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US, European businesses urge govt to step up action on GST, IPR

Nayanima Basu, Business Standard

New Delhi, December 15, 2014: US and European business have stepped up pressure on the Indian government to improve the atmosphere for investment in the country by implementing the goods and services tax and boosting intellectual property rights.

Preceding US President Barack Obama's visit to India on Republic Day (January 26), the business are pressing for the government to reduce tariff, ease taxation and cut transaction costs.

"By reducing import tariffs and export duties in key industrial sectors, by raising investment caps and eliminating local content and certification requirements across all sectors and by strengthening the protection and enforcement of intellectual property rights, India can establish the kind of trade and investment regime that clearly sets it apart from competitors in Asia and beyond," stated a letter jointly drafted by National Association of Manufacturers (NAM), US, BUSINESSEUROPE, European Chemical Industrial Council and European Federation of Pharmaceutical Industries and Associations (EFPIA), among others.

Finance Minister Arun Jaitley recently said it might implement good and services tax (GST) by 2016, although it remains a key challenge to get the states on board.

US had been particularly critical of some of India's trade and investment policies such as mandatory domestic content requirement, retrospective transaction and IPR and patents regime for over two years now. European businesses have also been voicing concerns on some of the steps taken by the previous United Progressive Alliance government, not yet revoked by the National Democratic Alliance government, though it has taken certain immediate steps to increase foreign investment in the country.

"Adopting a single federal goods and services tax and swiftly implementing the WTO trade facilitation agreement would increase transparency, cut business costs and contribute to growth in each of our economies," according to the letter that was sent to Nirmala Sitharaman, minister of state (independent charge) for commerce and industry.

Since the new government came to power after a decade-long rule of the previous UPA government, a number of steps had been taken to improve India's business environment and its ranking in the World Bank's Ease of Doing Business ranking.

The new government had come under scathing attack from all the key countries for vetoing the World Trade Organization's (WTO) Trade Facilitation Agreement, which it has now agreed to adopt and implement.

In the letter the American and European business chambers and industry associations also pressed the Indian government to address their specific concerns through the various dialogue mechanisms such

as the ongoing India-EU Free Trade Agreement and India-US Trade Policy Forum.

The BJP government, which came to power in May, have eased foreign direct investment norms for sectors such as railways, real estate and defence. But it has not taken steps to address some of the significant concerns such as retrospective taxation and transfer pricing rules.

"The companies did not avail of this facility because in such a scenario, the companies would have to produce the certificate which would carry the real value,"' the source added.

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Auto, textiles, dairy, spices to be protected in regional partnership pact

Amiti Sen, Business Line

New Delhi, December 15, 2014: Automobiles, textiles, dairy, machinery, rubber and spices are some of the sectors that India has opted for protecting in the Regional Comprehensive Economic Partnership (RCEP) pact it is negotiating with 15 other countries including powers such as China and Japan.

The Commerce Ministry has asked the Indian industry to give it a list of specific items that it seeks to insulate from duty cuts backed with valid reasons in order to fine tune the list of offers it has to make to all members in February in Pattaya, Thailand according to a Government official.

Other RCEP members include the 10-member Asean block, South Korea, New Zealand and Australia.

“While we have indicated the broad sectors that we seek to protect, we will have to specifically mention the items when we make our initial offers. We hope to get some useful inputs from the industry,” a Commerce Ministry official told *BusinessLine*.

Other sectors that India would protect include basic metals, some parts of steel and electrical and mechanical machinery, the official added. Most of these sectors have been protected by India in the FTAs (Free Trade Agreements) it has already signed with other countries and regions such as Japan, South Korea and the Asean.

While India is keen to be part of the RCEP, which will be the largest trading bloc in the world involving 45 per cent of the world’s population with a combined gross domestic product of $21.4 trillion, its industry and farmers have several apprehensions.

Manufacturers are mostly concerned about the threat China will pose once duties are eliminated or substantially reduced under the free trade pact.

Farmers' worries

The farm sector, on the other hand, is apprehensive of competition from some of the South East Asian countries as well as New Zealand and Australia.

"It is evident from the FTAs Australia and New Zealand have signed with China that they want more market access for their dairy products. Deeper tariff cuts on agriculture products will intensify agriculture crisis in India," pointed out Yudhvir Singh, Convenor, Indian Coordination Committee of Farmers' Movements, in a press release protesting against the negotiations here earlier this month.

To what extent India will manage its industry and agriculture in its initial offers also depends on what Indonesia, which is chairing the RCEP negotiations, decides is acceptable.

While India, China and South Korea want to eliminate duties on just 40 per cent of items, Japan, Australia and New Zealand are pushing for 80 per cent.

The RCEP will also include trade in services and investments. Japan wants the grouping to have more stringent patent norms that India is resisting.

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Exports grow in Nov, surging gold imports swell trade gap

KR Sudhaman, Business Standard

December 16, 2014: India's merchandise exports grew 7.27 per cent to $25.96 billion in November, showing some signs of recovery after a contraction in October. But trade deficit widened to a one-and-a-half-year high of $16.86 billion due to a six-fold jump in gold imports. Trade deficit stood at $9.57 billion last November.

Gold imports swelled to $5.61 billion in November compared with $835.83 million in the year-ago month. Total imports, including that of oil, jumped 26.79 per cent to $42.82 billion.

M Rafeeque Ahmed, president of Federation of Indian Export Organisations (Fieo), said the 7.3 per cent growth in November merchandise exports was "very encouraging" coming, as it did, on the back of negative growth in October.

Many of the sectors that showed a decline in exports during October have reported good growth in November. They include gems and jewellery, drugs and pharmaceuticals, engineering goods, cotton yarn fabrics and madeups, manmade yarn & fabrics, coffee, spices and carpets.

"While readymade garments and organic & inorganic sectors posted healthy growth, our worry has been the marine sector, which showed a decline in November," Ahmed said.

Icra senior economist Aditi Nayar said the unexpected jump in November trade deficit was due to a

sharp rise in gold imports. Given the substantial gold shipments at $13.5 billion during September-November and expectations that jewellery demand will subside after the festive season, the monthly import bill may not sustain at the recent levels despite the withdrawal of the 20:80 scheme, Nayar said.

Oil imports fell by 9.7 per cent to $11.71 billion. But non-oil imports grew 49.6 per cent to $31.10 billion. Although falling crude prices are a positive, their impact would be partly countered by high demand for fuels spurred by cuts in retail prices of petrol and diesel, Nayar said.

She said the growth in merchandise exports was encouraging, although the sustainability of the trend remains uncertain in the light of sluggish growth in various advanced economies.

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Exports back on growth track in November

Business Line

New Delhi, December 16, 2014: Rise in shipments of engineering goods, gems & jewellery, pharmaceuticals and ready-made garments propped up exports (year-on-year) by 7.27 per cent to $25.96 billion in November 2014.

Trade deficit, however, touched an 18-month high of $16.86 billion as imports rose 26.79 per cent during the month to $42.82 billion. Non-oil items such as gold, fertilisers, coal and electronic goods mostly accounted for the rise in imports.

Exports in October had registered a decline of 5.04 per cent to $26.09 billion over October 2013.

Overall, out-bound shipments during April-November 2014-15 were $215.75 billion compared to $205.43 billion in the same period last year, registering a growth of 5.02 per cent.

Exporters said that while the rise in exports in November was encouraging, many sectors including marine, electronics, petroleum products and cotton yarn & made-ups declined.

According to exporters body FIEO, the government needs to immediately reintroduce the interest subvention scheme for exporters with effect from April 1, 2014.

"Interest burden is hitting the small exporters who are losing their export competitiveness saddled with high interest rates," FIEO said in a release.

Gold imports rose 571.28 per cent to $5.6 billion in November 2014 from $835 million in the same month last year as the government relaxed import restrictions.

Imports for the period April-November 2014-15 were $316.37 billion compared to $302.32 billion posting a growth of 4.65 per cent.

Oil imports during November were valued at $ 11.71 billion which was 9.7 per cent lower than oil imports at $12.97 billion in November 2013. Non-oil imports, on the other hand, were 49.6 per cent higher at $ 31.10 billion compared to the same month last year.

In April-November 2014-15, oil imports were valued at $106.55 billion which was 1.6 per cent lower than oil imports of $108.28 billion in the corresponding period last year.

Non-oil imports during April-November 2014-15 were valued at $209.81 billion posting a growth of 8.1 per cent higher than imports worth $194.04 billion in April-November, 2013-14.

Trade deficit

Trade deficit in April-November 2014-15 was $100.61 billion compared to $ 96.89 billion in April-November 2013-14. The Government has been struggling to keep trade deficit in control as it widens the current account deficit which could in turn deteriorate the country's balance of payment.

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Indian drug makers eye Japanese generic market

Trushna Udgirkar, Finanacial Chronical

December 16, 2014: If all goes as planned by the Pharmaceuticals Export Promotion Council, India may soon grab a reasonable share in the toughest market for generics, Japan, as well. With a slew of promotional measures for better liaison between both the countries, the exports council is eyeing a 15-20 per cent growth in the exports here, next year.

Last year, the exports to Japan stood at around Rs 800 crore. "So far, there has been no growth in this market for several reasons like tedious and slow processing and huge costs for filing data. This year we want to promote our brand through various measures and see to it that formulations see a considerable growth of 15-20 per cent here (in Japan) ," said P V Appaji – director general of Pharmexcil.

Pegged at $112.6 billion in 2013, the Japanese pharmaceutical market is the second-largest in the world, behind the US and ahead of Germany. But, generic drugs contribute only about 11 per cent of the total market. Estimates by industry experts however suggest that by 2018 the generic market could grow to $18 billion.

This is backed by the Japanese government's plans made in 2013 to step up the generic segment to 60 per cent of the total pharma market. "The state gives pharmacists $ 0.45 per prescription if generic drugs account for at least 30 per cent of dispensed medicines over a three-month period. Doctors have to specifically indicate on prescriptions if a drug cannot be substituted by a bioequivalent copy," Appaji said.

Last year from India, formulations exports to Japan de-grew by 12.7 per cent at Rs 274.57 crore. The bulk drugs segment however grew at 21 per cent at Rs 641.7 crore. Another area, where India could see a spurt in exports, according to him, is herbal extracts.

"In 2012, we had started an initiative and will now again explore deepening the reach in Japan. In two or three years we would want equal ratio of exports from bulk drugs and formulations, unlike now. In April 2015, the council would conduct an interaction of 20 Indian pharma players with the officials, local players, and Osaka Pharma Manufacturers Association," he said.

In Japan, branded drugs account for almost 8o per cent of the total drug expenditure as the consumer preference leans strongly towards innovator drugs. What could now help companies grab a pie in the copy cat drugs is that a slew of blockbuster drugs are set to expire soon. Homegrown companies Takeda Pharmaceuticals, Daiichi Sankyo, Astellas Pharma and Eisai are dominant in the market.

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After US deal, India to push for Doha agenda at WTO in 2015

PTI, Financial Chronicle

New Delhi, Dec 19, 2014 : It is always a clinical surgery at WTO where a patient can die if you miss the target, says its Chief Roberto Azevedo, which probably explains why the 20- year-old global body could seal its first major trade pact in 2014 after a never-seen-before deal between India and the US.

The differences between the rich and developing nations have always been at the core of the World Trade Organisation, set up in 1995 to facilitate greater trade flows across the world, and it came as a major breakthrough when the US and India reached a deal over food security issues in 2014.

It was this deal that eventually facilitated the first ever major trade pact at the WTO and India is now looking forward to push for the long-pending Doha agenda at the global trade body in 2015.

Launched in 2011, the Doha Round of negotiations have remained virtually stalled since July 2008 when the trade ministers' meeting in Geneva collapsed due to differences between the rich and the developing nations.

The deadlock mainly emerged on the issue of protection for farmers in developing countries and duty cut on industrial goods.

The year 2014 also saw a never-seen-before bonhomie between India and the US, who have been staunch opponents at this global forum for years but managed to seal a deal between them to facilitate the long-stalled Trade Facilitation Agreement at the WTO that seeks to reduce transactions cost and ease global customs norm for global trade.

Officials said the breakthrough came after the issue was discussed between Prime Minister Narendra Modi and US President Barack Obama.

WTO Director-General Roberto Azevedo said the agreement between India and the US was key to get the multilateral trading system back on track and gave him a basis to intensify his consultations with other WTO members.

For 2015, he has said it is going to be a big year for the WTO with the celebration of its 20th anniversary and the holding of its 10th Ministerial Conference.

Azevedo also said that "we have real deadlines to meet", including developing the work programme on the remaining Doha Round issues by the end of July 2015.

Looking ahead, India also wants to bring back the long-stalled Doha round on the table.

"Doha agenda will be back on tables (in 2015) and we will push for that," Commerce Secretary Rajeev Kher told PTI.

Biswajit Dhar, Professor, Centre for Economic Studies and Planning, Jawaharlal Nehru University also said that there are a number of pending issues under the Doha Round of talks which India would like to bring on the table next year.

"There are some substantive issues related with agriculture, services and intellectual property rights (IPR). India should also have to look at the Post-Bali work programme. We have to see how effectively we can raise these issues," Dhar said.

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WTO must prevail over splinter groups

Kyle cote, Business Line

December 20, 2014: After four months of multiple meetings, press releases and consultations, progress was finally made on the impasse involving trade facilitation and public stockholding.

It was announced on November 13 that the US and India had resolved their differences and the US had accepted that the so-called 'peace clause' for public stockholding would remain in place until a permanent solution is found. In return, India is expected to ratify the trade facilitation agreement it blocked back in July.

India has stood firm at the WTO on linking the issue of public stockholding with moving forward on trade facilitation. At the Bali Ministerial, it had already secured a temporarily halt to the WTO cap on domestic support and any dispute settlement recourse while members worked on a permanent solution.

The issue came to a head when the General Council, the WTO's highest governing body, was set to ratify the trade facilitation agreement, intended to ease trade processes, on July 31. India was not ready to ratify the TFA without further progress on finding a solution to public stockholding and thus used the global trade body to voice its objections and forced members to address the concerns of a quarter of the world's poor.

Stressful parleys

Prior to the breakthrough, diplomatic stress ran high. Many countries were discussing an alternative to move forward, possibly without India, and even outside the multilateral trading system. Roberto Azevêdo, Director-General of the WTO, presented options to resolve the impasse based on his many discussions with member country delegations. One of the main scenarios Mr. Azevêdo posited was

the implementation of trade facilitation amongst certain partner nations that agreed to move forward. This would essentially support plurilateral agreements made within the multilateral body. Although it was acknowledged that this scenario would be open-ended to eventual full multilateralism, as is the modus operandi of the WTO, those who want to move forward implementing trade facilitation could do so through the exclusive model of plurilateralism or most favoured nation methods. Multilateralism needs more support rather than breaking it up into seemingly easier plurilateral options.

Not a new idea

The allure of countries using plurilateral agreements to progress their trade interest is not new and is, in fact, rapidly increasing with mega-regional deals making progress such as the Trans-Pacific Partnership, Transatlantic Trade and Investment Partnership, Regional Cooperation Economic Partnership, and even China's proposed Pacific Rim trade zone (Free Trade Area of the Asia-Pacific).

The perceived failure of the Doha Round has led countries to understandably pursue alternative routes of trade with less inclusion of the WTO. India itself, while reviewing all previous FTAs, has increased its diplomatic efforts to enter into new ones, including with Canada, Australia, and RCEP.

However, the possibility of plurilateral agreements within the WTO is certainly new territory.

India's stance in the WTO for a permanent solution to public stockholding at the international level, despite angering many members, is a case in point of the importance of a multilateral arena giving a voice to all countries. It was that exact multilateral system that provided the space for a developing country with far less diplomatic clout than rich developed countries to speak up and defend its poor population.

The relative success of the so-called Cotton-4 group of nations — Benin, Burkina Faso, Chad, and Mali — pushing for reform in cotton trade, most recently at the Bali Ministerial in 2013, is another example of a global system giving equal opportunity to those whose voices are seldom heard.

This growing trend of plurilateral and mega-trade agreements may have been acceptable if the trade between countries only affected those trade partners. However, this is not the world we currently live in. Trade has consequences for all countries, directly and indirectly.

Engaging with nations

While studies have been conducted in response to these plurilaterals on how an agreement may impact a third-party country's economy and trade capability, the significance of these trade deals is worryingly under-appreciated.

Further, with the growth of global value chains, the global market is already becoming more integrated and thus requires a strong multilateral system of agreed standards in trade.

Thus, moving toward a system based on exclusionary agreements, where some may prosper while others are not only left behind but even impaired, is unsustainable and unacceptable.

If a global system of increased plurilateral and mega-regional trade agreements is inevitable, at a minimum those negotiating parties, recognising the potential marginalising effect their deals would have on developing and least developed countries, must include protective provisions to such eventualities, including assistance to those countries where direct yet unintended consequences are found.

Involving developing country representatives in trade negotiations, similar to the practice at the United Nations where non-Security Council members participate in discussions that concern them, is another initiative worth employing. Admittedly, the WTO, the only forum to conduct multilateral trade cooperation, has not had a stellar track record. Indeed, the current state of trade negotiations often favours members with stronger economic significance and negotiation capacity.

However, the alternative of a world with varied standards scattered across several countries is not acceptable, especially for developing and least developed countries.

As WTO members meet at the General Council this December, it is critical to focus efforts on the multilateral system and not to succumb to the ease and appeal of plurilateral agreements.

Rather, countries must strengthen the inclusivity and empowerment of the WTO system, particularly for the world's poorest and marginalised.

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Gearing up for Obama's visit: Finance Ministry to rush Cabinet note to sign US FATCA by December 31

Deepshikha Sikarwar, Economics Times

December 22, 2014: The finance ministry is planning to rush through a Cabinet note seeking permission to sign an accord with the US on exchanging investment information before a December 31 deadline, ahead of President Barack Obama's visit to Delhi at the end of January.

The government has got the goahead of the justice MB Shah-led special investigation team (SIT) on black money, which allows India to sign international treaties that include confidentiality clauses, an issue that had prevented the country from acceding to the US Foreign Account Tax Compliance Act or FATCA.

A SIT official confirmed that the report had been given. India had been forced to skip signing the OECD protocol on information exchange in October after the Supreme Court demanded a list of names that India had obtained from governments overseas under tax treaties under strict confidentiality rules.

SIT's endorsement of confidentiality clauses in such treaties will boost the Narendra Modi government's pursuit of black money as this will make it easier for other countries to provide information to India on any investments by its citizens overseas.

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At WTO, India wants clarity on agricultural issues first

Amiti Sen, Business Line

New Delhi, December 23, 2014: India has objected to the World Trade Organisation (WTO) starting work on reforming fisheries subsidies and anti-dumping rules before making headway to find a permanent solution to the food security problem.

For new formula

In a recent meeting of the WTO committee on rules, where some members pushed for action on fisheries subsidies and anti-dumping, India said that without clarity in agriculture and other core areas it would find it difficult to start work on rules.

“We do not want the issue of finding a permanent solution to food security to get side-tracked. Focus has to remain on core issues and we should have a new formula in place by the end of next year as scheduled,” a Commerce Ministry official told BusinessLine.

The WTO recently agreed not to take action against India or other developing countries if their food procurement subsidies breached present caps, till a permanent solution to calculation of such subsidies was arrived at.

Permanent solution needed

It also agreed to make all efforts to reach a permanent solution by 2014-end.

It is important for India to have a permanent solution in place soon as the interim relief against action comes loaded with conditions that it may find difficult to meet.

Fisheries, anti dumping

In the rules meeting, New Zealand, on behalf of a group called the Friends of Fish, said disciplines on fisheries subsidies should be central to the work of the group. The group includes Argentina, Australia, Chile, Colombia, Costa Rica, Ecuador, Iceland, New Zealand, Norway, Pakistan, Peru, Philippines and the US.

It urged that work on fisheries subsidies should start immediately.

Japan, on behalf of the group Friends of Anti-Dumping Negotiations, said that negotiations on anti-dumping should be part of the Post Bali Work Programme (priority issues identified in the Bali Ministerial meeting last December).

Transparency

The group, which also includes China, want more transparency and stricter rules for anti-dumping investigations. Anti-dumping duties are levied against items that are sold by foreign companies at prices lower than what they charge in their home markets.

“We are not against work progressing in the two areas. But these have to wait or it could lead to long delays in sorting out our food security issues,” the official said.

New Delhi’s first preference is to get the WTO to agree to exempt food procurement subsidies from the list of trade distorting subsidies so that the caps don’t apply. Alternatively, it wants subsidy to be calculated based on reference price of recent years and not the existing reference year of 1986-88.

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Government mulls rupee payment deal with Russia

Nayanima Basu , Business Standard

New Delhi December 24, 2014 :The Government of India (GOI) is considering a new rupee-rouble payment mechanism with sanctions-hit Russia, similar to what it has established with Iran. "We are trying to give some cushion to exporters in terms of going for a trading in the national currency, similar to what we have been doing with Iran, to avoid any unnecessary panic," a senior commerce department official told Business Standard on condition of anonymity. "The proposal to re-establish an escrow account has been discussed with the finance ministry. Something will be worked out soon."

However, it is at a nascent stage. The finance ministry and the ministry of external affairs have to

agree on the details. The planning is to revive the likes of the escrow account GOI once maintained with the erstwhile Soviet Union. It became dysfunctional gradually, after that country's structure fell apart. Exporters have been urging the government to intervene, as the rouble continues to fall in the wake of Western sanctions and plummeting crude oil prices. The Russian currency's value has fallen by 45 per cent against the dollar and euro since January.

With sluggish demand from America, slackening growth in Europe and recession in Japan, exporters in India already faced a tough time. The rouble crisis adds to the heat. The worst hit appear likely to be exporters in engineering, pharmaceutical and agricultural products.

"The crashing of the rouble will have serious implication on exports to Russia. In a few sectors, domestic products will gain competitiveness, with imports becoming costlier by 100 per cent. Since the balance of trade is in favour of Russia, we may discuss the possibility of converting dollars payable on imports into a rupee account managed by a nodal bank in India," said Ajay Sahai, director-general of the Federation of Indian Export Organisations. He said the idea was that Indian exports be invoiced in rupees to insulate these against currency volatility. These could be credited to the account of Indian exporters once the proof of shipment was given.

"Such a system is working fine with Iran (also the target of Western sanctions) and can be replicated with Russia, if it agrees," said Sahai.

The governments of India and Iran have an agreement that India will pay in rupees for its import of crude oil, through UCO Bank. This amount is adjusted for the payments Iran has to make for imports from India.

It's unclear if the proposed rouble-rupee payment mechanism will be similar or India will receive payments in rupees and Russia in roubles for their exports, at a fixed exchange rate.

Invoicing in the rupee is permitted even now but since the rouble is not a freely convertible currency, exporters will not be eligible for usual benefits provided under the Foreign Trade Policy, Sahai added.

According to Anupam Shah, chairman, Engineering Exports Promotion Council, the Russians will be resorting to local sourcing and boost domestic manufacturing, substituting for imported products. Russia will buy only those products from India or other countries that are not produced domestically or are in dire need.

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Indian trade policies delayed American export to India: USITC

PTI , Business Line

Washington, December 24, 2014: Restrictive Indian trade policies have delayed American export and investment to India, a USITC report has said with the US lawmakers asking the Narendra Modi government to address these significant areas of concern as both countries work to strengthen

economic relations.

"US exports to and investment in India would be significantly higher if not for Indian policy barriers," the US International Trade Commission (USITC) said in its report "Trade, Investment, and Industrial Policies in India: Effects on the US Economy."

Prepared at the request of lawmakers, the report provides information on the effects of a wide range of Indian policies that limit US exports to and investment in India.

These policy measures include tariffs and customs procedures, foreign direct investment restrictions, local-content requirements, treatment of intellectual property, taxes and financial regulations, regulatory uncertainty, and other non tariff measures, such as unclear legal liability, price controls, and sanitary and phytosanitary standards.

"We remain concerned about systemic and continuing market access barriers identified in the ITC's report that undermine a market-based path to development for India and diminish opportunities for US workers and businesses," said the House Ways and Means Committee Chairman Dave Camp, Ranking Member Sander Levin (D-MI), and Senate Finance Committee Chairman Ron Wyden and Ranking Member Orrin Hatch in a joint statement.

"We urge the Indian government to address these significant areas of concern as the United States and India work to strengthen our economic relationship," the four American lawmakers said.

We are at a pivotal moment for the US-India relationship. Prime Minister Narendra Modi, who recently took the helm of the Indian government, has spoken of a pro-growth vision for India. We are hopeful that we may see a deepening expansion of our long-term trade and investment relationship, which has already risen to nearly USD100 billion," the joint statement said.

In an effort to obtain the most comprehensive and up-to-date information possible, in light of India's national elections, the four lawmakers requested in September that the Commission conduct a second investigation of India's trade and investment practices, scheduled to be delivered to Congress on September 24, 2015.

The purpose of this second investigation is to seek information concerning India's policies since the first investigation, they said:

The report released yesterday features the results of a USITC survey of US firms in selected industries that are currently doing business in India, a quantitative analysis (using economic modeling) of the effects of Indian policy measures on US workers and the US economy, and qualitative research into these effects.

It also includes case studies and examples illustrating ways that the policies affect particular companies or industries.

According to the report, the share of US companies substantially adversely affected by restrictive Indian policies rose from 18.8 per cent to 26.1 per cent between 2007 and 2013.

Shares for individual sectors in 2013 ranged from 7.7 per cent to 44.1 per cent. Over 60 per cent of the affected companies have made strategic changes in response to these barriers, most often directing fewer resources to the Indian market, it said.

Policies in two areas - tariffs and customs procedures, and taxes and financial regulations - have the heaviest effects on US companies, USITC said adding that other issues, including investment and intellectual property policies, have large negative effects on specific industries.

If tariff and investment restrictions were fully eliminated and standards of IP protection were made comparable to US and Western European levels, Commission model results indicate that US exports to India would rise by two-thirds, and US investment in India would roughly double, the report said.

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EU starts antidumping probe into Indian cast iron tubes, pipes

PTI, The economics times

Brussels/New Delhi, December 24, 2014: The European Commission has commenced a probe against allegation of dumping of cast iron tubes and pipes by India following a complaint by French firm Saint-Gobain BSE 0.14 %.

In a notice, the European Commission (EC) has said that it had received the complaint on 10 November. It has alleged that imports of "tubes and pipes of ductile cast iron" originating in India are causing material injury to European industry.

The complaint was lodged on behalf of producers representing more than 25 per cent of the total production of tubes and pipes of ductile cast iron in European Union.

"The allegation of dumping from the country concerned (India) is based on a comparison of the domestic price with the export price (at ex-works level) of the product under investigation when sold for export to the Union," it said.

It also said that the prima facie evidence provided by the complainants show that the volume and the prices of the imported product have had a negative impact on the quantities sold, the level of prices charged and the market share held by the European industry.

The investigation would be concluded in 15 months. The European Union is one of the largest trading partner of India. The total trade between India and EU stood at $101.5 billion in 2013-14 compared to $102.69 in 2012-13.

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Government may impose antidumping duty on Chinese pen drives

PTI , Economic times

New Delhi, December 27,2014: Government may impose anti-dumping duty of up to $3.12 a piece on Chinese USB Flash Drives (pen drives) to protect domestic players from below-cost shipments from China.

In its final findings, the Directorate General of Anti- dumping and Allied Duties (DGAD) has said the product has been exported from that country into the Indian market at prices less than their normal values.

The application for the investigation was filed by Storage Media Products Manufacturers & Marketers Welfare Association on behalf of the domestic producers represented by Moser Baer India Ltd.

"...the Authority is of the view that imposition of definitive anti-dumping duty is required to offset dumping and injury. Therefore, the Authority considers it necessary to recommend imposition of definitive anti-dumping duties on the imports...," a Commerce Ministry notification said.

The recommended anti-dumping duty are - $3.06 per piece and $3.12 per piece.

Anti-dumping duty is recommended by the Commerce Ministry, while the Finance Ministry imposes it.

The DGAD has also concluded that due to dumping of the product, the domestic industry has suffered material injury.

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

It is a data storage device which uses flash memory and USB (Universal Serial Bus) interface to interact with computers or other multimedia devices for data exchange. They are typically small, lightweight, hot-swappable and rewritable.

Unlike safeguard duties, which are levied in a uniform way, anti-dumping duties vary from product to product and from country to country.

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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Gold imports down in December, says trade body

PTI , The Economics Times

Mumbai, Decmeber 26, 2014: Gold imports are likely to decline drastically this month as jewellers over-stocked the metal in anticipation more import restrictions, according to a trade body.

In the first half of December, gold imports were at 22 tonnes. In the previous month, gold imports stood at 151 tonnes, All India Gems and Jewellery Federation Chairman Haresh Chamanbhai Soni told PTI.

When the RBI notification of November 28 scrapped the 80:20 scheme, the jewellers waited in anticipation of further relaxation before going for more imports, he added.

Under the 80:20 norm, at least 20 per cent of imported gold had to be exported in the form of jewellery. The relaxation came at a time when the industry was expecting more curbs on imports.

In January, Soni said, imports are likely to be quite low unless the government comes out with favourable policies, like bringing down the customs duty to 5 per cent from 10 per cent, and take steps to curb the grey market.

About the demand, he said, it would be less than expected, but slightly better than the last year.

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Government hikes import duty on crude & refined edible oil by 5 per cent

PTI, Economics Times

New Delhi, Decmeber 26,2014: The government has hiked import duty on both crude and refined edible oil by 5 per cent to protect the interest of domestic farmers and oil processors amid fall in global prices, a move that may lead to rise in retail prices.

The customs duty on crude oil has been increased to 7.5 per cent from 2.5 per cent earlier, while the

duty on refined edible oil has been raised to 15 per cent from 10 per cent, as per the notification issued by the Central Board of Excise and Customs (CBEC).

India's vegetable oil imports rose 12 per cent to an all time high of 11.82 million tonnes in the 2013-14 marketing year ended October, on rise in domestic consumption and low rates of cooking oils in global markets.

The country imports about 60 per cent of the annual domestic demand of vegetable oils (comprising edible and non-edible oils) of about 19 million tonnes.

Agriculture Ministry had proposed increase in import duty of refined edible oil to 12.5 per cent from the existing 10 per cent, while the Food Ministry had recommended that the hike should be to 15 per cent.

On crude edible oil, both the ministries recommended that import duty be increased to 5 per cent from the current 2.5 per cent.

On crude edible oil, both the ministries recommended that import duty be increased to 5 per cent from the current 2.5 per cent.

In October, Food Minister Ram Vilas Paswan had met Finance Minister Arun Jaitley to discuss the issue of raising import duty on crude and refined edible oils to restrict cheap imports.

Industry body Solvent Extractors' Association has been demanding an increase in the import duty on crude and refined edible oils at 10 per cent and 25 per cent, respectively, in order to protect the domestic oilseeds processors.

Meanwhile, welcoming the government's decision, Solvent Extractors' Association Executive Director B V Mehta said: "It would have been better for the domestic processors if the duty difference between the crude and refined

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Govt gets a month more to sign tax oversight deal with US

Business Standarad

New Delhi, December 27, 2014: The American government has extended a deadline for India and some other countries by a month to sign an agreement under its Foreign Account Tax Compliance Act (Fatca), which seeks to facilitate the flow of financial information.

The initial deadline set by the US for signing was December 31. Failing to do so would draw a 30 per cent withholding tax on payments sourced from the US to India's financial institutions.

Revenue Secretary Shaktikanta Das said the finance ministry would seek Cabinet approval for signing. Under Fatca, the US is to sign an Inter-governmental Agreement (IGA) for sharing of information with various countries, including India, where American individuals and companies have accounts and other assets.

Fatca aims at tracking investments made by US citizens outside the US and bring this under the US tax net. Financial institutions, such as mutual funds, receiving money from US investors will have to make extensive disclosures about the investors and investments to US tax authorities.

Exchange of information between the countries will be subject to a confidentiality clause. The US treasury had released two formats of the IGA-Model 1 and Model 2. In Model 2, financial institutions will report information directly to the US Internal Revenue Service, rather than their local jurisdictions.

India comes under Model 1. This meant entities will have to give information to their regulators, which will provide it to the Central Board of Direct Taxes (CBDT). Later, the government will give all the information put together to its US counterpart.

Recently, referring to Fatca, Finance Minister Arun Jaitley had said the Reserve Bank had cautioned the government of serious consequences in case India did not comply with this American legislation. It would, he'd said, negate the efforts being undertaken to revive the Indian economy.

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Can India crack the Russian market?

Ishan Bakshi & Rajesh Bhayani, Business Standarad

New Delhi/ Mumbai December 28, 2014: A team of Russia's phyto-sanitary watchdog, Rosselkhoznador, was in India in October and November, visiting dairy plants across the country. These were units that had shown interest in exporting to Russia, Belarus and Kazakhstan. One news report, quoting trade sources, said the inspectors were satisfied with the manufacturing processes of the dairies, and orders are likely to be placed soon. As reported in this paper, Amul is currently in talks with Galactika of Russia for exporting milk, cheese and other dairy products.

Russia is being talked of as the next big business opportunity for India. The United States and Europe have imposed trade restrictions on the country, thanks to its military campaign in Ukraine, which has caused a shortage of several essential commodities. Russia's annual dairy products requirement is estimated at above 5 billion tonnes. Almost half of it was imported - the European Union exported dairy products worth $3 billion to Russia in 2013. After the sanctions, this is the gap Indian dairies want to fill. Not just milk products, Russia has thrown open its market for buffalo meat from India. For the record, India is the largest exporter of buffalo meat in the world. All told, the country spends roughly $40 billion in a year to import food items from Western countries.

Trade between the two counties is low, with India accounting for only a small fraction of Russia's total imports of $318 billion. India's exports to Russia went up marginally from $1.7 billion in 2010-11 to $2.1 billion in 2013-14, with pharmaceutical products, electrical machinery and equipment and parts, iron and steel being the top export items. Russia's exports to India, during the period, too increased marginally from $3.6 billion to $3.9 billion. It exports commodities like pearls, mineral fuels, copper and fertilisers to India.

Counting on diamonds

While the opportunity to expand India's exports surely exists, Russia faces another crisis which has crimped its ability to pay for imports. For major oil producing countries such as Russia, the consequences of a collapse in crude prices has proved catastrophic. The Russian government largely depends on elevated commodity prices to fund its expenditure: hydrocarbons account for over half the government's budget and two-thirds of its exports. The $40 fall in crude prices over the past few months has wreaked havoc on government finances.

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Multilateral dialogue on energy cooperation soon: Bangladesh FM

Business Line

Kolkata, December 29, 2014: Four South Asian nations — India, Bangladesh, Nepal and Bhutan — will soon meet for a comprehensive multilateral dialogue on cross-border energy cooperation, said the visiting Bangladesh Finance Minister AMA Muhith.

Bangladesh, he said, was also seeking cooperation from India for improvement of its waterways, river ports and road infrastructure. The proposed meeting will be held “soon,” Muhith said. The proposed meet would pick up thread from the recent SAARC Framework Agreement for Energy Cooperation for the eastern sector of South Asia.

The SAARC nations are also working towards signing two other agreements on infrastructure. The eastern markets of Nepal and Bhutan, each with hydroelectric potentials of 83,000 MW and 30,000 MW, respectively, could provide hydroelectricity to India and Bangladesh.

India is also looking to export electricity from its north-eastern region with potential to generate some 58,971 MW to its eastern States through Bangladesh.

Bangladesh hopes to have access to Nepal and Bhutan's power through India. Bangladesh has formally requested a 'power corridor' to access the Bhutanese and Nepalese markets. It has agreed to allow India to transfer hydroelectricity from Assam to Bihar through its territory. The proposed meeting would attempt to remove irritants in project-related areas.

At a Bengal Chamber of Commerce and Industry meeting, the Bangladesh Minister said his country was facing some problems in importing coal from India (Meghalaya). The country, which depends on imported coal for power generation, is now exploring the possibility of importing coal from Indonesia.

Muhith said for the proposed bridge project over Padma river, there had not been cooperation arrangement between Bangladesh and India.

"There is no evidence" of Saradha money in any banks of Bangladesh, Muhith said, adding that his Government could not find evidence of money trail leading to any Islamist group in his country.

However, more investigation was on, he indicated. "Our banks need to probe more. As far as we know, there is no fund for militant activities in the banks," he reiterated.

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India Inc seeks curbs on Chinese imports, cheaper capital, tweak in duty structure

Dilasha Seth, Economics Times

New Delhi, December 30, 2014: The Indian industry wants curbs on Chinese imports, correction of inverted duty structure, an import substitution policy and lower cost of capital to help boost domestic manufacturing. The suggestions were made during Make in India workshop held by the government on Monday.

Companies asked the government to increase duties within bound rates at the World Trade Organisation to protect domestic manufacturers from Chinese lowcost competition, particularly in sectors such as power equipment, capital goods and heavy industry, an official aware of the deliberations told ET.

India's trade deficit with China stands at $36 billion with exports at $15 billion against $51 billion of imports. Machinery and equipment accounted for a quarter of imports from China last year at more than $5 billion.

Bound tariff is upper ceiling on import duty allowed by WTO. While India's average bound tariff rate is 48.6%, average basic customs duty is around 14%. This gives ample space to raise tariffs in sectors where basic customs duty is lower than bound duty.

Indian companies including Larsen & Toubro also asked the government to expand scope of domestic content requirement norms to encourage local manufacturing but this has been a major point of contention between India and the US. US Trade Representative Michael Froman last month took up the issue of local content requirement with the Indian government, alleging it hit competitiveness and pushed up costs of producers and consumers.

The US had moved the WTO earlier this year over the local content requirement in the first and the second phase of the National Solar Mission, alleging discrimination against US producers of solar cells and modules.

"While MNCs (multinationals) like GE were strongly against local content requirement norms, L&T wanted the expansion of the norm (to) help Indian industry," said an official who was part of the closeddoor meeting.

Import substitution targets for the power equipment sector were among points discussed.

An industry participant told ET the government came across as being very accommodating in its demands related to an inverted duty structure and protection of the domestic market.

"A government official even went ahead to say that it was time India took a protectionist stance towards its industry," said the industry participant.

Another senior government official said DIPP has prepared a list of more items where the inverted duty structure needed to be corrected and will likely be taken up by the finance minister in the upcoming budget, a move expected to promote domestic manufacturing of final goods. In the July budget, finance minister Arun Jaitley had rectified the inverted duty structure on various raw materials and intermediate products.

The daylong brainstorming on Make in India held 18 sessions for 25 identified sectors.

These included oil and gas, capital goods and micro, small and medium enterprises (MSME) to chart a roadmap for the short and medium term to promote domestic manufacturing and enhance ease of doing business.

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