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**India must capitalise on transnational economic corridors**

Sanjay Pulipaka, The Financial Express

New Delhi, February 13, 2016: The recent turmoil in the financial markets has not dampened Chinese government's enthusiasm for building infrastructure projects across Asia. For instance, after international sanctions were removed recently, Chinese President Xi Jinping was the first head of the state to visit Iran, where he promised to build a high-speed train network and termed Iran as a 'natural partner' in implementing the One Belt, One Road (OBOR) initiative.

The OBOR is an ambitious connectivity project, which seeks to leverage Chinese core-competency in infrastructure-building and also address the problem of domestic industrial overcapacity in sectors such as steel and cement. The OBOR has both continental and maritime components. The maritime route will connect important ports in China, the South China Sea, and the Indian Ocean, with the European ports in the Mediterranean Sea. The continental route will link-up western China with Central Asia and Europe.

An arm of the continental route, the China-Pakistan Economic Corridor (CPEC), will start from Kashgar in China, traverse through Pakistan and reach the Gwadar Port on the Arabian Sea. The CPEC will cost about $46 billion, and the bulk of this expenditure will be on energy and infrastructure projects. China has repeatedly demonstrated its capacity to operationalise massive infrastructural projects, and the CPEC will not be an exception.

Enhanced connectivity networks and economic interactions need not always result in positive outcomes for all the stakeholders. Increased connectivity between China and Myanmar has led to an easy flow of natural resources from Myanmar to China. There is a concern in Myanmar that Chinese investments have been substantially in the extractive sector, and they did not result in sustainable employment generation. Therefore, countries on the Chinese periphery are keenly observing the approaches that Pakistan will deploy in its economic engagement with China to ensure mutually beneficial outcomes.

The initial results of enhanced economic interactions with China have been less than satisfactory for Pakistan. The China-Pakistan Free Trade Agreement (FTA), signed in 2006, did not bring anticipated benefits to Pakistan. In the first phase of the FTA, both countries had agreed to bring approximately 35% of tariff lines to zero duty. However, after the implementation of the first phase, while there has been an increase in the bilateral trade, much of it was a consequence of the increase in Chinese exports to Pakistan. For instance, in 2006, Chinese exports to Pakistan amounted to $4,664.81 million and Pakistani exports to China were at $915.61 million. However, by 2014, Chinese exports to Pakistan scaled up to $14,573 million and Pakistan's exports to China increased marginally to $2,509.44 million. There is a concern in Pakistan that the FTA is hurting its economy and, as a consequence, the modalities for implementing the second phase of the FTA are still being negotiated. The implementation of the CPEC may further skew trade relations between the two countries, as much of the equipment that gets deployed in the infrastructure and energy projects may be procured from China.

Given these numbers, Pakistan will have to do a detailed study on the implications for its trade balance, if India accepts the invitation of Chinese policy-makers to join OBOR projects and specifically the CPEC. At the moment, apart from expressing "concerns to China about their activities in Pakistan Occupied Kashmir (POK)," India has not clearly articulated its stance on various Chinese connectivity projects in the subcontinent.

It should be noted that China and Pakistan have diametrically opposite views on economic engagement with India. In spite of persistent differences on boundary dispute, China and India have robust economic interactions. In 2014, the India-China bilateral trade stood at $71.53 billion and India-Pakistan trade was around $2.7 billion. While India and China accorded each other Most Favoured Nation (MFN) status in 1984, Pakistan is yet to reciprocate MFN status given by India in 1996. China is eager to have connectivity networks across the Himalayas, dense forests in Myanmar and across oceans, as part of the maritime silk route. Pakistan, on the other hand, is reluctant to develop connectivity networks across the plains of Punjab and refuses to give India access to Afghanistan and Central Asia.

If India has to be part of the CPEC, then it would require a tectonic shift in Pakistan's policy towards India. Pakistan should not only be willing to trade with India, but also give the country access to its market and beyond. If the CPEC succeeds with a significant presence of Chinese companies in Pakistan, then these companies will be eager to access the Indian market as well. Lahore, an important hub on the CPEC, may become the staging ground for such an enterprise, as it is just 54-km away from Amritsar in India. The question is, can Chinese business persons and Chinese government push Pakistan to change its strategic posture vis-a-vis India? Importantly, can China compel Pakistan to think and act like China, viz. engaging in robust economic interactions while continuing to have boundary disputes?

In addition to the CPEC, Chinese government officials are inviting India to participate in the Bangladesh, China, India and Myanmar (BCIM) corridor. China has also proposed trilateral economic corridor involving India and Nepal (CNI). Understandably, India's response has been lukewarm, as there is an apprehension that the trade balance will get further skewed in favour of China. Moreover, there is a pattern in Chinese connectivity networks concerning India. All these corridors envisage connectivity to India through a third country. Interestingly, China, in the recent past, has refrained from proposing direct connectivity corridors to India. If it is pure economics, compared to Pakistan, India is a vastly bigger market, and a direct corridor would have made a better business proposal for China. Then what explains $46 billion dollar investment in Pakistan—a country which is experiencing political instability and armed violence?

A direct economic corridor between India and China requires that the Line of Actual Control (LAC) should be delineated at least in some sectors. Such delineation will enable the creation of customs centres and other paraphernalia required for cross-border trade. It appears China does not foresee the possibility of delineating the LAC in the coming decade. China is exploring the possibilities of accessing Indian market through third countries. If India concedes and agrees to participate in any one of the three corridors—the CPEC, the BCIM and the CNI—then China would have achieved its objective of accessing Indian markets without even delineating the LAC.

If not the resolution of the boundary dispute, India should push with greater vigour for the delineation of the LAC. Further, India has to come up with alternative connectivity networks. The challenge is, India does not command the financial resources on the same scale as China. Therefore, it becomes necessary to collaborate with other initiatives such as Japan's Partnership for Quality Infrastructure and the US's Indo-Pacific Economic Corridor. India-Japan-US Trilateral, which has been recently upgraded to a ministerial dialogue, is an appropriate platform for developing a common vision on connectivity networks and associated implementation strategies.

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**India to soon ratify WTO trade pact: Commerce secy**

Business Standard

February 10, 2016: India has completed most of the consultation related to the World Trade Organization's (WTO) trade facilitation agreement (TFA) and the government expects to ratify it soon, Commerce Secretary Rita Teaotia said on Tuesday.

Speaking at an event organised by Federation of Indian Chambers of Commerce and Industries (Ficci), Teaotia said the TFA, concluded by the WTO in Bali in 2013, aims at easing Customs procedures to boost global commerce.

"We are fully committed to it. It is a complex exercise and most of the consultation is complete and we believe that we should be able to ratify it at the earliest," she said. So far, over 55 WTO members have ratified the pact.

Teaotia also said WTO members should move forward on liberalising the services sector. "We believe that just as we have a TFA (in goods), there is a need for us to work towards a services facilitation agreement." the secretary added.

Talking about the stalled Doha Development Agenda (DDA), the secretary said work on it must continue as the decisions taken since 2001 need to be respected and taken forward. She said the legitimate interest of poor farmers and food security of millions of people of developing countries are involved in the process.

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**12 nations sign Trans-Pacific Partnership trade deal**

The Hindu

February 4, 2016: The Trans-Pacific Partnership, one of the world's biggest multinational trade deals, was signed by 12 member nations on Thursday in New Zealand, but the massive trade pact will still require years of tough negotiations before it becomes a reality.

The TPP, a deal which will cover 40 percent of the world economy, has already taken five years of negotiations to reach Thursday's signing stage.

The signing is "an important step" but the agreement "is still just a piece of paper, or rather over 16,000 pieces of paper until it actually comes into force," said New Zealand Prime Minister John Key at the ceremony in Auckland.

The TPP will now undergo a two-year ratification period in which at least six countries - that account for 85 per cent of the combined gross domestic production of the 12 TPP nations - must approve the final text for the deal to be implemented.

The 12 nations include Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam.

Given their size, both the United States and Japan would need to ratify the deal, which will set common standards on issues ranging from workers' rights to intellectual property protection in 12 Pacific nations.

Opposition from many U.S. Democrats and some Republicans could mean a vote on the TPP is unlikely before President Barack Obama, a supporter of the TPP, leaves office early in 2017.

U.S. Trade Representative Michael Froman has said the current administration is doing everything in its power to move the deal and on Thursday told reporters he was confident the deal would get the necessary support in Congress.

In Japan, the resignation of Economics Minister Akira Amari - Japan's main TPP negotiator - may make it more difficult to sell the deal in Japan.

There is wide spread grassroots opposition to the TPP in many countries. Opponents have criticised the secrecy surrounding TPP talks, raised concerns about reduced access to things like affordable medicines, and a clause which allows foreign investors the right to sue if they feel their profits have been impacted by a law or policy in the host country.

In New Zealand on Thursday more than 1,000 protesters caused traffic disruptions in and around Auckland and police said a large number of police have been deployed.

Chile's Foreign Minister Heraldo Munoz predicted "robust democratic discussion" in his South American nation.

Australian Trade Minister Andrew Robb said the agreement would be tabled next week in parliament. Opposition to the deal in Australia has been building, but Robb was confident it would be approved, despite the government not control the Senate.

Canada's new government signed the deal on Thursday, but Trade Minister Chrystia Freeland has said "signing does not equal ratifying."

She emphasised that the government committed itself to a wide-ranging consultation on the TPP during its election campaign and that process was currently underway.

Secretary of the Economy for Mexico, Illdefonso Guajardo, said the TPP would be voted on before the end of 2016, while Malaysia said the deal had already been approved, although some legislative changes were still needed.

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**TPP's all about the health of Big Pharma**

Chandni Raina, The Financial Express

New Delhi, February 10, 2016: The signing of the Trans-Pacific Partnership (TPP) agreement in New Zealand on February 4 by the US and 11 other countries clearly had a celebratory ring around it. However, we need to reflect on the damage that the implementation of TPP is likely to inflict on public health policies in the world. Many provisions in the TPP are designed specifically to protect and further enhance the windfall profits of pharmaceutical MNCs in the US, while overriding the legitimate concerns on access to affordable medicine.

By eliminating competition in the market from generic drugs, the TPP tilts the balance significantly in favour of the Big Pharma in at least six different ways. First, the TPP lowers the bar on patentability by mandating that any new use of a known substance or a new process or a new method of using a known substance would become eligible for a patent. Thus, a drug molecule that has already benefited from 20 years of patent protection can become a viable patentable subject matter for yet another 20 years if a new use is found of the same substance.

Sustained release forms of existing molecules and fixed dose combinations of drugs, could be some of the other channels for repeated grant of patent protection on essentially the same medicine.

Second, the TPP provides for patent protection beyond 20 years for supposedly compensating the applicant for delays in patent office. It is important to recall that two decades earlier, using the very same argument, Big Pharma, had secured the 20-year term for patent protection under the WTO TRIPS Agreement. Clearly, there appears to be no limit to the number of times the same argument can be flogged by the Big Pharma to enjoy monopoly protection in the market. What is worse is that this will also lead to differing periods of patent term depending on delays in country jurisdictions.

Third, TPP mandates countries to provide data exclusivity for 5 years for pharmaceuticals which can be extended by 3 years if new clinical information is submitted and 8 years for biologics from the time it is registered in the concerned country. During the period of data exclusivity, clinical trial data submitted by the originator company establishing safety and efficacy of the medicine cannot be relied upon by the regulator to grant approval to another applicant showing bioequivalence with that medicine. Data exclusivity, which is a TRIPS Plus measure, will delay the entry of generic drugs in the market.

Fourth, data exclusivity protection will also apply to sustained release or fixed dose combinations of molecule, paediatric dose or for developments that improve the administration of the same medicine. As small improvements in existing formulations is a continuous process, even marginal changes which satisfy the conditions for application of data exclusivity will get protected. This will lead to yet another form of ever-greening the monopoly rights enjoyed by the Big Pharma.

Fifth, the TPP mandates that the principles developed by the International Conference on Harmonization (ICH) be adhered to by the TPP members while considering applications for marketing authorisation for pharmaceutical products. ICH standards for drugs have been extremely controversial. Even the WHO has observed that the adverse impact of withdrawal of certain drugs might well be “far more dramatic than that of any hypothetical risk posed by failing to achieve the ICH standards." This should ring alarm bells among developing countries that are parties to the TPP, as well as other nations that may be contemplating to join TPP.

Sixth, the TPP has opened a window for preventing new generic drugs from being listed as a pharmaceutical eligible for reimbursement under national health care programmes operated by different countries. The TPP requires that companies be allowed to intervene and seek remedy if they are dissatisfied with the process of listing of eligible pharmaceutical products and the amount of reimbursement. This has raised concern among many quarters of the possible influence that the Big Pharma may employ to exclude new generics from national health care programmes.

Overall, the TPP will critically reduce, if not totally eliminate, competition from generic pharma companies and adversely impact access to medicines. The repercussions of a regime that would be created by the TPP can be visualized from the example of the drug 'Sofosbuvir'. For a three-month treatment in the US for Hepatitis C, this medicine costs $80,000. If patients in developing countries are deprived of generics and instead have to pay this price, bursting of family budgets on account of medical treatment would become a common crushing reality.

The TPP would also disincentivise path-breaking medical research and future development of technologies. Investing resources in new research would be more expensive and risky, while an easy alternative of ensuring high profits would exist through evergreening of patents. If more countries become party to the TPP, the magnitude of the unpredictability, uncertainty and fragmentation of the market due to differing terms of patent protection and data exclusivity would make it unviable for generic manufacturers to invest in new manufacturing facilities.

In conclusion, it would not be an exaggeration to state that some of the rules under the TPP for the protection of intellectual property are clearly written by MNC pharma companies. With medicine prices set to surge significantly as a consequence, even the middle-class in most countries may get deprived of life saving drugs. Is this the world that trade negotiators wish to bequeath to our future generations? World leaders have a moral obligation to prevent this human tragedy from unfolding.

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**Protecting India's trade interests**

Shailja Singh, The Hindu

**New Delhi,** February 5, 2016: The Trans-Pacific Partnership agreement (TPP) has been signed in Auckland on February 4 by Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the U.S. and Vietnam. Even as it is touted as the world's biggest trade deal to date, with signatory countries accounting for more than 50 per cent of global GDP, the TPP still has a long-drawn ratification process ahead of it. Signing of the agreement provides an opportune moment for India, which is not part of the TPP, to take stock and formulate its response to the trade challenges it now faces on both international and domestic fronts.

Discussing new issues

The TPP contains detailed obligations on so-called new issues such as labour, investment, environment, e-commerce, competition and government procurement. These issues are not covered under the World Trade Organisation's (WTO) multilateral umbrella. However, as the recent Nairobi Ministerial Declaration stated, "some" members want to explore and discuss new issues and architecture at the WTO. There is an increased likelihood of the U.S. pushing the TPP as the negotiating template for new issues at the WTO, since it better reflects the interests of its own domestic lobbies. As new issues are not likely to be in India's overall interest, the country must firmly resist such attempts. But this may only be accomplished with a high degree of preparedness and smart coalition-building with like-minded allies.

India also needs to closely watch the regulatory regimes in TPP countries, ensuring that these countries do not violate their WTO commitments in the process of implementing the TPP. The WTO does allow a member to deviate from its obligations with respect to a free trade area; however, such a deviation is not unqualified. If a TPP country restricts the market access for non-TPP members such as India on account of higher labour standards, a potential violation of WTO provisions may arise, which India should not shy away from pursuing using the WTO's dispute settlement mechanism.

India should actively seek disciplines on private standards at the WTO to restrict their proliferation. The TPP attempts to regulate and, according to some experts, legitimises this regime. A number of studies have predicted that the TPP will lead to proliferation of private standards. However, the fact is that such standards have existed as a parallel regulatory regime in international trade for some time now. For instance, in 2006, the Sialkot sports goods manufacturing cluster in Pakistan came close to closure when Nike decided to stop sourcing footballs made in the area, on account of violation of its labour standards that prohibited child labour. Despite significantly impacting international trade, these standards have escaped regulation under the WTO. This is because they do not originate from the 'state' but from private bodies. Disciplining such private standards at the WTO is much needed and is something that should be urgently pursued.

## What India must do

Impelled by the looming onset of the TPP, India should conclude, on a priority basis, its ongoing free trade negotiations. These include the India-EU Bilateral Trade and Investment Agreement and the mega Regional Comprehensive Economic Partnership with the Association of Southeast Asian Nations, China and others. Benefits from these agreements will help mitigate some of the export losses that India may face in leather goods, textile, and plastics on account of trade diversion due to TPP. Aiming to diversify export destinations to hitherto untapped markets like Latin America and Africa would also help.

India also needs to identify its trade interest areas and propose alternative negotiating templates. One such area is biopiracy, protection of traditional knowledge, and the link between the WTO's Trade-Related Aspects of Intellectual Property Rights agreement and the Convention on Biological Diversity. There have been several instances of biopiracy in the past, of Indian traditional knowledge, such as the patenting of the wound-healing properties of haldi (turmeric). Being among the 12 mega biodiversity-rich countries, India needs to bring this issue to the negotiating table in its own free trade agreements.

On the domestic front, India should accelerate the process of making its products more cost-competitive. There is no denying that India's infrastructural deficiency, including port congestion and poor road connectivity, is one of the main hurdles in attaining this cost competitiveness. Addressing these will have the dual effect of not only making India's exports cost-competitive, but will also make them more attractive for international lead firms to integrate India in global value chains.

The government should launch a comprehensive initiative to enable Indian exporters to not only comply with standards prevalent in the importing market, but also demonstrate the compliance through appropriate conformity-assessment procedures. India should resist any attempt to converge its domestic public standards with the dominant private standards in TPP countries. If India's public standards are harmonised with foreign standards, they will be equally applicable to domestic and export sales on account of the 'national treatment' principle of the WTO which prohibits less favourable treatment to imported products. The harmonised standards may result in most producers not only being excluded from export markets, but also being edged out of the domestic market, undermining the Make in India initiative in the process.

By not being part of the TPP, India will certainly incur losses on account of trade diversion. Yet, joining the TPP is not an option for the country. This would entail very heavy costs. Medicine prices, for instance, would see steep increases. That is precisely why mitigating such projected losses from the TPP should be a government imperative. This can only be achieved by a cohesive trade policy approach on the international as well as domestic front, aimed at protecting and promoting India's trade interests.

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**Unfair trade**

The Hindu Business Line

New Delhi, February 6, 2016: The European Union's recent change in its trademark legislation, which has provisions that could potentially confiscate shipments of Indian medicines to other destinations via European ports or airports, smacks of another attempt by European drug companies to check Indian generics. This is not the first time the EU has used non-tariff measures to protect the interests of its domestic lobbies. Last year, it used some minor discrepancies in lab tests as a handle to ban over 700 generic formulations manufactured by GVK Biosciences — a move India viewed as an attempt to choke India's $15-billion generic pharmaceuticals sector, and led to the talks on the proposed India-EU free trade agreement being called off. While EU authorities have argued that the changes to the trademark rules were "unlikely" to lead to confiscation, India has good grounds to be wary. Between 2009 and 2011, EU customs authorities confiscated several Indian off-patent generic drug consignments going to Brazil via European ports and airports, over alleged infringement of EU intellectual property rights (IPR). India, together with Brazil, filed a case against the EU in the World Trade Organisation protesting the action. India argued that such seizures were against the multilateral Trade Related Intellectual Property Rights (TRIPS) agreement, as the medicines were off-patent both in India and the country to which they were being exported. In 2011, the EU reached an understanding with India under which it would no longer seize Indian drug consignments in transit to other countries for IPR violation.

The entire controversy cannot be delinked from the battle for the world's generic drugs market; as a leading player, India's cheap generics threaten the market of patented products from multinational drug companies. India's exports of generics are estimated to rise from $15.4 billion in 2014-15 to $40 billion by 2020. Many global drug majors, whose patents worth billions of dollars are facing expiry, have been engaging in what India calls 'ever-greening' of their patents by making small improvements in the older versions and then patenting the new versions. Section 3(d) of India's Patent Act does not allow ever-greening of patents. Indian authorities have refused patents when only minor innovations were involved; this has irked the large global pharma companies.

With the collapse of the Doha Round, and the rise of large multi-lateral trade pacts such as the Trans Pacific Partnership and the Regional Comprehensive Economic Partnership, India needs to be particularly watchful of the use of non-TRIPS provisions to block legitimate market access.

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**RCEP: Tough- talking Delhi says free services if you want deals on goods**

Amiti Sen, The Hindu Business Line

February 10, 2016: Hardening its stand on the services issue, India has decided to inform member countries of the Regional Comprehensive Economic Partnership that it is not interested in negotiating any further on goods till there is progress in the area of liberalising movement of professionals.

The next round of negotiations on the RCEP, a grouping that comprises 16 countries — the 10-member ASEAN, and India, China, South Korea, Japan, Australia and New Zealand — will take place in Brunei next week.

“We want to make our next offers in goods only after there is more progress in services. At Brunei, we will also try to build an alliance of like- minded countries to give weight to our demand. We hope South Korea and Japan and some ASEAN members support us,” a government official told Business Line.

New Delhi’s tough stance follows the disappointment with ASEAN, with which it had agreed to a deal in goods before finalising a pact in services. India got a disappointing deal in services as it had lost its bargaining chip.

The official said that almost no country has offered anything worthwhile in Mode 4 of services (movement of workers) in the first round of offers exchanged between the members. “On the other hand, most members are aggressive in goods, and intensive discussions on give and take are happening in the area. We have to insist on a balance at Brunei,” he added.

It is imperative for India to ensure that the RCEP negotiations are successful or it will lose preferential access to a number of markets in the region with the US and 11 Pacific Rim countries including Canada, Japan, South Korea, Chile, Australia, New Zealand, Peru, Vietnam, Malaysia, Brunei and Singapore finalising the Trans Pacific Partnership pact that could create the world’s largest free trade zone. The RCEP, accounting for 45 per cent of the world population and a GDP of over $ 21 trillion, can match the TPP in size and scale.

Second paper

New Delhi is working on a second paper on freer movement of contractual services suppliers (CSS) and independent professionals, which it hopes to circulate for discussion in Brunei. “We had circulated our first paper on Mode 4 in October last year, insisting that both goods and services negotiations needed to be concluded simultaneously at the RCEP. But we still find progress only in goods, with services largely ignored,” the official said.

On the goods front, some members, including China, South Korea, Japan and some ASEAN countries, have already started submitting requests for further opening of markets to individual members, in response to the first round of offers given by all.

For instance, India and China agreed to eliminate tariffs on 42.5 per cent of items traded between them. India proposed the same for Australia and New Zealand, which were ready to reduce tariffs on 62.5 per cent and 80 per cent of items from India, respectively.

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**H-1B fee hike: India toughens stand, mulls taking US to WTO**

Banikinkar Pattanayak, The Financial Express

New Delhi, February 4, 2016: India is weighing the possibility of taking the US to the dispute settlement body (DSB) of the World Trade Organisation (WTO) on the latter's recent "discriminatory" move to drastically hike the H-1B and L-1 visa charges, which is estimated to quadruple the Indian information technology industry's annual visa costs to $400 million, reports Banikinkar Pattanayak in New Delhi. Sources told FE that India stands a fair chance at the WTO if it approaches the multilateral trade body with solid data on how such protectionist measures by the US are discriminative of the Indian IT industry and are adversely affecting it.

The move is a sign that New Delhi will henceforth invoke the WTO's dispute settlement process more unhesitatingly than earlier to expeditiously settle its disputes with trading partners, rather than try striking bilateral deals that have proven to be a sub-optimal strategy.

Analysts said India's decision to make greater use of the multilateral dispute resolution framework is also prompted by the increasing instances of the country's trading partners resorting to the same and achieving the outcome they wanted.

In 2014, for instance, the US had dragged India to the DSB against its National Solar Mission that favoured the use of locally manufactured solar equipment and managed to get a ruling against India. Also, in March 2012, the US approached the WTO against India's ban on the import of various agriculture products including poultry meat and eggs from the US; again, the DSB ruled in favour of the US.

India is “understandably miffed” that the visa fees were hiked by the US without adequate consultations with key stakeholders such as the Indian government or its IT industry, and without factoring in the contribution of the Indian IT industry to the US economy, one of the sources said. While India seems to prefer negotiations to any hard reaction initially to resolve the crisis, it’s not ruling out any steps that would be required to counter such unfair measures, he added. The government is learnt to have already taken up the issue with the US.

In December, the Obama administration announced the imposition of a special fee for H-1B and L-1 visas, which is estimated to drive up the IT industry’s visa costs to $400 million a year from $100 million now. The special fee will be charged over a period of 10 years, and the money generated will be used to fund a biometric entry and exit tracking system as also the healthcare needs of 9/11 victims.

Trade analysts say even if the US claims that its decision to hike the visa fees isn’t country-specific, solid data on how the decision is cleverly tailor-made to target the Indian IT industry will bolster India’s case at the WTO. This is because India is a major user of such temporary work visas for skilled professionals, making up for roughly 67% of the H1-B visas and 28% of the L-1 visas (in 2013-14). The US also accounts for more than a half of the revenues of the major Indian IT companies like TCS and Infosys.

One of the analysts said it’s ironical that the US — which had dragged India to the WTO on the latter’s domestic solar programme arguing that the provision of local-purchase requirements for solar cells and modules appeared to “nullify” or “impair” the benefits accruing to the US directly or indirectly — has now resorted to much worse protectionist measures. “Even India’s solar programme wasn’t a country-specific move. Still the US challenged it in the WTO’s dispute panel,” he added.

The Indian IT industry is concerned that the unfounded allegations of a large number of American jobs allegedly going to Indians have again surfaced in the build-up to the presidential elections in the US this year, which ignored the contribution of Indian IT companies to the US economy.

According to a Nasscom report released in September last year, Indian IT companies were providing more than 4 lakh jobs in the US, of which around 3 lakh were held by either US citizens or permanent residents. These companies also invested over $2 billion in the 2011-2013 period and paid a staggering $22.5 billion in taxes to the US during those years.

The visa fee hike just compounds the problems of Indian IT companies that are in any case paying around $1 billion per year in the form of social security payments for Indian employees. This is despite the fact that the employees don't get to reap the benefits of social security as they don't live long enough to be eligible for them. A totalisation agreement between India and the US to resolve this issue hasn't moved forward either.

The WTO's dispute settlement process, put in place in 1994 following the Dispute Settlement Understanding by its members, involves besides the parties to the dispute, third parties and often the DSB panels, the Appellate Body, the WTO Secretariat, arbitrators and independent experts.

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**Taking legal route at WTO**

The Financial Express

New Delhi, February 8, 2016: Given the supposed close ties between India and the US—it was president Obama's call to Prime Minister Modi that made India play ball in Paris—the latter's stiff hike in visa fees in December came as a rude shock, more so since it looked as if India had been specifically targeted by the US. A four-time hike to take visa fees for Indian IT players to $400 million a year is a big blow in itself, what makes it worse is that Indian professionals used up roughly two-thirds of H1-B visas and around 30% of L1 visas in FY14. The reason for the hike is also difficult to defend since it is to be used for healthcare needs of 9/11 victims and to set up a biometric tracking system over a 10-year period—imagine the US reaction if India were to ask US firms to contribute to funding Swachh Bharat. And this comes on top of the US not doing much on the totalisation agreement that India has been demanding for a long time—Indian IT firms pay US authorities around $1 billion each year in social security payments for employees who do not stay on long enough in the US to be able to benefit from this. Given how weak the US case is, as this newspaper reported last week, the government will do well to—as it is planning—take the US to the WTO's dispute settlement board (DSB) and look for a legal resolution to a problem that is not getting settled through bilateral discussion.

India’s track record in the DSB is mixed, but it seems a good idea to increase the number of cases filed. While India lost to the US in the solar equipment case as well as in the ban on US poultry and eggs, it won the case where the US imposed countervailing duties on carbon steel imports from India as well as in the case where shrimp imports from India were banned. The EU decision to impose anti-dumping duties on bed linen imports, too, was successfully fought by India. Fighting such cases isn’t going to be easy and requires a significant step up in the working of the Indian mission at the WTO and, more than anything else, means using a combination of good legal resources with strong economic/competition arguments—Indian industry, too, will have to play its role in helping collect data and helping fashion convincing arguments. In the visa case, for instance, the fact that Indian professionals seem to have been targeted more than others—assuming that is found to be true—could make for a strong argument. In the shrimp case where the US ban was based on Indian fishermen not using turtle-excluder devices, while the DSB accepted the US’ right to protect the environment, it said the US had provided countries in the Western hemisphere—mainly in the Caribbean—technical and financial assistance and longer transition periods for their fishermen to start using turtle-excluder devices. If commerce minister Nirmala Sitharaman is able to give a push to India’s legal fight at the WTO, it will make bilateral negotiations proceed that much more smoothly.

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**India's exports may fall to $265-270 billion in FY16: FIEO**

Economic Times

New Delhi, February 4, 2016: The country's exports will range between $ 265-270 billion in 2015-16, sharply lower than the $310.5 billion achieved in the previous fiscal, exporters' body FIEO said today.

"According to our assessment exports for the current fiscal will range between $265-270 billion. If this trend continues it may lead to job losses," FIEO Director General Ajay Sahai told PTI.

Exports contracted for 13th month in a row in December 2015 as outward shipments shrank 14.75 per cent to $22.2 billion amid a global demand slowdown.

Sahai demanded that the corpus of the exports development fund which currently stands at Rs 200 crore should be enhanced to Rs 3,000-5,000 crore as it was inadequate.

"The export development fund which currently has a corpus of Rs 200 crore is inadequate and should be enhanced to 0.5 to 1 per cent of export value which is anywhere between Rs 3,000 to Rs 5,000 crore. Commerce Ministry has supported this demand. We are now awaiting a response from the Finance Ministry," he said.

During April-December period of the current fiscal, exports dipped 18 per cent to $ 196.6 billion as compared to $ 239.9 billion in the same period of the previous fiscal, according to the data released by the Commerce Ministry.

Besides, FIEO today signed an agreement with TUV Rheinland India Pvt. Ltd, a group company of TUV Rheinland, Germany to support its members in better understanding the requirements related to standardisation, conformity assessment, product & consumer safety, etc.

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**Sitharaman Makes a Strong Case for Weak Rupee as Exports Fall**

Economic Times

Mumbai, February 13, 2016: The commerce ministry has made a strong case for a weak rupee, especially in the backdrop of exports falling for the thirteenth straight month till December.

“As a trade minister, I would prefer a weak rupee,” Commerce Minister Nirmala Sitharaman told ET.

Sitharaman also backed the government’s ‘Make in India’ initiative to revive exports even as the Reserve Bank of India is trying its best to help the rupee — which has been one of the best performing emerging market currencies in 2015 — hold its own against the US dollar.

The rupee has slipped more than 9% since early January against the dollar and is currently trading at 67.85 to the dollar. “(If we talk to exporters) each one has a story to tell on the volatility of the currency where they export. In case of some African countries, inflation is so high that they do not have enough dollar reserves to pay you.”

She attributes the fall in exports to external factors over which there's little control. Besides currency fluctuations, it is the general contraction in demand in economies which we have been traditionally exporting, and general fall in commodity prices that have contributed to the slowdown in exports.

The government, on its part, is offering incentives to exporters besides interest rate subventions. The minister said that she has also sat with the export promotion councils trying to understand what's going wrong with exports.

"From April 1, any payment made under MNREGA, would directly be credited to the account of the beneficiary," she said. "This will address the problem of the 'dalals' taking away the money."

The government is also reviewing the SEZ (Special Economic Zone) policy as well as MAT (minimum alternate tax) which each firm has to pay in addition to income tax. In spite of the global economic gloom, SEZs are contributing nearly 40% of our exports. The commerce ministry has made some recommendations to the finance ministry so that they could get back what was originally envisaged for them, she said.

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**India needs road- map to phase out farm export subsidies: Teaotia**

The Hindu Business Line

February 10, 2016: With just a seven- year timeframe prescribed by the World Trade Organisation for doing away with all forms of farm export subsidies, Commerce Secretary Rita Teaotia has said that India needs to prepare a roadmap to phase out the incentives.

The Commerce Secretary maintained that the country's position at the WTO has not changed and it would keep pressing for continuation of the Doha Development Round (launched in 2001) and extension of special and differential treatment for India at the multilateral platform.

"India needs to develop a road- map for phasing out the agriculture export subsidies," Teaotia said at an event organised by the International Chamber of Commerce.

India agreed to phase out its agriculture export subsidies (including flexibilities allowed in transport and marketing) by 2023, at the recent WTO's ministerial meeting in Nairobi.

It, however, did not agree to a demand from developed members such as the EU and the US that emerging economies like India, China and Brazil not be extended special and differential treatment ( more favourable treatment than developed countries) so far given to all developing countries.

India also did not agree to the discontinuation of the Doha round and introduction of new issues that most developed nations, especially the US and the EU, have been pressing for.

Teaotia said that it was important for the Doha agenda as it addresses the legitimate interest of poor farmers and food security of millions of people of developing countries.

New Delhi seeks to propose services facilitation agreement, on the line of the trade facilitation agreement (TFA) finalised at the Bali ministerial meet in December 2013, as the services sector is becoming increasingly important for developing countries, the Secretary added.

"We believe that just as we have a TFA (in goods), there is a need for us to work towards a services facilitation agreement. This should be the next item of work (in the WTO)," she said.

Teaotia said that the Centre was holding consultations with the States on the TFA and was trying to ratify it at the earliest.

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**India to defer finalizing trade pact with Australia**

Asit Ranjan Mishra, Live Mint

February 4, 2016: India has decided to defer finalizing a trade deal with Australia until the ongoing multi-country Regional Comprehensive Economic Partnership (RCEP) trade negotiations come to a conclusion.

Australia is part of the RCEP and India thinks it may lose its leveraging power by finalizing a trade deal with it ahead of the RCEP deal.

“A bilateral trade deal with Australia has to be an improvement over the RCEP. There is no point signing an agreement with Australia ahead of the RCEP deal,” a commerce ministry official said on condition of anonymity.

Australia has been very keen to sign the agreement but both sides missed the December target

Australia trade minister Andrew Robb visited India four times in 2015 to convince India to fast-track the trade deal.

The ninth round of AustraliaIndia Comprehensive Economic Cooperation Agreement (CECA) negotiations took place in New Delhi on 21-23 September last year with both sides agreeing on the importance of making progress towards a balanced and mutually beneficial agreement.

“The ninth round covered key issues, including market access for goods, services and investment and chapters on goods, services, investment, rules of origin, customs procedures and trade facilitation, sanitary and phytosanitary measures, technical barriers to trade, legal and institutional matters and dispute settlement,” Australia’s commerce ministry said in September.

While both the sides expressed keenness to hold the 10th round of negotiations in November, it did not materialize.

Replying to questions, a spokesperson for the Australian high commission in New Delhi said both the sides are working towards an early conclusion of the bilateral CECA and that government leaders have instructed ministers to intensify efforts to conclude the RCEP negotiations this year.

“Pursuing bilateral and regional FTAs (free trade agreements) provide the opportunity to maximize the outcomes for both Australia and India. Regional FTAs provide access to a large market and streamline trade and investment regulations, while bilateral FTAs provide opportunities tailored to both sides’ specific interests,” he said.

Under the RCEP, India has offered tariff elimination of 42.5% to Australia, while that country has offered zero tariff on 80% of its traded goods.

The next round of RCEP negotiations for achieving a deal by the end of the year will take place during 15-19 February.

“This round is crucial as the partner countries will ask each other to improve upon their initial offers. We are preparing our list of demands and finalizing our flexibilities where we could yield to demands by other countries,” he added.

The spokesperson said RCEP negotiations are entering an intense phase; however, significant challenges remain.

“There is potential for RCEP to make genuine advances in several areas including investment, financial services, regional value chains and the digital economy,” he added.

Started in May 2013, RCEP comprises the 10 economies of the Association of Southeast Asian Nations (Asean)—Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam—and six of its free trade partners—Australia, China, India, Japan, New Zealand and South Korea.

India has followed a three-tier approach for making tariff liberalization offers based on whether it has a free trade agreement with the country or not. Among its free trade partners also, it made separate offers to the Asean on the one hand and Japan and South Korea on the other.

The grouping envisages regional economic integration, which will lead to the creation of the largest regional trading bloc in the world, accounting for nearly 45% of the world’s population with a combined gross domestic product of $21.3 trillion.

The regional economic pact aims to cover trade in goods and services, investment, economic and technical cooperation, competition and intellectual property.

India’s interests lie mostly in services, the removal of technical barriers to trade such as those taken under sanitary and phytosanitary measures, and trade in goods such as pharmaceuticals and textiles.

Ram Upendra Das, a professor at think tank Research and Information System for Developing Countries, said whichever trade agreement is concluded at a later stage should be more ambitious.

“While a bilateral trade deal with Australia can be concluded at a faster pace, the economic gain is likely to be lower. On the other hand, the RCEP deal will have greater economic benefits for

India but it may take longer to conclude. The best option for India at present is to push for faster conclusion of RCEP negotiations," he added.

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**India's proposed trade pact with Russia-led EAEU bloc on fast track**

Amiti Sen, The Hindu Business Line

New Delhi, February 7, 2016: In a bid to fast-track a possible free trade agreement (FTA) with the Eurasian Economic Union (EAEU) that could give India greater access to the vast market in Russia and its neighbourhood, New Delhi has exchanged the first draft of the joint study group (JSG) report on the feasibility of such a pact with the five-nation bloc.

"This is the fastest we have ever moved while considering a free trade pact with a trading partner. The bloc itself is just over a year old. We started exploring the possibility of a JSG in July last year, just six months after the bloc was formed, we have already exchanged the first draft reports," a government official told Business Line.

India's enthusiasm comes from the fact that the EAEU, which came into force on January 2, 2015, integrating Russia's market with that of Kazakhstan, Belarus, Armenia and Kyrgyzstan, offers a large, mostly unexplored, market with a joint population size of 180 million and a GDP of an estimated $4 trillion.

"India is interested in an extensive FTA with the region covering most goods, services as well as investments, and has mentioned it in the draft submitted to the EAEU. We have received their draft as well and are currently going through it," the official said.

Pharmaceuticals, textiles, agriculture items and energy are some of the areas where India stands to gain by getting into a trade pact with the EAEU. If the political strain between Russia and the EU and the resulting sanctions against EU food products continue, India could gain even more, the official added.

A common JSG report would be culled out of the two drafts, once the two sides go through each other's reports. "The final JSG report will spell out the ambition of the trade pact — whether it will be a wide-ranging FTA or a preferential trading agreement involving specified goods," the official said.

Working on 'no-go' areas

The Commerce Ministry is simultaneously working on the "no-go'' areas of the proposed pact. "We will soon be ready with the areas that we do not want to include in pact and the areas where we would like to move with caution so that there is no confusion about it," the official said.

With the Indian industry not too happy with the FTAs signed with trading partners such as South Korea, Japan and the ASEAN, the Ministry wants to tread carefully in the new ones that are to be negotiated.

India's exports to the EAEU countries in 2014-15 stood at about $2.5 billion, with $2.1 billion shipped to Russia. It is just a small part of the imports made by the region, with Moscow alone importing goods worth $282 billion in 2014.

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**India-EU FTA talks' revival likely to be delayed**

Asit Ranjan Mishra, Live Mint

February 2, 2016: Demands for India to show more flexibility in the import of European automobiles, wine, cheese and legal services have delayed the prospects of a quick revival of talks on a free trade agreement (FTA) between the European Union (EU) and India. The deal's fate will now be decided after "talks about talks" between senior officials on both sides, dates for which are yet to be finalized.

Progress on the FTA has been slow. India cancelled a meeting with EU's chief trade negotiator in August last year in protest against an import ban on 700 of its generic drugs clinically tested by GVK Biosciences for alleged manipulation of clinical trials. Later, during a meeting between Prime Minister Narendra Modi and Donald Tusk, president of the European Council, in the Turkish city of Antalya in November on the margins of the G-20 meet, both sides agreed to hold stocktaking meetings between the chief negotiators in January—before formal talks are resumed. However, in the chief trade negotiators' meeting last month, though both sides expressed interest in sealing a balanced trade deal, EU sought another meeting with the Indian commerce secretary before it takes a call on resuming the stalled trade negotiations.

“EU said before they formally agree to launch the negotiations, they would like to have another round at the secretary level. They want some amount of comfort in terms of flexibilities in automobiles, wines, cheese and legal services. We are waiting for a formal invite to the commerce secretary,” a commerce ministry official said, speaking on condition of anonymity.

The official said though both sides are interested in a balanced deal, it will not be proper to say that negotiations will start soon. “We have expressed our interest. They are also positive. A final word on the future of the deal will be clear after the talks between the commerce secretaries,” he added.

Growing discomfort among Indian firms about the adverse effect of existing FTAs, which have led to imports shooting up and Indian businesses becoming uncompetitive, is another reason the government is being cautious while negotiating a new trade deal.

The official said the EU’s tariff levels are so low that India doesn’t have any big problem. “It will not be a great loss to India if the deal does not happen. They are already our largest trade partner without a trade deal and will continue to be so. Of course, an FTA will boost a few sectors on both sides. We could gain in textiles and fisheries,” he added.

Under the previous United Progressive Alliance government, India signed free trade agreements with mostly developed countries such as South Korea, Japan and the Asean (Association of South East Asian Nations) grouping. In such trade deals, India ended up giving away more market access but gained little due to the already low tariff levels in those countries. India has now decided to lay greater emphasis on services such as more work visas for its skilled professionals in partner countries. “We have told them that we need strong SPS (sanitary and phytosanitary measures) commitments to help us export to you. There is no point in getting zero point access if your SPS norms are so adverse to us that we can’t export to you,” the official said. SPS measures are meant to ensure traded goods adhere to health and safety norms in the receiving country. But many developing countries such as India complain that SPS has been misused by industrialized nations as a protectionist measure. The India-EU trade deal, negotiations for which started in 2007, has also been strongly opposed by civil rights groups who claim it will impede people's access to cheaper Indian-made generic medicines in many developing and least developed countries as EU may insist on greater intellectual rights protection. "Millions of people around the world depend on affordable medicines made in India to stay alive, and they can't afford to have cumbersome trade rules stand in the way of the treatment they need," said Leena Menghaney, India head at international medical humanitarian organization Médecins Sans Frontières' access campaign.

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**Agri, processed food exports shrink 21% in April-Dec**

The Financial Express

New Delhi, February 3, 2016: The fall in global commodity prices and sluggish demand have resulted in a sharp decline in India's agricultural and processed food exports in the first three quarters of the current fiscal. Official sources told FE that the slowdown in agricultural goods shipments is expected to continue in the last quarter of the year as well.

According to latest data compiled by the Agricultural and Processed Food Exports Development Authority (APEDA), the shipment of agricultural produce and processed foods, which had seen a phenomenal rise for a few years to FY14, shrank by more than 21% during April-December, 2015 in comparison with the same period last fiscal.

The exports of buffalo meat, Basmati, non-Basmati and others have declined to Rs 78,503 crore in April-December, 2015 from Rs 1,00,094 crore achieved in the same period last fiscal. The realisation from the shipment of rice (Basmati and non-Basmati), buffalo meat, guargum etc. have declined sharply in the current fiscal.

However the shipment of fruits and vegetables has witnessed a marginal increase in the current fiscal so far. "We are hoping that Basmati rice exports would pick up pace in the last fiscal and thereafter as Iran has lifted curb on our rice import," an official told FE.

Officials say that Basmati, which was the top agri exportable item till FY14, have seen a decline in realisation by 14% in the first three quarters of the current fiscal in comparison with last fiscal. However, the volume of exports has been more in comparison with last fiscal.

The official said that the decline in agricultural commodities shipments also reflect an overall decline in the exports of other commodities.

The realisation from the shipments of key agricultural commodities — Basmati rice (-14%), non-Basmati rice (-26%), buffalo meat (-10%) and Guargum (-65%) — have declined in the first three quarters of the current fiscal in comparison with the same period last fiscal.

According to the ministry official, average realisation from Basmati rice exports has fallen from $1,312 per tonne in FY15 to around $ 885 a tonne in the current fiscal. Even in the case of non-Basmati rice, the realisation has fallen to $ 364 a tonne in the April–December, 2015 period from $ 409 per tonne in the last fiscal.

The shipment of buffalo meat, the single largest export item from the agricultural sector in the FY15, has also declined by more than 10% to Rs 20,624 crore in April December 2015. In the case of fresh fruits and vegetables, the export realisation in the three quarters of the current year have increased marginally by 2.6% to Rs 5,603 crore in comparison to last fiscal. The realisation from Guargum, mostly used in US- based oil exploration companies, has shrunk by more than 65% to Rs 2,700 crore in the current fiscal.

Meanwhile, the agricultural and processed food exports development authority (Apeda) has identified 20-odd clusters located across the country for sustaining growth in the exports of food products. These clusters include those for basmati (Haryana and Punjab), buffalo meat (wester n Uttar Pradesh), grape and wine (Nashik region, Maharashtra), pomegranate (Satara and Pune regions of Maharashtra), dehydrated onions and garlic (Gujarat), poultry or egg (Namakkal, Tamil Nadu) and mango pulp (Uttar Pradesh and Maharashtra).

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**Slowing software exports**

Sandip Das, The Financial Express

New Delhi, February 6, 2016: The National Association of Software and Services Companies (Nasscom) has tempered its projections for Indian IT exports growth during FY17 at 10-12% in constant currency terms—the slowest rate of growth in the past six years, and at the bottom-end of double-digit growth.

The projections are lower than the 12.3% that it expects for the current fiscal, which is at the lower end of the original guidance of 12-14%. Much of it is due to the fact that during 2015, the global IT-BPM (business process manufacturing) industry grew a mere 0.4% in dollar terms, to $1.2 trillion.

The slowdown is on the back of global economic growth slowing down to 2.4% in 2015. The uncertain global macro-economic environment marked by volatility in equity and investment markets, currency fluctuations and political instability in global markets have led to the lower growth estimates. Domestic IT-BPM revenues are expected to rise 11-13% to Rs 1,560-1,590 billion in FY2017 from Rs 1,410 billion this fiscal.

Despite the slowing, IT-BPM export revenues exceeded $100 billion for the first time to touch $108 billion, a 10.3% growth over the $98 billion achieved in FY15. Meanwhile, India's share of the global outsourcing market rose marginally to 56% from 55% in 2015.

While growth has slowed, industry is confident of hitting the 2025 target of $350 billion in exports as global enterprise technology spend is estimated to touch $ 4 trillion by then—80% of the incremental tech spending will be in digital. Digital already accounts for 11-14% of export revenues of the IT industry and is growing at 1.5x of traditional business. India already has a pool of 250,000 digitally skilled employees against just 30,000 in 2010. In the future, revenues may not be the real indicators of the industry's capability.

Factors such as investment, digital solutions portfolio and valuations would also need to be considered for assessing the industry. Start-ups and e-commerce will be the other drivers for technology.

This fiscal itself, e-commerce accounted for $17 billion and is growing at 20%, boosting digital growth. The IT industry needs to transform its business models and capabilities to strengthen its position in future.

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**Import of duty-free capital goods for power sector banned**

Business Standard

February 2, 2016: To support domestic manufacturing, the government on Monday barred duty-free import of capital goods for power generation and transmission projects under the Export Promotion Capital Goods Scheme.

The EPCG scheme allows zero-duty import of capital goods on the condition that goods produced be exported worth six times of the duty saved under the scheme in six years.

“Authorisation under the EPCG scheme shall not be issued for import of any capital goods for generation/transmission of power (including captive plants and power generator sets of any kind),” the Directorate General of Foreign Trade said in an order.

The impact of the DGFT notification is minimal on domestic producers because they do not export much to comply with the obligation under the EPCG scheme. Besides, in an earlier notification two years ago, the government had clarified that power supply to special economic zones and export oriented units would not qualify as exports to comply with the outbound shipment obligation under the EPCG scheme.

The EPCG scheme was launched by the government in the early 1990s with an aim to allow exporters to import machinery and equipment at affordable prices to facilitate production of quality products for the export market.

A senior executive at BHEL said the order would not have a major impact on the company as power equipment does not fall under its purview. BHEL is the largest manufacturer and EPC contractor for the power sector.

Ajay Sahai, director-general and CEO of FIEO, said the notification was in line with the objective of plugging misuse of the scheme as power generators or suppliers were not really exporters.

“The scheme should be applicable for power generators as well and the power supply to SEZs and EOUs should be allowed to meet the export obligation condition. This would ensure smooth power supply to manufacturing units in these export zones, considering that they pass on the capital goods duty benefit in the form of lower tariff," Sahai added.

However, small capital goods producers hailed the move. "The decision will have a positive impact on the indigenous power equipment industry. In the past few years, the domestic power equipment capacity was underutilised as cheap imports flooded the market and orders shrank," said Babu Babel, president, Indian Electrical & Electronics Manufacturers' Association (IEEMA).

"This order would not only provide us the much-needed level playing field but encourage 'Make in India'. We would like to also convey that the Indian power equipment industry is prepared to meet the demand," Babel added. IEEMA is the representative association for the whole value chain in power generation, transmission and distribution equipment manufacturers.

The government has set a target of 88,537 MW capacity addition for the 12th Plan period ending 2016-17. Till December, 72,240.12 MW, or 81.59 per cent of the target, has been achieved, according to the Central Electricity Authority.

In the Foreign Trade Policy 2015-20 the government reduced the export obligation for those procuring capital goods domestically to 4.5 times of imports as against 6 times under the EPCG scheme, which will encourage the domestic capital goods industry.

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**Steel industry to seek anti-dumping duty**

Aditi Devakar, Business Standard

February 9, 2016: While there are some obvious benefits for domestic steel producers following the imposition of a minimum import price (MIP) on steel, the industry seems to have a bigger plan as it prepares to file for longer-duration duties to counter cheaper imports.

On Friday, the government imposed MIPs on 173 steel products to protect domestic players. This duty is going to remain valid for a period of six months. With the MIP, imports would become costlier by 26-70 per cent, said a report by Prabhudas Lilladher.

“We are looking at anti-dumping and countervailing duties as the next measures to fix the steel import issue since these duties are typically placed for threefour years,” Sanak Mishra, secretary-general at the Indian Steel Association, told Business Standard on Monday. Integrated primary steel producers like the Sajjan Jindal-led JSW Steel, Jindal Steel & Power, state-owned Steel Authority of India and Tata Steel will be among the biggest beneficiaries of the MIP.

"We expect the industry will file the application for anti·dumping duties by the beginning of March. Given the process involved in anti·dumping awards, the MIP will provide major interim relief to the sector," said the Prabhudas Lilladher report.

The industry will now study each of 500 products to find the extent of injury due to imports. “Of course, not all will qualify for the next level of duties we plan to apply for, but we will investigate injury to all,” Mishra said. “Apart from countervailing and anti-dumping duties, the safeguard duty is an option for some products,” he added.

“Anti-dumping duties are more permanent (three-four years), legally binding and fall under World Trade Organisation (WTO) norms. They are more beneficial than the safeguard duty or the MIP,” said an analyst with a local brokerage.

The new MIP will help domestic steel producers to improve their realisations for the next couple of quarters.

“The pricing scenario is expected to change in the next few months as companies were earlier selling at a distress,” said Giriraj Daga, portfolio manager at SKS Capital & Research.

Brokerages expect steel producers to raise prices by about ~3,000-4,000 per tonne in March. “Prices are expected to go up gradually,” said an analyst with a local brokerage. “An improvement in margins will be seen in all companies in the coming months.”

Some brokerages, however, feel the hike in prices will be limited. “Poor profitability of the user industry, overcapacity in the sector (around 13 million tonnes of supply just added) and a shift of steel product imports to finished products will limit the increase in prices,” said the Prabhudas Lilladher report.

Some brokerages raised the issue of possible circumvention of the MIP via over invoicing or sourcing through overseas subsidiaries. Others said intense government monitoring would discourage such practices.

“Imports will come in through major government ports and the government will not allow the industry to exploit the help given,” said Daga.

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**Govt plans aluminum safeguard duty to stem imports from China**

Archana Chaudhary and Sunil Jagtiani, Live Mint

New Delhi, February 4, 2016: India plans to impose a 10% safeguard duty on aluminum and may raise import tariffs on primary and downstream products to curb cheaper imports from China and other Asian nations.

The six-month safeguard on inbound shipments of the light- weight metal may be put in place within the next two months after discussions with other government departments, Balvinder Kumar, the top-most bureaucrat in India’s mining ministry, said in an interview in New Delhi. Finance minister Arun Jaitley could announce import levies in his budget speech on 29 February.

A slowdown in China’s economy has led to a global aluminum glut and some of the surplus has been flowing into India at lower prices, prompting domestic producers to seek protection. The government, in turn, has asked producers to beat cheaper imports by cutting costs. Some of the nation’s metals producers are already reeling under surging debt after a commodity collapse. Aluminum prices have slumped to a six-year low.

The biggest worry is “aluminum, especially primary aluminum imports from China and other Asian countries,” Kumar said at his office in the nation’s capital on Thursday. The financial year starting 1 April “will be tough as per reports and forecasts. We’re not seeing much scope for improvement,” he said.

Import duties on primary aluminum products may rise to 7.5% from 5%, while other downstream industries may see duties raised to 10% from 7.5%, according to Kumar.

Miner Vedanta Ltd. extended gains after Kumar’s comments, ending the session up 9.9% for the biggest climb since October last year. The benchmark S&P BSE Sensex index rose 0.5%. Hindalco Industries Ltd. closed up 3.1%. National Aluminium Co. fell 0.6%.

China is expected to add about 3 million tons of new, cost- competitive aluminum-production capacity in 2016, which could limit earnings of companies globally, according to Bloomberg Intelligence estimates.

Safeguard measures are emergency actions sparked by threats to local industry from an import surge.

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**Gems & Jewellery exports dip 14% during Apr-Dec this fiscal**

Business Standard

New Delhi, February 11, 2016: Gems and Jewellery exports declined by over 14 per cent year-on-year to USD 23.29 billion during April-December period this fiscal due to slowdown in global demand.

In April-December 2014, the exports stood at USD 27.16 billion, according to data from Gems and Jewellery Export Promotion Council (GJEPC).

Besides, rejection of consignments is one of the reasons for dip in value of exports.

During the nine-month period of the current fiscal, consignments worth USD 4.81 billion were returned as compared to USD 2.49 billion during the same period last year.

The sector contributes about 14 per cent to the country's total exports.

The industry is seeking a cut in gold import duty to ensure adequate supply of the metal and help meet export demand for jewellery.

To check high current account deficit, the government had hiked import duty on gold to 10 per cent.

According to the data, exports of cut and polished diamonds fell to USD 14.78 billion in April-December 2015 from USD 17.32 billion in the same period last year.

Similarly, shipments of gold jewellery contracted to USD 2.87 billion from USD 5.13 billion during April-December 2014.

Exports of gold medallion and coins, however, increased to USD 3.7 billion during the nine month period of this fiscal from USD 1.30 billion in the same period last year.

Overall, India's exports remained in the negative territory for the 13th month in a row. It contracted 14.75 per cent in December to USD 22.2 billion due to a steep fall in shipment of petroleum products and engineering goods.

The government is hopeful that incentives such as 3 per cent interest subsidy and enhanced rate for duty drawback could help contain the decline.

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**India’s palm oil imports rebound from first decline in 12 months**

The Financial Express

New Delhi, February 13, 2016: Palm oil purchases by India probably rebounded from the first drop in 12 months as traders and refiners in the world’s largest buyer increased shipments to bridge a widening cooking oil shortfall.

Imports climbed 4% to 686,000 metric tonne in January from a year earlier, according to the median of estimates from five processors and brokers compiled by Bloomberg. Overseas purchases fell 5.8% in December, the first decline since the end of 2014. Total vegetable oil purchases climbed 14% to 1.25 million tonne last month. The Solvent Extractors’ Association of India releases data in the middle of the month.

India, which depends on overseas supplies to meet 70% of its cooking oil needs, is boosting purchases after the first back-to-back shortfall in monsoon rainfall in three decades trimmed its oilseed harvest. Rising Indian appetite for palm oil may help futures in Kuala Lumpur extend gains from a 20-month high amid dwindling supplies from Indonesia and Malaysia, the world's top producers.

"High level of imports will continue as the Indian crop is lower and at the same time consumption is rising," said Sandeep Bajoria, chief executive officer of Sunvin Group, a Mumbaibased broker and consultant for oil and oilseed industry. "Palm prices are reasonable to import."

Futures in Kuala Lumpur climbed 1.1% to 2,596 ringgit ($627) on Thursday, the highest level at close since May 2014. Prices may climb to as high as 2,700 ringgit in the second quarter as supplies dwindle and global inventories shrink, according to Dorab Mistry, a director at Godrej International.

An expanding population and rising incomes are boosting consumption of cooking oils in India, where demand is set to surge as much as 75% to 35 million tonne by 2025, the association estimates. Total cooking oil purchases may climb to as much as 16 million tonne in 2015-16 from 14.4 million tonne a year earlier, according to the association.

India's monsoon-sown oilseed harvest is seen declining 11 percent to 12.6 million tonne in 2015-16 from a year earlier, according to the Central Organisation for Oil Industry & Trade. The country buys palm oil from Indonesia and Malaysia and soybean oil from the US, Brazil and Argentina.

Soybean oil imports probably surged 89% to 425,000 tonne in January from a year earlier, while sunflower oil purchases dropped 25% to 117,000 tonne, according to the survey. Canola oil purchases were 25,000 tonne, the survey showed.

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**Tea exports to Pakistan rise 56% to Rs 140 cr in April-Dec**

The Financial Express

New Delhi, February 13, 2016: Country's tea exports to Pakistan rose by 56% to Rs 139.74 crore in the first nine months of the current fiscal, while the overall outward shipments surged by just 9% to Rs 3,218.07 crore.

Total exports to the neighbouring country stood at Rs 89.46 crore in the first nine months of the previous fiscal, according to Tea Board data.

However, overall tea shipments increased by 9% to Rs 3,218.07 crore in the April December period of the current fiscal from Rs 2,955.78 crore in the year-ago period.

The per unit price at which tea was exported to Pakistan increased to Rs 97.04 per kg from Rs 84.80 per kg a year ago.

In volume terms, outward shipments from India to other neighbouring countries increased to 14.40 million kg from 10.55 million kg in 9 month period in 2014-15.

According to the Tea Board, total tea exported from India in the period under review rose to 166.55 million kg as against 147.96 million kg a year earlier.

The increase in tea exports was seen in major tea importing countries such as the CIS countries, the UK, Germany, Poland, the UAE, Bangladesh and Sri Lanka.

Tea production has been low this fiscal mainly due to unfavourable weather conditions. Besides, wage-related issues also hit tea producers.

The tea sector has also been facing other issues including migration of labourers to other industries.

India is the world's second biggest tea producer and also one of the largest consumers. The country exports CTC (crush-tear-curl) grade tea to countries like Egypt, the UK and other traditional varieties to Iraq, Iran and Russia.

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