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India to Adopt Balanced Approach at WTO Meet

Kirtika Suneja, Economic Times

New Delhi, October 26, 2015: India plans to adopt a more balanced approach at the upcoming World Trade Organization (WTO) ministerial, not taking any hard stance that can come in the way of any agreement, after being blamed of blocking a deal last year, an official said.

The country would strongly take up the issue of food security and farmers' interest, especially after the US had last month floated a proposal that sought to dismantle the price support and subsidies of developing countries, but would not want to be seen as obstructionist, a person privy to the deliberations said.

India had refused to be party to the WTO's trade facilitation agreement last year till a permanent solution for its food security issues was found, leading to an stalemate that was broken only after US President Barack Oba ma and Prime Minister Narendra Modi took up the case.

“Though we never blocked any deal and what we did in Bali was right, many people fired from our shoulders then,“ a government official told ET.

India's new approach, which is in line with its attempts to play a bigger role in the world affairs was mulled over at a meeting called by prime minister last week, ahead of the US-India trade policy forum this week.

The meeting was attended by commerce minister Nirmala Sitharaman, economic affairs secretary Shaktikanta Das, commerce secretary Rita Teaotia and India's ambassador to the WTO Anjali Prasad, among others.

“We were trying to build a consensus in the meeting as we are six weeks away from the WTO ministerial. There is no reason to change our position right now,“ said an official who was part of the meeting that lasted just over an hour. India will still stand by its farmers, the person added. WTO issues are likely to figure in the India-US forum meeting scheduled for October 29 and India would want to seek some assurance ahead of the Nairobi ministerial in December.

Independent experts who did not want to be identified said India needs to nuance its position in such a manner that it is neither seen as blocking a pact nor as diluting its position.

There are other reasons why India wants this year's WTO ministerial to succeed, sources said.

The ministerial is happening in Africa for the first time. “Kenya is under pressure for the talks to be successful. So, it is more important for India, which is seen as Africa's natural partner to push the food security issue,” a person in the know of the meeting said. “Moreover, the two parties also want the Doha round to continue especially with the threat of mega trade pacts like TPP (Trans-Pacific Partnership, a proposed deal between 12 Pacific Rim countries) and RCEP (Regional Comprehensive Economic Partnership, a proposed FTA between Asean and six other Asia Pacific countries including India),“ the person said.

Developed countries are for winding up the Doha Development Agenda post Nairobi meeting. The US-India Trade Policy Forum meeting will be held in Washington on Thursday. The US trade representative Michael Froman has said the forum will allow the two countries to advance on-going bilateral efforts to expand trade and investment through forward-looking policy initiatives.

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India warns of ‘endless’ legal challenges at WTO for pharma patent law regime

D. Ravi Kanth, Live Mint

October 17 2015: The patent law regime for pharmaceutical products in India and other countries, including what constitutes an invention, will face a “chilling” effect and endless “legal challenges” at the World Trade Organization (WTO) if the US and Switzerland succeed in imposing a controversial norm, India has warned.

The norm which the US and Switzerland intend to bring into force in WTO’s trade-related aspects of intellectual property rights (TRIPS) agreement is called non-violation complaints (NVCs). It enables WTO members to raise disputes against another member’s actions or policies, even if there is no violation of a WTO agreement.

“The application of NVCs to the TRIPS agreement will have a chilling effect on members and the flexibilities (in the TRIPS agreement) will be severely curtailed,” India said on Thursday.

“There is a strong potential that IP (intellectual property) regimes and practices in members countries will be opened to (legal) challenges,” India argued.

The US, however, took issue with India's statement of "chilling effect" from applying the NVCs to the TRIPS agreement at the meeting.

Without naming India, the US said it is opposed to the view expressed by one member that NVCs would have a chilling effect on members as it will not affect the use of exceptions in the TRIPS agreement, according to a participant at the meeting.

Until now, NVCs are not applied to the TRIPS agreement because of an existing moratorium since 2002. The NVCs are applied only to trade in goods and services.

But the US and Switzerland are determined to terminate the moratorium of applying NVCs to the TRIPS provisions at the WTO's tenth ministerial conference in Nairobi starting on 15 December.

Because of unprecedented pressure from their pharmaceutical behemoths such as Pfizer Inc., Merck and Co. Inc, Eli Lilly and Co., Bristol-Meyers Squibb Co., Roche Holding AG and Novartis AG, among others, the US and Switzerland said categorically that they want to ensure that "NVCs have a place in the TRIPS agreement".

The US has also raised the bar in the latest Trans-Pacific Partnership Agreement that was concluded over 10 days ago. Washington has increased the number of years for data protection by five years after a patent on a pharmaceutical product comes to an end at the end of 20 years.

Effectively, the US has now embarked on TRIPS-plus commitments in regional and bilateral trade agreements which could come through the back door into the WTO because of NVC-type complaints, according to IP analysts.

The US and Swiss pharmaceutical companies could target provisions such as section 3(d) in the amended Indian Patent Act on the ground that it would deny market access to pharmaceutical products patented abroad.

On Thursday, over 90 developing and least-developed countries led by Peru formally presented their proposal at the TRIPS Council, calling for a permanent moratorium for applying NVCs to disputes under the agreement.

The proposal says: “After having examined the issue of the scope and modalities for complaints of the types provided for under subparagraphs 1(b) and 1(c) of Article XXIII of GATT 1994 (non-violation complaints), the 10th Ministerial Conference decides that those provisions of GATT 1994 shall not apply to the settlement of disputes under the TRIPS Agreement.”

“There is a confluence of interests with many members including the African and LDC (least-developed countries) members who are not co-sponsors of the resolution,” Peru said. “An overwhelming majority of countries now want that the NVCs should be made inapplicable,” it said.

Many countries such as Brazil, India, China, the Philippines, Thailand, Russia, Chile, Norway, South Africa, Sri Lanka, Nepal, Korea, Cuba, Indonesia, Argentina, Colombia, Egypt and Ecuador, among others, sponsored the proposal tabled by Peru.

“The cycle of moratoriums must end and the draft ministerial decision (circulated by Peru) is the culmination of these efforts to end the moratorium,” India maintained.

The European Union said it doesn’t see any relevance of applying NVCs to the TRIPS agreement. The EU maintained that if there is no consensus on Peru’s proposal, members must agree to extend the moratorium for not applying NVCs to the TRIPS context.

Norway said “applying non-violation and situation complaints to the TRIPS agreement would be particularly difficult and problematic in relation to the principle of legal certainty”.

“We are therefore of the view that non-violation and situation complaints should be determined inapplicable to the TRIPS agreement,” Norway said, adding that “while we are not a co-sponsor, we strongly support the content of the draft ministerial decision (proposed by Peru).” New Zealand also called for inapplicability of NVCs to the TRIPS agreement.

Despite overwhelming support from members for the draft ministerial decision against the NVCs, the US said categorically that it continues to believe that NVC have a place in the TRIPS agreement. “We will not support the ministerial decision as well as the moratorium,” the US maintained, according to a participant present at the meeting.

“If there is no consensus on the continuation of moratorium (at the Nairobi meeting) then NVCs will automatically apply,” the US warned.

Switzerland said the dispute settlement provisions provide sufficient guidance for members for applying NVCs to the TRIPS agreement.

In short, the battle lines are drawn on NVCs and it remains to be seen how the issue will pan out at the Nairobi meeting.

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India echos WTO concerns with Africa

Indian Express

New Delhi, October 24, 2015: India and African nations on Friday discussed issues related to the WTO, ahead of the WTO ministerial meeting scheduled for December in Nairobi, at the India-Africa trade ministers’ meeting here.

The fourth India-Africa trade ministers’ meeting (IATMM) also reviewed the progress in the implementation of earlier commitments and the existing trade and business relations between India and Africa.

“India sees Africa as a natural partner and together, we can have a positive influence on the future global economic order,” commerce and industry minister Nirmala Sitharaman said. According to a joint statement issued by the commerce ministry, the two sides also discussed issues pertaining to duty free tariff preference scheme and services waiver for LDCs. The Cotton Technical Assistance Programme was also discussed. Sitharaman said both India and Africa face similar challenges and concerns and the world economy offers tremendous opportunities to the two ‘fastest growing regions’.

The 3rd India-Africa Forum Summit is scheduled for October 29 and the meeting was a prelude to the summit. Trade ministers and officials from 37 African countries including Algeria, Angola, Benin,

Comoros, Congo, Djibouti, Egypt, Gambia, Ghana, Kenya, Morocco, Namibia, Mauritius, South Sudan, South Africa, Tanzania, Tunisia, Zambia, and Zimbabwe among others participated in the meeting.

India has been trying to get support for its demand that upcoming ministerial in December should give a permanent solution for the subsidies given under public stockholding programmes so as to not attract penalties. Further, the commerce minister pointed out that India had made an announcement of granting duty free tariff preference to Least Developed Countries (LDCs) to open the Indian market to greater exports from African countries.

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US, EU question India's curbs on apple imports

Business Standard

October 24, 2015: A recent move by India to restrict apple imports into the country faced stiff opposition from the US and the European Union (EU) at a recent meeting in the World Trade Organization (WTO).

India had issued orders last month to restrict the import of apples to only one port - Nhava Sheva Port in Navi Mumbai. The move was to protect the interests of the domestic producers who suffer on account of cheap imports from the US, China, Australia, New Zealand and Italy. At the Import Licensing Committee meeting, the EU said it was "very concerned" pointing out that members ought to prevent trade distortion under their WTO commitments. "It asked India what will happen to imported apples that are brought through other ports and requested further information about the rationale for the measure," said WTO.

Apple imports are taxed at 50 per cent, which is the bound rate of duty, or the highest duty that India can impose based on its commitments to WTO.

Apple imports to India from countries such as the US, China, Australia, New Zealand and Italy saw a five per cent increase in 2014. Imports have risen sharply this year, which could potentially affect domestic sales. In its response, India said the measure did not fall within the definition of import licensing measure under the Agreement on Import Licensing Procedures and, thus, was not "fit for discussion under this committee".

Australia intervened to note that the measure could be considered as an administrative procedure, which falls under the ambit of the committee's work and that India's claim would only be valid if there were no documentation required for the import of apples.

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'New output-linked cane subsidy is WTO-compatible'

Amiti Sen, Hindu

New Delhi, October 29, 2015: The Commerce Ministry is in agreement with the new sugar subsidy scheme proposed by the Food Ministry which is linked to production of sugar cane.

The new scheme is to replace export subsidies that are disallowed under World Trade Organisation (WTO) rules and have given the country a lot of trouble recently at the multi-lateral forum.

"We have gone through the cabinet note circulated by the Food Ministry and given our green signal to the new sugarcane subsidy scheme which seems to be in tune with WTO norms," a Commerce Ministry official told Business Line.

The Food Ministry has circulated a cabinet note for inter-ministerial comments on the new scheme reportedly proposing direct payment of ₹47.50 a quintal to growers out of total cane price of ₹230 as production subsidy for 2015-16 season.

"As long as sugar subsidies are linked to production and India can prove to WTO members that it has no connection with exports, these cannot be challenged," the official said.

However, the government has to ensure that total production subsidies to cane growers do not cross 10 per cent of the value of sugar production – another stipulation under the WTO.

The subsidy will be paid directly to farmers that supply sugarcane to mills that not only produce sugar but also ethanol and electricity, according to the proposal.

The Cabinet Committee on Economic Affairs (CCEA) is likely to take up the proposal soon, the official said.

For the last two years, the Food Ministry has been announcing export subsidies for raw sugar leading to a lot of flak at the WTO. The subsidies were announced mainly to reduce the domestic glut and help millers pay cane arrears to farmers which stood at ₹14,000 crore at the end of August.

In February this year, the government raised the export subsidy for raw sugar to ₹4,000 a tonne for the 2014-15 season for up to 1.4 million tonnes (mt) of sugar, leading to a lot of protests from sugar exporting countries.

Fearing that India may be dragged to dispute by one of the agitating members at the WTO, the Commerce Ministry advised the Food Ministry not to extend sugar export subsidies in the new sugar year that started in October and instead come up with a WTO-compatible scheme.

There is a carryover stock of about 10.2 mt of sugar this season (started October) because of supply outstripping demand, according to industry estimates.

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India top trade facilitation performer in South Asian sub-region: UN report

Live Mint

New Delhi, October 23, 2015: In its first global report on implementation of measures to simplify import, export and transit procedures, the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), together with all four other UN regional commissions, has said that India is top trade facilitation performer in South Asian sub-region, while Singapore and Korea lead East Asia in moving goods effectively.

The UN survey report which provides data for 119 countries and serves as a useful basis for benchmarking and monitoring trade facilitation performance has said that India tops the South Asian sub-region, with Russia and Turkey leading in Europe and Central Asia. The top trade facilitation performer among these economies is the Netherlands.

According to the new report, the global average implementation rate of the ambitious set of trade facilitation measures considered in the report is about 53 percent. Developed economies average more than 75 percent implementation, while Pacific Island developing economies barely reach 26 percent.

The report outlines the extent to which key measures of the recent WTO Facilitation Agreement are currently being implemented, showing that a significant number of developing economies, particularly in East Asia, Latin America and the Caribbean, have already acted on many of the commitments associated with the arrangement. As highlighted in the report, accelerating implementation of paperless trade measures will be crucial to reducing trade costs.

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Macroscope: India's exports need policy upgrades

Rohini Malkani. Financial Express

October 21, 2015: One of the key highlights this fortnight on the macro front was the annual jamboree of the IMF-World Bank. Discussions focused on the transitions unfolding in the global economy and need for 'policy upgrades' to respond to them. While deliberations on China's growth model, Fed lift off and lower commodity prices have been well documented, an interesting takeaway was a call for 'policy upgrades' both at the individual country level and collectively at the international level to address these transitions. As IMF chief Christine Lagarde stated, these 'policy upgrades' should include advanced economies giving due consideration to spillover risks, emerging economies addressing debt build-up and a restart of the stalling engine of global trade.

My previous column (FE, October 7) analysed the impact of the transition in the China growth model moving away from investments and exports to services and consumption, where we concluded that India was relatively less impacted but given that it is a capital dependent economy, there remains no room for complacency. Today, we look at the evolving global trade dynamics given that it is one of the 'policy upgrades' that officials are focusing on as most of the growth downgrades have been due to lower external demand.

Interestingly, just prior to the IMF-WB meetings, the World Trade Organization cut its growth estimate for world merchandise trade volume from 3.3% to 2.8% in 2015, which, if realized, would mark the fourth consecutive year in which annual trade growth has fallen below 3%. As stated by WTO, it would also be the fourth year where trade has grown at roughly the same rate as world GDP, rather than twice as fast, as was the case in the 1990s and early 2000s. This then leads to the debate whether the trade slowdown is cyclical or structural.

Taking a quick look at that, with EM exports being in the red for the last 9-10 months, there has been a lot of discussion whether the contraction is all cyclical or if there is a structural element to it as well. Recent studies indicate that apart from a cyclical element of lower global demand impacting trade, there is a structural element—a breakdown in global value chains (GVC), i.e., trade in intermediate goods that serve as inputs for subsequent re-exports. As stated by the IMF, this is reflected in declining elasticity of world trade with respect to GDP which is currently at 0.7 versus 1.5 during 2001-2007 and a high of 2.2 between 1986-2000.

While acknowledging that exports have not hitherto been India's key growth driver, India's merchandise exports have been in the red for nearly 10 months, with the decline steeper than its Asian counterparts (September exports are down 24%). While part of this is attributed to commodity-linked exports (oil, metal, ores and food), the contraction is broad-based, impacting non-commodity sector such as engineering goods, textiles and gems & jewellery. On a destination basis, while exports to the US and Europe have held up, there has been a deceleration in exports to Asia and the Middle East.

While Indian exports play a smaller role in the global value chain, the weakness in global trade appears to be primarily driven by lower commodity prices and subdued global demand. The trade data suggests that Indian exporters are finding it difficult to gain market share in an environment where the rupee has held up relatively better than its peers in a world with significant global excess capacity. Key to note is that the overall trade deficit picture remains benign as 17% fall in exports so far this fiscal is accompanied with a 14% fall in imports, resulting in a narrowing of the trade deficit.

So, what are the potential 'policy upgrades' needed on the export front? Apart from the conventional approaches to improving the ease of doing business in terms of better infrastructure, taxation policy, labour etc, the focus should be on:

n the Make-in-India initiative, especially given India's advantage in terms of democracy, demography, and demand, whereby the country develops manufacturing capabilities to cater to domestic as well as international demand; however, given the slowdown in the global economy, one should be cognisant of the need to not focus on sectors seeing a build-up of excess capacity,

* addressing the skills gap to help consolidate service exports,

* and, last but not the least, a re-look at the country's policies on regional trade agreements, especially with the signing of the Trans-Pacific Partnership (TPP). Interestingly, a Peterson study by Fred Bergsten indicates that if China and the rest of APEC join at the second stage of a TPP that continues to exclude India, India would lose $50 billion annually. But if it joins, the gains would be very significant, around $500 billion a year! India faces critical choices, and its decisions would have far reaching consequences on its trade linkages with the world economy.

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India, Russia decide to triple bilateral trade by 2025

Financial Express,

Moscow, October 21, 2015: India and Russia have discussed ways to boost their economic ties and triple their bilateral trade to USD 30 billion in the next decade.

External Affairs Minister Sushma Swaraj and Russia's Deputy Prime Minister Dmitry Rogozin, chairing the 21st India-Russia Inter-Governmental Consultations on Wednesday, also looked at ways to enhance the mutual direct investment to USD 15 billion by 2025.

Both sides identified various sectors to achieve these commercial targets, agreed upon by Prime Minister Narendra Modi and Russian President Vladimir Putin during their summit meeting last year.

Bilateral trade in 2014 amounted to USD 9.51 billion, with Indian exports touching USD 3.17 billion and imports from Russia stood at USD 6.34 billion.

Agriculture, pharmaceutical and infrastructure were some of the areas identified by both sides to strengthen their economic engagement.

While economic agenda was one of the focus areas in the consultations today, the other areas deliberated upon were space, energy, culture and science and technology.

Officials said India also reiterated its commitment to work towards having 12 Russian nuclear plants as was agreed between Modi and Putin.

Russia is an important partner for India in peaceful uses of nuclear energy.

Earlier, Swaraj interacted with top Russian Indologists.

The Indologists briefed her about their work including translations of the Ramayana and the Mahabharata as well as teachings of Indian languages.

In her remarks, Swaraj said the hallmark of Indian literature and culture has been respect for all points of view.

"From translations of Ramayana and Mahabharata to Rabindra Sangeet and teaching of Indian languages, Russian Indologists briefed the External Affairs Minister on their work," spokesperson in the Ministry of External Affairs Vikas Swarup said.

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India eyes $144b trade with Africa in 5 yrs

KA Badarinath, Financial Chronicle

New Delhi, October 29 2015: Prime Minister Narendra Modi will unveil the government's Africa-centric policy push on Thursday, aimed at strengthening trade and investment relations. It would also forge a common agenda to pursue reforms aggressively in global multilateral bodies, including United Nations, World Bank, IMF as well as focus on climate change.

The prime minister will make India's Africa focus policy statement on Thursday at the third Indo-Africa summit, the largest meeting of prime ministers and presidents in India during the recent past. Apart from raising the pitch for India's larger role in global development and economic affairs, the prime minister may target doubling the country's investments to $64 billion in the next five years in the world's largest continent with special focus on the energy sector.

India's bilateral trade with the African continent is pegged at $ 75 billion, making it the third largest trading partner for Africa after European Union and China.

He is expected to push for doubling the India–Africa trade engagement to $144 billion from the prevailing $72 billion during the next five years. Both nations will work on a common agenda for engagement through 'an outcome document' to be issued later on Thursday. This also assumes significance in the backdrop of the scheduled China–Africa summit in December this year. China's trade engagement with Africa is pegged at $200 billion.

In a measure to beef up the Indo-African engagement, the prime minister met with 20 presidents and prime ministers at bilateral meetings, flagging issues for the two sides. Modi also hosted a state dinner for visiting heads of the states, which was ignored by leaders from the Congress party.

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India's trade with LAC region rises 9-fold to $49.1 billion

Financial Express

October 16, 2015: India's total trade with the Latin America and the Caribbean (LAC) region has increased more than nine-fold to USD 49.1 billion in 2014 from USD 5.2 billion in 2005, Export-Import Bank of India said today.

Country’s total exports to LAC rose more than five-fold to USD 15.5 billion in 2014 from USD 2.8 billion in 2005, the bank said. Total imports have also increased significantly to USD 33.6 billion from USD 2.4 billion during the same period. As a result, India’s trade balance with LAC which stood at a surplus of USD 0.5 billion in 2005, has turned into trade deficit of USD 18.1 billion in 2014, the Exim Bank added.

The bank said that it has identified the potential items for India’s exports to select countries in the LAC region, which broadly includes machinery, electrical and electronic equipment, transport vehicles, optical, iron and steel, photographic and medical apparatus, among others.

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Safeguard duty fails to curb steel imports

Ishita Ayan Dutt

Kolkata, October 21, 2015: The safeguard duty imposed by India a month ago on steel imports has had limited impact, except for a price increase of Rs 1,000 a tonne. Imports have maintained an upward trend and even inventory levels continued to remain high.

The government had imposed a 20 per cent import duty on certain products for 200 days from mid-September.

Total imports in the first half through September were 5.93 million tonne (mt), up 42 per cent; imports from Japan and Korea were up 80 per cent and 77 per cent, respectively.

China accounted for 1.59 mt of imports. Hot rolled coil (HRC) imports have increased from 1.59 mt to 2.91 mt, up 83 per cent. Here again, China, Japan and Korea together accounted for 2.25 mt, up by 88 per cent. Japan’s share was up by 135 per cent and Korea’s up by 220 per cent. Inventory levels were also at a higher level than during March-end.

A recent Icra report says, “Following the imposition of the duty, the differential between domestic and international HRC prices had reduced significantly and the domestic prices were now largely aligned with imported steel prices. However, international HRC prices have declined further by around five per cent after the duty was imposed, which along with weak domestic demand conditions and prospects of further capacity addition in India in the near term were likely to keep domestic prices under check.”

JSW Director-Commercial & Marketing Jayant Acharya said without the duty the situation would have been far worse. “Supply will get limited. The problem is, China has again reduced prices and so did Japan and Korea. So there is a neutralisation impact,” he added.

“September imports are in line with August but typically there is a lag in impact,” a steel producer pointed out.

But the industry has now come up with the demand of extending the safeguard duty to the entire value chain. “If it doesn’t happen, the next target will be cold rolled products. Imports of colour coated products have already gone up significantly,” Acharya said.

The government has also taken steps to boost infrastructure, which could help increase the demand.

The Icra report said while growth remained steady at upwards of six per cent during the first three months, it declined to 0.5 per cent in July 2015, indicating that the sustainability of demand improvement was still uncertain. Domestic steel production growth declined to 1.3 per cent during the period April-July 2015 from 3.3 per cent registered in FY15.

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Customs duty on wheat increased to 25%

Sharad Raghavan, Financial Chronicle

New Delhi, October 19, 2015: Falling international wheat prices have prompted the government on Monday to increase the basic customs duty on the grain to 25 per cent till the end of this financial year.

“In view of the continued fall in international prices of wheat and the anticipated adverse impact of increased imports during the first half of this financial year, basic customs duty on wheat has been increased from 10 to 25 per cent for a period up to 31.03.2016,” the government said in a notification.

The new rates are effective from October 19. International wheat prices have fallen considerably over the past year. The price of wheat in the U.S. was $216 a tonne on October 16, which was -25.7 per cent of what it was a year previously.

Presumably, it is to protect Indian farmers against these cheaper imports that the government has raised the customs duty on the crop.

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Anti-dumping duty on 4 Chinese items

Times of India

New Delhi, October 22, 2015: The impact of excess capacity in China following an economic slowdown is showing in India with the government rushing in to impose anti dumping duty on at least four products from across the border as well as some other countries.

Although India is among the most prominent users of the an ti-dumping tool -allowed by the WTO as a check against a flood of cheap imports that hurt the domestic industry -it is not very common that the government notifies levies on four pro ducts on the same day . In recent weeks, it has been forced to take defensive measures, such as the safeguard duty on some steel products, and revenue secretary Hasmukh Adhia went to the extent of publicly stating that industry should explore protection through these measures instead of rushing to the government seeking an increase in import duty. Anti-dumping and safeguard duties are imposed following an enquiry by independent directorates. Based on the findings of the Directorate General of Antidumping and Allied Duties, the finance ministry notified anti-dumping duty on the four products from Wednesday.

Definitive anti-dumping duty has been levied on imports of "plain medium density fiber board of thickness 6 mm and above" originating in or exported from China, Malaysia, Thailand and Sri Lanka. A similar levy has been imposed on "front axle beam and steering knuckles meant for heavy and medium commercial vehicles" shipped from China.

Then, definitive anti-dumping duty has been levied on imports of "hexamine" from China and the UAE as well as on "all fully drawn or fully oriented yarn spin drawn yarn flat yarn of polyester (non-textured and non-POY)" originating in or exported from China and Thailand. The duties would be valid for five years, an official statement said.

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Aluminium Import Duty May be Doubled to 10%

Vikas Dhoot, Economic Times

New Delhi, October 26, 2015: The government is considering a move to double 5% import duty on aluminium in a bid to salvage. 1.2 lakh crore of bank-financed capex investments by domestic players like Vedanta and Hindalco, and protect the 7.5 lakh jobs jeopardized by cheap imports that have captured well over half the market.

Layoffs and plant shutdowns are already underway and more job cuts are on the anvil with the industry operating at just 49% capacity in 2014-15 amid a sharp slump in global commodity prices that has brought aluminium prices down 30% in three years. Warning of an adverse impact on the Modi government's `Make in India' drive if this trend continues, CEOs of aluminium producing companies have sought an urgent intervention from finance minister Arun Jaitley, commerce minister Nirmala Sitharaman

and ministries of coal and mines. The mines ministry is likely to make a proposal to the finance ministry that import duty on aluminium be raised to 10%.

“The aluminium industry is facing an alarming scenario as all the producers, including Balco, Nalco, Hindalco and Vedanta, are running up cash losses after making heavy investments to raise capacity. They are going in for cost cutting and retrenchments and may lay off more workers to survive as they are projected to make losses this year,“ Mines Secretary Balvinder Kumar told ET, adding that contract workers are also affected with imports surging from China by 200% in the four years since 2011.

“We are thinking of recommending to the finance ministry that an additional 5% duty be imposed on aluminium imports to take the effective duty to 10%,“ Kumar said, after top CEOs from the sector, including Vedanta group CEO Tom Albanese, met top government mandarins in separate meetings to make their case, stressing that all major nations had raised duties and internal support to curb cheap aluminium imports from China that is sitting on surplus capacities.

The producers are also making a pitch for anti-dumping safeguards, recently imposed on steel imports, claiming that the aluminium sector is in a much more precarious position as imports now account for 56% of domestic demand, compared with 15% in steel.

Vedanta-run Balco, where the government still holds a strategic stake, has already pulled the shutters on its rolling mill unit in Korba, Chhattisgarh, laying off about 750 workers. Vedanta's alumina refinery in Lanjigarh is operating at 50% capacity and could be the next one to shut, said an industry official, leading to the loss of more jobs.

“Indian producers have invested `. 1.2 lakh crore to ramp up capacity from 2.1million tonne per annum (mtpa) to 4.1 mtpa, which is now in jeopardy with a double whammy of crashing prices and dumping that has led to the domestic market being dominated by metal and metal scrap imports,“ said a representative of the Aluminium Association of India, arguing that the sec tor is hit by idle capacities and financial distress.

The industry has sought a 10% duty on imports of both aluminium (from 5% currently) and aluminium scrap, where the duty is 2.5%. Duty on all other non-ferrous metal scrap like copper, lead, nickel, tin and zinc is at par with the prime metal, it has argued.

Separately, each producer is building a case for slapping anti-dumping safeguards on aluminium imports, stressing that the sector is in bigger trouble than steel, on which anti-dumping duties were recently imposed. An industry official told ET that Vedanta had already submitted product-wise import data for this exercise to the Directorate General of Anti-Dumping and Allied Duties under the commerce ministry, while Hindalco is also about to do the same.

Citing instances of Brazil and Russia, where the import duty on aluminium has been raised to 20% and 10% respectively, the industry has also pointed out the explicit government support through different sops to aluminium mak ers in China, the US and West Asia that make it difficult for Indian producers to compete.

“In India, by contrast, producers are facing higher freight costs (up 25% since 2013), higher energy costs (up 39%-51% since 2013-14) and the clean energy cess that has alone raised costs by Rs 2,300 per tonne of aluminium,“ said an industry official.

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Govt showers duty benefits to arrest slump in exports

Business Standard

New Delhi , October 31, 2015: The government on Friday extended duty incentives under the Merchandise Exports from India Scheme (MEIS) to 110 products, including sports goods and medical equipment. The move, which will further hit the exchequer by Rs 3,000 crore, is aimed at arresting a fall in merchandise exports, which declined for the 10th consecutive month in September. The Centre, however, didn't announce interest subvention, as sought by exporters.

Through the MEIS, introduced by the Ministry of Trade and Commerce on April 1 this year, a certain percentage of the value of exports can be used to offset various duties, including customs, service tax and excise duty. Though the government retained this at two-five per cent, it increased the rate for some items such as industrial machinery, machine tools, textiles and paper.

It has also extended the countrywide coverage to items such as iron, steel, base metals and leather products, while global coverage has been accorded to commodities such as textiles, pharmaceuticals, auto components, computers and electrical products. As many as 2,228 products would get either higher MEIS rates or these incentives for export to more countries.

Federation of Indian Exports Organisation (FIEO) President S C Ralhan said the new items added to the MEIS list contributed about $10 billion to exports a year, or about three per cent to the overall value of exports. Now, the exports for which MEIS is applicable would account for about 55 per cent of the overall exports in a year, he added.

A few value-added items, especially in the agriculture sector, should also be considered, he said.

FIEO Director General and CEO Ajay Sahai said the move would cost the exchequer Rs 3,000 crore as allocations under MEIS has been raised to Rs 21,000 crore from Rs 18,000 crore. However, it would also add to the forex reserves of the country as exports increase, he added.

Introduced as part of the Foreign Trade Policy 2015-20, MEIS provides product and market-focused incentives for 4,914 tariff lines. Now, the scheme would be available to 5,010 products.

Termed MEIS duty credit scrip, the reward can be transferred or used to pay a number of duties, including customs duty and service tax.

In September, merchandise exports contracted 24.3 per cent to $21.84 billion, the steepest fall in 75 months.

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Exports fall for 10th straight month, down 24% in Sept

Business Standard

New Delhi October 16, 2015: India's merchandise exports fell for the 10th consecutive month in September this year. During the 2008-09 global financial meltdown, the decline was for nine months in a row.

Exports contracted 24.3 per cent, the steepest in 75 months, to $21.84 billion in September, against $28.86 billion in September 2014, according to data released by the commerce department on Thursday.

Besides a global slowdown, the severe fall is attributed to a decline in global commodity prices. Exports had last recorded growth in November 2014, rising 7.27 per cent year-on-year.

Among high-value export items, refined petroleum products plummeted over 60 per cent in September year-on-year, engineering goods almost 23 per cent and electronic goods over 16 per cent. According to exporters body Federation of Indian Export Organisations (FIEO), just six items out of 30 for which data is available showed growth in September, against seven in August. For September, imports declined 25.4 per cent to $32.32 billion, compared to $43.34 billion in the year-ago period.

As such, the trade deficit for September stood at $10.48 billion, lower than the deficit of $14.25 billion in September last year. For August this year, the deficit stood at $12.48 billion.

For the first half of this financial year, exports stood at $132.09 billion, while imports were worth $200.9 billion, a trade deficit of $68 billion. Exports were down 17.6 per cent during the period year-on-year, while imports over 14 per cent

India's oil imports stood at $6.62 billion in September this year, 54.53 per cent lower than $14.57 billion a year ago. For the April-September period, oil imports stood at $48.12 billion, 41.58 per cent lower than the oil imports of $82.37 billion in the year-ago period. Non-oil imports in September were estimated at $25.69 billion, 10.68 per cent lower than $28.76 billion in September 2014. This is attributed to the slow growth in the domestic industrial sector.

For April-September, non-oil imports stood at $15.28 billion, a 0.72 per cent rise compared with $151.71 billion in the year-ago period.

After a huge rise in previous months, gold imports declined 45.62 per cent to $2 billion in September from $3.8 billion a year ago. Non-oil non-gold imports declined 5.2 per cent to $23.7 billion from $25 billion. This category of imports is taken as a broad proxy for demand of imported industrial products in the economy. This meant the demand refused to perk up, posing a question mark over sustainability of industrial growth, which rose to a near three-year high of 6.4 per cent in August.

Meanwhile, the government is yet to restore three per cent interest subvention for exporters, which expired in March 31.

"Overall, we expect exports to remain weak in the coming months on account of a subdued global demand scenario," said Richa Gupta, senior director, Deloitte In India.

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India falls back in global apparel trade

Sangeetha G., Financial Chronicle

October 20 2015: India's share in global apparel trade is unlikely to increase significantly over the long term unless the structural challenges which constrain the industry are addressed, finds industry body ICRA.

The fragmented nature of the industry with low levels of modernisation, high costs of production and limited presence in man-made fibre apparels are the main factors which have constrained the growth in India's apparel exports.

The share of India in global apparel trade remained low with 4 per cent in calendar year 2014 which has increased only marginally from 3 per cent in CY 2004, despite removal of quota system from 2005.

India is the world's sixth largest apparel exporter after China, Bangladesh, Italy, Germany and Vietnam and the share of India in global apparel exports has remained modest over the last decade at 3 to 4 per cent despite India being one of the world's largest cotton producer with world's second largest spinning and weaving capacity.

The global apparel trade industry is extremely competitive and price sensitive which is reflected in a modest increase in the average realisation of apparel exporters during the last decade, which is in contrast to relatively higher increase in the fibre costs apart from the increase in the cost of labour, power and other manufacturing costs.

The average price of apparel imported by US has been flat at $3 per square metre over the last decade, while the average realisation of apparel imports by EU had increased at a modest CAGR of two per cent over the last decade to €16/kg.

Given the flat to modest increase in the average apparel realisation in the backdrop of increasing cost, countries with benefits of economies of scale and abundant availability of cheap labour, such as China, Bangladesh and Vietnam have been able to garner a larger share in the global apparel exports over the last decade, said Rohit Inamdar, senior vice president, ICRA.

The fragmented nature of the weaving, processing and garmenting industries with its low levels of modernisation and higher cost of production, combined with modest share of MMF apparels and reliance on imported machinery across the textile chain have been the key factors which had constrained the growth in the India's apparel exports.

India's downstream sectors in the textile industry like weaving, processing and garmenting have not been able to derive benefit from the government's Technology Upgradation Fund Scheme (TUFS).

"When it comes to yarn, most spinning mills are facing working capital crunch with subsidies under TUFS still pending. Since 2010, subsidies amounting to Rs 3000 crore have been pending and the incentive under the focus market scheme has been withdrawn," said K Selvaraju, secretary general, South Indian Mills Association.

The government's earlier policy of reserving the sector for the smallscale units which had specified cap on investments in plant and machinery had been one of the reasons for the fragmented nature of the industry. These factors have also resulted in low quality and higher cost of end products such as fabric and garments than that of other major exporting countries.

"In the case of garments and apparels, Indian exporters have to pay 16 per cent import duty while shipping to its largest market Europe, while competitors like Cambodia, Vietnam and Pakistan enjoy zero per cent duty.

"Indian exports will grow significantly if the country signs a free trade agreement with the Eurozone. The industry has been asking the government this for quite some time now," said D K Nair, secretary general, Confederation of Indian TextileIndustry.

While the domestic apparel industry is mostly accounted by manmade fibre apparels, exports are mostly concentrated towards cotton apparels. High domestic prices for MMF as compared to international prices (due to trade restrictions), differential excise duty on MMF vs cotton and unavailability of the TUFS benefits to the MMF sector are other factors constraining the industry participation and growth of MMF apparel sector.

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Slow China demand hits jewel exports

Sangeetha G., Financial Chronicle

October 20 2015: Despite the US market picking up, gem and jewellery exports could come down by 15 per cent this year as the China demand has hit global trade. Rough diamond imports are down 26 per cent till September.

“Rough diamond imports are at the lowest level since 2008. The processing industry is unable to sell out old stocks and the inventory holding time too has got longer,” said Praveenshankar Pandya, chairperson, Gem and Jewellery Export Promotion Council.

As per the export-import data for the period between April and September this year, rough diamond imports are down 26 per cent and exports of gem and jewellery is down by 19 per cent.

“When the US market was down since 2008, it was China which kept the demand stable. China buys almost two-third of what we export to Hong Kong and Hong Kong used to account for almost 40 per cent of the India’s gem and jewellery exports, moving up above the US in the tally,” he said.

Due to the slower demand from China, Hong Kong’s share of exports have come down by 30 per cent, despite the country trying to sell more to other markets in the Far East. Europe too has not picked up as was expected.

Lesser import of rough diamonds too has led many of the smaller and family-based processing units to cut down shifts and workforce, he said.

“Around this time of the year, the manufacturing units would be working over-time and this year many of them are finding it difficult to run one shift,” Pandya added.

The industry has asked interest rate subvention and incentives under the market access initiative scheme to ease the pressure on the manufacturers. The industry is also persuading miners to sell rough at lower rates.

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FY'15 witnessed highest import of coal in India at 212.103 million tones

Financial Express

New Delhi, October 20, 2015: India, the world's third largest producer of coal, imported 212.103 million tonnes (MT) of dry fuel worth over Rs one lakh crore in the last fiscal, the highest ever in terms of value and quantity.

The coal imports in the financial year 2014-15 were at 212.103 MT, an increase of 27 per cent over the previous year, the provisional coal statistics of 2014-15 released by the Coal Ministry said.

Of the 212.103 MT of coal (worth Rs 1,04,524.1 crore), the non-coking coal import was 168.388 MT, while coking coal import was 43.715 MT, it said. The coal import during 2013-14 was at 166.857 MT (Rs 92,329.2 crore) while in 2012-13 it was 145.785 MT (Rs 86,845.5 crore) .

In 2011-12, the country imported 102.853 MT (Rs 78,837.6 crore) of coal while in 2010-11, the import stood at 68.918 MT (Rs 41,549.6 crore).

In 2009-10, 73.255 MT of coal (Rs 39,180.0 crore) was imported and in the previous fiscal 59.003 MT (Rs 41,340.8 crore) of coal was imported.

Coal Secretary Anil Swarup yesterday said that coal imports dropped by 27.16 per cent to 12.6 MT in September from a year-ago period on the back of rise in domestic production.

Coal India accounts for over 80 per cent of the domestic coal production and is targeting one billion tonnes of coal production by 2019-20 fiscal.

The government had earlier said it was expecting that one billion tonne output target will enable it to stop imports of thermal coal in two and a half years, which will soften pressures on current account deficit.

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Diversify services to boost exports

Jayanta Roy. Business Standard

October 24, 2015: The current trade landscape is defined by integrated production networks that combine intermediate goods and services from several countries to produce final goods and services. Global fragmentation of production is essentially a division of labour based on specialised tasks that need to be combined by the means of an efficient supply chain. Thus, the focus on export expansion now is to connect to regional and global supply chains.

India must focus on trade reform that diversifies services beyond information technology and IT-enabled services. Indian trade policy in services became IT-centric with an over-emphasis in its trade negotiation priorities on Mode 4 (or liberalisation of the movement of people), a critical demand of the Indian IT lobby. In doing so, it did not focus on the barriers preventing the take-off of other services such as behind-the-border regulatory restrictions on accounting, legal, engineering, architecture, or health-related professional services in partner countries.

Global trade in off-shored services is becoming increasingly about trade in tasks, i.e. carrying out specialised functions within the broader accounting or legal service professions. With the emergence of big data as a driving force of innovation and business development, data analytics and management will emerge as a huge area of opportunity in professional services exports for India.

Trade barriers related to regulatory constraints on undertaking certain types of legal or accounting tasks offshore, and barriers related to the emerging issues in data privacy and data restrictions are now the areas of maximum concern for the future growth of off-shore professional and technical services (i.e. BPOs). This requires urgent domestic regulatory reforms of the services sector in India (business facilitation) and negotiation of such trade barriers within trade agreements.

Needless to say, such negotiations are by definition WTO-plus, and India's negotiating paradigm in services would have to shift from the traditional focus on Mode 4 minus the deep dive into regulatory barriers that effective market access for such professional and technical services requires.

Agreements like the TPP are discussing such trade matters. India cannot afford not to engage on these topics with major trade partners. The question remains, as mega-agreements like the TPP and TTIP take off, and almost all of India's major competitors in professional and technical services join these negotiations. India cannot afford to remain a bystander.

In the new architecture of services we need to focus on task-based value chains in professional services in the following areas:

- Accounting, engineering, architecture, design, product development, legal and medical services that are globally delivered, combining tasks being done by professionals in various locations
- Each of the above have discrete tasks within the profession that can be outsourced; for e.g. recording book entries, cleaning of accounts, analytics, tax-related assessment can all be

unbundled to provide the final audit services. Trade policy must ensure maximum market access for all tasks within the profession, and recognition of Indian qualifications

- The analytics of big data, a huge emerging opportunity, will have its own skill-based value chain, with tasks ranging from basic quantitative assessment and presentation to the most advanced statistical and mathematical analysis.
- Tasks in social media and animation will move away from pure media and entertainment to multiple uses ranging from training, education, and real-time instruction modules for decentralised manufacturing manuals for various products. This will create a range of professional services tasks.

The new trade policy priorities in services should embrace:

- Data protection and privacy issues that can emerge as barriers: need to engage our main trade partners through twenty-first century trade agreements such as TPP and TTIP
- Certification and qualification recognition with major partner countries (this can be done even outside trade agreements, but a strong mandate and cooperation are needed between the ministries of commerce and industry, human resource development, and corporate affairs).
- India must be prepared for tariff barriers to digital trade to emerge. Technologies to monitor a firm's use of digital inputs, or declare the professional services it sources from abroad will be developed, and such inputs can be differentially taxed.

We also need to reduce transaction costs of services delivery from India associated with the high cost of electricity and 24/7 availability; cost of communication; ensuring physical security and availing certification of security and quality from foreign accredited organisations. This will enable India to provide a new generation of services that are linked to manufacturing in the global value chains. Some examples are:

- Repair and return
- Virtual maintenance: online guide with self-help tools
- Digital monitoring of engines
- Computer-aided design
- Computer-aided manufacturing
- Virtual medicine

For its success we need liability regimes in areas like maintenance, digital monitoring and virtual medicine. We also require trade facilitation that allows expedited movement of materials in and out of India for services components to service manufactured goods, as in repair and return.

For expanding exports of services we need to immediately create a skill pipeline. The changing landscape of IT and ITES requires far greater emphasis on a diverse range of expertise and domain knowledge than mere programming that call-centres ask for. The government will have to come up with a strategic vision that can convert India's large output of natural science, arts, and commerce graduates into employable resources. The private sector or the government working alone cannot do it; success will only come with the two working together. Government would also have to work with the over 1,000 private engineering colleges that over-emphasise programming and coding at the expense of hard-skills in engineering, and help re-orient them to meet the changing demands of industry.

India with its very dynamic professional services sector is well placed on data management and the 'servicification' of global manufacturing with its emphasis on customisation, technical support and after-sales service. India, with the right policies in place, can ride this wave to create an entirely new generation of skilled citizens that drive forward export growth and employment opportunities for the next several decades.

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