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Silver import to set a new record in 2015

Silver imports are likely to set a new record this calendar year due to rapid change in consumer preferences from imitation jewellery and artifacts made of…

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Tel: 91-11-26965124, 26965300, 26966360 Ext-725,710 Fax: 91-11-26853956 Email: cws@iift.ac.in
The Centre for WTO Studies was set up by the Department of Commerce, Government of India in 1999. The intent was to create an independent think tank with interest in trade in general and the WTO in particular. The Centre has been a part of the Indian Institute of Foreign Trade since November 2002. The Centre provides research and analytical support, and allied inputs to the Government for WTO and other trade negotiations. The Centre also has its own body of publications, and conducts outreach and capacity building programmes by organizing seminars, workshops, and subject specific meetings to disseminate its work, create awareness on recent trade topics and build consensus between stakeholders and policy makers.

WTO: uncertainty clouds Nairobi meet outcome
Amiti Sen, The Hindu Business Line

Nairobi, 16 December 2015: Clear battle-lines have been drawn at the World Trade Organization's (WTO) on-going trade ministers' meet at Nairobi between developed members and developing countries on the future of the Doha development round and introduction of new issues, with a cloud of uncertainty hovering over the outcome of the Ministerial meeting.

"Apart from the future of the Doha round, no convergence has also been reported on the issues of special safeguard measures, food security and export competition, despite efforts made by the negotiating group on agriculture to reach some middle-ground," an official monitoring various meetings at the Nairobi meet said.

Speaking at the plenary session of the meet on Wednesday, trade ministers from both India and China — the two important countries that could determine the fate of the Nairobi meet —lashed out against members rooting for the closure of the Doha development round cherry-picking issues such as export-competition and bringing in new issues not part of the Doha mandate.

WTO Director-General Roberto Azevedo met Commerce and Industry Minister Nirmala Sitharaman after the plenary session to discuss ways in which a break-through could be reached on the sticky issues between developed and developing countries.

An informal meeting of all trade ministers was also called by the WTO to devise ways out of the log-jam.

Developed country members are holding on to their views that since the Doha round has not delivered much in 14 years, it was time to move on and hold talks under a new round which could include new issues such as investment, competition policy, government procurement and environment, the official said.

"It is regrettable that longstanding issues of interest to a large number of developing countries strongly pushed by the G-33, such as an effective special safeguard mechanism for developing countries and for changing the rules relating to public stockholding for food security purposes, are being put aside for the future and new issues of recent vintage are being taken up with unusual enthusiasm," Sitharaman said at the plenary session.

No convergence

The Minister said that while ‘export competition’, an issue of interest to a few farm lobbies such as Australia, the EU and Brazil that want all subsidies to be dismantled, was being pushed as a strong deliverable at Nairobi without any convergence on the matter.

The Chinese Trade Minister Gao Hucheng, in his address, said that there was no basis for some countries to talk about new issues, without concluding the development issues of the Doha Development round launched in 2001.

“If we throw away what we have been discussing for the last 14 years, what will it say about the credibility of the multilateral body,” he asked, adding that the right to development was a basic human right and needs to be respected.

The representative of the African Group, the trade minister from Lesotho, in his speech, said that the developed countries should not internationalise their domestic rules.

He added that if the Nairobi ministerial meet did not take political calls on deliverables for the poor, it would be a betrayal of the faith of poor farmers.

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India stands firm on safeguard measures for farmers

Amiti Sen, Hindu Business Line

Nairobi, 16 December 2015: The give and take at the on-going World Trade Organization’s (WTO) ministerial meet in Nairobi has begun in full earnest with India taking a strong stand on special safeguard measures (SSMs) to protect farmers against import surges and linking it to an agreement on export competition being pushed by a host of developed countries and farm lobbies including Australia, New Zealand, the EU and Brazil.

“We cannot have an agreement on export competition without having an agreement on SSMs. It was made clear to all members at the open session on agriculture here,” an official involved in the negotiations told Business Line.

New Delhi will also not agree on the tough disciplining measures that farm exporting nations have suggested as part of ‘export competition’ on exports by public sector bodies such as NAFED, MMTC and TRIFED, the official added. Such restrictions would make it difficult for public sector enterprises to carry out procurement operations for export purposes.

Permanent solution sought

“We also do not want the subsidies that we are allowed for transport and marketing to be phased out,” the official said, adding that the country was continuing to push for a ‘permanent solution’ for calculating farm procurement subsidies in a way that these do not get considered as farm distorting.

Lesotho’s trade minister, who has been appointed as the head of the agriculture negotiations group, is holding discussions with all interest groups to arrive at a draft agreement on issues including export competition, SSM and public stockholding.

“The SSM is important for developing countries to address import surges and price dips due to heavily subsidised imports of agricultural products from developed countries. All we are seeking now is an instrument that has been available to a select few for over two decades. We expect the membership to engage constructively on the issue so that we can arrive at an outcome in Nairobi,” Commerce Minister Nirmala Sitharaman said at the open session on agriculture on Wednesday.

Getting an SSM is important for India because there are items such as poultry and dairy where its applied tariffs is almost the same as its bound rates (tariff ceiling already agreed to) and it needs additional protection against import surges.

Export competition, which was originally supposed to target all export subsidies, is now being diluted to pander to the needs of countries such as the US and Switzerland, the official said.

The Minister, in her statement, pointed out that efforts were being made to cherry pick issues from within the export competition pillar and further to dilute the provisions to suit a few members.

"At this late hour new definitions and language are being proposed. It is not possible to react to these new concepts without extensive domestic consultations," she said.

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History will judge WTO poorly if Nairobi talks fail: India

Arun S, The Hindu

Nairobi, 16 December 2015: Warning that history will judge the ministers, from the WTO's 162 member countries, poorly if the ongoing Doha Round talks' outcomes — meant for a deal to liberalise world trade — perpetuate inequities, India has urged all nations not to overload the current agenda with "new issues" as there are still many outstanding matters such as protection of poor farmers' interests and food security rights.

Speaking on Wednesday at the Plenary Session of the Nairobi Ministerial Conference of the World Trade Organisation (WTO), the body dealing with global trade rules between nations, Commerce Minister Nirmala Sitharaman, indirectly referring to alleged attempts by rich countries to impose artificial deadlines for the Doha Round's conclusion, said: "The manner and haste with which important negotiating meetings are being convened does not inspire confidence."

Acknowledging persisting differences between member countries on market opening commitments, she said the Round may have run into obstacles, but it is in the collective interest of all the nations to continue to work on all pillars, keeping intact the Round's development dimension (improving the trade prospects of developing and poor countries).

Ms. Sitharaman said India wants the Nairobi meet to re-affirm the Doha Development Agenda and all Ministerial Declarations and Decisions taken since 2001, when the Doha Round was launched. She expressed concern over the fact that the reform process on global trade rules, which began with the Doha Round, appears to be in jeopardy.

The Minister said it was the duty of all the member countries to safeguard the legitimate interests of poor farmers and the food security of hundreds of millions in developing countries, adding that negotiations cannot continue with the rhetoric of a development agenda without even a reasonable attempt to address these outstanding issues.

Ms. Sitharaman said India is concerned over the fact that the reduction in the massive subsidization of the farm sector in developed countries — which was the clear cut mandate of the Doha Round talks — is now not even a subject matter of discussion, leave aside serious negotiations.

India seeks SSM

Recognising these concerns, the G-33 has strongly argued the case for an effective Special Safeguard Mechanism (SSM) for developing countries and for changing the rules relating to public stockholding for food security purposes, she added. G-33 is a coalition of 48 nations including India and China, which has been taking up the issue of developing countries getting considerable flexibility in limiting market opening of agriculture sector. SSM is a trade remedy mechanism that will allow developing countries to hike duties temporarily to counter the import surge and price falls in farm products.

Ms. Sitharaman said India regrets that such longstanding issues of interest to developing countries are being put aside for the future and instead new issues are being taken up with unusual enthusiasm.

Developed countries, citing the slow progress of the ongoing Doha Round negotiations, want the Round to be either brought to an end during this ministerial conference, or its ambit to be expanded by including ‘new’ issues of their interest and what they call are the latest challenges facing global trade. These include global value chains, e-commerce, labour, environment, competition policies, investment pacts and state-owned enterprises, on all of which the rich nations have much superior standards than the developing and poor countries. Developing and poor countries feel these standards might become non-tariff barriers, hurting their exports.

Ms. Sitharaman, significantly, also said she was surprised by the claim of the rich countries that there is convergence on reforming farm export subsidies of all countries, not just the rich nations but also the developing members. India wants rich countries to first drastically reduce their trade distorting farm subsidies and the developing countries be given an SSM, before the developing countries can be asked to make progress on their farm export subsidies. India had sought greater flexibility for developing nations to permit subsidies on some products to be hiked, while reducing subsidies on some items.

To strengthen her arguments, Ms. Sitharaman referred to the Kenyan President's statement that Africa's farmers simply cannot compete against heavily subsidized farmers in developed countries.

Services sector

Turning to the negotiations on services sector, Ms. Sitharaman said the liberalisation of services trade, particularly on cross-border supply including the IT-enabled services and business process outsourcing and easier temporary movement of natural persons including independent and skilled professionals, needs to figure high on the development agenda.

"A special initiative on Services sector is needed. To achieve this, it is imperative to put in place a simple and transparent regulatory framework that encourages growth in the Services sectors," the Minister said. India is prepared to constructively contribute in all areas within the framework of the negotiating mandates and the core principles of the WTO, Ms. Sitharaman said.

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Developing nations stand firm on continuing Doha Round talks

D Ravi Kanth, Live Mint

16 December 2015: Trade ministers of India, China, South Africa, Venezuela, Ecuador and the African group of countries on Tuesday fired the first salvo against the US and a handful of advanced countries at the World Trade Organization (WTO)'s 10th ministerial conference in Nairobi by calling for the continuation of the Doha Development Agenda (DDA) negotiations till they are concluded in all areas, according to people familiar with the development.

In a challenge to US trade representative Michael Froman's call for terminating the Doha negotiations on account of their continued failure over the past 14 years, the five countries, along with over 50 members of the African group, demanded that the Doha process must go on till they are concluded.

Although Indonesia walked out of the initial group that prepared the statement, the joining of the African countries, particularly host Kenya, has strengthened the alliance, said a person familiar with the drafting of the statement, who declined to be named.

The Doha negotiations were launched in 2001 in the Qatari capital, on the promise that the bread-and-butter concerns of developing and poorest countries will be adequately addressed. Unlike the previous Uruguay Round of negotiations during 1986-1993, which were largely negotiated and managed by the US and the European Union (EU), the Doha talks brought developing countries to the negotiating centre stage.

The Doha agenda called for comprehensive rewriting of rules in global trade covering agriculture; market access for industrial goods; services; anti-dumping and subsidies and countervailing measures; the environment; and a range of developmental outcomes to improve the special and differential outcomes.

While the Doha negotiations made halting progress in all these areas between 2001 and 2005, they hit a major roadblock in 2008 when the US refused to accept what are called the 2008 revised modalities on agriculture and industrial goods because of the proposed reduction commitments to reduce farm subsidies.

“The US simply walked out of the WTO because of the undertakings it is required to take on farm subsidies and other areas of the DDA and embraced the Trans-Pacific Partnership (TPP) negotiations in 2008,” said a former trade envoy from a Western country who is known for his significant work in the Doha negotiations. He declined to be named.

“For the US government, it became clear that its farm programmes would likely exceed the commitments being asked in Rev. 4, or the revised draft modalities in 2008,” said Timothy A. Wise, an academic on trade issues at Tufts University in the US. “Rather than compromise as multilateralism requires, the US walked away.”

In the TPP, the US did not have to make any commitments to reduce its trade-distorting farm subsidies but managed to secure substantial market access for its beef and pork in Japan and other TPP member countries, said the envoy cited earlier.

Despite slowing down the Doha negotiations, the US and other major industrialized countries focused their sights on the trade facilitation agreement in which they did not have make any fresh commitments. But the customs procedures and processes in the developing countries were required to be sufficiently harmonized in line with the practices in advanced countries under the trade facilitation agreement, according to several envoys and negotiators.

After concluding the trade facilitation agreement in December 2013 at the WTO's 9th ministerial conference in Bali, Indonesia, major industrialized countries opted for a small package of deliverables for Nairobi in which they did not have to make fresh binding commitments.

The small package of deliverables involved a binding commitment for eliminating export subsidies for farm products, less than-credible changes in the disciplines for export credits and food aid, and improvements for the least-developed countries. But the small package chose not to address the major issues in reducing trade-distorting domestic subsidies as demanded by the African group.

Moreover, the industrialized countries adopted a sustained strategy bordering on stonewalling tactics on outcomes demanded by a large majority of countries on a permanent outcome for public stockholding programmes for food security and the special safeguard mechanism for developing countries. Therefore, it has become important for the advanced countries to close the Doha Round at Nairobi, said the Western trade envoy cited earlier.

The US and the EU also called for a fundamental change in the negotiating approaches that are based on special and differential treatment flexibilities for developing countries. US trade representative Froman drew attention to a need to change the Doha negotiating mandates in an opinion piece published in the

on Monday. "The US and the EU are showing deep hypocrisy that China, India, South Africa and other developing countries should be treated as developed countries, effectively eliminating the principle of special and differential treatment," said a trade envoy, who preferred not to be named.

Developing nations, in their joint statement issued on Tuesday, said, "We recognise that the DDA is a significant multilateral attempt to respond to trade and development interests of developing Members and redress the imbalances codified in the rules resulting from the previous rounds of multilateral trade negotiations."

"Further we recognize that a comprehensive conclusion of the DDA with economically meaningful and balanced outcomes will provide impetus to global trade liberalization and facilitation, correct the development deficit in the rules resulting from the previous rounds of multilateral trade negotiations and improve the trading prospects of developing Members, and enhance the primary role of the WTO in global trade governance."

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India resists advanced nations' bid to move away from Doha agenda

D Ravi Kanth, Live Mint

17 December 2015: India on Wednesday opposed new issues being pushed by advanced countries at the World Trade Organization's (WTO's) tenth ministerial conference in Nairobi, saying the WTO's 162 member states should instead try to finish work on the outstanding issues of the Doha Development Agenda (DDA), especially that of cutting the trade-distorting subsidies given by industrialized countries to their farmers.

"We should resist the temptation of overloading the WTO agenda at this stage with new issues when we are still grappling with the completion of work in the DDA," trade minister Nirmala Sitharaman told the plenary meeting. "It is regrettable that longstanding issues of interest to a large number of developing countries are being put aside for the future and new issues of recent vintage are being taken up with unusual enthusiasm."

Even as a large majority of developing countries are insisting on continuing with the Doha negotiations to address the remaining issues, the European Union and several industrialized countries have called for launching work on new issues such as trade and investment, competition policy, and electronic commerce.

EU trade commissioner Cecilia Malmstrom has signaled Brussels' commitment to pursuing new issues in the face of continuing controversy over whether or not to continue the Doha negotiations.

The EU is also supported by the US and some developing countries in its bid to move away from the Doha agenda and embrace new issues.

Against this backdrop, Sitharaman said: "The DDA may have run into obstacles, but it is in our collective interest to continue to work on all pillars, keeping its development dimension intact."

"We are of the firm view that this ministerial must clearly re-affirm the Doha Development Agenda and all ministerial declarations and decisions taken since 2001 when we launched the Doha Round... These are all important," she maintained. "Let us not waste time negotiating which of these we should reaffirm and welcome."

India severely criticized the continued rhetoric of a development agenda without even a reasonable attempt to address issues which are of primary concern to developing economies.

For decades, said Sitharaman, "a handful of farm lobbies of some countries have shaped the discourse and determined the destiny of millions of subsistence farmers of the developing countries."

Sadly, the reduction of the trade-distorting subsidies provided by the industrialized countries as set out in the DDA "is now not even a subject matter of discussion today, leave aside serious negotiations," she said.

Despite tabling the proposals for an outcome on a special safeguard mechanism and a permanent solution for public stockholding programmes for food security, "we are disappointed at the cavalier manner in which these issues are being pushed into the future," Sitharaman said.

On the other hand, she said, "There is a sudden inexplicable zeal to harvest export competition—on this we are told there is convergence when, in fact, there appears to be little," she added.

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India fights 'unfavourable' WTO drafts in Nairobi

Amiti Sen, Hindu Business Line

Nairobi, 17 December 2015: India was taken by surprise by a draft ministerial declaration and informal text on agriculture, circulated on the penultimate day of the ongoing World Trade Organization (WTO) trade ministers' meet in Nairobi, which totally ignored its existing demands and concerns. But India is fighting back with its own drafts in the two areas.

New Delhi's demand for a pact on a special safeguard mechanism to protect farmers against import surges was not respected in the agriculture text circulated by the ministerial facilitator, which additionally linked such safeguards to further lowering of tariffs on farm goods.

The inclusion of new issues pushed by US Trade Representative Michael Froman in the draft ministerial declaration circulated by the Ministerial chair Amina Mohamed has further rattled the country.

India and a number of other developing countries had been insisting that all outstanding issues in the on-going Doha development round, launched in 2001, be addressed before new items are brought in.

"The drafts were a surprise sprung on us. I have gone line by line through both drafts and identified where all we have problems and what the language should be.

"We will submit the drafts for incorporation in the final versions that come up," said Commerce and Industry Minister Nirmala Sitharaman.

The Minister said that India's draft on agriculture would insist that the text be faithful to the Hong Kong declaration, which gave countries the authority to have special safeguards.

It would also insist on a delinking from market access as safeguards already available to several developed countries did not have such conditions.

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UN food expert urges permanent solution on agri

Business Standard

17 December 2015: Reforms to the WTO's agriculture rules and instituting the permanent solution with regards to public stockholding and agriculture safeguards are urgently needed to progress toward the right to adequate food, United Nations Special Rapporteur on the right to food, Hilal Elver has said.

The rapporteur, who is an independent expert appointed by the Human Rights Council said public stockholding programs constitute the first line of defense for developing countries against price shocks, production volatility, and food insecurity.

Elver said current agricultural policies in developed countries support overproduction and can wreak havoc on farmers in developing countries.

Pointing to significant fall in global crop prices which are projected to stay low in coming years, he said dumping of below-cost goods on developing markets will deal a blow to food security as poor farmers are unable to compete with those subsidised imports.

"This will hamper efforts by developing country governments to increase domestic food production, particularly by smallholder farmers whose families are among the world's hungry," Elver said.

India, along with other developing countries have been demanding a special safeguards mechanism (SSM) along the lines of a similar Special (Agricultural) Safeguards (SSGs) enjoyed by developed countries.

Elver also said the current position maintained by developed countries against these policies will be in bad faith, given the commitment that all countries made to resolve this in 2013 ministerial conference in Bali and the meetings thereafter.

Negotiators have since failed to agree on a post-Bali plan of work, and developed countries have refused to make good on the promise to resolve conflicts over developing country programs that involve public food stockholding for food security purposes. Such programs are being used by a large number of countries in Africa, Asia and Latin America.

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Civil society protest against inclusion of new agenda in WTO

Time of India

Nairobi, 17 December 2015: Members of civil society today held a protest outside WTO ministerial conference demanding that new issues should not be included in the agenda before concluding the development mandate.

"The civil society leaders demanded that no so-called 'new issues' should be put on the agenda, particularly while the development mandate has not been concluded", said an Our World Is Not for Sale (OWINFS) network statement.

They called for a binding LDC (least developed countries) package and that the World Trade Organisation (WTO) Ministerial Declaration affirms the development mandate.

They also pressed for removal of WTO obstacles to food security through the conclusion of the permanent solution for public stockholding, as well as special safeguard mechanism, and disciplines on export competition.

OWINFS is a global network of NGOs and social movements working for a sustainable, socially just, and democratic multilateral trading system.

Over 90 civil society experts - trade unionists, farmers, development advocates, and consumer activists - from at least 25 countries have travelled to Nairobi for the Ministerial meeting of the WTO, the release said.

Its members include representatives from India, Brazil, US, UK, Bangladesh, Nepal and Pakistan.

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WTO talks headed for lacklustre end

Amiti Sen, Hindu Business Line

Nairobi, 18 December 2015: The WTO's on-going ministerial meet in Nairobi is headed towards a disappointing finish, with the US opposing all moves to allow the Doha Development Round to continue and the likelihood of India getting a satisfactory deal on special safeguard mechanism (SSMs) to protect its poor farmers against import surges diminishing.

New Delhi is attempting to hold on strongly to its ground — by refusing to allow a pact that does not reaffirm the Doha round, and staying away from a deal on "export competition" for dismantling of export subsidies being pushed by developed countries and farm lobbies such as Brazil, if it does not get an SSM deal — an official involved in the talks told Business Line.

Countering rumours that India was blocking a deal in Nairobi, Commerce Minister Nirmala Sitharaman tweeted: "Indian blocking WTO? Disagree!"

While things remained in a state of flux on Friday evening, Kenyan Trade Minister Amina Mohamed, who is also the chair of the ministerial meet, said at a press conference that there was no crisis and talks were going on. "We are hopeful of clinching a deal in a few hours," she said.

Key for India

"The US is being very adamant and does not want a re-affirmation of Doha in the Nairobi declaration. We have been trying to argue that it would be a breach of faith towards developing countries and LDCs (least developed countries) who have been waiting for developed countries to deliver the market access and preferences that were promised when Doha was launched in 2001," an official involved in the talks said.

Continuation of the Doha development round is important for India and other developing countries and LDCs as it has an important "less than full reciprocity" clause. That clause puts the onus on rich countries to give deeper market access and other trade concessions to developing countries compared to what they get in return.

Negotiations on a number of areas including market access for industrial and agriculture goods and reduction in farm subsidies are all based on the less than full reciprocity rule that make poorer countries net gainers.

The US also hopes to introduce new issues such as investment, competition policy and government procurement once it manages to officially bury the Doha round.

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WTO talks enter overtime as consensus on agri issues elusive

Business Standard

19 December 2015: Negotiations over crucial issues like agricultural trade policies and market access entered overtime on the last day of the World Trade Organization's ministerial conference in Nairobi.

Till the time of going to press on Friday, negotiations remained deadlocked with the developed bloc taking a hard stance on public stockholding of food crops and special safeguards in agriculture.

Developing countries, led by India and the G-33 grouping of nations, also remained firm on position. A last ditch attempt at securing the long demanded Special Safeguard Mechanism, which allows countries to temporarily raise tariffs to deal with surging imports and subsequent price falls, was made early on Friday evening.

While host country Kenya maintained there was no crisis and talks would conclude within the scheduled timeframe, reports suggested talks started breaking down after the United States started demanding the final ministerial declaration refrain from committing to the Doha Development Agenda.

Reports also indicated talks could be extended by a day to allow trade ministers to reach a workable solution. EU Trade Commissioner Cecilia Malmström in her blog said it was quite improbable the conference would be finished on schedule. She added many negotiators had rebooked outbound flights to their home countries during the weekend.

The details of Commerce and Industry Minister Nirmala Sitharaman's bilateral meeting with US Trade Representative Michael Froman on Thursday have not been made public yet. On Thursday, the preliminary draft text on agriculture had effectively diluted India's calls for a permanent solution to public stockholding, with no clear deadline being mentioned.

The primary draft on agriculture on Thursday had said negotiations on a permanent solution to public stockholding of food shall continue to be pursued as a priority in the Committee on Agriculture in Special Session and in an accelerated timeframe. It also added that the WTO General Council shall regularly review progress.

The creation of special safeguards in farm trade had been agreed nominally, but on the condition that developing nations grant greater market access in farm goods through reduced tariffs.

Sitharaman had said, "We are submitting a draft ministerial text with a language suitable for India. There will be no new issues unless the Doha agenda is fulfilled." India had also junked the six-page draft ministerial released later that day, arguing it represented an obvious bias against developing countries.

However, India is keeping its "fingers crossed" with Sitharaman tweeting late on Friday, "Indian team working positively in all negotiating track." She added negotiations had gone on till 3 o'clock in the morning during the night before.

While India has been accused of blocking the talks, Sitharaman defended the country's position saying the fight was for millions of poor farmers not only in the country but across the developing world.

Developing countries have demanded that a provision, already existing in Article 5 of the multilateral body's Agreement on Agriculture, be amended to provide them the same benefit that rich countries derive from the Special (Agricultural) Safeguards.

On the other hand, in the area of export competition pushed by a number of developed and agriculture goods exporting countries, the draft is more definite and talks about specific commitments on elimination of subsidies.

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WTO meeting: It's back to square one

Business Standard

19 December 2015: The World Trade Organisation's ministerial conference in Nairobi concluded on Saturday, with the fate of the Doha Development Agenda (DDA) still uncertain and no significant progress on the contentious issues of public stockholding of food crops and special safeguard mechanism in agriculture.

The ministerial declaration reaffirmed a full commitment to conclude the DDA along earlier, established lines of discussion, but also recognised that "some wish to identify and discuss other issues for negotiation, others do not." Current procedures at the WTO mandate any new resolution must garner the unanimous support of all member-countries before being adopted.

Commerce and Industries Minister Nirmala Sitharaman tweeted after the concluding session, "Utterly disappointed! A unanimous reaffirmation of DDA hasn't happened."

The DDA, adopted way back in 2001, had struggled to find a common ground among members after a schism developed between the rich nations, who want new issues to take its place, and their poorer counterparts, who demand it be continued.

An earlier draft had to be junked after the US had vehemently opposed any mention of the DDA. A small group of countries, including the US, European Union (EU), China and Brazil, had been locked up in negotiations since late Friday night.

The developed members led by the US and EU and some others such as Brazil, have been opposing the continuation of the Doha round and have so far shown no signs of yielding to the demands of the developing nations. On the contentious matter of special safeguards in agriculture, a declaration has recognised developing members will have the right to have recourse to a special safeguard mechanism (SSM) as envisaged under the Hong Kong Ministerial Declaration.

The SSM allows countries to temporarily raise tariffs to deal with surging imports and subsequent price falls. The draft agreement said developing countries will have the right to have recourse to it. Dedicated sessions of the Committee on Agriculture in Special Session will hold regular talks on the issue and the General Council shall regularly review progress in these negotiations.

While Sitharaman tweeted the move was significant since SSM was off the negotiating table when the current ministerial had begun, the declaration is far from the complete sanction for the SSM, as hoped for by a large number of countries.

Developing countries had demanded that a provision already existing in Article 5 of the multilateral body's Agreement on Agriculture be amended to provide them the same benefit that rich countries derive from the Special (Agricultural) Safeguards (SSGs).

As to a permanent solution on the issue of public stockholding for food security purposes which had been repeatedly demanded by India, similar assurances have been given. The negotiations on this subject shall be held in the Committee on Agriculture in Special Session, which will be distinct from the ongoing agriculture negotiations under the DDA.

The conference, originally scheduled to be concluded by Friday, had entered its fifth day of hectic negotiations on Saturday. Emerging economies have repeatedly alleged they were being sidelined on the issues of reducing farm subsidies and providing protection to poor farmers.

The draft agreed that much less progress than what was expected had been made in agriculture and other central components of the WTO's negotiating agenda, namely non-agriculture market access and change in services trade law. It also noted, with concern, that the recovery from the 2008 global financial crisis had been slow and uneven.

LOCKED HORNS

The developing and underdeveloped nations locked horns with their developed brethren over continuing the Doha agenda of the World Trade Organization. The Nairobi negotiations concluded without any major breakthrough:

PUBLIC STOCKHOLDING OF FOOD CROPS

The block of developed nations, led by the US and the EU, has opposed this, claiming it interferes with free market forces. India argues that large and poor countries require buffer stocks of food grain

Status: Negotiations to continue

SPECIAL SAFEGUARDS MECHANISM

Developing countries have long demanded a special mechanism to raise tariffs, temporarily, to deal with surging imports and price fall

Status: Agreed upon nominally

EXPORT COMPETITION

Developed countries want to aggressively cut subsidies on agriculture and allied activities.

Status: A tighter deadline on cards to phase out subsidies, possibly by 2023.

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No consensus yet on key issues at WTO meeting

The Financial Express

Nairobi, 19 December 2015: Consensus remains elusive on export subsidies at the WTO ministerial meeting here with India hardening its position over demand for a permanent solution to special safeguard mechanism, public stockholding and others.

A deadlock continues here till late evening on the last day of the four-day meeting with leaders indulging in hectic parleys to find a workable solution. Sources here said members were yet to arrive at consensus on all important issues even on the last day of the trade ministers' meeting and rumours were rife that talks may get stretched till weekend.

They said rich nations are pushing new issues such as deal on phasing out export subsidies and government procurement, even as differences over key issues of the Doha round like farm subsidies are yet to be iron out.

EU Trade Commissioner Cecilia Malmström in her blog said, "What a week. The air is perpetually full of rumour and speculation about what is possible to achieve here at the 10th WTO Ministerial Conference in Nairobi, Kenya. It's quite improbable that we will finish this conference today, as planned. Many of us have rebooked our flights for the weekend instead".

The Indian team led by commerce minister Nirmala Sitharaman is holding hectic parleys on all the key issues. Yesterday WTO members were engaged in negotiations to iron out differences till late night, sources said.

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India returns empty handed from Nairobi Ministerial

Amiti Sen, The Hindu Business Line

New Delhi, 20 December 2015: The World Trade Organisation's Ministerial in Nairobi failed to deliver anything concrete for India and other developing countries in the areas of food security and farmer protection.

Worse, it has saddled them with the burden of doing away with all export subsidies in the next eight years, and all but ended the development framework of the Doha Round within which negotiations have been taking place.

"Without the Doha framework and an explicit reaffirmation of the Doha Development Agenda, developing countries will never be in a position again in the WTO to negotiate the agenda to their benefit," pointed out Biraj Patnaik from the Right to Food campaign.

No definite agreement was reached in the area of special safeguards mechanism (SSM) for protecting developing country farmers against import surges that India was pushing for.

All that the Nairobi Declaration, adopted on Saturday, says is that the SSM negotiations will continue in the older format (Hong Kong Ministerial) where it is not linked to giving additional market access. There is no clarity on how, or by when, the 2008 deadlock with the US on the issue will be broken.

2008 deadlock

"In 2008, the WTO talks in Geneva broke down as an irreconcilable position was reached between the US and India over what would be the trigger the use of SSMs by developing countries.

"What is the guarantee at this point that talks will move forward from there," wondered trade expert Biswajit Dhar from Jawaharlal Nehru University. On public food stockholding, too, where India had demanded a permanent solution in Nairobi, the Declaration just talks about meetings to be held in an "accelerated time frame" to arrive at a permanent solution.

Against just a mention of SSM and food stockholding in the Nairobi Declaration, India was made to agree to an export competition pact that will end as early as 2023 New Delhi's flexibility to offer export subsidies for transport and marketing purposes. This means India will not have the option of giving export subsidies for sugar or other items after eight years.

Moreover, the agreement on export competition gives the US the liberty to continue with its export credit programmes and food aid. "The threat of commercial disposal of international surpluses through food aid has been ignored," Dhar said.

With the Nairobi Declaration explicitly stating that there is no consensus on continuation of the Doha Development Agenda, the stage seems set for the introduction of new issues, including investment, competition policy and government procurement, which means new battle fronts for India.

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Government to respond to WTO's 'Nairobi package' in Parliament

Arun S, The Hindu

New Delhi, 21 December 2015: In the backdrop of a political intrigue surrounding the World Trade Organisation's (WTO) final Ministerial Declaration at the recently-concluded meet in the Kenyan capital, Commerce Minister, Nirmala Sitharaman, is likely to make a statement in Parliament tomorrow on what the 'Nairobi package' means for India.

I am “utterly disappointed” that a unanimous reaffirmation of Doha Development Agenda hasn't happened, says Commerce Minister Nirmala Sitaraman

The minister will be making her statement amidst claims by international trade experts and civil society groups that the December 1519 Nairobi Ministerial Conference outcomes favoured rich countries and reflected “the capitulation to insistent U.S. proposals.”

Ms. Sitharaman represented India at the Ministerial Conference, the WTO’s highest decision-making body, held in Africa for the first time during the global trade body’s its 20-year existence.

Trade experts and NGOs have also said the ‘Nairobi package’ has “effectively killed” the fundamental objective of the WTO’s Doha Round negotiations, which was to improve the trading prospects of the developing and the poor world, or in other words a ‘development agenda.’

The final overall Nairobi Ministerial Declaration, on measures to lower global trade barriers, would not have been announced without the consent by all the WTO member countries (162 of them, including India). But, “India opposes non reaffirmation of the Doha Development Agenda (DDA),” according to a Commerce Ministry statement. “This (lack of unanimity on DDA reaffirmation) marks a significant departure from the fundamental WTO principle of consensus-based decision making.”

Ms. Sitharaman herself said on the social networking site Twitter that she was “utterly disappointed” that a unanimous reaffirmation of DDA hasn't happened.

She also tweeted a document signed by Anjali Prasad, permanent representative of India to the WTO — written on behalf of the Indian commerce minister — and addressed to the WTO director general Roberto Azevedo, asking him to place the letter in the Closing Plenary (of the Nairobi meet).

According to the letter dated December 19 India is of the view that (future) negotiations “should be advanced in accordance with the Ministerial Declarations and Decisions subsequently adopted, and build on the significant progress that has been achieved in the discussions on these issues.”

Biswajit Dhar, Professor at Jawaharlal Nehru University and trade expert, said "lack of consensus on the continuation of Doha Round, together with the clear articulation by the developed countries that they don't want to see the Doha Round any more, effectively means that we have seen the end of the Doha Round negotiations in Nairobi."

"The Nairobi Ministerial Declaration… reflects the capitulation to insistent US proposals to set aside key Doha issues … and to open the door to issues that favour its own commercial interests," said Timothy A Wise, Policy Research Director, Global Development and Environmental Institute, Tufts University.

Continuation

The developing and the poor world wanted the Doha Round to continue till all outstanding issues, including on protection of poor farmers and food sovereignty, are resolved. But the rich countries wanted the Round to end and had sought the introduction of new issues that are of their interests, including e-commerce, global value chains, competition laws, labour, environment and investments.

According to a WTO's statement after the meet, the ministers stated while negotiators should prioritize work where results have not yet been achieved, "some wish to identify and discuss other issues for negotiation; others do not. Any decision to launch negotiations multilaterally on such issues would need to be agreed by all members."

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Developing and developed countries in deadlock at WTO

D Ravi Kanth, Live Mint

Nairobi, 21 December 2015: Developing countries, led by India, pushed back at attempts at the World Trade Organization (WTO) to smother their central concerns on ensuring food security and provision of special safeguards to protect domestic farmers from a surge in imports.

Consequently, the battle lines between the two blocks of countries have been drawn. It is not clear whether this may prove to be a deal-breaker at the WTO's 10th ministerial conference—meetings scheduled later in the day may untangle the situation, with only a day to go for the end of the conference.

The draft ministerial decisions circulated by the facilitator Joshua Setipa, Lesotho's trade minister, brushed aside the concerns of developing countries on both public stockholding programmes to manage food security and a special safeguard mechanism (SSM).

"I have objected to draft texts almost on each line in special safeguard mechanism, public stockholding programmes for food security and the export competition pillar," commerce minister Nirmala Sitharaman told Mint.

The draft ministerial decision on SSM says "work on a special safeguard mechanism for developing countries shall be pursued taking account of proposals by members and in the broader context of agricultural market access".

Effectively, the text has linked outcome on SSM with all issues concerning tariff cuts, sensitive products, special products, tariff quotas and a host of other issues such as market access to developed countries.

After holding a detailed meeting with the facilitator Setipa and the chair for Doha agriculture negotiations ambassador Vangelis Vitalis, who drafted the texts after their meetings with their trade ministers in different configurations, Sitharaman said they failed to reflect the proposals placed by members until now. She said the texts on SSM, public stockholding programmes for food security, and the export competition are imbalanced and failed to accurately reflect the proposals tabled by the G-33 members until now. According to her, there is no linkage between SSM and market access pillar negotiations as set out in the 2005 Hong Kong Ministerial Declaration.

Sitharaman said the text on export competition, which includes export subsidies, export credits, food aid and state trading enterprises, is inconsistent with the Doha ministerial decisions, including the 2008 revised draft modalities.

Several trade ministers of the G-33 farm coalition have opposed the draft text in a meeting that took place at noon. India, China, Indonesia, the Philippines, Kenya and 42 other countries of the G-33 farm coalition have consistently demanded over the past two years a permanent solution on public stockholding programmes and a simple and effective SSM at the Nairobi meeting that began on 15 December.

The coalition had circulated modified proposals on these two issues, including a proposal on special safeguards that is currently availed of by industrialized countries.

Sitharaman said SSM is a prerequisite for developing countries as part of the Nairobi outcome that also includes a substantive agreement for export competition and best endeavour results on cotton. She said the priorities for India are to get an outcome on SSM and ensure that the Doha Development Agenda negotiations are re-affirmed at the Nairobi meeting.

Sitaraman said that in her meeting with WTO director-general Roberto Azevedo at Nairobi, she emphasized the importance of SSM for India because the current bound tariffs on some sensitive agricultural products for Indian farmers will not provide cushion against sustained import surges.

She said the G-33 "has strongly argued the case for an effective special safeguard mechanism for developing countries and for changing the rules relating to public stockholding for food security purposes".

"We are disappointed at the cavalier manner in which these issues are being pushed into the future," the minister argued in her plenary intervention. "It is regrettable that longstanding issues of interest to a large number of developing countries are being put aside for the future and new issues of recent vintage are being taken up with unusual enthusiasm," she lamented.

Against this backdrop, the draft ministerial decision issued on early Thursday morning has almost vindicated India's concerns on both public stockholding programmes for food security and SSM. The draft ministerial decision on SSM says "work on a special safeguard mechanism for developing countries shall be pursued taking account of proposals by members and in the broader context of agricultural market access."

The draft text of ministerial decisions doesn't say whether an outcome on SSM will be linked to the negotiations on market access pillar of Doha Development Agenda negotiations or if a fresh round of negotiations has to be launched with new approaches as demanded by the US and other industrialized countries.

The US trade representative ambassador Michael Froman told the tenth ministerial plenary meeting on Thursday that the US is willing to negotiate all the outstanding issues of the Doha agenda but with new approaches which he did not specify.

On public stockholding programmes for food security, the draft ministerial decision said, "The interim mechanism as set out in the Bali ministerial decision on public stockholding for food security purposes, and the general council decision of 28 November 2014, shall remain in force until a permanent solution on the issue of public stockholding for food security purposes is agreed and adopted".

The decision added that "the negotiations on a permanent solution on the issue of public stockholding for food security purposes shall continue to be pursued as a priority in the committee on agriculture for special sessions, in dedicated sessions and in an accelerated time-frame".

On the other hand, the Nairobi draft ministerial decision provides an indefinite time frame as against the 2017 deadline as set out in the Bali interim decision.

If accepted, there will be no immediate solution to the issue of permanent solution for public stockholding programmes for food security, several developing country trade ministers claimed in Nairobi.

The ministers are expected to state their positions on the draft ministerial decisions at a meeting on Thursday evening.

In contrast, the outcomes on elimination of export subsidies by 2020, the flexible disciplines on export credits, food aid and state trading enterprises offer a carve-out for a major industrialized country such as the US which doesn't have to change its current trade-distorting export credits and food aid, a European agricultural official remarked.

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Congress: WTO deal a blow, government must explain

Sidhartha, Times of India

New Delhi, 21 December 2015: The opposition as well as civil society groups are planning to put pressure on the government for agreeing to what they have described as dilution of the Doha mandate to negotiate rules that are more favourable to developing countries.

"There is complete dilution of WTO commitment to the Doha Development Agenda (DDA) and also allowing developed country vacillations to introduce new approaches for the final outcomes of the multilateral negotiations, which have been firmly resisted and rejected by India in the past. It is a huge setback and we will raise it in Parliament," Congress leader and former commerce minister Anand Sharma told TOI.

In Nairobi, although WTO members did not reaffirm their commitment to the Doha Round -- which seeks to rework rules for agriculture, services and industrial goods - the plan to lower duties and subsidies as well as easier visa and FDI regulations for services have not been given a complete burial. There is no agreement on the proposal to have "new issues" on the agenda. If developed countries want negotiations, a consensus has to emerge, which is currently lacking.

On Saturday, in a statement opposing "non-reaffirmation of DDA", the commerce department had also criticized the WTO decision. "India, along with other developing countries... wanted a reaffirmation of the mandate of the Doha Round. While majority were in favour of such reaffirmation, a few members opposed the reaffirmation of the Doha mandate. This marks a significant departure from the fundamental WTO principle of consensus-based decision making," it said.

Sharma questioned how the WTO declaration was adopted. "If India had resisted it, it would not have come. How did India agree to it? It should have raised the red flag. The government owes an explanation," he said.

Sharma, whose role had been criticized by BJP for decisions at the Bali ministerial meeting in 2013, said the government had failed to build upon the achievements of the last conference.

At the ministerial meeting, India had only won a four-year reprieve from legal challenges if the subsidy limit for procurement for PDS were breached.

The Modi government then got WTO members to rework the package to ensure that the "peace clause" that prevents a dispute would be in place till a permanent solution in the form of a reworked formula was agreed to. In return, an agreement easing rules at ports and airports for shipments was agreed upon.

Sharma said the government needed to explain how an agreement on public stockholding was not in place by now. The government is expected to make a statement in Parliament on the decisions in Nairobi, provided the opposition allows both the Houses to function.

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India eclipsed at WTO ministerial

D Ravi Kanth, Live Mint

21 December 2015: Finally, the curtain has been brought down on the 10th ministerial meeting of the World Trade Organization (WTO) in Nairobi. Trade ministers from 162 countries seemed suitably exhausted, but most were also left disappointed, many for being left out of the key negotiations.

Barring five countries—the US, European Union (EU), Brazil, China and India, who negotiated among themselves the final outcome based on their respective national interests—the others were left guessing about the outcome of the emerging world trade order. Those excluded could be seen pacing around in the cafeteria as the discussions drew on agonizingly.

The closed-door negotiations among the five trade ministers, an African trade envoy opined, was akin to what the European colonial powers had accomplished during the partition of Africa in 1881-1914.

Unlike then, the Nairobi meeting was different, in which the United States and the European Union were ably assisted by Brazil, a developing country, as they set about forging a new global trade agenda, particularly favourable to them. They succeeded in bypassing crucial aspects of the Doha Development Agenda (DDA) launched in Doha, Qatar, in 2001. Ironically, the US and the EU had launched the round immediately after the 9/11 terrorist attacks in the US, as a way to unite the world.

In the run-up to the Nairobi meeting, a large majority of developing countries led by India, China, South Africa, Indonesia, Ecuador, and Venezuela prepared the ground to ensure that the Doha Round of negotiations are not closed by the two trans-Atlantic trade elephants. They also tabled detailed proposals for a permanent solution for public stockholding programmes for food security and a special safeguard mechanism (SSM) to protect millions of resource-poor and low-income farmers from the import surges from industrialized countries.

The proposal on a permanent solution for public stockholding programmes suggested easy options by expanding the agreement on agriculture to include market price support programmes that can be exempted from aggregate measurement of support calculations. The SSM proposal by India, along with the G-33 farm coalition led by Indonesia, set forth a transparent and effective instrument based on price and volume triggers to impose special safeguard duties.

In fact, on 19 October, Prime Minister Narendra Modi told leaders from Africa in New Delhi that "the Doha Development Agenda of 2001 is not closed without achieving these fundamental principles (at the Nairobi ministerial meeting)". He said that Africa and India should together ensure that there is a permanent solution to public stockholding for food security and a special safeguard mechanism in place to address unforeseen surges in imports of farm products.

In the run-up to the Nairobi meeting, the two proposals were actively opposed by the US, which led a sustained campaign to ensure that there was neither an outcome on continuing DDA negotiations nor a deal on SSM and public stockholdings for food security.

Even while they mounted opposition, the US, the EU, and Brazil along with several farm-exporting countries accelerated their efforts to secure a substantive outcome on export competition at the Nairobi meeting.

Against this backdrop, commerce minister Nirmala Sitharaman's task was cut out when she landed in Nairobi. By convention, mercantile trade negotiations are based on the principle of give and take. Accordingly, each country agrees to undertake new commitments to liberalize existing rules or eliminate protective barriers in return for outcomes in its areas of interest.

Like others, India too was expected to settle for a trade-off. The trade-off involved securing a permanent solution to public stockholding programmes for food security and SSM, and reaffirmation to continue the DDA negotiations beyond Nairobi. In return, it would commit to a substantive agreement on export competition entailing a phase-out of export subsidies and reducing export credits.

Sitharaman did not mince her words in making out India's case; neither did she hold back her disappointment at the way things turned out. "It is regrettable that longstanding issues of interest to a large number of developing countries are being put aside for the future and new issues of recent vintage are being taken up with unusual enthusiasm," she said.

But what is inexplicable is that the commerce minister omitted mentioning India's demand for a permanent solution for public stockholding programmes for food security at a meeting convened by the facilitator, Joshua Setipa, Lesotho's trade minister. At the same time, she skipped the meeting convened by the facilitator at her request to discuss the SSM. The minister may have well missed out on an opportunity to make it clear that India would not sign on to any draft that ignored the agenda it had proposed.

In his draft issued on 17 December, the facilitator offered vague language on both the SSM and public stockholding programmes for food security without proposing any time-frame for their resolution. Sitharaman duly protested and submitted two proposals together with China and Turkey to ensure that there are clear outcomes at the 11th ministerial meeting in 2017. These proposals also mentioned the DDA negotiations in passing.

During her meeting with the US trade representative, ambassador Michael Froman, in Nairobi, she conveyed categorically that India will need reaffirmation to continue the DDA negotiations until all outstanding issues are resolved. Of course, Froman declined.

According to a person present during the negotiations, among the five countries on the final day, India was unable to forcefully defend positions it had articulated over the past two years. India apparently yielded ground during the marathon negotiations when there was an exchange of proposals with the US, the EU and Brazil—all three refused to accommodate any language on the SSM because of the absence of market access negotiations. Eventually, they agreed to remove the DDA and make a reference to the 2005 Hong Kong Ministerial Declaration. They were unwilling to accommodate India's demand for a definite time-frame on the SSM and public stockholding programmes for food security.

Then China joined India in fighting another battle on the post-Nairobi work programme for reaffirming to continue the DDA negotiations. The US and the EU vehemently opposed it and only agreed to insert the term "Doha" instead of DDA negotiations. In the process, the US and the EU managed to secure language on new approaches and new issues with few caveats.

In the final analysis it is clear that India failed in its objectives to secure credible outcomes on its demands for SSM, permanent solution for public stockholding programmes for food security and the reaffirmation to continue the DDA negotiations. Perhaps, this is the first time that India left a WTO ministerial meeting so diminished.

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Government says it protected India's interests at WTO talks

The Hindu

New Delhi, 22 December 2015: Commerce Minister, Nirmala Sitharaman, rejected charges by the opposition parties that the government was unable to protect India's interests at the recently concluded Nairobi Ministerial Conference of the WTO.

"India negotiated hard to ensure that the WTO continues to place the interests of developing countries and LDCs at the centre of its agenda," according to a statement tabled by Ms. Sitharaman, who represented India at the Ministerial Conference, the WTO's highest decision making body.

She said the outcomes of the Conference, referred to as the ‘Nairobi Package,’ contains Ministerial Decisions on public stockholding for food security purposes, a Special Safeguard Mechanism (SSM) for developing countries, a commitment to abolish export subsidies for farm exports particularly from the developed countries. SSM is a tool that will allow developing countries to temporarily hike duties to counter import surges and price falls of farm items.

As the future of the ongoing Doha Round negotiations of the WTO appeared in doubt, India sought and succeeded in obtaining a re-affirmative Ministerial Decision on Public Stockholding for Food Security Purposes honouring both the Bali Ministerial and General Council Decisions, the Minister said. The decision commits members to engage constructively in finding a permanent solution to this issue, she added.

To ensure that the issue of SSM remains on the agenda of future discussion in the WTO, India negotiated a Ministerial Decision, which recognises that developing countries will have the right to have recourse to an SSM as envisaged in the mandate, Ms. Sitharaman said.

Members will continue to negotiate the mechanism in dedicated sessions of the Committee on Agriculture.The WTO General Council has been mandated to regularly review progress of these negotiations.

All countries agreed to the elimination of agricultural export subsidies subject to the preservation of Special and Differential Treatment (S&DT) for developing countries such as a longer phase-out period for transportation and marketing export subsidies for exporting agricultural products.

Developed countries have committed to removing export subsidies immediately, except for a few agricultural products, and developing countries will do so by 2018, she said. Developing countries, including India, will keep the flexibility to cover marketing and transport subsidies for agriculture exports until the end of 2023, she added.

The Ministerial Decision contains disciplines to ensure that other export policies are not used as a disguised form of subsidies.

These disciplines include terms to limit the benefits of financing support to agriculture exporters, rules on state enterprises engaging in agriculture trade, and disciplines to ensure that food aid does not negatively affect domestic production.

Developing countries, such as India, are given longer time to implement these rules, she said.

On the issue of the future of the 14-year-old Doha Round negotiations, India took the stand that the Development Agenda of the Round (to boost the trade prospects of developing and poor nations) must continue after the Nairobi Conference and no new issues must be introduced into the WTO agenda until the Development Agenda has been completed.

Though India's position had the support of many countries from the developing and the poor world, a few developed countries, including the U.S., opposed the continuation of the Doha Round, Ms. Sitharaman said.

The Nairobi Ministerial Declaration acknowledges that members “have different views” on how to address the future of the Doha Round negotiations but noted the “strong commitment of all Members to advance negotiations on the remaining Doha issues,” she said.

The Ministerial Declaration records that WTO work would maintain development at its centre, she said, adding that it also reaffirms those provisions for S&DT would remain integral.

S&DT, among other things, accords longer time periods for implementing WTO agreements and commitments in addition to provisions safeguarding their trade interests.

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Trading blows, war continues: How India fares at WTO yet to be decided

Pradeep S Mehta, The Economic Times

22 December 2015: After five days of intense negotiations, 162 members of the World Trade Organization (WTO) came to a deal last Saturday in Nairobi to push the agenda, and crucially reassert its relevance. The Indian delegation, led by commerce and industry minister Nirmala Sitharaman, succeeded in getting a balanced deal, which will protect the interests of developing country farmers, as well as advance the quest for global equity.

The fact that a multilaterally agreed trade deal came soon after the adoption of the Sustainable Development Goals agenda in New York and a Climate Change deal in Paris augurs well. They underline the virtues of arriving at negotiated deals, howsoever imperfect they may appear.

The war game, started in 2008 following the collapse of the WTO talks, is expected to intensify

With Nairobi, trade multilateralism is back in its new avatar. As a trade minister observed, “Happiness and unhappiness were evenly distributed in Nairobi.” While concluding the ministerial, Kenya’s foreign affairs and trade minister Amina Mohamed underlined that for the first time there was a convergence of interests of the developed and developing world.

Other than decisions on electronic commerce, implementation of the WTO Agreement on Trade-Related Intellectual Property Rights (TRIPS), and a work programme for the advancement of small economies, three major decisions were taken on agriculture. India was steadfast in pursuing the interest of its poor farmers despite the lack of interest from many rich countries.

On the contentious issue of a permanent solution on public stockholding of food grain for food security purposes, India successfully delinked it from other issues of the Doha Round of negotiations. It was agreed that negotiations on this should be concluded swiftly.

This means the G-33 group — comprising India, Indonesia et al — could push for such a permanent solution even if there is no progress in other areas of the Doha Round. The G-33, after extensive consultations with domestic stakeholders, should, at the earliest, make its proposal to the WTO to sew up the deal without any further ifs and buts.

On the special safeguard mechanism to protect the interest of farmers from sudden import surges, despite considerable differences with a number of developed countries and some agriculture-exporting developing countries, India maintained its position of not explicitly linking it to market access on agriculture.

The third decision was on export competition in agriculture. Here as well, India gained extra time to phase out its subsidies for agricultural exports which could be trade distorting. Only in the case of subsidies to cotton export, which has been dealt separately in another decision, was India’s concern not addressed fully, which it did raise in the closing session.

Other than making considerable gains in all three important areas of our interest, India successfully defended her position on the reaffirmation of the Doha Round of negotiations. This was despite considerable pressure from rich countries to shelve the Doha Round.

While in the Nairobi ministerial declaration, a compromise language was used on this subject, India used flexibility in deciding its position on negotiating modalities to take forward the remaining Doha Round issues.

Another contentious subject was the introduction of so-called 'new issues'. While India was not in favour of them as it would have put severe pressure on its negotiating capital, it was left open-ended — but with the caveat that negotiations, if any, would need to be agreed by the explicit consensus of all members. This has given the poor countries the necessary flexibility to take part in the discussions on those issues which will help in future in furthering the interests of farmers as well as industries.

Overall, the Nairobi ministerial witnessed the continuation of the battle on various fronts of the international trading system. Given the compromise language in the Nairobi Ministerial Declaration, one may say that India has drawn its battle with the rich as well as with some emerging powers. However, the war game, started in 2008 following the collapse of the WTO talks, is expected to intensify.

This was about creating a new group of WTO emerging country members, such as India, and push them to commit further trade liberalisation. While time will tell how India will play this game by keeping in mind its long-term economic and foreign policy objectives, the current battle will continue.

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At Nairobi, negotiated hard for developing nations' interests: Minister

The Hindu Business Line

23 December 2015: India negotiated hard at Nairobi to ensure that the World Trade Organisation (WTO) continues to place interests of developing countries and LDCs at the centre of its agenda, Commerce Minister Nirmala Sitharaman has said.

As the future of the Doha Round appeared in doubt, India sought and succeeded in obtaining a re- affirmative on public stockholding and recognition that developing countries will have the right to use special safeguard mechanism (SSM) and should continue negotiating that, she said in a statement in Lok Sabha on Tuesday.

“A large group of developing countries has long been seeking SSMs for agricultural products. To ensure that this remains on the agenda of future discussion, India negotiated a ministerial decision which recognises that developing countries will have the right to have recourse to an SSM as envisaged in the mandate and members will continue to negotiate the mechanism in dedicated sessions of the committee on agriculture in special session,” Sitharaman said.

However, the declaration does not provide any assurance on whether the US will be prepared to move from the position that it held on SSMs at the WTO’s ministerial meet in Geneva in 2008.

The Minister, in her statement, said that developed countries have committed to removing export subsidies immediately, except for a few agricultural products, and developing countries will do so by 2018. Developing countries will keep the flexibility to cover marketing and transport subsidies for agriculture exports until the end of 2023, she added.

This means that India will lose the flexibility to give subsidies to items such as sugar under the category of transport and marketing subsidies in the next eight years.

In the negotiations on rules on fisheries subsidies, India argued strongly for special and differential treatment.

As regards rules on antidumping, India strongly opposed a proposal that would give greater power to the WTO’s anti- dumping committee to review members’ practices. “There was no convergence in these two areas and, hence, no outcome and, therefore, interests of Indian fishermen have been adequately protected,” Sitharaman said.

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Outcome of WTO meet a setback for India: CPM

The Times of India

New Delhi, 23 December 2015: CPM on Tuesday said the outcome of the 10th Ministerial Conference of the World Trade Organisation (WTO) attended by 162 countries at Nairobi is not merely a disappointment but a setback. “India has been grossly let down by this Modi-led BJP government,” party said. CPM has called for a nationwide protest against “capitulation by BJP government to US pressures”.

CPM said, “India went into the negotiations with the hope of arriving at a solution on the issue of public stock holding programmes for food security, absolutely vital for mitigating the hunger needs of millions of Indians. India had proposed an effective and transparent draft agreement to protect poor and low-income farmers from largescale imports. On both these counts this BJP government miserably surrendered in getting any assurance in the interests of India.”

It also said few proposals of Doha development agenda that talked of working towards a parity on the issue of subsidies provided to farmers between the developed and the developing countries, has virtually been set aside.

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Negotiated hard for developing nations at WTO meet: Nirmala Sitharaman

Economic Times

New Delhi, 23 December 2015: Two days after she expressed disappointment at the Nairobi declaration of the recently concluded WTO meet, commerce minister Nirmala Sitharaman said India negotiated "hard" at the conference on behalf of developing countries.

"India negotiated hard to ensure that the WTO continues to place the interest of developing countries and LDCs at the centre of its agenda," she said in the Lok Sabha Tuesday.

The comments came after criticism that the government hadn't been able to clinch a favourable deal at Nairobi. India managed to secure a reaffirmation on a perpetual peace clause for public stockholding for food security, but faced a major setback due to lack of consensus among WTO countries on reaffirming Doha Development Agenda, which was its most important demand from this ministerial. Besides, developed nations were also successful in allowing new issues to be taken up.

"A few developed countries including the US, however, are opposed to the continuation of the Doha Round," she said. The Nairobi Ministerial Declaration acknowledged that members have different views on how to address the future of the Doha Round negotiations but noted strong commitment of all members to advance negotiations on the remaining Doha issues.

"India not only made a statement to this effect at the closing ceremony on December 19 but also made a written submission to the director general, WTO, and the chair of the tenth ministerial conference," the minister said.

Sitharaman said all countries agreed to the elimination of agricultural export subsidies subject to the preservation of special and differential treatment for developing countries such as alonger phase-out period for transportation and marketing export subsidies.

She said the ministerial decision contains measures to ensure that other export policies are not used as disguised subsidies. This will put an end to Canadian dairy and Indian sugar export subsidies.

"These disciplines include terms to limit benefits of financing support to agriculture exporters, rules on state enterprises engaging in agricultural trade and disciplines to ensure food aid does not negatively affect domestic production. Developing nations such as India are given longer time to implement these rules," Sitharaman said.

The declaration records that WTO work would keep development at its centre, she said.

She also said following demands from a large number of developing countries for a Special Safeguard Mechanism (SSM) for agricultural products, India negotiated a ministerial declaration which recognises that developing countries will have the right to seek recourse to an SSM. This will help countries to raise tariffs in event of a sudden surge in imports or dip in global commodity prices. However, the declaration only talks of discussions on SSM and nothing concrete.

On issues such as global value chains, investment and ecommerce, she said the declaration acknowledged the differences in views.

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An opportunity missed at Nairobi

The Hindu

24 December 2015: The Nairobi Ministerial Conference of the World Trade Organisation concluded last week after negotiations stretched into an unscheduled fifth day as delegates from the rich nations, emerging market economies and the Least Developed Countries (LDCs) sought to hammer out an agreement acceptable to all. The final declaration, while helping salvage the primacy of the WTO as the arbiter of international trade rules, left the LDCs and the emerging nations, especially India, trying to count their gains as the U.S. and EU celebrated the outcome that quietly cast aside the Doha Development Agenda. That member-countries may be prepared to make sacrifices was apparent from the outset after Kenyan President Uhuru Kenyatta, in his opening remarks, cited 2015 as a year in which nations demonstrated 'unparalleled' cooperation in agreeing on collective approaches to the pressing problems facing humanity. His references to the 'successful' International Conference on Financing for Development, the adoption of the 2030 Agenda for Sustainable Development, and the 'historic' Paris agreement to combat climate change, heightened delegates' anxiety to conclude a deal. The fact that the WTO body was meeting for the first time in Africa also meant that both developed countries and emerging market economies like India were wary of being seen as deal-breakers. And the surge in bilateral, regional and plurilateral trade agreements, including the most recent Trans-Pacific Partnership, cast its shadow too. The result is a modest one, with the key takeaways being the decisions to end all farm export subsidies and liberalise global trade in information technology products.

From India's point of view, the Nairobi declaration was disappointing on multiple fronts. From its relative pre-eminence among emerging market economies with the principled position on sticking to the Doha agenda, India has returned with very few, if any, of its demands met. There is no concrete agreement on a special safeguards mechanism to protect farmers in the developing countries against sudden import surges, and no short deadline for a permanent solution on public stockholding for food security purposes. And the lack of an unambiguous reaffirmation of the Doha Development Agenda means new issues of interest to developed countries, including competition policy; government procurement and investment are now open for negotiations. The lessons are clear. While negotiators from the developed countries came fully prepared to defend their strategic aims, India's leadership faltered for want of a clear-cut strategy. For the future, the government needs to broaden its preparation: by holding wide-ranging meetings on WTO-related issues with all stakeholders in a bipartisan manner, renewing and strengthening its ties with the developing and LDC economies to protect the development agenda, and finally bolstering its pool of trade negotiators by picking the best and brightest trade experts and lawyers.

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Didn't come empty-handed from WTO meet, says govt

The Times of India

New Delhi, 24 December 2015: Rejecting the opposition's claim that it came back from the Nairobi round of WTO talks "empty handed", the government on Wednesday asserted in Rajya Sabha that India's stand was "reinforced" and it had ensured protection of farmers' interests without succumbing to pressures from the US and European Union.

"It is wrong to say that we came empty handed instead we came with our hands reinforced," commerce minister Nirmala Sitharaman said while responding to members' clarification in the Upper House. She said India sought and succeeded in obtaining a re-affirmative ministerial decision on public stock-holding for food security purposes, honouring both Bali and general council decisions, without being "pulled to any court of WTO" as a few members apprehended.

"India negotiated hard to Commerce minister Nirmala Sitharaman said India succeeded in obtaining a re-affirmative ministerial decision on public stock-holding for food security, honouring both Bali and general council decisions ensure the WTO continues to place the interest of developing countries and LDCs at the centre of its agenda," she said, adding that a few developed countries, including the USare opposed to the continuation of the Doha Round.

As deputy chairman P J Kurien allowed Sitharaman to make a statement on the WTO meet, opposition members objected, saying they should be allowed to seek clarifications and the House witnessed some noisy scenes. CPM member Sitaram Yechury termed the government's stand "a serious let-down" and said "we are afraid this government has buckled under US pressure".

Earlier, Congress member and former commerce minister Anand Sharma attacked the government for not giving enough time to the members to go through India's stand in WTO. The House also witnessed a a spat between HRD minister Smriti Irani and Anand Sharma.

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WTO gets strict over patent extension

The Times of India

New Delhi, 24 December 2015: The government on Wednesday said WTO member countries have agreed to "prevent ever greening" of patents in pharmaceuticals, a move that will help the entry of generic medicines into the market by ensuring that Big Pharma does not tweak the composition of drugs to extend the validity of a patent.

"One of the decisions adopted extends the relevant provision to prevent 'evergreening' of patents in the pharmaceuticals sector to ensure accessibility and affordability of generic medicines. This decision would help immensely in maintaining affordable as well as accessible supply of generic medicines," commerce and industry minister Nirmala Sitharaman told Lok Sabha.

India has for long made a case for preventing evergreening, a common practice with large drug firms, and has even incorporated a clause in its domestic patent law to ensure that "frivolous patents" are not granted based on marginal improvement of a known product or use of a product.

In fact, India's stand on the issue has not gone down well with the US and American lobby groups, which have been seeking dilution of the provisions. Patents give monopoly rights to the holder and pricing power, while the entry of generic drugs helps pull down prices.

In recent years, there has also been demand to go beyond the WTO agreement on TRIPS and the recent Trans-Pacific Partnership agreement among a dozen countries, led by the US, has sought easing of some rules, including an easier patent regime.

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India, China will continue to fight for the Doha agenda: Sitharaman

The Hindu Business Line

24 December 2015: India, China, the Arab countries and the other developing country members of the G- 33 will continue to fight for re- affirmation of the Doha development agenda at the World Trade Organisation (WTO) in Geneva, Commerce Minister Nirmala Sitharaman has said.

"The statement (the Ministerial declaration of the WTO's Nairobi meet) says one section did not want to re- affirm the Doha agenda. Another, which includes India, China, the G- 33 and Arab countries, want a reaffirmation. That section will keep fighting to have it re- affirmed. That fight will continue for India," Sitharaman said addressing a press conference on Wednesday.

The Minister was answering a question on the future of the Doha development agenda, launched in 2001, as a large number of developed members, including the US, the EU, Australia and Switzerland, pushed for its burial at the Nairobi meet that concluded last week.

Under the Doha agenda, developing countries and LDCs can use a ' less than full reciprocity' clause to take on lower commitments than developed countries on all aspects of the negotiations be it market access for agricultural and industrial goods, services or rules.

On public stockholding, where India is looking for a permanent solution to treating such subsidies so that they do not attract penalties, the Minister said that a work programme has been committed to.

"The intention from our side will be to pursue it with greater vigour in Geneva so that a work programme is given at the earliest and based on that special sessions of the committee on agriculture will be held. As was committed to in Bali (Ministerial) and as was re- affirmed in Nairobi, a permanent solution should emerge by 2017," she said.

Answering a question on what bargaining chip can be used by India to ensure that it does get a special safeguard mechanism (SSM) to protect farmers against import surges, the Minister said that it was a right, which the country has to be given. "We have made sure that what was given as a right in the Hong Kong ministerial declaration gets re- affirmed. When every attempt was being made to link the SSM to market access, we insisted that we have to get back to the Hong

Kong decision. Now that a decision to commit on SSM and a decision to commit for a work plan on SSM has been given, we will quote that and ask for a work plan," she said.

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India to pursue food security issue with greater vigour at WTO

Financial Express

New Delhi, 24 December 2015: INDIA will ramp up efforts to get concrete work programmes on the issues of public stock holding for food security as well as a special safeguard mechanism (SSM) to protect farmers now that the Nairobi ministerial of the World Trade Organization (WTO) is concluded, commerce minister Nirmala Sitharaman said on Wednesday. She also made it clear that India's fight will continue, along with other developing and poor nations, until the 2001 Doha Development Agenda (DDA) is reaffirmed in concrete terms.

Commenting on the next course of action, the minister said: "The intention from our side is to pursue it (food security) with greater vigour in Geneva so that a work programme is given at the earliest. And based on the work programme, the committee on agriculture (special session) will be held. And as was committed in Bali and as was reaffirmed in Nairobi, a permanent solution to this issue should emerge in 2017 (in the next ministerial)."

On the issue of having a special safeguard mechanism to protect farmers against any spurt in imports and volatility in commodity prices, the government has "made sure that what was given to us as a right in Hong Kong ministerial declaration" should be honoured, she said. India strongly opposed attempts by some countries, especially the developed ones, to link the SSM with market access in Nairobi, she added.

"Now that a decision to commit on the SSM and a decision to commit on a work plan on the SSM is made (at Nairobi), we will quote that and ask for a work plan," she added.

Sitharaman also clarified that India was not part of the latest Information Technology Agreement at Nairobi, so any provisions of this pact will not be binding on it.

As many as 53 WTO members agreed in Nairobi to a seven-year time frame to scrap all tariffs on 201 IT products that account for an annual trade of $1.3 trillion. Such a pact is touted to drive down prices of items ranging from video cameras to semi-conductors. However, India had been opposing such an agreement on fears that the deal would benefit only those countries (notably the US, China, Japan and Korea) that have a robust manufacturing base in these products, and not India.

Arvind Mehta, additional secretary in the commerce ministry, said India and other developing nations have been successful in preventing any provision to allow “evergreening” of patents at the Nairobi ministerial of the World Trade Organization (WTO) despite immense pressure from some countries to the contrary. The firm stand was aimed at ensuring accessibility and affordability of generic medicines.

The fundamental objective of the DDA was to improve trading prospects for developing nations and it included issues such as agriculture, market access in industrial products, enhanced foreign direct investments, and regulations relating to services trade, trade-related aspects of intellectual property rights (TRIPS), and rules on anti-dumping, subsidies and trade facilitation. While India and other developing nations want re-affirmation to conclude the DDA, developed countries want to mostly dilute the negotiations and seek to broaden the mandate with new issues.

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India Got WTO Commitment on Special Safeguard Mechanism

The Economic Times

New Delhi, 24 December 2015: Rejecting critics’ claims on outcome of the Nairobi ministerial of the World Trade Organisation, commerce and industry minister Nirmala Sitharaman has said India did not come back empty-handed or do anything detrimental to its interests.

She said India was able to hold on to the perpetual peace clause for public stock holding in food security till a permanent solution is found and even got a commitment on a Special Safeguard Mechanism (SSM) for the domestic industry in event of a surge in imports— something that was not even on the WTO’s agenda. “Baahar jaake desh ka nuksaan nahi kiya, jo laabhdaayak tha, wo kar ke aayi hun (I didn’t put the country’s interest at stake abroad, I did what was beneficial)…We haven’t come back empty-handed. We have all the Hong Kong and Bali ministerials promised,” Sitharaman said in a statement in the Rajya Sabha.

She said that the recourse to SSM that it got in the recently concluded Nairobi ministerial of the WTO is its right and not a bargaining chip.

In the Nairobi package, India has got an assurance on negotiations for an SSM but no actual mechanism or triggers for the developing countries to able to invoke it, as was the case in 2008 during the Hong Kong ministerial.

“See every time it’s not a bargaining chip with which you are going. SSM is a right. On SSM, we have made sure that what was given as a right in the Hong Kong ministerial declaration is what we are underlining. So, when every attempt was being made to link SSM with market access and denied, we are saying just get back to the Hong Kong ministerial,” Sitharaman said while addressing the media for the first time after the Nairobi ministerial.

SSM is a measure used to protect farmers from sudden surges in imports or tariff cuts and is invoked based on import quantity and price triggers. Developed countries already have access to a similar mechanism called special safeguards or SSGs.

On export subsidies, the minister said that India will have to do away with its transport and marketing subsidies by 2023 and that makes on a par with developed countries as they have to eliminate their subsidies immediately. Switzerland, Canada and Norway have received carve outs or exceptions for their export of dairy products, swine meat and processed food and withdraw the sops by 2022.

However, she did express her disappointment on the WTO not having reaffirmed the Doha Development Agenda, which was India’s key demand.

She also added that there were no divisions in the G-33 group as far as reaffirming Doha is concerned. “Nothing was imposed. G-33’s chair was Indonesia and Indonesia as a separate entity said it surrendered its interests to chair. But as chair of G-33, he voiced the view of G-33 to reaffirm Doha round. So LDCs, Arab group, China and G-33 are all on the same page as India,” she said. On being asked by former commerce minister in the UPA regime Anand Sharma on why India didn't red flag the Nairobi declaration when Doha was not reaffirmed, she said: “We did give a statement on this...and the larger coalition has not deserted us.”

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The Big Deal About WTO

Sanjay Baru, The Economic Times

New Delhi, 24 December 2015: We “negotiated hard”, said commerce and industries minister Nirmala Sitharaman, referring to the Nairobi ministerial meeting of the WTO. “India will keep on fighting,” she reassured Parliament. It is curious that trade negotiators in general, and Indian ones in particular, like to use combative terms, like ‘fighting’, rather than say that they struck a deal.

Trade negotiations in the modern multilateral, plurilateral and bilateral world are about deal-making — give some, get some — not about winning or losing battles. Given that while all economics is increasingly global but all politics is essentially local, some of the jingoism in the rhetoric of trade negotiations in both developed and developing economies is understandable. Moreover, post-2008, national governments have become more aggressive in protecting their home markets and resorting to beggar-thy-neighbour trade policies.

Trade Defence Minister

Even so, Indian trade ministers and negotiators prefer to project themselves at home as battle-scarred warriors who have ‘negotiated hard’ to pry open others’ markets, while keeping their own guarded. India’s guru of grand strategy, K Subrahmanyam, would often express bemusement at the fact that Indian politicians are so extremely skilful and adept at striking deals at home, but when negotiating with foreign governments, they do not like to be seen striking deals but as defending ‘national interest’.

Sadly, Sitharaman has been no exception to this pattern. True, India did not get everything that it wanted at Nairobi. But like every other country, it got some and gave some. However, if one’s negotiating platform is defined in terms of universal principles, rather than a set of preferred outcomes, it becomes difficult to deal with the charge that compromises were made on basic principles.

Consider the outcome of Nairobi. India got the assurances it sought on her food security policy and it got developed countries to agree to a continuation of the special safeguard mechanism. While India sought and secured a commitment from developed countries on ending farm subsidies, opinion has been divided among Indian economists and policymakers whether this ought to be such a priority for a country that in the foreseeable future will remain a net importer rather than an exporter of food.

India's real 'disappointment' is that the Nairobi ministerial statement virtually brings to an end the so called consensus on the Doha Development Agenda (DDA). But this is not India's loss alone. A great majority of WTO members ought to be so disappointed. After all, the Doha Round is the very first round of trade negotiations launched by the WTO. If that round cannot be completed as originally intended, the loss is that of the WTO as a whole.

Why should India's trade minister be asked to defend her record on this score? She 'fought hard'. But her inability to succeed was defined by the changing geopolitics of global trade.

The bottom line is that DDA is dead. There is no point in wasting one's energy trying to get the Doha Round back on track. This does not mean the WTO is dead. There are many aspects of the multilateral trading system that have served India and the developing countries well. These should be preserved.

US Builds the WTO Bypass

India should seek a discussion on the future of multilateralism in trade and the WTO at the next G20 Summit in China. In fact, China owes it to all developing countries to use its presidency of the G20 in 2016 to get a global commitment on the strengthening of multilateralism in trade.

For its part, the US has not made a secret of its dislike for the DDA and its strategic trade policy objectives in the face of China's rise. The US decision to actively pursue mega-regional plurilateral trade deals under the umbrella of the Trans-Pacific Partnership (TPP) and the Trans-Atlantic Trade and Investment Partnership (TTIP) was aimed at bypassing the WTO in taking the trade liberalisation agenda beyond the confines of the DDA. The US will pursue this agenda because it seeks to retain its status as the architect of global institutions. In response, China is creating its own global economic institutions.

India can only take a rational and reasoned approach to the geo-economics trends and see how its economic interests can be best addressed. This requires striking deals, not mouthing platitudes and riding the high horse of universal principles. This requires a mindset change within the commerce ministry bureaucracy.

Perhaps the PM should ask a high level committee to study India's entire approach to the Doha Round, understand what has been gained and what has been lost, what lessons have been learnt from the successes and the failures. Based on a clear-headed assessment, India should re-examine its approach to external trade, its domestic policy priorities and what it hopes to get out of the WTO and the various plurilateral, regional and bilateral trade agreements.

However, the real work is at home. A more efficient, business-friendly and faster growing economy will be able to deal better with global economic challenges and opportunities.

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Nairobi pact can't be claimed as a victory for India

Shereen Bhan, The Mint

New Delhi, 25 December 2015: Former commerce secretary Rahul Khullar said in an interview that the heads of the governments need to get involved to revive the Doha Development Agenda.

Khullar's view come after developed nations refrained from making any commitments to trim massive trade-distorting farm subsidies. Khullar said the Nairobi pact cannot be claimed as a victory for India. He stressed that India cannot afford to led the rules of the game slide back to what they were in 1995.

Edited excerpts of an interview:

The Left parties, the Congress and other parliamentarians sought clarifications from the Commerce Minster in Parliament on the statement that she had tabled on India's position on India's position at the World trade Organization (WTO). Let me start first by asking Doha round, because the commerce minister clarifying there that India's position is that the Doha round should continue, but there has been no convergence on that issue. If the Doha round is virtually dead, what are the implications then for developing countries like ours?

The Doha round was essentially about three big things. Dismantling and disciplining subsidies which distort agricultural trade, opening markets for manufacturing goods and opening markets for services. If no progress is made on that, essentially the rules of the game stay exactly where they were, that is what they were in 1995.

The implications are that No. 1, the developed countries can carry on doing precisely what they have been doing since the second world war, which is throwing huge subsidies at their agricultural sector at the cost of developing countries.

Second, they don't have to open their market for manufactured goods such as leather and textiles, which are two examples of industries which are competitive elsewhere, principally in developing countries.

Three, they don't have to open their services market so that jobs don't get Bangalored. So, in a nutshell, what is happening is that by stalling Doha, which is primarily being done by the US, you are in effect shifting the rules of the game back to 1995, 20 years back, and ensuring that developed countries can carry on doing whatever they are doing, which is in their self-interest.

You are saying that they will be detrimental to a developing country like ours...

Without a doubt. Let me give you a couple of examples. You will see the point I am making. There are very poor countries is western Africa which produce cotton. India itself is a large cotton producer.

Now, if US subsidises its cotton, it artificially lowers the international price of cotton. Who gets hurt, the impoverished countries in West Africa, our farmers in Gujarat, farmers in Brazil, all of whom are far more competitive than their counterparts in the US.

If I could ask you to comment on the statement that was made by the commerce minister saying that as part of the Nairobi agreement developed countries have committed to removing export subsidies immediately except for a few agricultural products and developing countries will do so by 2018. How do you then read this with the concern that you have just raised?

Essentially, it is a trivial part of the agriculture negotiations. The agriculture negotiations included explicit export subsidies and implicit subsidies but most importantly market support. And export subsidies had been agreed to way back in 2008. So, that is no major concession.

The point is this: the US does not need to subsidise the export of cotton.

If it is directly subsidising the production of cotton because then the price of cotton in the US and in the international market is depressed. So, it does not need to give an explicit export subsidy.

What export subsidies will end up doing is in fact targeting the developing countries so that if a developing country wants to promote its sugar exports like the Caribbean countries or other countries what you will do is you will tighten the belt around them.

The short point is that export subsidies is nothing new. This had been agreed to way back in 2008 and it is simply similar to suggest that this is some major achievement that Nairobi has achieved.

So, the commerce minister's statement on the floor of the house suggesting that this business of doing away with export subsidy is the commitment that developed countries have given will ensure a level playing field and will in fact benefit countries like India. You don't buy that argument?

I don't. I have explained to you please distinguish between what I called market support and an export subsidy. If I want to give an explicit export subsidy on my cheese, that is clearly trade distorting because you are making your cheese more competitive than somebody else's cheese by paying a subsidy. On this there was never any doubt, this had to be dismantled.

The second way it is done and the more egregious way is that huge amounts of domestic market support are provided to producers.

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‘Nirmala Sitharaman was outstanding – but WTO Nairobi Meet can cause famines’

The Times of India

New Delhi, 28 December 2015: Renowned geneticist and administrator M S Swaminathan is popularly known as the ‘father of India’s green revolution’. Speaking with Srijana Mitra Das, Swaminathan discussed why he fears the WTO Nairobi meet could exacerbate global food insecurity, double standards over farming protection between developed and developing nations, an Indian Single Market in grains – and how India, already suffering ‘hidden’ famine, must have freedom to decide its own policies:

■ Why do you think WTO Nairobi can result in famines occurring across the world?

Well, famines occur, including the historic Bengal famine, when demand for food far exceeds supply.

Food production in a country like ours, with diminishing per capita availability of land and water, can match the needs of an increased population only if there are favourable public policies in areas like input-output and export-import as well as policies for a minimum support price, procurement and public distribution.

Already, the country is suffering from what i call a hidden famine, as a result of under-nutrition and malnutrition among large numbers of children and adults.

Therefore, we should have enough flexibility in deciding our public policies which can support both poor farmers and poor consumers.

Unfortunately, the Nairobi declaration does not take into account the larger implications of WTO decisions with reference to achieving the zero hunger challenge of Mr Ban Ki-moon, secretary general of the UN.

■ There’s been steady pressure on India to slash food support – do developed countries follow the same market principle?

In fact, the Nairobi meet permits industrialised countries to continue to provide large subsidies under the Green Box and other provisions.

If, as a result, industrialised countries price their export commodity at a rather low price, this will seriously affect the economics of farming in developing countries.

■ What other impacts could Nairobi have on farming and food security in India?

The Nairobi meet cannot influence our food security – if our country continues to keep national food security and farmers' economic viability as the bottom line of our trade, pricing procurement and distribution policies.

But the Nairobi output also does not make a difference between farmers who are in agriculture for their livelihood security from the small number of farmers in industrialised countries who practise farming for their business security.

■ PM Modi's insisted on food protection in India – yet, the 10th WTO Ministerial Conference seems to have caused some despondency.

There is no despondency as far as I can see in the matter of fighting for our farmers' rights and national food sovereignty – Nirmala Sitharaman has done an outstanding job.

However, there is no time to relax either since agriculture really is the main source of not only food but also jobs and incomes to 700 million people in our country.

■ As head of the National Commission on Farmers, what have you recommended?

Various steps needed now are given in detail in reports of the Commission which include suggestions on pricing and procurement policies – as well as the organisation of an Indian Single Market, breaking down all the barriers in the movement of grains and other commodities from one state to another.

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H1B visa row: May need to 'talk tough' with US, says Sitharaman

Mony Control (also appeared in Live Mint)

New Delhi, 29 December 2015: Listing out the Commerce Ministry's hits and misses for its first full calendar year in office, Commerce Minister Nirmala Sitharaman said the government's steps on foreign trade policy as well as incentives to boost exports were notable steps but listed the continuous fall in exports nonetheless as a disappointment.

Sitharam was talking to CNBC-TV18's Shereen Bhan in a freewheeling, exclusive interview, where she touched upon various issues concerning her ministry, including foreign trade; the WTO climate change talks held recently; the Trans-Pacific Partnership, which India was seen to have bungled; anti-dumping; as well as the recent controversy over the increase in US H1B visa fees.

Below is the transcript of the interview on CNBC-TV18.

Q: Let me start by asking you for your own assessment of the year gone by. It has been a mixed year as far as the Indian economy is concerned. We have had to rescale our aspirations and expectations for growth. The initial expectation was that we will be able to do eight percent plus. That has not been the case. There are domestic factors at play, there are global factors at play as well. But if I were to ask you in the context of your own portfolio in your own ministry, what would you qualify as the high points and the disappointment?

A: Well, the obvious is exports where for the last 10-11 months exports are falling. We have gone into great details as to what is causing it and what kind of a fall is it. The quantum of export is not falling, the value is getting affected. We all know the reasons by now because this has been discussed quite a few times and this in a year when a fresh new foreign trade policy was announced from April 1 and in which we had really refocused on areas where our traditional exports had happened, identified newer areas, gave different kind of incentive packages, the incentives were announced much later than the policy itself. So, for me it is an year in which a lot of things have happened from our end but it is too early for me to measure their impact. The foreign trade policy and its impact or the interest subvention which we announced much later, its impact or even the export incentives which we give for merchandise export, their impact. So, it is a year where they have performed from our side with an understanding that exports need that additional support given the fact that globally there is a depression in demand, many economies are shrinking, demand is not really picking up from those economies where our traditional exports have happened and above all currency volatility have all affected us and as a result for me a year where we have offered whole lot of things but we are yet to measure its impact.

Q: In a press release that you put out a few days ago, you said that there is no reason for panic or alarm has far as India's exports are concerned. You have articulated very comprehensively some of the reasons involved on account of which we are seeing this decline as far as exports are concerned. The global scenario does not look like it is going to change anytime soon. In fact if anything there are concerns on the deepening slowdown in countries and economies like China. In that context is there need for the government to do more. You have talked about the measures that you have already taken but is there need for the government to do more to try and alleviate the pain that exporters are facing and yes a large part of it is on account of what we are seeing as far as oil is concerned which has impacted our export numbers. However non-oil exports are we likely to see more measures from you?

A: That is difficult to say. That is why I started off by saying we are unable to measure the impact of things which we have done last year. If we could measure that then I can say this isn’t enough, I need to do more considering that the world situation is not going to change or if anything it might worsen. That is not happening and it will be too early for me to judge on that. Even otherwise we are sitting with different sectors and talking to them to say in the short term what is it that we need to do? Just so that notwithstanding the impact that our policies or incentives are having on them, this is something that which can immediately restore some kind of a normalcy as it were.

Q: What is the feedback that they have given you?

A: Some sectors are equally as much as the government is wondering whether it is too early for us to talk about it. Yes there is a fall, yes they agree it is not the quantum which is falling, it is the value. Also in the context of currency volatility what is it that India can do to help in that situation that is difficult to even assess.

Q: Do you believe a depreciating rupee is in India's favour and India's advantage? Of course you cannot control the way the currency moves but do you think that that is a reason where competitively we are losing out because of the appreciation of the rupee in comparison to our peers?

A: Given the economic framework that we have, given the international currency linkages that we know of, a strong rupee does not help exports, that is apparent. In a different world where the economic parameters are fixed differently a strong rupee can make us feel proud and make us feel against many other currencies India is holding out, Indian rupee is not really falling. However in the given framework where you need your rupee to not be so strong in order to help your exports, it is proving to be a challenge.

Q: In the short term of course the long term fix is going to be a different issue, but in the short term are there any measures that we can expect or is it too premature at this point in time specifically I ask you this in the context of the Budget which is going to be in February, can we expect at least the inverted duty structures that continue to plague a lot of these sectors to be addressed and also a follow up question. Is it likely to get even worse for us given the fact that we are now seeing these global trade arrangements that are playing out, the TPP being just one of them. Are we going to be squeezed out even further?

A: Two parts of that question. First thing, you talked about the inverted duty structure, considering that the budget is getting closer and so on. Irrespective of what impact the exports are having because of global depression inverted duty structure per se is unacceptable. We have to look at it with a certain rationality and whether it affects the exports, whether it is going to have a positive impact on something else I would think that is just not sustainable. For a rationale tax structure you just cannot hold on. So, we will be talking to the finance ministry highlighting areas where this is affecting us and therefore that is a different story altogether and we will be working on it. Second, when you are talking about global plurilateral arrangements as a result of which are we getting squeezed out. I wish all of us have more time to sit and look at the real context in which all this is happening. The TPP if I were to take as an example of the plurilaterals that we are talking about is yet to be even ratified in the United States there. Their own congress has not passed it, many governments which are party to it have not taken it to their legislatures. So, it is yet to be borne. Alright, the structure has been explained, all countries have agreed to. So, it is too early to talk about, one. Second, the TPP has a lot more on harmonizing standards than immediately benefitting each other from trade and tariff. So, for me it is an agreement where countries have agreed to harmonise their standards to the US prevailing standards. So, that is a different ball game altogether, that is one thing. Second, for countries like Vietnam, Japan all of whom are members, Peru, Mexico and so on the time given for their economies to adjust to certain systems which are part of TPP is 20 years, 25 years and so on. So, here is a trade agreement which is not the same for everybody. It is not yet to be ratified. It is not yet to be ratified by their own countries and above all we are talking about standards here much more than anything here. So, for me to think it is going to have an impact on my trade immediately, no, that will be pressing the alarm bells.

Q: In terms of pre-emptive action from the Indian government to try and work out trade relationship or trade agreements which will give us more access, which will do away with prohibitive non-tariff barriers where we are sort of faced with if you could call those penalties. However for instance the India-EU FTA, talks have been delayed on account of a specific issue linked to pharmaceuticals and pharma sector but are we now moving forward as far as the India-EU FTA is concerned?

A: That is no longer true. We had raised our voice but after German Chancellor's visit to Bangalore where the Prime Minister was also with her, we have had enough of assurance given and we don't have any reason for us to hold on to the objection that we have raised. Already the chief negotiators have agreed to meet in January, they will start the process and they will be moving forward on India-EU FTA.

Q: So, from January the negotiations will restart?

A: Yes.

Q: We have given up on the concerns that we had as far as the pharma related issues are concerned and they have given us that assurance?

A: That is right. So, that story is finished and the negotiations are starting on the India-EU. India-Canada FTA discussions are commencing. With Australia we have progressed well into it, we are looking at sooner tying it all up. So, with RCEP interestingly 7 of them in RCEP are party to the TPP too. So, RCEP negotiations are going on and I guess that is also progressing very well. We will be able to finish that also sooner.

Q: What is the kind of broad timeline that you believe that we could expect momentum to really pickup and then an eventual agreement as far as India-EU FTA is concerned given the back and forth that we have seen on this matter?

A: 2014 when this government was formed 12 or 13 rounds of talks had already happened. Here now with a sense of urgency we are moving forward. Even the EU is keen in tying it up faster. I don't want to give a timeline because it is two parties talking together. So, we would like to finish it up at the earliest.

Q: But some of the other concerns related to the auto sector, related to the wine sector, those concerns you believe have also been addressed and there is forward momentum on that?

A: They will be talked in detail as we are going along with the negotiations but both the parties as I understand are fairly open minded and therefore wanting to tie it up faster.

Q: Since we are talking to other governments let me ask you about our position when it comes to the US. I ask you this in the context of the latest decision by the US government and the Obama administration to clear that Omnibus spending bill which impacts the Indian IT sector specifically. Nasscom has been fairly aggressive in saying that this is going to impact the Indian IT industry by USD 400 million annually. They call this move discriminatory and they believe that it will mainly impact the Indian IT sector. Are you going to take this up with your counterpart in the US, have you already taken it up, what can we expect in terms of the Indian response because most people that we have spoken to who have been in government previously believe that India must respond and must reciprocate on this?

A: India has taken it up in a very big way. The last meeting that we had with the US trade representative in the US, I had raised this issue. We had asked for them to look into it with all seriousness because this is going to hurt us. We have also established the same Nasscom has come up with a study which I remember releasing it when I went for the strategic commercial dialogue in the Brookings Institute wherein it was established that Indian IT companies had invested in a very big way in the US and they are not taking away jobs. Jobs are being created in the US not for Indian citizens, jobs are being created for the US citizens. The number of jobs that are being created have all been given in figures.

Q: Yet this bill has gone through?

A: That is right. Therefore we highlighted this to say what are you doing, we are not taking away your jobs. On the contrary we are coming and investing and creating jobs and this is actually giving a certain buoyancy to the US economy. By doing this you are going to hurt our industry which is otherwise very willing to work with you. I have raised this with the United States Trade Representative (USTR). At that time instantly there wasn't a response given to us. They said alright we will have to look at it and we are discriminating India, this is applicable to everybody but we are following it up. I am sure this is not going to be the last that you will hear. I will be following it up definitely with USTR. It is a matter of serious concern.

Q: It is a matter of serious concern and you will be taking this up with the USTR. Could there be a possibility to in fact even take this matter to the WTO settlement body?

A: That is a bit later, if it is necessary. I hope it won't be necessary to go to the WTO on it.

Q: You have raised this matter in the past, yet the bill went through. So, do you believe that talk has not really achieved much?

A: Let us see. I would want to handle it more with the US directly.

Q: How soon do you intend to raise this issue with the US?

A: It is all Christmas and new year time now. US doesn't seem to be working. Many of them are off. As soon as the new year comes in I will do it.

Q: Are you disappointed with the fact that despite this bonhomie between the US and India and we like to call each other strategic partners and natural allies and so on and so forth there hasn't really been much in terms of reciprocal behaviour that we have seen from the US specifically to do with the IT sector and the IT sector is concerned it is totalisation and I know that you raised this issue as well when you were in the US the last time around. Again there has been no forward movement on the US's part as the totalisation agreement is concerned which also impacts the Indian IT sector and slaps them with a bill of about USD 1 billion annually as well?

A: Absolutely and the answer given in that case is that we do not have an insurance in social security policy in India which is comparable with what exists in the US and therefore they don't think it will be right for them to give away but nevertheless it is the Indian workers' money and that is getting locked up there and we have raised how unfair it would be for the US to tell us that in your country you do not have a certain law which is comparable with mine. In fact I did say in

India there is a culture of the family. Whether it is right or wrong, whether in today's situation whether you need a social security law or not I am not getting into that debate. But I did say this that in India there has been a culture that the family supports everybody. Elderly are taken care of by the family, unemployed youth are taken care of by the family. Children are not driven out of the house at 16 saying you take your job and live your life. The family has been the biggest social security net for every individual and if I say that this system doesn't prevail in the US will it work, it won't. Each country has its own way of doing things and in a smallish way, it has had a big impact. The government has brought in various bima yojanas which is covering every Indian citizen. So, I said if you want to have a universal coverage of a bima yojana this is what it is. The government has brought it in. So, I have raised it from the point of view the typical situation which prevails in India which cannot be compared with the US.

Q: But this is a long standing dispute that we have with the US and again whether it is linked to the hike that we have seen with the visa fee which has again been a unilateral action which was taken by the Obama administration or the lack of follow through action as far as the totalisation agreement is concerned. Is it now time for India to talk tough?

A: If we have not already talken tough. Q: It doesn't seem to have worked so far? A: Well, tougher.

Q: So, it is time for India to talk tougher, reciprocal action maybe?

A: Let us see. I would believe that talks can help us and we will talk.

Q: Let me ask you about whether we can expect any further as far as anti-dumping duties are concerned. We have seen some measures being taken by the government in light of the cheap Chinese imports specifically. Is there cause for greater concern or do you believe that the measures taken so far have started to act or do you believe that there is need for more action at this point in time. I know that there are separate consultations on as far as safeguard duties are concerned but your ministry is remit with dealing with the anti-dumping duty. So, can we expect more on that front?

A: Certainly you can expect more on that. My anti dumping theme has also been strengthened. It is a truth that anti dumping actions are proceeded by about 18 months of intensive research establishing facts, data collection and so on which is an unduly long period. The injury by that time has cost very badly. So, we would want a system whereby we are able to do it faster and the data collection process also wherein the industry also will have to help the ministry. So, ministry alone cannot collect enough such data with which we can take decisions. So, the industry and us will have to work much more methodically on this.

Q: So, we can expect more measures, any particular sectors that we are looking at beyond steel at this point in time?

A: I think tiles had a problem. These are two I can take readily as examples but in which we definitely need to work speedily and these are legitimate ways of establishing that injury is being caused.

Q: Let me now talk to you about WTO and the Nairobi pact which has created a fair amount of controversy. You responded to a lot of the criticism of the Nairobi pact in parliament as well. It is a complex issue, it is not an issue that most television viewers completely understand as well. So, I am going to ask you to respond to the comments that have come in from various experts. I am not a WTO expert either, so I will ask you to respond to the comments that have come in from experts who deal with WTO related matters. The sum and substance of it seems to be that we have come back status quo. We may not have gained anything or we haven't gained anything, we may have conceded ground in some specific areas. I know that this was the question asked of you in parliament as well and you said that we have not given up any ground and the Nairobi pact is not detrimental to India's concerns. If I could ask you to clarify for us specifically as far as the Doha development round is concerned, the fact that there has been a divergence of opinion, does that seem to at this point in time suggest that the development round is over which means in the long term it is bad news for countries like us?

A: Like you conditioned your question or the issue the question itself is layered. So, I will deal with it one after the other. Doha developmental agenda is something where we went and not just us, the G33, Africa group, all of us wanted a reaffirmation of the Doha development framework which exists within the WTO. Not just this Nairobi round but this has always been a question of it has dragged for too long, 13-15 years we are not moving forward and so on. So, it is not a debate which was born in Nairobi. Reaffirmation is something which these many groups wanted, we also wanted, we have made a very strong pitch for it. There was one section which did not want the reaffirmation -the US, EU and some of the countries which were following the US. I could have claimed a victory by saying, we ensured that they did not get away with it, that we did not allow the US to say, no reaffirmation or we don't want reaffirmation. What emerged is a statement of fact. We fought to ensure that the Doha developmental agenda will not be finished. It is a different story that the reaffirmation did not happen, neither did it get finished in this round. What we ensured was just the statement of fact wherein some countries wanted it, some countries did not want a reaffirmation which meant that there was no unanimity and WTO works on unanimity. When there is no unanimity, don't all of us understand that the status quo continues. So, continuity of the status quo is what I want to underline here and if any gives us more time to fight. If we strongly believe that it is the Doha developmental agenda which we want to have we can fight for it.

Q: Former finance secretary SP Shukla said that if there was no consensus, decisions need to be arrived at through specific majorities. Given the lack of agreement between developed and developing countries at Nairobi, India should have exercised its legal right when the talks got extended by a day.

A: If you look at it technically when there is no unanimity there is a provision in the WTO that you can put it to vote, put the contentious issue to vote. However how many times in the past because it is a customary practise I am underlining, how many times in the past on any contentious issue, let me ask every secretary who has held the position in the commerce ministry or anywhere else, how many times in the past has the WTO gone on the route of putting that contentious issue to vote? Never, although technically the provision exists. It is because it has become customary and good customary practise that unanimity is the best way to arrive.

Q: Since there was no unanimity on this issue and since this is an issue that is so crucial for developing countries and developing economies like India, should we not have exercised that right? I am trying to understand why we chose not to exercise it?

A: It would have meant, I asked for a voting or I say you are not agreeing with me I walk out. That meant that if I had walked out, I am sure there would be one set of NGOs who will be India has come out like a champion. I am sorry, you want to be there, you want to make a point, you also want to be sure that whatever happens from now, you will be a part of it rather than just wreck the institution by saying I am the champion of all those poor, I will have to be standing up here and saying if you don't agree with me, I walk out. You may walk out, today let me tell you G33, Africa group, LDCs all of us have been very clearly saying please reaffirm. But they haven’t. The question is, is this the best way? Is it for me to walk out from the forum which is the only multilateral forum, is it for me to walk out and therefore give more credibility or get isolated in the world forum and the same NGOs would tell me, what has India done to itself?

Q: So, you believe the choice was to not push India into a corner to avoid isolation which is why you chose not to exercise that legal provision?

A: Because what was being stated is no decision to completely dismantle Doha. It was no decision to say if India doesn't agree, it doesn't matter, here are we rest of us going ahead, that would have violated the consensus principle. That did not happen. They have only said, we will state that there was one group this way, there was another group that way, that is a matter of fact. Where do I have an objection to that?

Q: Let me move now to the other issues that have been raised as far as the Nairobi pact is concerned. Again this is a criticism of the fact that the declaration recognises that some members wish to identify and discuss other issues for negotiations. This opens the door for contentious new issues such as investment, government procurement and global value chains to be brought into the WTO. I know this was again a matter that you tried to clarify in parliament but that seems to be the concern that because this was part of the declaration that there is now room for new issues to be added?

A: No. If I remember that statement in the declaration, it said with all the members to agree on it. You have missed out on those few words. Without the agreement of all the members no new issue can come into the WTO and that has been reaffirmed. Therefore this declaration did not say we are bringing in newer issues, whether it is government procurement or anything of that kind. No, they cannot come without all members agreeing to it, that is what is said in that. What is wrong in it, unless all members agree you are not going to be able to bring it, that is the stated position even now.

Q: Let me ask you about another comment that has come in from a lot of people who track the WTO and this one comes in from Biswajit Dhar and he says that the decision on completely eliminating export subsidies by 2023 will further aggravate the crisis in our sugar sector and this is something that we should not have agreed to. This was again an issue that was raised by several parliamentarians in the Rajya Sabha when you addressed this issue. Do, you believe that as far as our agriculture sector and specifically the sugar sector is concerned we are worse-off today?

A: Export subsidy even otherwise is violative of WTO. You are not giving any export subsidy even now. If anything under Article 9.4 of the WTO, you are giving transport subsidy or marketing assistance. It is only these two which we pretend to claim that we are giving subsidies to. There are so many agricultural exports which cannot happen even now because subsidies are being given by the developed countries, you are not at par, there is no level playing field. Now what this export competition business of Nairobi has done is for them to remove all those subsidies, for them to remove instantly and immediately. That means your exports are going to be competing better now because those subsidies which we being given by these countries can no longer be given and the few subsidies that you are giving are being given time till 2023 just so that you may withdraw. But what doesn't stop even otherwise is if you were to give a production subsidy for your sugarcane growers, nobody can stop you. So, if you tell me export subsidy, where were you giving any?

Q: The production subsidy argument still holds for the US as well?

A: Yes. We can also give it. Nobody stops India from giving production subsidy to your cane farmers or for anybody for that matter. So, if you are not going to exercise those options which exists for you legitimately and because of the differential treatment that is allowed under WTO, obtain time till 2023 to say gradually those transport and other things will have to be withdrawn not immediately, gradually. Immediately the developed countries would withdraw theirs. Are you in a better position to export with greater competitiveness or not? So, I would think you are better off because they are now not going to be able to give export for a few countries for a few products which I did say its wine, meat, dairy products and so on. All other subsidies from the developed countries particularly for your agriculture products are all going to go away. So, your agriculture is much better off to get better price for your farmers, this is a better deal. For those subsidies which you are giving in the name of transport or marketing assistance you have time till 2023.

Q: My final question on the WTO, you have explained to us the rationale behind the positions that India took at Nairobi for the Nairobi declaration but do you come away from this disappointed with the outcomes?

A: I said I am disappointed only because the unanimity with which Doha could have been reaffirmed did not happen. At the same time we ensured that even with the matter of fact position being stated that unless all those unfinished agenda of Doha development round are completed or we have to take them onboard immediately, that has been added in the declaration which is a stated position of all the countries expecting that glorious day when Doha developmental round will by popular agreement no longer continue. Even in a situation where the division was apparent we have ensured that policy, that anytime Doha is going to concluding any unfinished agenda will have to be carried forward has been made a part of this, number one. Secondly, the special and differential treatment which is there as a matter of benefit for developing countries has also been carried forward. The special safeguard mechanism was not even on the agenda. There were not even enough discussions held before the Nairobi ministerial meet. After reaching there I had asked for it. In fact there is a lot of media reports saying, you asked for it but you did not attend the meeting. Simultaneously many meetings happen, the commerce secretary sat in that meeting through and through, the first one. The second which ran till 3 in the morning I sat. First they indirectly give us the credit for having brought their system on the agenda, then they say you brought it on agenda but you did not attend the meeting? My commerce secretary is sitting in that meeting, nobody wants to double check on that. Simultaneously when so many meetings happen, I go for one, she goes for one, all of us are attending to each others list of things that we have to do so that we can end of the day compare notes and go for the next one. The next one which happened the very next day till early morning of 3am we sat and worked and in that I was there. So, this media reporting sometimes doesn't get the whole story. I wish they do. I in fact spend time briefing religiously every day the set of journalists who had come from India to tell them what is happening. In spite of that sometimes I feel you give the credit but yet not fully.

Q: Let me ask you about another sort of big ticket announcement that is expected from your government because I know that your ministry is in that sense spearheading the initiatives there. It is the start-up policy that is going to be unveiled on January 16 by the Prime Minister to tap into the start-up culture and ecosystem. What can we truly expect because I believe there is still uncertainty on the definition of a start-up, on the kind of incentives, I understand that your ministry is in talks with the finance ministry but the finance ministry has not necessarily agreed at least as far as the fiscal incentives possibly are concerned. What can we really expect from the start-up policy?

A: Lot of work has gone into it. We have consulted a lot of people, lot of youngsters who are into start-ups in a very big way and also who have done it on their own steam till now have all give us inputs. We have made sure that there is a complete openness from the government. Start-ups is such an area where government cannot go with a fixed opinion of this how it should be. Start-ups by nature is something which has been wide, vibrant and varyingly different from each area in which they have started and there is lot of novelty in it. So, we have tried capturing every one of these strands. The fiscal implication is where the finance ministry is working.

Q: There is a disagreement then?

A: No. I think they are very open about wanting to do something, wanting to be flexible and ensuring that every incentive be extended but of course finance has its fiscal constraints.

Q: So, we should not expect much as far as fiscal incentives are concerned?

A: No, I would not say that. They are still working at it, I am sure something will come out of it.
Q: We are at the start of a new year, what more can we expect specifically as far as FDI related issues are concerned? I know there has been significant amount of liberalisation or further liberalisation across many sectors. But defence for instance a lot of fanfare on "Make in India" and so on and so forth but actual big ticket money or small ticket money, nothing has started to come in as far as the defence sector is concerned.

A: That is not true.

Q: Your own data suggests that at this point in time?

A: That is not true. You have this major agreement with Russia. Manufacturing which is going to be located between Madhya Pradesh and Maharashtra.

Q: That has only happened on Prime Ministers visit not even a week ago. So far there has been virtually no FDI that has come in. Is that linked to the fact that there is still no clarity as far as the new procurement policy and the new DIPP is concerned?

A: Not true. Let me take the figures, world over there is a drop in FDI of 16 percent. India has seen 38 percent, that is no without reason. Those are monies which are coming into areas which have great scope in India. When you are talking about defence, obviously people are after the policy was announced looking at various areas within defence into which they can come in. There is a lot of interest, the Russian example that I took is not a small time investment, it is a massive investment. Few others are in the pipeline. So, I think defence is going to benefit, one because we have a captive market in India, we ourselves will be a big time procurer which is what we are doing now, sending the money outside. If the manufacturing happens in India you will be the first one to buy it and anything excess of what you bought is going to be exported from here. For exports you don't have to search for market because defence is such a area where market is readily available. So, I think it is happening. For all of us to see that it is concretely seen on the ground it will take time, sooner not longer.

Q: What will be the key priorities for you in 2016, what is it that you would like to get done, that you haven’t been able to address so far?

A: I would like to first of all keep the momentum up on the initiative which the Prime Minister started about which again in February "Make in India" is going to have a weeklong marking off the launch of "Make in India" and this time it is going to be in Mumbai. The momentum cannot be lost. Ease of doing business came in because of Make in India initiative. We had indentified 98 now we have indentified even more. We are working with the states and that has actually brought in a certain sense of healthy competition between the states, we will continue with that. Second of course exports. I think in spite of what is happening globally because we are focusing on newer markets, whether it is Africa related, whether it is Latin America, whether it is Nordic countries, there will be a great revival and I am very sure exports will soon see better days. Third, it is also a year in which many of the investment decisions which have been made like the

Japanese investment, the Chinese investment, the Russian, all of which is getting facilitated through our ministry, there is a Japan Plus, we are looking at other countries where we need to quickly get them to identify projects, really do the investment and have their teams work with us. So, we will be spending time on channelizing those which have been announced. When the Prime Minister went to the UAE there was a very big offer made even there for which the crown prince's visit is awaited, that is again something which we are looking forward to. So, these are kind of things which we will be tying up those commitments which have been made.

Q: Taking a tougher position with the US?

A: I think so yes.

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Why India must beware the side- effects of Pacific Treaty

The Hindu Business Line

26 December 2015: The scope of the recently concluded Trans- Pacific Partnership Agreement (TPPA) goes well beyond conventional trade concerns. It includes extensive obligations on intellectual property (P) exceeding the minimum standards of the World Trade Organisation (WTO) Agreement on Trade- Related Aspects of Intellectual Property Rights (TRIPS).

Viewed against the backdrop of India’s disappointment at certain outcomes of the WTO talks in Nairobi — countries like India will need to examine TPPA implications especially on non-violation complaints. Particularly as developed countries like the US can take developing countries like India to the WTO dispute settlement body for using TRIPS flexibilities contained in Section 3 (d) of Indian Patent Act. A number of flexibilities are not part of the TPPA.

Instead, the TPPA has adopted several TRIPS– plus provisions which effectively extend monopoly rights. Although India is not a party to the TPPA, these TRIPS- plus provisions are significant for the Indian pharmaceutical industry as they will be applied to its exports to TPPA members. This could impact and delay the entry of generic drugs, threatening access to medicines for all.

Some worrisome IP- plus features in the TPPA include patent criteria and term extension. TPPA aims to grant patents for inventions which are merely variations and not entirely new or novel. This dilutes patentability requirements leading to their “evergreening” and extension of monopoly by at least five years. This will delay entry of a generic version of a medicine, impacting its affordability and access.

Further, it provides for extension in patent term for ‘ unreasonable’ delay in processing applications, which is a TRIPSplus standard enabling the rights holder to delay launch of the product in relatively low- priced markets, particularly developing countries, again hampering access to new medicine.

Third parties are not permitted to market the same or similar products using the same or other data regarding its safety and efficacy. Even if the parties accept applications for generic medicines within those five years, marketing approval can be provided after the five- year period.

Patent linkages

Patent linkages are the other concern for developing countries like India as this could extend the period of additional monopoly in other markets that do not have a formal system, similar to the Orange Book in the US (that binds the drug regulator to approve a generic product within the stipulated time frame), thus delaying the introduction of generics.

The list of concerns does not end there. There is, for instance, the restriction on the government’s ability to utilise a compulsory licence as a means to negotiate price with the patent holder as was done by Brazil for antiretroviral medicines; and allowing private rights- holders to review and arbitrate the meaning of the WTO TRIPS Agreement.

Inclusion of path- breaking provisions such as covering IP as an asset in the investment chapter and giving customs officials powers to impound legitimate generic medicines, including for goods- in- transit, will further limit the reach of generic companies to many markets.

TPPA grants additional monopoly of at least ten years to innovators through provisions that go beyond the TRIPS Agreement. This could impact society by disincentivising innovators to carry out research and development on new drugs, and force patients to pay more for ten more years.

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India-Peru FTA talks in Lima soon

Huma Siddiqui, Financial Express

New Delhi, 26 December 2015: Aiming to increase current bilateral trade with India from $1.5 billion to $2 billion, Peru is looking to take the proposal of FTA with the Narendra Modi government.

"The 3rd round of joint study group on FTA with Peru is slated to meet shortly, discussing key features of the proposed FTA between the two partners," Indian Ambassador to Peru, Sandeep Chakravorty, told FE.

"There will be an official delegation from the ministry of commerce that will be in Lima for the talks," Chakravorty said.

The deal that could potentially bring trade up to $2 billion with India, the free trade agreement (FTA) could "concretise" in the second half of 2016astheSouthAmericannation is heading for elections.

Peru means a "great market for India" and a "great opportunity", according to the Indian envoy. "The country has no negative growth. The mainstay is mining. However, Indian investors should explore opportunities for investments in various sectors, including mining and financial institutions."

The commercial exchange between India and Peru has almost doubled in the last few years, which has made the FTA possibility relevant. Currently, Indian investments have been made in Peru in mining, information technologies, and pharmaceuticals.

The FTA will just not be for goods and services, it will be a comprehensive one that will have a holistic impact with even movement of people eased. "Peru got permission to sell gold to India in 2011. We began exporting in 2012 and shipped out 106 million ounces. In 2013, we exported 270 million ounces. This year, it will be even higher," said a Peruvian diplomat. The Latin American nation is the sixth largest gold producer, mining 5millionounceseveryyear.Peru is also the second largest producer of silver and the third biggest producer of copper, tin, zinc and lead.

"We have proposed to India a free trade agreement. In return for our minerals and metals, we would avail of your IT and other products such as agricultural produce," he said.

"Once the FTA is in place the gold from Peru can come in directly in dore form, India will save precious foreign exchange spent on refining, while ensuring that the manufacturing facility in India can be used. In India, the MMTC Pamp Refinery uses these dores to refine gold and make products such as coins and bars."

"Trade with India is growing at 25% (year-on-year) without FTA, with the expected trade agreement, we could soar to 60-70%. By the end of 2015 we expect bilateral trade to reach $2 billion."

This comes at a time when the Indian government is to review its free trade agreements with several countries including with the Asean region. It is set to push similar pacts with countries in Africa and South America as part of its strategy for larger engagement with countries having potential to provide Indian entities larger scope or investments.

The Modi-led NDA government has indicated that it will review several of the FTAs India has inked over the years, especially those that has resulted in loss to the Indian industry. But at the same time it is pushing for active engagement with Latin American countries expanding the scope of bilateral trade and providing ground for more investment by Indian companies.

Indian companies such as TCS have IT operations in the Andean nation and are said to have employed more than 600 people.

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Unresolved trade pact: India to meet EU in Jan

Shruti Srivastava, Indian Express

New Delhi, 27 December 2015: Months after it called off talks between chief negotiators of the two sides on free trade agreement (FTA) to protest against the ban on sale of around 700 pharma products of a domestic company, India will meet officials from the European Union (EU) later next month to "take stock of the negotiations" on the long-pending FTA.

The meeting on the proposed Broad-based Investment and Trade Agreement (BITA), which was earlier scheduled for August 28, will now be held on January 17-18, a senior official said adding that the issue of ban is yet to be resolved.

"This is not a commitment to continue the talks. What will be seen is if the talks can be taken forward," the official said adding that issue of pharmaceutical industry will also be taken up during the meeting.

Early in July, the EU had banned over 700 pharma products of GVK Biosciences, Hyderabad, for alleged manipulation of clinical trials conducted it and the decision was to come into effect from August 21. The suspension of sales and distribution of generic drugs ordered by the European Commission, which is the executive body of the EU for proposing legislation and implementing decisions, was to be applicable to all 28 member nations.

Following the decision, commerce and industry minister Nirmala Sitharaman decided to call off the talks and examine "all options in this regard" as the pharmaceutical industry is one of the flagship sectors of India.

In June the minister had met her European Union counterpart, trade commissioner Cecilia Malmström, on the sidelines of an informal meeting of trade ministers in Paris and the two sides had agreed to revive talks at chief negotiators' level.

The official said that "the reason for resumption of talks is German Chancellor Angela Merkel's visit here in October. India was assured that its concerns would be addressed to satisfaction and it is on this assurance that we have decided to move ahead with the dialogue".

DG Shah, secretary general of Indian Pharmaceutical Alliance, said that the issue is not company-specific rather it relates to the industry. "In its observation, no one has raised concerns about the safety of the product. However, despite that the ban was imposed. These measures bring a bad name to the industry and the country. The concern of the government is not one company but the industry as whole, it is a matter of principle”.

“We have been in constant touch with the commerce ministry. It is a good sign and we will eagerly await for what emerges in the meeting,” Shah said.

The development comes at a time when trans-pacific partnership, a trade deal covering 12 countries including Australia, Japan, Mexico and the US has been announced. Amid a slowdown in its key economies, the EU has intensified its efforts to conclude the negotiations on the FTA with India.

In fact it has signalled its willingness to show flexibility on all major issues that have stalled the talks.

The last round of talks, which started in June 2007, was held in May 2013. However not much breakthrough was achieved due to EU’s concerns in areas including high tariffs on cars and wines, insurance, banking, retail, legal services, geographical indication, and public procurement while India’s concerns were on services.

Exports to the European Union shrank 4.4 per cent to $49.3 billion in 2014-15 while imports contracted 2.2 per cent to $48.8 billion.

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Modi’s Pak stopover ignites hope for trade talks

Amiti Sen and Nayanima Basu, The Hindu Business Line

28 December 2015: Cable maker KEI Industries said that it has bagged an order worth ₹ 384.53 crore from Power Grid Corporation of India. The company said the order is for supply and service contracts for package A & B under integrated power development scheme (IDPS) works in Varanasi, Uttar Pradesh. The Integrated Power Development Scheme (IPDS) is one of the flagship schemes of the Ministry of Power. The scheme will help in reduction in AT& C losses, establishment of IT- enabled energy accounting or auditing system, improvement in billed energy based on metered consumption and improvement in collection efficiency. Trade dialogue

between India and Pakistan — officially in the cold storage for almost three years — is set to be revived, now that Prime Minister Narendra Modi has broken the political ice with Islamabad with his Christmas visit to Lahore.

"We expect the nod to re- start trade talks to come soon, as both the countries stand to gain from increased liberalisation. It will not be difficult to pick up the thread from where we left, as talks between officials continued informally during the period," a Commerce Ministry official told BusinessLine.

One such meeting was held in July this year when the Pakistani officials said they could get back on the negotiating table as soon as the political climate was suitable, the official said.

According to diplomatic sources, once the Foreign Secretary- level talks take place on January 15, both sides will kick start a dialogue on trade. The stalled Commerce Secretary- level talks might also resume, albeit in a refurbished format.

SAARC meeting

"If talks do not happen now, then they cannot ever happen. However, nothing will be announced before the SAARC meeting (scheduled to be held in Islamabad in 2016). The multilateral platform will help in pushing bilateral agenda," another official said.

The Indo- Pak trade dialogue, which has the potential of increasing bilateral trade from the current $ 2.5 billion to an estimated $ 20 billion, was stalled in January 2013 following violence at the Line of Control in Kashmir two years after its successful re- launch.

MFN status

Although, going by the roadmap for liberalisation agreed to by both the countries in September 2012, it is Pakistan's turn to make the next move by extending the most favoured nation (MFN) status to India.

But this may take time because of the political ramifications.

The MFN status, now renamed non- discriminatory market access (NDMA) because of its greater political acceptability, would result in dismantling of the ban on the remaining 1,209 items from India.

“We expect Pakistan to speed up its internal processes to ensure extension of NDMA sometime in the near future, but the opening up process should not stop,” the official said.

Sensitive items

In fact, talks are on to prune the negative list further as the "next

Once the Foreign Secretary- level talks take place on January 15, both sides will kick- start a dialogue on trade. The stalled Commerce Secretary- level talks might also resume, albeit in a refurbished format.

Pakistan has already increased the number of items allowed from India from just about 2,000 items in 2011 to more than 6,800 now.

India, in turn, has reduced the list of sensitive items, under SAFTA, for Pakistan, on which it maintains high tariffs, to 614 items from 878 items.

It has promised to bring down the list to 100 as soon as it gets NDMA.

Trade realization

Of MFN, “The opportunity should now be seized for trade facilitation between the two countries. Trade liberalisation that has happened till now should result in trade realisation,” said trade expert Nisha Taneja from ICRIER.

According to Taneja, measures, such as ensuring that the train operating between the two countries runs as per schedule and sincere attempts to address non- tariff barriers could help substantially in realising the untapped bilateral trade potential.

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India wants to be included in Afghanistan- Pakistan trade pact

Nayanima Basu, The Hindu Business Line

22 December 2015: India has urged Pakistan to make it a member in the Afghanistan Pakistan Transit and Trade Agreement (APTTA) that was signed in 2011. This would allow the entry of containers from Afghanistan into Attari through the Wagah border land station.

This will help India expand trade ties with Afghanistan through seamless connectivity and enable New Delhi have a greater say in the trading system of the region.

“Besides, signing the pact will also allow Afghanistan goods to crossover the Wagah land station and enter India through Attari. So we have asked Pakistan to include us as a member in APTTA but they have not yet responded,” a senior official told Business Line.

At present, trucks and containers from Afghanistan are not able to send their exports seamlessly to India through the land border. They have to drop the goods, meant for India, at the last checkpoint at the Wagah border which is then picked up by the Indian authorities. But, India is not able to send any goods to Afghanistan, the official said. “Attari is just a few metres away from Wagah, if they can allow the trucks till Wagah, then why not Attari? That way India can also send its exports meant for Afghanistan through the same ICP and save a lot of time and money,” the official added.

While Afghanistan has given its nod to the proposal, Pakistan is yet to respond.

The issue was also raised by External Affairs Minister Sushma Swaraj during her recent meeting with Pakistan Prime Minister Nawaz Sharif and her Pakistan counterpart Sartaj Aziz.

India is also trying to access Afghanistan by establishing connectivity with Iran through the Chahbahar Port under a trilateral transit arrangement.

India’s shipments to Afghanistan contracted by 11 per cent to $ 422.56 million last fiscal compared with $ 474.34 million in 2013- 14. Two- way trade between the countries stood at $ 684.47 million in 2014- 15 registering a meager 0.20- per cent growth from $ 683.10 million in 2013- 14, according to data from the Ministry of Commerce and Industry.

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India Business Card for SAARC trade

Vijaita Singh, The Hindu

New Delhi, 16 December 2015: Taking forward its bonhomie with Pakistan, India is all set to launch an "India Business Card" for the business community in SAARC countries. The stumbling block so far for issuance of this card had been Pakistan, but the decks have now been cleared with renewed ties with Pakistan, a senior government official said.

With Prime Minister Narendra Modi all set to visit Pakistan to attend the SAARC summit in late 2016, the government wants to deliver on the announcements he made during the summit in Nepal.

In the past two weeks, India and Pakistan have had two meetings at the level of National Security Adviser (NSA) and foreign ministers. Earlier in July, India relaxed business visa norms for Pakistan, which is valid for three years now, up from one year earlier, and businessmen would be able to visit up to 15 places. Intelligence agencies had expressed apprehension over easing visa restrictions on businessmen from Pakistan, but the government prevailed over their concerns saying it was required to bring in normality in the region.

"The India Business Card will have a special logo and will be only given to businessmen of high repute. It is being done with an aim of ease of business and gels with the 'Make in India' policy of the government," said a senior Home Ministry official.

It was not clear whether Pakistan businessmen would be allowed in the manufacturing sector and given a green signal to open factories here.

"We are still working on the modalities and the business card is being issued to facilitate trade and commerce," said the official.

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PM VISITS RUSSIA India-Russia hydrocarbon trade may take place in rupee

Huma Siddiqui, Financial Express

23 December 2015: For the growing hydrocarbon trade between India and Russia, the State Bank of India's branches in Moscow and St Petersburg could be designated as the clearing houses for a possible mechanism to pay either in rupee or rouble, rather than in dollar.

This will be similar to the deal between China National Petroleum Corporation, China's largest integrated energy company, and Russian energy giant Gazprom under which China can pay up to $400 billion in yuan for an estimated 38 billion cubic meters of Russian gas between 2018 and 2047.

According to officials, the proposed mechanism would be discussed when Prime Minister Narendra Modi and Russian President Vladmir Putin will meet for the 16th edition of the annual Indo-Russia summit. While ensuring energy security would be the main focus, the two leaders would hold exploratory meetings on "non-dollar hydrocarbons trade". The idea is similar to the payment plans that India has with Iran: Rupee-rial.

Last month, when external affairs minister Sushma Swaraj was in Moscow for the 21st round of inter-governmental meet, sources told FE that "The two sides explored the idea of rupee-rouble trade and for this India and Russia may organise exchange trading of the two national currencies."

In his remark in November, Russian first deputy minister of economic development Alexei Likhachev had stressed on the major difficulties the sides are facing in the transition to the bilateral trade and investment in their national currencies.

Both sides have already exchanged opinions on this issue and decided to speed up the transition process to rupee-rouble trade. "It may take some time before the sides work out a concrete mechanism to transition to mutual trade in national currencies of India and Russia," the source added.

Currently, Russia accounts for less than 1% of India's $70-billion oil imports this financial year. If this issue gets resolved, then the two countries may look at extending non-dollar deals in investment and trade across other energy areas like nuclear and renewable energy resources.
New Delhi, Dec 22: The who's who of Indian industry, including Anil Ambani (chairman, Reliance Group), Sukaran Singh (Tata Advanced Systems), Baba Kalyani (CMD, Bharat Forge),

Ravi Ruia (vice-chairman, Essar), Dinesh Kumar Saraf (CMD, ONGC), Narendra K Verma (MD, ONGC Videsh) and U P Singh (CMD, Oil India), will be in Moscow later this week for an Indo-Russia CEO Summit.

A group of 10 CEOs will be accompanying Prime Minister Narendra Modi for the annual Indo-Russia on Wednesday, to give a much needed push to trade and investment ties. This will be Modi's first state visit to Russia.

B Ashok (chairman, Indian Oil Corporation), Adi Godrej (chairman, Godrej Group) and Jethabhai Patel (chairman, Gujarat Cooperative Milk Marketing Federation) are also partof the group that will be meeting with top industry captains of from Russia.

The Russian side will have captains of industry including, Alekperov Vagit Yusufovich (president, PJSC Lukoil), Gurko Alexander Oelgovich (president, management board chairman, NP GLONASS), Yevtushenkov Vladimir Ptrovich (board chair man, board strategy committee chairman, AFK Sistema), Konov Dmitriy Vladimirovich (president, PJSC Sibur).

According to officials, the CEOs' meeting is very important for both sides as a lot of Russian companies are interested to be part of Modi's 'Make In India' initiative, and are seeking joint ventures with Indian firms in various sectors for the joint manufacturing of components and parts for both civil and military programmes in India.

During his meeting with Putin, on the sidelines of the BRICS summit in July, Modi expressed a desire to visit Astrakhan and even suggested the coming India-Russia summit be held there. Astrakhan is Russia's gateway to the Caspian Sea, with its vast oil reserves and surge on stocks.

It was during the annual summit in 2014, when the two sides announced a 'Druzhba Dosti'c vision. Leaders of both sides recognised that it was time to significantly broad-base the existing bilateral cooperation. They agreed that strengthening economic relations would be an important pillar of the strategic partnership, Russian ambassador to India, Alexander Kadakin said recently.

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Merchandise exports fall for 12th straight month

Remya Nair, Live Mint

16 December 2015: India's merchandise exports contracted for the 12th straight month in November, as a weak global recovery reduced demand for goods from Asia's third largest economy.

Indian exports fell by 24.4% in November, dropping to $20 billion mainly on account of a sharp fall in shipments of petroleum products, engineering products, gems and jewellery and oil meals. Exports had contracted by 17.5% the previous month.

Imports also fell sharply by 30% in November to $29.7 billion, led by a fall in both oil and non-oil imports. Almost all categories of imported items, excluding pulses, fruits and vegetables and electronic goods, saw a contraction in November.

While oil imports shrank 45% to $6.4 billion in the month mainly on account of the falling crude prices globally, non-oil imports were down 25% to $23.3 billion, reflecting the weak demand in the domestic economy as well.

Gold imports contracted 36.5% to $3.5 billion and silver imports were down 55% at $285 million. Other major imported items that saw a sharp contraction in November include coal, raw cotton, fertilizer, iron and steel and pearls and precious gems.

In October, imports had fallen by 21%.

The steep fall in imports ensured that the trade deficit narrowed to $9.7 billion, data released by the commerce ministry showed.

In the first eight months of this fiscal year, while exports have fallen by 18.4%, imports have contracted by 17%.

The International Monetary Fund (IMF), in its world economic outlook released in October, had flagged the weakening of global demand and the consequent impact on Indian exports as one of the main reasons for lowering the country's growth outlook.

The IMF had marginally lowered India's growth outlook to 7.3% for 2015-16 from 7.5% in its earlier forecast while observing that though domestic demand remains resilient, global developments are going to have an adverse impact on India.

Last week, acknowledging the sharp fall in Indian exports due to weak global demand, commerce minister Nirmala Sitharaman had expressed hope that exports will soon pick up on account of measures announced by the government.

"We have given support under Merchandise Export India Scheme. We have also announced the interest subvention scheme. So there should be an improvement on our exports soon," she had said.

Crisil Ltd, in a note dated 15 November, said that India's target of doubling exports of goods and services to $900 billion by fiscal 2020 from $470 billion in 2014-15 might prove a tad too ambitious if the current cyclical slowdown lasts and structural issues are not addressed.

"While exports are likely to remain weak because of subdued global growth—especially when there is structural weakness in trade—imports would rise as domestic demand and investments pick up and commodity prices stabilize. That would bloat trade deficit again," the note said.

"Export destinations are not doing well, prices of many export items have fallen, and the rupee, too, has appreciated in real terms against a basket of 36 currencies," Crisil said while warning that decline in exports isn't merely cyclical, but that there are structural reasons too.

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Cumbersome rules are strangulating India's merchandise exports

Financial Chronicle

18 December 2015: INDIA'S exports slumped by 24.4 per cent year-on-year to touch a five year low of $20 billion in November, while imports saw an even sharper fall of 30.3 per cent year-on-year to $29.8 billion. Both exports and imports have fallen consistently over the past 12 months. Year-to-date exports contracted 18.3 per cent versus 4.1 per cent growth last year mostly on account of petroleum products (-54 per cent), engineering goods (-29 per cent) and gems &

jewellery (-22 per cent). A major reason for this is the weak global demand since the start of the year. Growth in world import volumes slumped to 1.1 per cent between January and September from 3.4 per cent in the corresponding period of 2014. Import volumes of emerging market economies declined by 1.9 per cent year-on-year during January-September. Besides, while the rupee has depreciated against the dollar, it has strengthened against other currencies. The real effective exchange rate (export-based, 36 currencies) has actually risen by 3.7 per cent year-on-year, during April-November. This has also hurt India's exports. Fall in oil prices was a major contributor to the decline in India's exports in fiscal 2015. From an average $106 per barrel in fiscal 2014, Brent dropped almost 20 per cent to $85 per barrel in fiscal 2015. The share of India's trade (exports plus imports) to its gross domestic product (GDP) — referred to as 'trade openness' in economic parlance — has fallen of late from 55.6 per cent at peak in fiscal 2013 to 42.6 per cent in the first quarter of the current fiscal. While imports would rise as domestic demand and investments pick up and commodity prices stabilise, exports are likely to remain weak because of subdued global growth. Over the years, India has rotated its exports more towards emerging markets, especially Asia. Compared with 37 per cent in fiscal 2001, Asia accounted for almost 50 per cent of India's total merchandise exports in fiscal 2015, more than the combined share of Europe and the US. Asia is clearly leading the fall in exports, followed by Europe. A solution is to ensure better product diversification, which has come off marginally over the years. Around 25 items used to constitute 80 per cent of India's exports in 2000-01, while in 2014-15, it is down to roughly 20. According to a Crisil study, while global slowdown has indeed led to lower growth in exports by India, there are some structural issues also at play behind the current slowdown. For instance, while world real GDP growth improved from 3.2 per cent in 2009-2011 to 3.4 per cent in 2012-2014, India's real growth of exports came down from 11.1 per cent to 4.1 per cent. This suggests the decline isn't merely cyclical; there are structural elements at play as well, notes the study. Falling competitiveness is one of the structural factors restricting export growth. For key export items such as gems & jewellery and textiles, comparative advantage has come down over the years. Non-tariff barriers such as high transaction costs and infrastructure deficit, too, create hindrance as India continues to lag most Asian peers on these parameters. A comparison with other emerging Asian economies suggests exporting goods out of India is a cumbersome process. The country ranks poorly on most non-tariff barriers such as poor port infrastructure, delays due to bureaucratic hassles and cumbersome documentation process amongst others. We also need to identify newer markets.

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'Devaluation is no answer to export slowdown'

KR Srivats, The Hindu Business Line

22 December 2015: India should not devalue the rupee to improve exports, but look at enhancing the quality of its offerings for global competitiveness, Mahesh Gupta, the new president of PHD Chamber of Commerce and Industry (PHDCCI) has said.

The strength of the rupee has to be maintained and devaluing it is not the answer to the export slowdown, Gupta told BusinessLine.

"We don't want our currency to devalue to such a level that people who have invested in India lose hope," Gupta said. Gupta's remarks are significant at a time when the country's exports have contracted for 11 straight months and there is a clamour from the export community for currency adjustments.

Demand worries

The PHDCCI President made it clear he was not making a case for the Reserve Bank of India to support the rupee, but only emphasising that the rupee needs to find its own level, based on the market situation.

Gupta said the industry's main concern was the lack of demand; not so much the cost of capital. "Industry is looking for demand and the Centre has to do something to help prop up demand," he said, adding there are several ways to increase demand.

For instance, the Centre could give a boost to the real estate sector by raising tax deduction for home loans for individuals to Rs. 5 lakh from Rs. 1.5 lakh now, he added.

"Income tax collections lost by the Centre will be offset by increased economic activity and demand for steel, cement, etc. The only problem is that our government is divided into so many departments that it is difficult to look at the big picture," he said.

GST disappointment

He added that there were several lessons for India from the recent recovery of the US economy and the manner in which the government there helped improve demand.

Gupta said the industry was disappointed over the current logjam in implementation of the Goods and Services Tax (GST). “Trade has been demanding this reform. If it is not happening, then it is a disappointment. Let’s hope it happens from the revised target date of June 1 next year,” he added.

Gupta said much needs to be done on the ‘ease of doing business’ front. The Centre should tread the path of labour reforms and make laws that enable industry to gain the right to employ and terminate, depending on demand conditions.

“We don’t want anything for free. We want an atmosphere where we can compete with the world. Laws that exist around the world should also be given to us. For ‘Make in India’, give us the same platform as available abroad,” Gupta said.

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Centre to Meet States to Discuss Export Strategies

Kirtika Suneja, The Economic Times

New Delhi, 26 December 2015: The government has called the first meeting of the National Council for Trade Development and Promotion on January 8 to discuss export strategies of states and align them with the Foreign Trade Policy (FTP). This comes as India’s exports have been falling for the past few months. The commerce department also wants states to engage with the various free trade agreements that India is negotiating apart from issues related to the World Trade Organisation.

“India’s exports have almost plateaued over the past few years and the trade deficit has increased steadily with only a marginal decline in April to September 2015 compared to the corresponding period last year,” said an official aware of the details. The council was set up in July and includes representatives from the ministries of finance, shipping, civil aviation, agriculture and food processing, apart from state commerce ministers.

“Since all factors of production are with the states, it is a good decision to call them and have export strategies in tune with the overall FTP,” said Ajay Sahai, director general of the Federation of Indian Export Organisations. In November, exports shrank by a quarter from a year earlier to $20 billion, leading exporters to believe the situation is now worse than at the peak of the global financial crisis in 200809, while imports declined 30% to almost $30 billion.

April-November exports fell 18.5% from a year ago.

Just seven out of India’s top 30 export goods, including carpets, jute products and tea, registered an increase in November, compared with nine in October. The government has said there is no crisis on the export front but a need for caution. A substantial part of the decline is due to the fall in gold and crude prices. India’s non-oil, non gems and jewellery exports were down only 3.7% in rupee terms in April-November.

States have been asked to identify infrastructure bottlenecks and indicate action plans to address them in the meeting. The amendment of labour laws for sectors such as textiles and handicrafts, where worker demand is seasonal, is high on the agenda for which states will interact with industry bodies.

The official said that infrastructure bottlenecks, such as lack of proper road connectivity to ports and between state and national highways, need to be resolved. This issue is also a priority on the meeting’s agenda.

Similarly, power is an important factor for production and states have been asked to assess the situation in terms of both quality and tariffs for industrial clusters.

Besides members of the council, the meeting will have representatives from lobby groups such as the CII, FICCI and Assocham.

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Indian trade gloom

Amitendu Palit, The Financial Express

29 December 2015: Not many years have ended with gloomier prospects for Indian trade. The gloom is not just because of the contraction in exports for 12 months in a row. It is also because India's role and participation in global trade is becoming increasingly insignificant.

The insignificance was evident from the approach to the Nairobi Ministerial. India looked forward to playing a major role at the latest WTO Ministerial. The expectation was primarily on defensive grounds: Taking the lead in protecting interests of the developing countries at a forum that, over the years, has become a pitched battle turf between developed and developing countries in world trade. And at the same time, ensuring its own domestic interests on public stockholding of food grain necessary for implementing the domestic food security programme does not get stalled by global trade rules. It is notable that like almost all other occasions in the past, this time too, India hardly had a 'forward-looking' agenda at the WTO. This, however, is not surprising since most countries of the world—particularly the major players in global trade—have stopped proposing forward-looking agendas at the WTO, realising the difficulty of achieving consensus on such proposals. They too have been looking at the WTO as a forum for preserving their defensive spaces in global trade. Unlike India, these countries were mostly going through the motions at the WTO. One of the main reasons for the attitudinal difference between these countries and India on the WTO is that the former have located alternative forums for articulating forwardlooking interests in global trade. These are the various regional trade agreements (RTAs) being worked out across the world involving developed countries and emerging markets. While not absent from RTAs, India has not been able to formulate a clear strategy for participating in these. As a result, it has ended up playing a defensive role in most of these RTAs, almost by default, given its historically defensive stand in trade talks.

India suffers from a variety of cross-cutting opinions and interests leading to an odd posturing in RTAs and FTAs. An important element among these is India's inability to rationalise RTAs exclusive of the WTO. The onus of providing leadership to the developing country club at the WTO, particularly since the articulation of the Doha Development Agenda (DDA), has bound India hard to 'leadership'. The leadership role in a multilateral trade forum has partly blunted the ability to objectively assess benefits of entering into RTAs, particularly with developed countries. Indian industry has also been opposed to RTAs and FTAs and has successfully lobbied with the government on several occasions for preserving defensive interests. Not all segments of the industry have been reluctant towards FTAs, though, with garments and IT being more receptive towards these than many other industries that fight shy of regional agreements for fear of being swamped by imports.

The sad reality in global trade is the predominance of RTAs, particularly mega-RTAs. Many analysts in India are upset over the lukewarm outcome of the Nairobi Ministerial and are apprehensive of world trade rules getting to be dominated by TPP-style mega-RTAs. The TPP is a reality and so are mega-regionals. They create enormous challenges for the multilateral trading system. Nairobi was the first Ministerial of the WTO after the conclusion of the TPP. Till the TPP was concluded, many, including in India were sceptical about the conclusion of the TPP, and, even if concluded, the significance of its impact on Indian trade. The likely impact on market access of Indian textile and apparel exports in major TPP markets—the US, Canada, Australia and Japan—is now being widely discussed with legitimate fears of these being displaced by exports from Vietnam. The TPP-sceptics need to not only note the short and long-term impacts of the agreement on prospects of Indian trade, but also the fact that more countries from across the world are lining up for joining the TPP or similar mega-regionals. The WTO cannot match up to mega-regionals in scope and ambition unless and until it undergoes radical changes in its agenda and structure.

Two issues are important in the larger perspective of the prospects for Indian trade. First, domestic improvements, particularly in doing business conditions remain essential for improving exporter competitiveness. India has been taking some strides in this regard. However, on many occasions, quicker improvements can arise from signing FTAs and RTAs. Expeditious trade facilitation can be precipitated by these agreements, as has been the experience from across the world. Necessary domestic regulatory reforms can also get a leg-up from signing FTAs. The second, and specifically important point is engaging in RTAs with a constructive vision. India's RTAs have not produced the desired results since many of these have been shallow with limited market depth and have not been taken to domestic industry as meaningfully as they should have been. Rather than being reluctant participators in RTAs burdened by the legacy of championing the cause of developing countries inherited from the WTO, India should engage in these agreements on the basis of specific constructive interests and look at them as opportunities for improving domestic business conditions and its own space in global trade governance.

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India's Import Cover Touches Five-Year High

Gayatri Nayak & Saikat Das, The Economic Times

Mumbai, 29 December 2015: Import cover, a measure of a nation's ability to support its economy and how it traded with the rest of the world, rose to a five-year high, which could provide yet another buffer against any hit on the currency in the event of an outflow due to the Fed rate increase.

The shrinking import bill has improved the foreign exchange reserves adequacy levels. The cushion of foreign exchange reserves that ranged between $330 billion and $350 billion through 2015, have been adequate to fund more than 10 months' imports through most part of the year.

After touching 12 months of imports in February this year, import cover of reserves has touched a level that is adequate to cover 12 months of imports in November. These are the highest levels since 2010 when the number of months' imports that the reserves could cover was in double digits.

This improvement has been possible despite volatile capital flows as foreign portfolio investors have pulled out large part of their investments in the Indian markets this year, anticipating a hike in policy rates by the US Federal Reserve.

"The (import cover) adequacy of India's forex reserves has improved both due to RBI's proactive management in absorbing surplus foreign capital inflows, the government's initiatives which have resulted in large inflows and a fortuitous drop in commodities prices, especially oil, which has inter alia reduced imports bills," said Saugata Bhattacharya, chief economist at Axis Bank.

"The higher import cover will help RBI in stabilising currency volatility with the ability to fight speculative attacks arising from global triggers like sustained Fed rate hikes and shocks from China."

TheReserveBankof Indiahasbeen regularly intervening in the currency markets and managing capital flowstomaintaina desirable level for the exchange rate, which in turn also influences the level of reserves.

"Despite volatility in the global markets, RBI has been able to keep the rupee in a manageable band while mopping up dollars to create higher reserves," said KN Dey, executive director at Mecklai Financial. "The central bank's goal is to build reserves that exceed the country's external debt at around $440 billion now."

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Argentina's duty- free exports of soya oil fuel worries among Indian extractors

The Hindu Business Line

22 December 2015: In yet another blow to the ailing edible oil industry, the Argentina government has removed export duty on soyabean and soya oil to make their exports competitive and retain its share in global edible oil market where prices are falling.

Pravin S Lunkad, President, Solvent Extractors Association, said the move by newly elected Argentina President Mauricio would have a positive impact on their export but soyabean and soya oil prices have started falling in the international markets.

Indian edible oil industry and farmers are already hit by the 24 per cent increase in edible oil import at 14.4 million tonnes last oil season (November 2014 to October 2015) worth about ₹ 65,000 crore ($ 10 billion).

"Globally, edible oil prices are at record low levels of 2008 and Indian edible oil producers are unable to compete with rising imports due to high prices they pay for soyabean in India," he said in a statement on Monday.

Indonesia and Malaysia, the major palm oil producing countries, have set up a council with a common objective to maintain higher price of palm products in the international market and reduce competition amongst them.

India imported nearly 9.5 million tonnes of palm products from Indonesia and Malaysia – almost two- third of total imports in 2014- 15.

Both these countries have inverted duty structure where crude palm oil attracts more duty than finished product refined palm oil, affecting the domestic refining sector. This may have serious implication for India in the long run if the government does not take corrective measures, Lunkad said.

The association has asked the Centre to revise the duty difference between crude and refined oils to at least 15 per cent to protect the margins of domestic industry and ensure some value addition within the country.

The Association has made representation with the Commission for Agricultural Costs and Prices to reduce import duty on high oil- content oilseeds such as rapeseed/ mustard and sunflower seeds to 5- 10 per cent from 30 per cent so that crushing of these can reduce edible oil imports and also enhance oilmeal supply for domestic consumption by feed industry and exports.

“Oilseed imports will not have any impact on the farmers as they are protected with an assured minimum support price of the government,” he said.

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Gold imports may touch 1,000 tonne this year: Trade body

Financial Express

New Delhi, 23 December 2015: Buoyed by a sharp fall in gold prices globally, India is likely to see a jump of 11% in imports of the metal to 1,000 tonne this year, says a trade body.

According to the All India Gems and Jewellery Trade Federation, the world's second-biggest gold consumer had imported around 900 tonne in 2014.

"Gold import is estimated at around 1,000 tonne in 2015 calendar year, compared to around 900 tonnes last year. Imports are likely to increase because of low global prices," All India Gems and Jewellery Trade Federation chairman G V Sreedhar said at an event in New Delhi. He said imports through smuggling are estimated to be around 100 tonne this year. According to the federation, India has already imported 850 tonne of gold from January-September of 2015 as against 650 tonne in the first nine months of last year. Gold imports are expected to be 150-200 tonne in the last quarter, as against 300 tonne in the year-ago period.

The World Gold Council has said in its latest report that India's gold demand in the October-December quarter would be more muted. "Lingering concerns over the health of the rural Indian economy and local gold prices remaining in close proximity to R27,000 per 10 grams level in recent weeks also give reasons to adopt a prudent outlook for the usual fourth quarter uplift in Indian demand," it had said in the report.

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We need FTAs for boosting textile exports

Santosh Kumar Gangwar, Financial Express

New Delhi, 24 December 2015: Textiles Minister Even as the textile and garment exports target of $47.5 billion for 2015-16—with a projected growth rate of almost 14% from a year before—is all set to be missed, textiles minister Santosh Kumar Gangwar says the sector is still witnessing growth, while the country's overall exports contracted for a 12th straight month in November due to lingering concerns about the health of the global economy. However, analysts say the situation may get tougher for Indian garment industry, with the implementation of the Trans-Pacific Partnership (TPP) that allows a key competitor like Vietnam to supply duty-free apparel to the US. In an interview with FE's Banikinkar Pattanayak, Gangwar points out that his ministry is actively engaged with the commerce ministry in forging new FTAs to offset the impact of TPP. Excerpts: What steps are you taking to boost textile and garment exports?

In the last few months, the growth of textile and apparel exports from India have slowed down on account of various internal and external factors (textile and garment exports rose 0.6% to almost $18 billion in the first half of the current fiscal from a year before). Realising the turmoil that Indian exporters are facing in global markets, the ministry of textiles has recommended corrective measures to other ministries concerned in consultation with industry stakeholders. Some of these are reduction of excise duty on man-made textiles from 12% to 6%; enhancement of market coverage under the Merchandise Exports from India Scheme (MEIS); upward revision of duty drawback rates as well as value caps; continuation of interest subvention scheme and expanding its scope; and providing working capital at 7% to exporters under priority sector lending. Of these, the gover nment has taken action on recommendations related to MEIS, duty drawback (rates were raised by 2% for textile products in November) and interest subvention. Export promotion councils and other trade bodies have appreciated this timely action, which will lead to an improvement of textile and apparel exports from India. How do you plan to counter the adverse impact of Vietnam gaining duty-free access to the US market under TPP, when Indian exporters pay duties in the range of 14-32%?

The inclusion of a significant apparel producer, Vietnam, in TPP has the potential to shift global trading pattern, as Vietnam will get duty-free access to the US, Canada and Australia. Since Vietnam is already the second-largest apparel exporter to the US with a market share of 10%, getting duty advantage can help the country grow its apparel exports rapidly. In order to gain sustainable competitiveness and edge over countries like Vietnam, India needs to sign FTAs with important markets like the EU, the US, CIS countries, South Africa and Turkey, and also with emerging markets in Latin America. The ministry of textiles has realised the potential impact of FTAs, including TPP, on exports. The proposal regarding FTAs with major textile and apparel markets has been referred to the ministry of commerce by me. The industry has been seeking flexible labour laws for the garment and textile sector. Have you initiated any steps in this direction?

The ministry of textiles has referred several issues to the ministry of labour and employment to make labour laws flexible. The proposals include raising over-time limit for employees from 50 hours a quarter to 100 hours; relaxing restrictions on work during night for women in factories; revision of overtime wages at the rate of one-and-aquarter times of the regular rate (as per ILO convention numbers 1 and 30) instead of two times; redrafting regulatory framework for labour issues in compliance with India’s ILO obligations; and also introducing fixed-term employment under the sub-section 1(15) of the Industrial Employment (Standing Orders) Act, 1946. What changes are you going to introduce in the Technology Upgradation Fund Scheme (TUFS)?

The existing Revised Restructured TUFS (RR-TUFS) is under review and a draft note for the Cabinet Committee on Economic Affairs (CCEA) has been circulated among relevant ministries. You should expect a decision soon. The textile industry has voiced concern against delays in clearance of TUFS subsidies. What is the status of pending subsidy claims under TUFS? When will these be cleared?

An allocation of R1,413.68 crore has been made under the scheme during 2015-16, of which R882.49 crore has been disbursed until November 30. Further claims under Restructured TUFS and RR-TUFS for R211.92 crore are under process with the ministry for release, which relates to claims up to the June quarter of 2015-16. What could be the broad contours of the textile vision policy?

The textile ministry had constituted an expert committee—headed by Ajay Shankar, member secretary of the National Manufacturing Competitiveness Council—for reviewing the textile policy 2000. The committee has since submitted a draft vision, strategy and action plan. This document has proposed for additional job creation of about 35 million, export of $185 billion (both textiles and apparels), domestic production level of $350 billion and investment of $200 billion by 2024-25. Based on this, the ministry has initiated consultation with various stakeholders—including industry associations and export promotion councils—and started a study of textile policies of various state governments. The draft is under process for consideration by the committee of secretaries. How far have you moved forward in improving the ease of doing business in the sector?

We have set up a customs clearance facilitation committee at all ports, which is headed by the chief commissioner of customs and consists of stakeholders from all agencies pertaining to clearance of goods. We have decided to constitute a project management unit and a project management group—while the unit comprises secretary of textiles committee and director (exports) in textile ministry, among others, the group includes joint secretaries for exports and AMR and secretary of textiles committee.

The ministry has introduced riskbased inspection of goods. The Directorate General of Foreign Trade (DGFT) has been requested to relax the testing samples in respect of countries where azo dyes have been banned and DGFT has issued a fresh notification for this purpose.

There has been delegation of power to customs officers for drawing samples, where required, of exported and imported goods. As far as imports are concerned, customs officers are only authorised to draw samples and forward the same to the textile committee.

Regarding risk management, a letter has been written by the textile secretary to the revenue secretary to integrate EDI software of customs and the textile committee so that online test reports can be generated and communicated to the stakeholders done swiftly.

Moreover, a standard operating system was prepared in collaboration with the textile committee for testing of articles containing azo dyes, and reducing the time for testing samples from four days to two days online. A proposal for setting up a new textile laboratory of the textile committee at the Cochin port has also been approved by the ministry of textiles.

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WTO pen drive case: India, Taiwan complete consultation process

Economic Times

New Delhi, 24 December 2015: The bilateral consultation process between India and Taiwan on the issue of Chinese Taipei dragging India to WTO for imposing anti-dumping duty on its exports of pen drives has been completed.

"In the consultation (completed last month), India has contested the claims of Taiwan. They have gone back to their industries.

"Now, either they can again request for another consultation with India if they come back with more queries or they can approach the WTO's dispute settlement panel," an official said.

Approaching the WTO's panel may stretch the process of resolution of the issue and involve litigation in Geneva.

On September 24, Taiwan had filed a case in the World Trade Organisation (WTO) against India for imposing anti-dumping duty on imports of USB flash drives or pen drives as known in common parlance.

After the recommendation of the Directorate General of Anti-Dumping & Allied Duties (DGAD), in May, the Central Board of Excise and Customs (CBEC) had imposed the anti-dumping duty on imports of USB flash drives or pen drives from China and Taiwan.

The DGAD in its probe had concluded that the product was exported from Chinese Taipei into the Indian market at prices less than their normal values.

India had imposed anti-dumping duty on imports of 'USB Flash Drives' from China and Chinese Taipei at USD 3.06 per piece and USD 3.12 apiece, respectively, for five years.

The request for consultations formally initiates a dispute in the WTO. Consultations give the parties an opportunity to discuss the matter and find a satisfactory solution without proceeding further with litigation.

After 60 days, if consultations have failed to resolve the dispute, the complainant may request adjudication by a panel.

In market parlance, USB Flash Drives are also known by various other names such as pen drive, keychain drives, key drives, USB sticks, flash sticks, jump sticks, USB keys or memory keys.

Countries initiate anti-dumping probes to check if domestic industry has been hurt because of a surge in below-cost imports. As a counter-measure, they impose duties under the multilateral WTO regime.

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Seafood exports may fall 10% due to lower rates, lesser output

Sangeetha G, Financial Chronicle

25 December 2015: This Christmas, seafood exporters are witnessing a conflicting situation. With a drop in prices, consumer demand for seafood in the US and Europe is strong this season.

However, large retailers like Tesco, Auchan and Walmart are going light on inventories due to price volatility.

While procuring prices have gone up due to supply shortage back in India, export prices are still lower. Lower rates and lesser production may result in 10 to 15 per cent decline in exports this year.

“Christmas and Thanksgiving season in Europe and the US accounts for 40 per cent of the consumption. This time demand from the consumers is strong, but retailers have cut their inventories at least by 50 per cent,” said Rahul Kulkarni, director, WestCoast.

Seafood prices in general have come down close to the season. In the case of cooked shrimps, prices are down 15-20 per cent. Consumers are making most of lower rates this season, despite the gloomy economy. But retailers, who had exported at a higher rate, are worried about the lower price realisation. Seeing the volatility in prices they are cutting down their inventories.

“Exporters, however, have to pay higher price to procure seafood from the farmers due to lower supply. The rains and floods in the eastern coast affected production. The floods have washed off farms in 13,000 acres of Andhra Pradesh,” said V Padmanabhan, president, Seafood Exporters Association of India.

In parts of western coast, incidence of white spot disease among shrimps also was reported, added Kulkarni. “The exporters might pre-pone their purchase due to lower levels of inventory. This time they would come back in mid-January against April-May every year. But due to production loss, it has to be seen whether we will be able to supply them,” he said.

The industry expects 10 to 15 per cent drop in exports this year. Exports had touched an all-time- high of Rs 33,441.61 crore in 2014-15, growing by 11 per cent over the previous year. The volumes at 10,51,243 tonnes grew by seven per cent. The US is the largest market with a share of 26.46 per cent in dollar terms, followed by South East Asia at 25.71 per cent and European Union at 20.08 per cent. Frozen shrimp is the major export item in the export basket accounting for a share of 34.01 per cent in quantity.

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Europe pulls down auto parts export sluggish demand

Ajay Modi, Business Standard

21 December 2015: A decline in automobile component exports to Europe, the largest destination for Indian companies, marginally pulled down exports to $2.7 billion in the first quarter of the current financial year, the latest period for which data is available.

Total automobile component exports declined about two per cent, compared with nearly 17 per cent in the corresponding period last year, data from the Automotive Component Manufacturers Association (Acma) showed. Europe, which accounts for about one-third of exports, saw a decline of 12 per cent to $915 million. Shipments to Europe had surged 23 per cent in the quarter ended June 30, 2014. During the last financial year, exports to Europe had grown 5.6 per cent.

"Europe demand appears to be sluggish and there is no sign Auto component exports in April-June period 2013-14 2014-15 845 1,042 491 607 600 691 2,332 2,721 Europe North America Asia Total* of improvement. Some of our exports are also heading to newer markets," said Nishant Arya, executive director of JBM Group, a leading component manufacturer and exporter.

India exports components worth $11 billion in a year and exports have grown at a compounded annual rate of 11 per cent for six years, according to Acma. Exports account for 29 per cent of the domestic component industry's annual turnover of $38.5 billion.

"Export earning is a reflection of poor performance in Europe, which has caused a marginal impact on the overall number. I will not call this a trend. We are bullish on exports," said Vinnie Mehta, director general of Acma.

Component export to Asian markets, another large destination, declined 3.6 per cent in the corresponding period to $667 million. North America, however, saw growth of 11 per cent, to $674 million.

India primarily exports engine parts, transmission parts, brake systems, body parts, exhaust systems and turbochargers, etc. Despite annual exports worth $11 billion, India remains a net importer of automobile components.

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April-Oct tea exports rise 7.25%

The Financial Express

Kolkatta, 17 December 2015: India's tea exports registered a 7.25% year-on-year rise quantitatively during April-October this year, to 119.25 million kg, as against 111.19 million kg during the same period a year ago.

According to the provisional production data released by Tea Board of India on Wednesday, output during April-October stood at 946.97 million kgs, a marginal decline of 0.69% y-o-y.

During the period under review, North India production increased marginally by 0.60 million kg while South India's output decreased by 7.22 million kg.

The provisional tea exports data shows the country's tea exports registered a 4.2% increase at R2318.07 crore in ter ms of value during April-October this year, as compared with the corresponding period last year.

According to Tea Board data, the increase of tea exports has been seen in major tea-importing countries like Russia, the United Kingdom, the Netherlands, Ger many, Poland, the UAE, Iran, Bangladesh and Pakistan.

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Silver import to set a new record in 2015

Dilip Kumar Jha, Business Standard,

Mumbai, 30 December 2015: Silver imports are likely to set a new record this calendar year due to rapid change in consumer preferences from imitation jewellery and artifacts made of alternative materials to silver.

Data compiled by the precious metals consultancy Smaulgld.com showed India's total silver import at 5,819 tonnes during the January-September period. On annualised basis, however, total silver import in 2015 is estimated at 7,759 tonnes - the highest ever India has imported in any calendar year so far, and a rise of 10 per cent from the previous year. During 2014 (calendar year), the total import of silver was recorded at 7,083 tonnes.

Rising imports of silver indicate rapid change in consumer preferences over the past three years since its price started falling. Unlike in the past, consumers see a resale value in any form of silver purchase including jewellery, artifacts and investments products such as coins and bars.

“As the trend shows from the volume of import between January and September, silver import in India will set a new record this year,” said Mohit Kamboj, president of India Bullion and Jewellers Association (IBJA), on the sidelines of World Silver Council inauguration here.

Under the aegis of IBJA, World Silver Council was launched to protect the interest of silver miners, importers, refiners, traders, jewellers and all other directly and indirectly linked with the white precious metal. Along with the World Silver Council, IBJA has also launched two other initiatives – First Step Foundation for fulfilling its corporate social responsibility and Skill Development Council to help enhance the skills of the workers. These initiatives were launched at the hands of Ram Nath Kovind, Governor of Bihar.

Much of the silver demand in India is going for jewellery and artifact consumption as consumers see a resale value in silver. Falling prices have encouraged consumers to prefer silver ornaments to imitation jewellery and metal artifacts.

After a staggering 19.31 per cent decline in 2014, silver prices fell nearly eight per cent in 2015. This means, the downward cycle in commodities has made silver affordable for consumers with a price decline of over 26 per cent in the past two years to $14.32 an oz now from the level of $19.47 on January 1, 2014.

Similar price decline was seen in local currency as well. Silver price in Zaveri Bazaar here is quoted at ~34,200 a kg now, a decline of 22 per cent from the level of ~43,800 a kg on January 1, 2014.

“A large chunk of imported silver goes for retail consumption for jewellery and artifacts. The industry has witnessed a number of imitation jewellery consumers getting diverted towards silver ornaments due to falling prices. This does not mean the demand of imitation jewellery has completely evaporated. But, their average annual growth has declined in favour of silver jewellery," said Rahul Mehta, managing director, Silver Emporium, a silver jewellery and artifacts' manufacturer and retailer in Zaveri Bazaar.

As a consequence, there has been a rapid shift in silver consumption in the past 10 years. Global silver demand for industrial use has slumped to 54 per cent of global output in 2015 versus 69.4 per cent in 2005 and India is no exception. Similarly, demand from silverware / jewellery has risen to 25.4 per cent to 26.5 per cent and bars and coins from 5.2 per cent to 19.5 per cent.

"The industry needs promotion of silver jewellery and artifacts; similar to the World Gold Council does for gold. Once World Silver Council starts promoting silver ornaments and other articles, India's silver demand and import would zoom further," said Mehta.

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