, Pakistan is under additional obligation of not only allowing import of all items from India but at favourable terms agreed to under the pact except for those products contained in the negative list.

After resisting all attempts for one and a half decades, economic compulsions and pressure from the domestic business community that would benefit from increased trade with India finally convinced Pakistan to delink MFN from the Kashmir issue this year during the commerce secretaries meeting.

"Today's development is thrilling but not completely surprising as Pakistan had agreed in principle to give India the MFN status when commerce secretaries met in Islamabad this year. But nobody was sure how long it would take," said Nisha Taneja from Icrier, an expert on India-Pakistan trade relations.

The devil, however, lies in the details. "We have to see whether Pakistan means MFN under Safta or just a switch over from a positive list to a negative list. Once the nitty-gritty are sorted out, we will know how much we will actually gain," Taneja said. Despite everything, the decision is a very positive one which needs to be celebrated, Taneja added. The Indian industry, as expected, has welcomed the decision taken by the Pakistani cabinet. Trade body Ficci said the development will mark a beginning of a new era in South Asian economic and commercial relations.

Pakistani media has quoted Pakistan's Readymade Garments Manufacturers & Exporters Association (PRGMEA), Shehzad Salim as supporting the move. "Granting MFN to India is an economic issue by virtue of which we can gain a foothold into one of the fastest growing markets in the world. This step can bring millions of rupees to the exchequer in terms of additional export revenues and bring about job opportunities to thousands of unemployed youth of Pakistan," Salim was quoted as saying.

MFN status to India: Pakistan may gain from shorter negative list
Sidhartha, TNN | Nov 3, 2011, 01.12AM IST

NEW DELHI: Pakistan may have just opened the doors for further improvement in trade relations with India with commerce minister Anand Sharma on Wednesday indicating that the government was looking to allow freer imports by pruning the negative list of products under the South Asia Free Trade Agreement.

This will mean that there will be fewer products in which trading will be restricted.

"We will consider a smaller negative list for developing countries," Sharma said. Trade experts said the move will essentially benefit export from across the western border since Pakistan, Sri Lanka and Maldives are developing country members under Safta. Sri Lanka has a free trade agreement with India, which entitles it to a more liberal regime, and Maldives also enjoys special benefits. "So, whatever benefit will be offered will essentially accrue to Pakistan," said a trade analyst.

Apart from Pakistan, Sri Lanka and Maldives, three other signatories of Safta --- Bangladesh, Nepal and Bhutan -- are treated as least developed countries and enjoy special treatment, while Afghanistan is a new entrant.

On October 21, TOI had reported that New Delhi planned to offer preferential access to textiles and other goods from across the border if Pakistan granted MFN status to India.

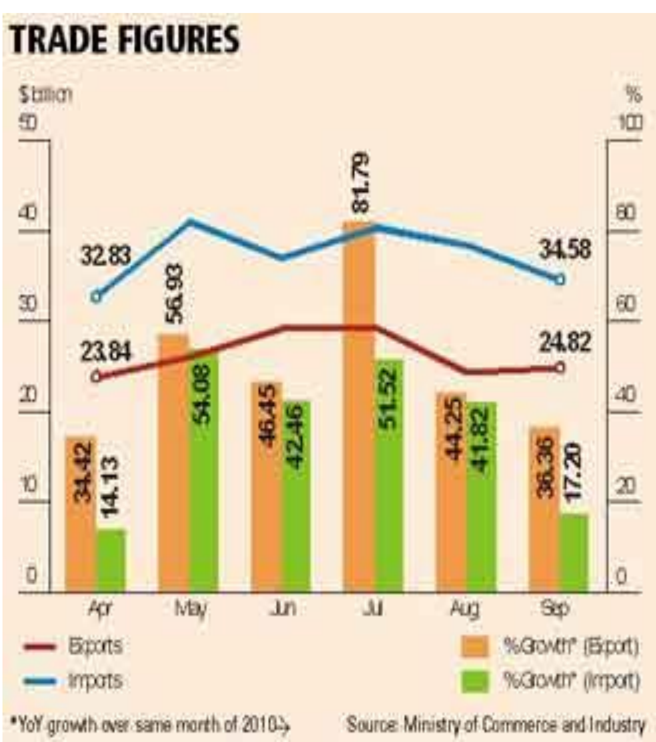
While pruning the negative list may have to wait for a few months, India and Pakistan are expected to finalise easier business visa rules later this month which will enable businessmen to enjoy longer duration stays, multiple entry and access to more cities.

Commerce secretaries from the two sides are scheduled to meet this month, and Sharma, who was expected to go to Pakistan in February to attend the next meeting of Safta, may lead a business delegation soon, officials said.

Exports growth slows, rise 36.4% in September
Business Standard

New Delhi, November 2: India's merchandise exports grew 36.4 per cent in September, reaching $24.8 billion from $18.2 bn a year before. However, this is a much lower rise than the previous two months. In July, exports grew 81.8 per cent; in August, these rose 44.2 per cent.
Imports in September rose 17.2 per cent to $34.6 bn, against $29.5 bn in the same month last year.

The cumulative growth rate of exports during April-September this year was 52.1 per cent, at $160 bn compared to $105.2 bn in the corresponding period of 2010-11, according to data released on Tuesday by the ministry of commerce and industry.



Analysts expect significant moderation in growth of exports and imports with the slowing of demand, particularly from European markets, which account for a fifth of the country's total exports. "Both exports and imports, especially non-oil imports, are likely to moderate due to the crisis in the euro zone and other markets. We expect growth rates in exports to come down significantly by the end of this fiscal," said Deepali Bhargava, chief economist, Espirito Santo Securities. Export growth is set to slow further in the coming months, confirms a report from Moody's Analytics.

Total imports during April-September were $233.5 bn, up 32.4 per cent from the $176.4 bn in the same period of 2010-11. Import of crude oil during this period was $70.3 bn, about 42 per cent higher than the $49.4 bn last year, while non-oil imports reached $163.2 bn from the $126.9 bn during April-September 2010-11.
“Export growth rates might come down to single digits, as the Asian markets are also witnessing a demand slowdown, besides the developed markets. The decline by the end of this year is going to be sharper,” said D K Joshi, chief economist, Crisil India.

Union Commerce Secretary Rahul Khullar had earlier said exports would increase but the period of high growth rates was gone and there is bound to deceleration towards the end of the financial year.

Oil imports in September reached $9.2 bn, an increase of 14.6 per cent from the $8 bn in the same month last year. Import of non-oil items in the month grew 18.2 per cent to reach $25.4 bn.

The balance of trade in September was a negative $9.8 bn. For April-September, it was a negative $73.5 bn from the $71.2 bn in the same period of 2010-2011.
“The situation on the trade deficit is alarming. It may touch $150 bn by the end of 2011-12, which is of much concern for all of us,” said Ramu S Deora, president, Federation of Indian Export Organisations.

Focus on exports necessary, says RBI
Business Standard

Mumbai, November 2: RBI’s deputy governor concerned about current account deficit. Calling the widening current account deficit a “major concern”, the Reserve Bank of India’s Deputy Governor, H R Khan today asked for a focus to drive up exports.

India is among the countries having a current account deficit (CAD). It is an area of concern, he said, addressing a late night award function of Engineering Export Promotion Council here. Being a country where balance of payments is under stress, India has to promote exports to see this does not go out of hand, he added.

The country’s CAD hit 3.1 per cent of gross domestic product (GDP) mark at the end of the first quarter ended June. The Prime Ministers’ Economic Advisory Council has pegged CAD at 2.7 per cent for this financial year. Last year, it was 2.6 per cent of the GDP. It rose to $14.5 billion from $12 billion in the same quarter of 2010-11, due to an increase in trade deficit and continued net outflow on investment income.

RBI, in its macroeconomic and monetary development report, said the country’s external situation was expected to remain manageable. But overall the balance of payments outlook for 2011-12, although stable, warrants close monitoring, RBI said.

Khan also termed the $300 billion foreign exchange reserves as “borrowed money” kept for times of “extreme distress”. Improving the exports, he added, would allow a greater flexibility to imports as well, which would in turn give access to the best of goods and services. Units have flexibility to import quality material, machinery and things which would smoothen bottlenecks in the system. This has implications for the entire economy, he noted.

Sudden surge in India's exports to Bahamas raises doubts
SMRITI SETH, ET Bureau

Oct 21, NEW DELHI: An amazing surge in India's exports to the Bahamas has stoked the lingering suspicion that a slice of the country's trades is sham transactions done to bring back money stashed in secret accounts with offshore banks.

In just two years, exports to the Bahamas — best known as a tax haven — have shot up from $2.2 million in 2008-09 to $2.2 billion in 2010-11, according to commerce department data. The number in no way matches the data on the Bahamas' global imports, which according to UNCTAD — the global trade and investments monitoring agency — was $2.8 billion in 2010.

According to the CIA data base, India has only a 7.5% share in the Bahamas' imports, which works out to about $200 million in 2010. The wide gap, some think, is more than sloppy statistics. "This is just a way of bringing black money back into the economy when it needs to be converted into white money and used for other purposes such as investments," said an economist on the committee appointed by the government to suggest ways to curb black money.

This happens through export 'over-invoicing', which boils down to billing the overseas buyer $10 million for cargo that may be worth just $10,000. In such transactions, the buyer may be fictitious, or a shell or front company of the Indian exporter. It's a ploy to bring back undisclosed money under the garb of cross-border trade. Biswajit Dhar, a trade expert and director-general of RIS, a think tank, felt the government should be looking at these indicators of black money. "They should also look at a detailed list of exporters... I'm sure some of them are fictitious," he said.

The Bahamas is one of the jurisdictions to have signed a tax information exchange agreement with India. Some of the others include Bermuda, Isle of Man, British Virgin Islands and Cayman Islands. As per the information exchange pact, the countries are required to share information if the other country has reasonable ground to believe that there has been a tax offence. Under the circumstances, Indian residents holding money in banks in Nassau, the capital of the Bahamas, may think it's safer to either move their money to another destination or bring it back to India.

Difficult to Explain Jump

Nassau is a favourite tax haven for many wealthy Americans. While the Bahamas, a nation of 29 islands, is also a transshipment point, it's difficult to explain the sudden jump in exports from

India. During April-December 2010, India's exports to the Bahamas were up 217% to $1.6 billion from the year-ago period.

For the last few months, analysts have raised eyebrows on India's export numbers. More so, at a time the US and Europe — the two biggest markets — are facing slowdown. While some have attributed this to inept data handling, a recent report by Kotak Institutional Equities Research has harped on the possibility of black money inflow. The report, authored by Sanjeev Prasad, Sunita Baldawa and Amit Kumar, draws no definitive conclusions, but said, "We can attribute some part of these gaps to data limitations but the large difference between official data and our observations begs a better and more sophisticated explanation."

It highlights how export data of major engineering companies, including automobiles and metals, does not match the steep increase in official export numbers. For instance, according to official data, engineering exports grew 79% year-on-year in 2010-11 while the export numbers compiled from respective figures reported by BSE 500 show a mere 11% increase. This gap could be as much as $28 billion. If this cannot be explained as a miracle export story of small, unsung companies, then the data mismatch casts a shadow on the GDP growth. Some like Sajjid Chinoy, JPMorgan's India economist, feels the concern relating to "over-invoicing" of exports could be overblown. Chinoy, who compared the official export figures with port traffic data, recently told The Economist magazine that the "conspiracy theories are flimsy".

But Nisha Taneja, who specialises in international trade at the Indian Council for Research and International Economic Relations, said the large discrepancy (in the data on export to the Bahamas) is a clear indicator of black money, even though more investigation is needed. The biggest component of India's exports to the Bahamas in 2010-11 was mineral fuels, at $1.9 billion, according to government data.

Experts say the government should improve its monitoring mechanisms to ensure lawful shipment of goods, economists believe. "In order to curb the flow of black money through the overinvoicing route, the government should ensure that the value of exported goods on paper matches the actual value," said Abhijit Das, director of the WTO centre at the IIFT. "This would require stepping up of efforts by customs authorities," he said.

Ajay Sahai, director-general of the Federation of Indian Export Organisations, said it is unlikely that formal channels could be used misused to this extent. "I don't think this difference can be attributed to black money. It could be because of different accounting mechanisms used by the Bahamas."

CMs Oppose Govt Move To Control Prices By Export Bans
Hindustan Times

NEW DELHI, Oct. 23 -- The UPA government's strategy to control domestic prices through ban on exports opposed by both the Congress and opposition chief ministers at the National Development Council meeting here on Friday.

Maharashtra's Congress chief minister Prithviraj Chavan and Gujarat CM Narendra Modi raised concerns on previous export bans and asked the Centre not to impose them in future as it affects the prospects of the domicile farmers.

While Modi slammed the central government for its cotton ban claiming it resulted in a loss of R7000 crore, Chavan was concerned over the ban on onion and sugar exports.

The government is allowing restricted export of these commodities but the observation of the two CMs came two days after an empowered group of ministers (EGoM) was cancelled due to differences between agriculture and food ministry over further easing of export restrictions.

Expressing his displeasure over the strategy to ban export of sugar and onion, Chavan told HT, "There is no quantitative restriction in imports under the WTO regime. Why should there be a ban on exports?" The Maharashtra CM said he was not opposed to putting higher duties on exports but a "blanket ban spoils our credibility and overseas marker for Indian commodities."

He also said, "Onion growers get higher returns only during a small period in an year. We need to protect both consumers and producers' interest."

Customs board plans partnership pacts to fast-track cargo movement
Remya Nair, Livemint.

Oct 31 2011: The customs department will soon start negotiations with India's trade partners to enter into agreements that will reduce scrutiny and procedural requirements for local exporters and importers, facilitating faster movement of cargo.

Under the mutual recognition agreements (MRA), two countries agree to recognize each other's compliance standards with regard to inspection, auditing and accreditation.

Exporters, importers and other logistic providers authorized by the customs department under the authorized economic operator (AEO) programme will benefit from these agreements.

"Once the MRAs are signed with foreign countries, those countries will recognize our AEOs and it will make it easier for exporters and importers. Goods can move without hindrances from the factory gates to the destination between countries," said S.K. Goel, member, customs, Central Board of Excise and Customs. "It will be time-saving and reduce costs as well."

India's customs department had notified the AEO programme in August as part of the Safe Framework of Standards (SAFE) adopted by the World Customs Organization. SAFE aims to support secure movement of goods by setting a range of standards for customs administrations and entities to follow. AEOs will get preferential treatment over non-AEOs and their consignments fast-tracked through customs controls.

“Various countries have different security concerns. It is difficult for the customs authorities to examine cargo and address the security concerns,” said T.N.C. Rajagopalan, an independent trade analyst. “But if the exporter or importer has AEO status, his declaration will be accepted both by domestic and foreign countries’ custom authorities leading to faster movement of cargo.” India plans to sign accords with trading partners that have implemented AEO programme. “The US, Japan and the European Union have some kind of AEO scheme,” Goel said. “We will enter into talks with them and look to sign these MRAs.”

Entities will be notified as AEOs by the Central Board of Excise and Customs if they have a good track record of compliance of customs rules and other provisions, are financially solvent, have satisfactory systems of managing commercial and transport records, and have good security and safety standards.

“We will start granting AEO status to the parties, and have invited applications for a pilot project. A few applicants will be selected for the pilot,” Goel said. “Depending on the results of the pilot, we should start granting AEO status to entities from next year,” Goel said. “The government will then start negotiating MRAs with foreign countries.”

The grant of AEO status will also reduce the burden on the customs department. “Customs’ primary responsibility is revenue generation. They have to perform assessment, valuation and examination of goods. Grant of AEOs will take care of security concerns,” Rajagopalan said.

The scheme will benefit importers as they have to get more clearances, said A. Sakthivel, former president of Federation of India Export Organisations. “Security concerns are greater when goods are imported.”

Chinese Imports Face Curbs as Goods Inflow Zips

AMITI SEN, The Economic Times

NEW DELHI, 31 October 2011: Alarmed at its rising trade deficit with China, India is mulling a host of import restriction measures to slow down the inflow of goods that added up to $43 billion in 2010-11.

The measures, mooted in a comprehensive China strategy being readied by the commerce department, could include higher tariffs, ban on specific items of imports such as power and telecom equipment and mandatory joint ventures for investments in areas of heavy imports."China has already taken over our power sector and is ruling the low-end market for mobile phone sets.

If we do not step in now with suitable policy measures, our trade gap with China will rise further," a commerce department official told ET.

Imports from China, India's biggest trading partner now, have risen four-fold in the last five years to cross $43 billion in 2010-11.

In the same period, exports have risen from $6.8 billion to $19.61 billion in 2010-11, leaving India with a wide deficit of over $ 23 billion.

China has acknowledged that the growing deficit is a problem but has done precious little to address the issue, ignoring seven specific requests such as easing import of pharmaceuticals, agro produce, IT products and heavy machinery.

The lack of response has forced the commerce department into drafting a 'China strategy' that will also include incentives to encourage exports of value-added products from India."China promised us almost two years back that it would work towards helping us bridge the trade deficit, but has not yet taken any significant step," the official said.

It is now left to India to do its bit in trying to restrain imports, he added.

Other departments and ministries including finance, power, telecom and home will be consulted once the strategy that also has measures to boost exports is ready.

But trade experts feel restricting imports from China would be fraught with legal problems. "Even if we ignore the WTO rules and its ramifications, there is just too much peer pressure.

In the G-20 forums, countries are constantly harping on ways to keep market open and such steps would be frowned upon," said Biswajit Dhar, director general of, RIS, a think-tank for developing countries.

If India imposed curbs on Chinese investments, foreign investors could question the exceptions being made for one country as it could be later extended to other countries as well.

Government officials, however, insist that taking measures against imports and investments from China would not be a problem."We are well aware of all existing rules and policies and there are ways around everything," the official said.

The Indian industry may also oppose policies to restrict China as it is a cheap source of goods and capital.

Reliance Communications had in March signed a deal to borrow $1.93 billion from China Development Bank that included $ 1.33 billion for refinancing 3G spectrum fee payment $ 600 million for equipment imports from Chinese Vendors.

India plans duties on import of Chinese power equipment
Asit Ranjan Mishra & Utpal Bhaskar, Livemint

Oct 31,New Delhi: In a move that may spell trouble for private sector utilities and Chinese makers of power generation equipment, heavy industries minister Praful Patel has called a meeting on Thursday to discuss and push for the imposition of customs duties on imports of such equipment.

The meeting will be attended by officials from the ministries of heavy industries, commerce and power, and follows demands by local manufacturers to restrict Chinese power equipment imports.

"This is because domestic companies have been long complaining that they are becoming increasingly uncompetitive due to the cheaper power equipment imported from China," said a top government official aware of the meeting, who requested anonymity. "If customs duty along with excise duty is imposed on Chinese power equipment, then the effective tax on such imports will be around 17-18%."

Bharat Heavy Electricals Ltd (Bhel) and Larsen and Toubro Ltd (L&T) have been lobbying with the government to limit Chinese competition. According to the contours of an earlier proposal, the imported equipment will be subjected to 5% customs duty, 10% countervailing duty and a special additional duty of 4%.

State-owned Bhel has been facing competition from Chinese power generation equipment firms such as Shandong Electric Power Construction Corp., Shanghai Electric Group Co. Ltd, Dongfang Electric Corp. Ltd and Harbin Power Equipment Co. Ltd, both in domestic and overseas markets.

Power utilities have placed orders for overseas equipment largely because of the inability of local manufacturers to meet growing demand. Chinese imports are relatively cheaper because equipment makers from that country benefit from low interest rates and an undervalued currency. Undervaluing the currency makes exports cheaper and increases demand of products.

"We're aware about the proposal about levying duties on imported equipment. This is a very sensitive issue and we'll take some action. It's an unfair policy," said an Indian representative of Shanghai Electric.

Patel didn't respond to phone calls or to a message left on his cellphone on Friday. A Bhel executive, requesting anonymity, confirmed the development.

"There is a forward movement on the proposal," the official said.

The proposal being pushed by the heavy industries ministry has been in the works for some time and is aimed at creating a level-playing field for domestic companies.

The power ministry was not in favour of such a move until after the start of the 12th Five-year Plan (2012-17). A panel of senior government officials had earlier agreed to impose the taxes. Planning Commission member Arun Maira has also recommended 14% import duty on power generation equipment to strike a balance between protecting local manufacturers and the need to import equipment to boost power production, *Mint* reported on 10 February 2010.

“There is an intent on the part of the government to limit Chinese imports,” said another official, who did not want to be named.

Mint reported on 29 September about the government reviving a plan to scrap its so-called mega power plant policy, imposing a 5% customs duty on the import of equipment that goes into thermal projects that will generate at least 1,000 megawatts. However, the move needs to be cleared by the cabinet and the rule will apply only to new projects; firms that have already placed orders with Chinese companies will be exempt.

Power generation equipment makers having a manufacturing base in India—Bhel, Doosan Heavy Industries and Construction Co. Ltd, and the joint ventures between L&T and Mitsubishi Heavy Industries Ltd; Toshiba Corp. and JSW Group; Ansaldo Caldaie SpA of Italy and Gammon India Ltd; Alstom SA of France and Bharat Forge Ltd; BGR Energy Systems Ltd and Hitachi Power Europe GmbH, and Thermax Ltd and Babcock and Wilcox Co.—stand to benefit from such a move.

India’s move to curb Chinese power equipment imports comes at a time when the two countries have been discussing ways to double bilateral trade to $100 billion by 2015 and to plug a yawning trade gap in China’s favour.

Aggression against a significant trade partner like China will not pay in the long run, said Abhijit Das, head of the Centre for WTO Studies.“While imposing any such import duty, we have to first of all keep in mind that it is compliant without commitments under the World Trade Organization and within the bound tariff rates,” he said. “Secondly, it has to be applicable to all countries on a non-discriminatory basis and no country can be singled out.”

India has been complaining about the increasing trade imbalance with China and lack of access for Indian firms to the Chinese market. China is the second-largest trade partner of India, behind only the United Arab Emirates. Indian exports to China were valued at $19.6 billion in 2010-11 and imports from that country $43.5 billion.

Nylon traders oppose levy of anti-dumping duty
The Times of India

23 October 2011 SURAT: South Gujarat Nylon Traders Association (SGNTA) and South Gujarat Wrap Knitting Association (SGWKA) have jointly opposed levy of anti-dumping duty on nylon filament yarn by the central government.

Sources said the ministry of finance and the ministry of textile have jointly decided to review the levy of anti-dumping duty on nylon filament yarn. Five years ago, the government had levied anti-dumping duty ranging between Rs 40 and Rs 50 per kilogram on the import of nylon filament yarn. This is likely to be increased.

Industry leaders said anti-dumping duty on nylon filament yarn will lead to large-scale unemployment following shut down of weaving units and will have a serious impact on weaving and knitting sectors.

The country's biggest man-made fibre industry in the city, which contributes 40 per cent of the man-made fabric demand in the country, houses about 6 lakh weaving machines, out of which 1.5 lakh machines are using nylon filament yarn as their main raw material. Moreover, the city houses about 750 warp knitting units - there is a total investment of Rs 300 crore in this sector -- using nylon filament yarn as their main raw material.

The monthly requirement of nylon filament yarn is about 5,000 tonnes, out of which 3,300 tonnes, is supplied by the domestic nylon spinners and the rest is imported from countries like China, Taiwan, Malaysia, Indonesia and Korea.

President, SGNTA Vishnu Goenka told TOI, "There should be a level playing field for the importers and end users of nylon filament yarn in the city. We have urged the concerned ministries in the central government to adopt a neutral approach by fixing anti-dumping duty on the goods imported below certain fair value. If we are importing nylon filament yarn at $3 per kilogram and the same is available on similar price in the domestic market then anti-dumping duty should not be levied."

He said about 1,400 tonnes of nylon filament yarn needs to be imported every month to satisfy the manufacturing needs in the city.

"The domestic knitters are facing stiff competition from China as about 250 to 300 tonnes of knitted fabrics is imported per month. The government should impose anti-dumping duty on such products," Goenka said.

India plans to move WTO against US over imposition of penal duties on steel import
Amiti Sen & Meera Mohanty, ET Bureau

Oct 22, 2011, NEW DELHI: India plans to approach the World Trade Organisation over the imposition of 18% to 500% penal duties by United States on imports of hot-rolled steel, a move that has priced Indian producers out of the US market. The move follows India's failure to sort out the issue with the US bilaterally.

The commerce department is shortlisting legal firms to formally lodge a complaint at the WTO against the countervailing, or anti-subsidy, duties, a government official told ET.

The US has imposed levies on steel exports from Indian companies over the past three years, arguing that it considers as subsidies incentives such as duty exemptions to units in special zones, loans from state-owned banks and purchases from government bodies. Coupled with an anti-dumping duty of over 20%, Indian producers of hot-rolled steel, such as Tata Steel, Jindal, Essar and SAIL, have become totally uncompetitive in the US.

"We have not been able to export at all to the US for over three years now," a representative of a top steel-producing company told ET on condition of anonymity.

The WTO allows imposition of countervailing duty on imports if it is proved that the government of the exporting country has subsidized the products.

India wants to challenge the US department of commerce's assumption that the iron ore bought from NMDC is supplied at subsidised rate because it is a "public body". "This is a totally absurd assumption as NMDC always sells at the prevailing market prices and the government does not control the pricing," the official said.

Commerce minister Anand Sharma has taken up the issue with commerce department officials in the US during his recent visits to the country, but the response has not been favourable.
"We have no option now other than approaching the WTO. We have examined the issue closely and are certain that we have a good case against the way the US calculates CVD," the official said.

Once India formally complains to the WTO, it will be directed to hold consultations with the US to see if the issue could be resolved without starting a dispute.

If the consultations fail, India will then request the dispute settlement board of the WTO to set up a panel to decide on the matter.

A WTO panel's recent verdict in favour of China against US imposition of CVD where it ruled that merely because an entity is owned by the government does not mean that the pricing is subsidised could help India in proving its point as well.

India Confronts US, EU at WTO Over Solar Plan
AMITI SEN, The Economic Times - Kolkata Edition

26 October NEW DELHI: India has stoutly defended its national solar power generation programme at the World Trade Organisation (WTO), where the US and the EU raised objections to its requirement of mandatory use of locally-made equipment.

India refuted allegations at a recent meeting of the WTO's committee on trade related investment measures, or Trims, that the Jawaharlal Nehru National Solar Mission violated global trade rules, a government official told ET."The mandatory use of solar modules manufactured in India, in the project, and the 30% local sourcing requirement is to give a boost to the nascent domestic industry and make non-renewable energy more affordable in the long run," the official said.

Along with the EU, the US, which has also taken up the issue bilaterally with India, raised the issue at the WTO meeting on Trims saying the mission requirements prevent them from exporting their technology and equipment.

India has, however, maintained that it is within its rights to lay down such guidelines for its energy security, especially since other countries like Canada and Italy also encourage local procurement for solar projects.

Yet, India is firming up its defence in case the US or the EU decides to lodge a formal complaint against the solar mission.

Japan has recently lodged a formal complaint against Ontario, Canada, at the WTO for establishing a feed-in tariff program, in which electricity generated by using renewable energy is subsidised.

The programme favours equipment made in Ontario."Although, in Canada's case local purchase is linked to tariff concessions, the basic regulatory requirement is similar in both countries," a Delhi-based trade lawyer who did not wish to be named said."One could also argue that since NTPC, which is a public sector body, will purchase solar power generated by the projects, it could amount to government procurement which is not bound by WTO rules," the lawyer said.

He added that the Trims rules prohibiting local sourcing can be interpreted variously.

The national solar mission was launched last year to promote use of solar energy as part of the government's initiative under the national action plan on climate change.

While investors in the solar projects will get incentives, such as relief on import duty for capital goods and exemption from excise on inputs, the government has put in place clauses of compulsory domestic sourcing of inputs, which will differ in the three phases of the mission.

India-EU free trade pact likely by February

PTI

31 Oct, 2011, NEW DELHI: India and European Union are at an "intense" stage of negotiations for reaching the much-delayed free trade agreement, hoping that a deal can be struck before their annual summit in February.

"Intense efforts are underway. Both the sides are determined to conclude the negotiations, preferably before India-EU Summit in February here," Commerce Secretary Rahul Khullar told media.

Having held several rounds of talks, the two sides are likely to finalise their positions on opening of trade in services in November, sources said.

With India's over 57 per cent Gross Domestic Product (GDP) coming from services, this area is of particular interest to New Delhi while negotiating trade opening deal with any country or a bloc.

Besides, India-EU would hold bilateral talks in Geneva on the sidelines the WTO Ministerial meeting in December, they said.

India is in talks with the EU, its biggest trading partner, since June 2007 for liberalising trade in goods, services and investment through a Broad-based Trade and Investment Agreement (BTIA). Already 13 rounds of talks have taken place.

The difficult areas holding the BTIA are the EU's demand on India to slash duty in the automobile sector, high duties on liquor and wines.

New Delhi is pressing for binding commitment on the number of visas which should be allowed to Indian professionals who go on short-term assignments to any of the the 27 nations.

"The real challenge is how in the next two months, we can narrow our existing negotiations gap," the sources said.

The trade pact would involve slashing of duties on over 90 per cent of the trade and opening up of the mutual markets for services and investment.

Recently, European Commission director general of trade Jean-Luc Demarty met Khullar and discuss the progress in BTIA, besides other issues.

The two-way commerce stood at USD 75 billion in 2009-10. India has already implemented comprehensive FTAs with countries like Japan, Malaysia and South Korea.

India-Asean services talks inching towards 'progress'
Nayanima Basu, Business Standard

New Delhi October 21, 2011: But hopes of more access under Mode 4 are fading.

The much-awaited pact on trade in services and investment between India and the Association of Southeast Asian Nations (Asean) has made “some progress towards conclusion” during the last round of negotiations that took place here last week, even as New Delhi’s hope of getting more market access for its professionals seems futile.

India and the 10-member trading bloc already have a goods agreement in place after it came into force from January last year, providing tariff-free access to a range of product lines such as textiles, pharmaceuticals, chemicals, engineering products, processed food and auto parts.

However, the deal in services trade and investment had been going on since it started formally in October 2009. Under that, India has mainly demanded greater job opportunities for its professionals in the Asean markets of Singapore, Malaysia, Indonesia, Vietnam, Thailand, Philippines, Cambodia, Laos, Brunei and Myanmar.

“Hopefully, by the early part of 2012, we might be able to wrap up the talks. But getting more under Mode 4 is out of question, even though we do have hopes to get more under Mode 3 and Mode 1,” according to a senior commerce department official involved in the talks. “So, there has been some working progress this time. The level of ambition can be seen amongst all the countries. It has been agreed unanimously to nudge Philippines from its position, which had been reluctant since beginning. Of course, huge levels of ambitions cannot be expected,” he told Business Standard.

Under trade parlance, trade in services is divided into four broad categories. Mode 1 refers to cross-border supply of services through electronic means. Mode 2 refers to a situation where the consumer of a service moves into another partner country. Mode 3 implies that a particular service provider established presence in form of joint venture in another country. Mode 4 is the movement of professionals to other country to provide service such as doctors, accountants and engineers.

“Bilaterally, with Thailand and Indonesia, India will be able to get more access under Mode 4 but under Asean it is not possible because of the inherent nature of the block,” the official said.

“Within Asean, they do not want to give each other more than what has already been offered, which is the main problem.”

India and the Asean countries had earlier decided to have a broad-based comprehensive economic partnership agreement encompassing trade in goods, services and investment. However, the goods deal was agreed and signed upon last year.
This would result in doing away with at least 80 per cent of import tariffs in a phased manner between 2013 and 2016. The tariffs on sensitive products would also be slashed by five per cent by 2016.

This deal would also help India in reducing its dependence on China as it will be able to access the vast and thriving markets of all the 10 Asean countries. The total trade between India and the 1967-formed bloc increased by 24 per cent in 2010 reaching $51.3 billion.

India’s exports grew at 33 per cent to $23.1 billion while imports from Asean increased by 18 per cent to $28.2 billion. Both sides have set the objective of increasing bilateral trade to $70 billion by 2012.

Govt shelves plan to allow FDI in multi-brand retail
Anjali Prayag & Shishir Sinha, Business Line (The Hindu)

22 October 2011:The Government is learnt to have dropped its plan to open up FDI in multi-brand retail thereby derailing the Indian foray of global retail players such as Wal-Mart, Tesco

and Carrefour.

Mr Thomas Varghese, Chairman, CII's National Committee on Retail, told Business Line that according to the latest developments in the Government, “the matter has been put on ice,” adding that it's unlikely to “happen.” The Indian retail sector is estimated to be worth about $500 billion. Foreign direct investment is not permitted in multi-brand retail in India. However, single-brand outlets are allowed up to 51 per cent foreign investment. In wholesale, or ‘cash and carry', trade, up to 100 per cent FDI is allowed.

It may be recalled that at a recent luxury brands summit organised by the CII in Delhi, the Minister of Commerce and Industry, Mr Anand Sharma, made an announcement that the 51 per cent FDI cap on single brand outlets would be hiked.

Industry sources termed it as a step to appease retail trade as the Government had more or less made up its mind not to open multi-brand FDI.

An official in the Ministry of Consumer Affairs, Food and Public Distribution said that after the Committee of Secretaries gave its recommendation on opening up of multi-brand retail, it was up to Department of Industrial Policies and Promotion (DIPP) to circulate the note to the Cabinet and “they have not heard anything from there”.

On Thursday, the Chairman of the Economic Advisory Council to the Prime Minister (PMEAC), Dr C. Rangarajan, turned down the view of the Inter-Ministerial Group (IMG) on opening up multi-brand retail. The IMG had advocated opening up of FDI in multi-brand retail to contain inflation, but Dr Rangarajan questioned as to “how many aspirant multinational companies will be interested in setting up contact point for the farmers”.

With the Government dragging its feet over the issue for about seven years now, Mr Arvind Singhal, Chairman of consulting firm Technopak Advisors, said he “would be surprised if FDI opens up now”.

The Government should have an articulated view on opening up FDI whether it is single-brand or multi-brand retail, he felt.

Mr Varghese, who is the CEO of Aditya Birla Retail that operates the ‘More' chain of retail supermarkets and hypermarkets, said that industry was now looking forward to FII investments in the sector.

“We are okay with a foreign institution investing in our company because large chains like ours don't need a name. We can outperform foreign retail brands.”

India plans to oppose G-20 call on flexibility curbs
Asit Ranjan Mishra, Livemint.

November 3, 2011: India will oppose a call by developed countries to developing nations to give up the flexibility to impose export restrictions and increase tariffs at the Group of Twenty (G-20) summit in Cannes starting on Thursday. India believes such flexibility is essential to control domestic prices and is well within the existing framework of the World Trade Organization (WTO).

The G-20 was established in 1999 to bring together major industrialized and developing nations to discuss key global economic issues. The grouping has gained more prominence in setting the agenda for the global economy after the 2008 financial and economic crisis.

While Indian Prime Minister Manmohan Singh is leading the Indian delegation to the G-20 summit, Planning Commission deputy chairman Montek Singh Ahluwalia will be responsible for the detailed negotiations on India's behalf.

Though the summit is expected to be dominated by the European Union debt crisis, especially after Greece's shock decision to hold a referendum on its euro zone bailout package, a commerce ministry official, on condition of anonymity, said trade-related matters are being negotiated for inclusion in the final declaration at the summit.

"There is an attempt to include export restriction and tariff standstill in the declaration," the official said.

"We believe we need to have the flexibility of temporarily banning export of essential items such as wheat and rice for managing inflationary pressures in the domestic economy," he added.

Some developed countries also want developing countries to keep their tariffs unchanged.

"Our stand is (that) we need to have the flexibility to increase the applied tariff rates if the bound tariff rates are above the applied tariffs," said the official cited above. "This is needed to protect our domestic producers. We cannot abjure these flexibilities when these are fully consistent with the WTO principles."

Applied tariff rates are the prevalent tariff rates. Bound tariff rates are ceilings above which tariffs cannot rise.

Anwarul Hoda, a professor at the Indian Council for Research on International Economic Relations, agrees with the commerce ministry stand's on the flexibility of tariff rates.

"This is a ploy by developed countries to take away future bargaining power of developing countries without any quid pro quo," he said. "India can keep its bargaining ability in tariffs by not going beyond applied rates."

However, Hoda said while export restrictions are allowed under current WTO rules, “one can be a little more relaxed with a political declaration like at the G-20”.

The commerce ministry official cited above said there is also a question over the legitimacy of the G-20 seeking to dictate the trade agenda .

“How can G-20 set the agenda for WTO? What is the legal sanctity of G-20?” he asked. “It is okay if G-20 provides general directions on the global trade. However, we do not wish (to see) a group of 20 countries setting the agenda for the 153 members of the WTO.”

Hoda said any declaration by G-20 will be politically binding only on its member-countries. “If this is acceptable and serves greater common good, then other countries will accept it. That is how negotiations proceed,” he said.

Development issues dear to India to figure on G20 agenda: Montek
ENS Economic Bureau

October 30: Euro zone debt crisis with its potential spillover effect could take a lot of the G20 leaders' time at this week's Cannes summit, but “development issues” dear to India won't be pushed into corner, Planning Commission deputy chairman Montek Singh Ahluwalia said on Saturday. Global food security, infrastructure financing in emerging market economies and employment creation were indeed on the summit agenda, he said.

Acting on the advice of French president Nicholas Sarkozy, billionaire philanthropist Bill Gates would suggest innovative ways to finance development and these would be discussed by the leaders, Ahluwalia, who is India's sherpa to the Nov 3-4 summit, said. India would push for open markets, (increased) market access for its exports and newer ways of infrastructure financing, he said.

Expressing concern over the persistently high global commodity prices that get transmitted to India, he said not only supply constraints, but excess liquidity might also be fuelling these prices. Ahluwalia's comments come at a time when European Central Bank is widely expected to signal its intention to ease next week. A Federal Reserve monetary policy meeting next week is, however, expected to hold US interest rates unchanged, given the somewhat reassuring 2.5 per cent growth reported for the third-quarter.

New Delhi's concerns over excess liquidity inflating global commodity prices are to be seen in the context of the stubbornly high domestic inflation, a large part of which is considered to be from imported fuels/industrial inputs.

European's leaders last week got private investors in Greek bonds accept 50 per cent losses and pledged to boost the firepower of the rescue fund EFSF to 1 trillion euros. Ahluwalia called this “an essential first step.” Asked whether and how the rest of the world including India could provide succour to the crisis-ridden euro zone, he said the IMF would be primary agency responsible for restoring stability in the currency bloc. “We (India) will support any reasonable multilateral effort to stabilise the euro zone.”

He seemed to vote for a gradual and orderly reduction in the US deficits, rather than sharp contraction now. Ahluwalia cautioned against a worsening of the Euro zone crisis. “That (euro zone crisis going out of hand) would be big news and we won't want that.”

Although the IMF would remain the formal forum to spearhead strong, sustainable and balanced growth, the G-20 collective effort, amplified by the Mutual Assessment Process would give valuable inputs to the world body, he said. The MAP will spell out the policy action to be taken by each country. *FE*

India against change in agenda for WTO meeting
Asit Ranjan Mishra, Livemint

November 1: India has strongly opposed a proposal by the European Union (EU) and a few other developed countries to include new issues including energy, food security, competition and investment for negotiation at the next World Trade Organization (WTO) ministerial meeting. WTO’s eighth ministerial conference is scheduled to be held at Geneva on 15–17 December. Expanding negotiations to new areas without a proper framework for conclusion of the Doha Round, which has been lingering for a decade now, will only complicate matters, said an Indian commerce ministry official, who declined to be named.

Negotiations over the multilateral trade deal that started in Doha in 2001 are stuck because of differences between developed and developing countries. Negotiations broke down in July 2008 following differences between India and the US over farm tariff levels.

In a written reply, a copy of which was reviewed by *Mint*, an unidentified EU representative in the informal trade negotiations committee on 21 October said it is convinced progress can be achieved on several components from the Doha mandate, irrespective of the impasse in overall negotiations.

EU said issues such as a trade facilitation agreement, improving the functioning of the dispute settlement mechanism, and removing non-tariff barriers could be taken up on a priority basis. However, the Indian commerce ministry official cited earlier said EU is being selective in its choice of content. “Why not services, why not agricultural subsidies? What is so important about dispute settlement body,” the official said.

Since consensus on broadbased tariff cuts or services commitments is eluding members, it believes WTO “should examine whether results could be achieved through targeted sectoral initiatives, taking the information technology (IT) agreement as a model,” EU said.

The IT agreement is a tariff cutting mechanism on the import of IT products that was initially agreed upon by 29 countries at the Singapore ministerial conference in December 1996. Such an agreement with the consent of a few countries is called a plurilateral agreement.

In addition to setting a way forward in the Doha Round, the eighth ministerial conference must also recognize that the current multilateral rulebook is not adequately equipped to deal with emerging global challenges such as energy, food security, competition and investment, EU said.

“The EU has no illusions about the sensitivities that will no doubt arise. But it is clear that the membership can no longer dismiss these challenges as north/south issues or just pretend that they do not exist.”

Terming the EU move as mischievous, the Indian official said the eighth ministerial conference must demonstrate that WTO is more worried about the Doha round.“It must come out with a work agenda to deliver Doha by 2013. That will give assurance to member countries about completion of the round. Including new issues will mean shifting the focus away from Doha,” the official said.

India is also opposed to plurilateral agreements which it sees as a coercion strategy to force other members to join in later, the official said.