



PROGRESS HARMONY DEVELOPMENT

Estd. - 1905

# Trade & Investment Facilitator

A stylized blue world map with a large blue arrow pointing from the left towards the right, positioned behind the main title text.A circular logo with the letters 'TIF' in white, set against an orange background.

## Executive Summary (TIF – January 2015)

The Hon'ble President of the United States of America, Mr. Barack Obama and the First Lady Michelle Obama marked a three days historic visit to India (25<sup>th</sup> -27<sup>th</sup> January 2015) to grace the India's 66<sup>th</sup> Republic Day as the Chief Guest. During this visit, the two leaders assessed the extensive bilateral strategic and global partnership between their countries and pledged to continue to enhance cooperation across the spectrum of human endeavour to better their citizens' lives and that of the global community. Under this purview, several announcements were made including operationalisation of the civil nuclear deal; renewal of the 'New Framework for India-US Defense Relationship' for another 10 years, agreeing to resume dialogue on Bilateral Investment Treaty (BIT) among others.

Pertaining to foreign trade, India's exports for the month of December 2014 stand at around USD 25.4 billion with a (Y-O-Y) growth of 3.7% as compared to USD 25.9 billion in November 2014 with a (Y-O-Y) growth of 7.3 %. While, during December 2014, the imports were USD 34.8 billion with a (Y-O-Y) growth of around 4.8% as compared to USD 42.8 billion in November 2014 with a (Y-O-Y) growth of 26.8%. The balance of trade stands at around USD (-) 9.4 billion during December 2014 as compared to USD (-) 16.9 billion during November 2014.

The FDI equity inflows in the month of November 2014 are estimated at around US\$1.5bn as against about US\$1.6bn in November 2013, posting a negative growth (Y-o-Y) of 6.17%. While, the UNCTAD in its Global Investment Trends Monitor for January 2015, reported that the Foreign Direct Investment (FDI) inflows to India during 2014, increased by about 26% to an estimated US\$35bn, despite macroeconomic uncertainties and financial risks.

The last month marked with several bilateral trade and investments developments. India and Germany signed agreement for financial cooperation to support "Green Energy Corridors (GEC) and India signs first Bilateral Advance Pricing Agreement (APA) with a Japanese Company. South Africa-India trade is expected to reach US\$20bn by 2018, while India's exports to Qatar are expected to touch at US\$1bn. India and Vietnam during 2nd Meeting of the Sub-Commission on Trade targets to achieve US\$15 billion bilateral trade by 2020.

At the global level, India has achieved a significant victory at the WTO w.r.t Hot Rolled Carbon Steel Flat Products exported from India which will definitely help the domestic manufacturers who had been suffering on account of inconsistent practices by the USDOC.

As far as policy developments are concerned, Government hikes import duty on crude & refined edible oil by 5%. The department of revenue has principally agreed to reduce the number of export documents required for exports from five to three; the move is as part of a government effort to make it easier to do business in India. The European Union, decided to lift a ban on the import of mangoes from India after it made significant improvements in plant health controls and certification system, clearing the way for them to return to the 28-member bloc by March. While, the European Commission has commenced a probe against allegation of dumping of cast iron tubes and pipes by India ; as it is alleged that imports of "tubes and pipes of ductile cast iron" originating in India are causing material injury to European industry

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## Highlights

**Obama marked a three days (25-27<sup>th</sup> January) historic visit to India, several key announcements made**

**December merchandise exports grow by 3.7 %**

**November FDI declines by (-) 6.17%**

**India has achieved a significant victory at the WTO w.r.t hot rolled carbon steel flat products exported from India**

**DIPP constitutes IPR Think Tank to draft National Intellectual Property Rights Policy**

**European Union lifts ban on import of mangoes from India**

**Commerce Ministry engages with departments to improve ease of doing business**

## 1. Developments in India's foreign trade

### 1.1 Exports

**1.1.1 December merchandise exports grow by 3.7 %** - India's exports for the month of December 2014 stand at around USD 25.4 billion with a (Y-O-Y) growth of 3.7% as compared to USD 25.9 billion in November 2014 with a (Y-O-Y) growth of 7.3 %. During December 2014, the imports were USD 34.8 billion with a (Y-O-Y) growth of around 4.8% as compared to USD 42.8 billion in November 2014 with a (Y-O-Y) growth of 26.8%. The balance of trade stands at around USD (-) 9.4 billion during December 2014 as compared to USD (-) 16.9 billion during November 2014.

Value of Merchandise Trade		USD billion		
Period	November	December	April-December	
<b>Exports</b>				
FY 15	25.9	25.4	241.1	
Growth (%)	7.3	3.7	4.02	
<b>Imports</b>				
FY 15	42.8	34.8	351.2	
Growth (%)	26.8	4.8	3.63	
<b>Trade balance</b>				
FY 15	(-) 16.9	(-) 9.4	(-) 110.1	

Source: PHD Research Bureau, compiled from Ministry of Commerce and Industry, Govt of India

**1.1.2 November services exports stand at USD 12.4 bn** - India's services exports for the month of November 2014 stand at around USD 12.4 billion and services imports stand at USD 6.1 billion. The trade balance in services stands at USD 6.3 billion for the month of November 2014.

Value of Service Trade		(USD billion)	
Period	October	November	
<b>Exports</b>			
FY 15	12.1	12.4	
<b>Imports</b>			
FY 15	5.9	6.1	
<b>Trade balance</b>			
FY 15	6.2	6.3	

Source: PHD Research Bureau, compiled from Ministry of Commerce and Industry, Govt of India

**1.1.3 Gold jewellery exports from India rose significantly** - According to the Gems and Jewelry Export Promotion Council (GJEPC), the gold jewellery exports from India recorded significant surge of 114.67% y-o-y to US\$3,764.48million (Rs. 22,786.77 crore) during the period from April to

November this year. Also, the exports of silver jewelry picked up significantly by 28.79% y-o-y to US\$1,310.54million (Rs. 7,951.80 crores) during the eight-month period.

**1.1.4 Buffalo meat has become India's top agri export item** - According to the Agricultural and Processed Food Products Export Development Authority (Apeda), in the period between April and October 2014, India exported buffalo meat worth Rs 16,083 crore (\$2,660 million), a rise of nearly 16% over the same period last year. In terms of quantity, the total buffalo meat exports registered at 817,844 tonnes in April-October, a rise of 14% over the same period last year. Two factors have contributed to the rise in buffalo meat export during the year till November. One, is the newly standardized slaughter house norms, which have made Indian meat more acceptable abroad. The other is high demand for buffalo meat in China. It is the only country that imports buffalo offal (liver, tongue, heart, tail, etc) from India.

**1.1.5 Oilmeal exports decline 45% in April-November** - India's oilmeal exports have witnessed steady decline over the last three years. After a record 5.60 million tonnes of oilmeal exports in 2011-12, its shipment fell to 4.85 million tonnes in the following year and 4.33 million tonnes in 2013-14. But, the year 2014-15 has been the slowest in many years with overall exports at 1.42 million tonnes between April – November period as against 2.6 million tonnes in the corresponding period last year. With weak global economies, spends on bird feed and animal feed hit resulting into a slowdown in India's oilmeal exports. Also, India's perennial importers have diverted their orders to South American countries including Brazil and Argentina.

**1.1.6 Significant volume of grapes set to export to EU** - Grapes on as many as 5,000 acres of plantation land in Sangli district are all set to be exported to European Union (EU) countries. Sangli district is the second largest exporter of grapes in the state after Nashik. Grapes on some 5,000 acres will be exported to EU countries for which preparations are on.

**1.1.7 India's trade deficit increases 22 fold since post reforms** - According to the analysis by the Ministry of Commerce & Industry, India's trade has grown at an annual average growth rate of 13.42% and has increased 18-fold since 1990-91. However, India's trade deficit has grown more rapidly, by around 22-fold during the same period, from around US\$6bn 1990-91 to US\$136bn in 2013-14. India's merchandise trade stood at around US\$42bn in 1990-91, and has grown to around US\$765bn in 2013-14. According to the Ministry, India's exports stood at around US\$18bn in 1990-91, but have grown to around US\$314.5bn in 2013-14. In the same time, India's imports have grown from around US\$24bn to US\$450.5bn. The figures reflect changing macroeconomic factors of India and the world, such as demand and supply, exchange rates, and economic conditions of different countries.

**1.1.8 Exports to Russia may increase almost two-fold** - During the current global economic situation, it is expected that Indian exports to Russia may increase almost two-fold up to four billion USD, compared to the US\$2.12bn recorded in 2014. The sanctions imposed on Russia have opened up a number of new opportunities for Indian exporters, especially in those areas where before they could not gain access to the Russian market.

PHD Research Bureau

**1.1.9 India's foreign exchange reserves stand at US\$322bn** - According to the Reserve Bank of India, foreign exchange reserves rose US\$2.7billion to reach a record high at US\$322.14 billion as on January 16, on account of continuous buying of U.S. dollars by the Bank in order to shore up its defense against any potential volatility in global currency markets.

## 1.2 Imports

**1.2.1 Iron ore imports rose record high at 8.05mt in 2014** - India has turned into a net importer of iron ore as imports far exceeded outward shipments in calendar year 2014. A total of 8.05 million tonnes (mt) of the key steel-making raw material was imported during the year as against the export of around 7 mt. Lack of stock in the domestic market and falling prices abroad encouraged ore-starved mills to source imported material.

**1.2.2 Indian thermal coal imports via 12 major ports up 18%** - According to the Indian Ports Association release, India's 12 major government-owned ports handled around 63.61 million metric tonne of imported thermal coal during April-December 2014, up 18% from a year earlier. The data however, highlighted that coking coal imports for the first nine months of the April-March fiscal year fell by 7% YoY to 23.5 million metric tonne.

## 2. Developments in India's Foreign Investments

**2.1 November FDI declines by (-) 6.17%** - The FDI equity inflows in the month of November 2014 are estimated at around US\$1.5bn as against about US\$1.6bn in November 2013, posting a negative growth (Y-o-Y) of 6.17%. The growth in FDI equity inflows stands at around 116.6% in October, (-) 35.1% in September, (-) 9.2% in August 2014 and 111% in July 2014.

### Recent trend in FDI equity inflows (FY2015)

Financial Year 2014- 2015 (Apr - November)		Amount of FDI inflows	
		(In Rs. Crore)	(In US\$ mn)
1	Apr-14	10,290	1,705
2	May-14	21,373	3,604
3	Jun-14	11,508	1,927
4	Jul-14	21,022	3,500
5	Aug-14	7,783	1,278
6	Sep-14	16,297	2,678
7	Oct-14	16,288	2,655
8	Nov-14	9,486	1,537
2014-15 (up to November 2014)		114,047	18,884
2013-14 (up to November 2013)		92,994	15,458
%age growth over last year		(+) 23%	(+) 22%

Source: PHD Research Bureau compiled from Department of Industrial Policy & Promotion.

**2.2 FDI inflows to India rise by 26% in 2014 : UNCTAD** - The UNCTAD in its Global Investment Trends Monitor for January 2015, reported that the Foreign Direct Investment (FDI) inflows to India during 2014, increased by about 26% to an estimated US\$35bn, despite macroeconomic uncertainties and financial risks. In addition, India registered a record deal value from its gas purchase into Mozambique worth US\$2.4bn.

### **3. Key Approvals & Proposals: 'External Sector'**

#### ***CCEA approved Tea Development and Promotion Scheme***

The Cabinet Committee on Economic Affairs (CCEA), chaired by the Prime Minister Shri Narendra Modi, has approved the proposal of the Ministry of Commerce & Industry for implementation of the **"Tea Development and Promotion Scheme"** through the Tea Board during the 12<sup>th</sup> Plan (2012-13 to 2016-17). The Cabinet has approved the Scheme with a project outlay of Rs.1425 crore during the five year period of the 12<sup>th</sup> Plan. The Scheme is aimed at supporting development of improved varieties and technologies for increasing production, productivity and quality of tea, promoting Indian tea in the overseas and domestic markets and encouraging value addition for the purpose of higher unit value realisation of tea produced and marketed.

#### **Government to set up saffron production and Export Development Agency**

Government has approved setting up of the Specialized Agency under the Spices Board with the nomenclature of 'Saffron Production & Export Development Agency (SPEDA) to be headquartered at Srinagar (J&K) to plan and implement programmes for development and promotion of exports of quality saffron. The production, rejuvenation of saffron along with the processing, training of farmers, and research, quality control & export promotion of saffron will be handled by the specialised agency. The project will benefit all saffron farmers of J&K by assuring higher production and realization for the unique product of Kashmir.

#### **Indian Leather Development Programme for 12th Plan**

The Cabinet Committee on Economic Affairs has approved the Central Sector Scheme Indian Leather Development Programme (ILDP) for implementation during the 12<sup>th</sup> Plan period aiming at overall development of the leather sector. Around two lakh unemployed persons would be provided placement linked skill development training under the HRD sub-scheme. Skill upgradation of existing employees and training to trainers would also be provided. Thirty thousand artisans would be covered through the common facilitating centre support, marketing linkages, micro finance and by forming Self Help Group for enhancing their skill and income. It also envisages infrastructure support in the form of mega leather clusters, establishing infrastructure and pilot projects for environment protection, establishment of two new branches of Footwear Design and



## 4. Bilateral Trade and Investment Developments

**4.1 Agreement with China for setting up of industrial parks** - A Memorandum of Understanding (MoU) on 'Cooperation on Industrial Parks in India' is signed between Industrial Extension Bureau, a Government of Gujarat Organisation with China Development Bank Corporation, People's Republic of China for supporting setting up of Industrial Parks in Gujarat and Maharashtra Industrial Development Corporation.

**4.2 India and Germany signed agreement for financial cooperation to support "Green Energy Corridors (GEC)** - Government of India signs agreements with Germany worth Euro 625 million for financial cooperation to support "Green Energy Corridors (GEC)" project under Indo German Bilateral Development Cooperation. GEC project in power sector aims to create transmission infrastructure in the renewable energy potential rich states and facilitate evacuation of renewable energy (RE) into the national grid.

**4.3 India signs first Bilateral Advance Pricing Agreement (APA) with a Japanese Company** - Central Board of Direct Taxes (CBDT) signed a bilateral Advance Pricing Agreement (APA) with Japanese Company for a period of five years. This is India's first bilateral APA. The APA has been finalized in a period of about one and a half years, which is shorter than time normally taken in finalizing APAs internationally. The APA scheme has been introduced to bring about certainty and uniformity in transfer pricing matters of multi-national companies and reducing litigation.

**4.4 The 7th India-China Financial Dialogue was held to strengthen cooperation** - Ministry of Finance reported that the 7th India-China Financial Dialogue was held to enable the two countries to annually review and discuss a wide gamut of international/ bilateral issues for strengthening and deepening economic and financial cooperation. During the Dialogue, the two countries reviewed the prevailing global macro-economic situation and agreed to coordinate policy action in facing common external challenges. Both sides underscored the need to strengthen cooperation under multilateral frameworks and fora. India and China exchanged views on fiscal and taxation reforms, and agreed to strengthen cooperation amongst financial sector regulatory agencies and encourage long-term Chinese investments in the Indian infrastructure sector.

**4.5 Government signs loan agreement with Asian Development Bank (ADB)** - Ministry of Finance reported that the Government of India signed an agreement with Asian Development Bank (ADB) for a US\$75 million loan and a \$1.8 million grant that will help improve water resource management in three (3) towns of Karnataka in the Upper Tungabhadra sub-basin. This loan from the ADB's ordinary capital resources has a 25-year term including a grace period of five years.

**4.6 South Africa-India trade to reach US\$20bn by 2018** - While addressing the annual Pravasi Bharatiya Divas, South Africa's Minister for International Relations and Cooperation Maite Nkoana-Mashabane anticipated that South Africa is seeking expansion of economic ties with India and targeting to increase bilateral trade volume to US\$20bn by 2018 from the current US\$15bn. The Minister hoped both countries would draw on their long-standing ties as well as increased cooperation in new forums like BRICS for achieving all economic and social goals set by them. India and South Africa are members of BRICS, a grouping of five major emerging economies.

**4.7 India's exports to Qatar expected to touch at US\$1bn** - According to India's Ministry of Commerce & Industry exports to Qatar stood at around US\$375 million in 2010-11, but have grown to around US\$969 million in 2013-14. In 2014-15 (April-September), India's exports to Qatar stood at around US\$553.09mn. With half yearly exports of over US\$550mn in 2014-15, India's exports to Qatar are expected to touch US\$1bn in 2014-15. However, it is a small improvement in reducing the huge trade deficit of over US\$14bn that India has with the Gulf nation. This is partly due to increasing privatisation taking place in Qatar and growing presence of Indian companies in the region.

**4.8 India, Iran planning to launch direct shipping line-** India and Iran have a plan to establish a direct shipping line between Iranian Chabahar and Indian Mumbai ports. This is the best, the shortest and the most economical route for the export of the Indian commodities to Central Asia, the Caucasus and Europe. With the establishment of this shipping line along with North-South and East-West corridor and the railway of the country, ground will be prepared for enhancement of bilateral relations.

**4.9 India and US sign Joint Declaration of Intent for Cooperation in the Field of Information & Communications Technology and Electronics (ICTE)** - India and United States signed a Joint Declaration of Intent for cooperation in the field of Information & Communications Technology and Electronics (ICTE). This Joint Declaration of intent made for a period of next five years would help in strengthening industrial, technological, research & innovation and economic cooperation between India and U.S. in the ICTE sector. It would also lead to US companies exploring opportunities for collaboration in India's ambitious Digital India programme, Electronics manufacturing and Human Resource Development, through cooperation among private and public entities in a focused manner under the umbrella of the ongoing India-US ICT Dialogue.

#### **4.10 2nd Meeting of the India –Vietnam Joint Sub-Commission on Trade India and Vietnam targets to achieve US\$15 billion bilateral trade by 2020**

Shri Rajeev Kher, Secretary, Ministry of Commerce, Government of India and Deputy Prime Minister Hoang Trung Hai, Vietnam during 2nd Meeting of the India –Vietnam Joint Sub-Commission on Trade from 19-21 January 2015 held in Hanoi discussed measures to enhance bilateral cooperation in textiles, pharmaceuticals, agri-trade, investment, services among others. Deputy Prime Minister Hai, while meeting the India's delegation, expressed pleasure at the blossoming of trade and economic relations and his confidence that both sides would be able to achieve the target of bilateral trade of US\$15 billion by 2020. ***This is highlighted that there is a great potential for trade and investment cooperation in textiles, agriculture, pharmaceuticals, leather, energy and oil and gas and Indian companies are invited to invest in Vietnam.***

The Joint Sub-Commission on Trade was established in 2013 between India and Vietnam with an objective to boost bilateral trade and economic cooperation. The first meeting was held in November 2013 in New Delhi. Shri Rajeev Kher, Secretary, Ministry of Commerce, Government of India led a delegation consisting senior officials from the Ministries of Commerce, Textiles and the Department of Pharmaceuticals along with export promotion councils and companies from the textiles, pharmaceuticals, engineering, agriculture and leather sectors to Vietnam from 19-21 January 2015. Commerce Secretary co-chaired the 2nd Meeting of the India-Vietnam Sub-Commission on Trade with Vietnamese Vice Minister of Industry and Trade H.E. Mr. Cao Quoc Hung on January 20, 2015 in Hanoi.

## 4.11 US President Barack Obama's visit to India Key Announcements

**"Chalein saath saath; forward together we go". Reflecting the close ties between the two great democracies, India and the United States agree to elevate our long-standing strategic partnership, with a Declaration of Friendship that strengthens and expands the relationship between the two countries**

The Hon'ble President of the United States of America, Mr. Barack Obama and the First Lady Michelle Obama marked a three days historic visit to India (25<sup>th</sup> -27<sup>th</sup> January 2015) to grace the India's 66<sup>th</sup> Republic Day as the Chief Guest. Mr. Obama is the first U.S. President to have been invited as the Chief Guest for India's Republic Day in addition to being welcomed by a Guard of Honour. During his visit, the President attended the event with his wife; made crucial talks with hon'able Prime Minister of India Shri Narendra Modi at Hyderabad House; addressed the India-US CEO Forum; delivered a national address to students and shared his thoughts together with Shri Narendra Modi on Mann Ki Baat. During this visit, the two leaders assessed the extensive bilateral strategic and global partnership between their two countries and pledged to continue to enhance cooperation across the spectrum of human endeavour to better their citizens' lives and that of the global community.

**A brief details of the key developments during three days' visit of President Obama in India is stated here below:**

### **KEY ANNOUNCEMENTS**

#### **1. "Indo-US Civil Nuclear Deal"**

India and the United States achieved a landmark break-through on operationalisation of the **civil nuclear deal**. This is one of the most important decisions taken as it broke the deadlock on Civil Nuclear deals, which was stuck since last decade between the two nations. India agreed to amend few of it's clauses related with Insurance, and in return US pledged to make it go live. India has created an Insurance pool worth Rs 750 crore led by General Insurance, and contributed another Rs 750 crore to make the insurance regulations stronger. The finalization of nuclear deal between the two nations would pave the way for stalled nuclear projects in the coming times.

#### **2. "Renewal of Defense Pact"**

Under the purview of deepening defence and security cooperation, the two leaders principally agreed to renew the '**New Framework for India-US Defense Relationship**' for another 10 years, wherein co-development and coproduction of specific advanced defence projects would be pursued. This would enhance the joint production of defence equipments in India and bolster the India's defence industrial base. In addition both leaders had expressed their mutual interest in exploring cooperation in other areas of advanced defense technologies and maritime security.

### 3. "Climate Change"

The two leaders agreed to a number of important steps to promote **clean energy and confront climate change**. President Obama offered to support financially India's ambitious target of solar energy and sought PM Modi's support at global climate talks in Paris later this year. India is seeking investments of US\$100bn over 7-years period to boost the country's solar energy capacity by 33 times to 100,000 megawatts. In addition, the two leaders have agreed to work together and combat climate change by cooperating to reduce air pollution in Indian cities and increase finance and technology for India's renewable energy target.

### 4. "Economic Ties"

The two nations have agreed to resume dialogue on **Bilateral Investment Treaty (BIT)** which aims to protect private investment, to develop market-oriented policies in partner countries, and to promote domestic exports. Presently, the bilateral trade between the two nations is around US\$62bn and is expected to grow beyond US\$100bn by 2018. In addition, the two sides agreed to resume talks on Totalization Agreement that will help Indian workers in the US get annual refunds of around US\$3bn worth of social security contributions they make.

### 5. "New Initiatives of US\$4billion"

During the CEO Forum, President Obama announced the US\$4bn investment in India including US\$1bn for financing exports from US to aid Make-in-India programme, US\$1bn for small and medium industries and US\$2bn in renewable energy projects. US Government's business development and finance arm: U.S. Overseas Private Investment Corporation (OPIC) will give an assistance of **US\$1 billion for Micro-SMEs and SMEs from rural and urban India**. This decision was made to encourage entrepreneurship and business, along with technological assistance. U.S. Export-Import Bank will provide an **assistance of \$1 billion for Make in India campaign** launched by PM Modi, which will help made in India products to be exported to US and increasing trade relations in this sector. US Trade & Development Agency will pitch in with **US\$2 billion investments in the renewable energy sector in India**, which includes Solar Power and Wind Energy to help India solve its energy crisis, and to bring down costs related with power production using traditional means.

### 6. "Intellectual Property Rights & Tax Regime"

President Obama expressed concerns over issues pertaining to **Intellectual Property Right (IPR)** and unstable tax regime in India. PM Modi promised to upgrade the laws related with IP protection, an open business environment and predictable tax regime so as to boost Indo-US trade relations.

## 7. "Trade Ties"

The leaders of the two nations said that they will establish several **bilateral mechanisms** to identify opportunities to boost business, trade and investment ties. The two economies have targeted to increase the Indo-US bilateral annual trade to US\$500bn by 2025.

## 8. "Smart Cities"

US has lended its support to India for development of smart cities whereby the United States Trade and Development Agency (USTDA) signed **3 Memorandums of Understanding (MoUs) on Cooperation to Support the Development of Smart Cities** in Uttar Pradesh , Rajasthan and Andhra Pradesh with respective state governments. The USTDA will contribute funds for feasibility studies and pilot projects study tours, workshops or trainings and other projects which would be determined mutually.

## 9. "Asia-Pacific and Indian Ocean Region"

The two leaders also agreed to a new vision for the Asia pacific so as to do more together to advance shared security and prosperity in this critical region. To support regional economic integration, India and US have agreed to promote accelerated infrastructure connectivity and economic development in a manner that links South, Southeast and Central Asia, including by enhancing energy transmission and encouraging free trade and greater people-to-people linkages.

## 10. "US India Strategic and Commercial Dialogue"

A high level US India Strategic and Commercial Dialogue has been created which will help break the **red-tape logjams** in India. This high level committee will ensure that all Indo-US trade decisions and investment plans are accomplished fast track, and there are no delays.

**4.12 India signs MoU with South Africa for developing youth enterprises** - National Small Industries Corporation (NSIC), a public sector enterprise under the Ministry of MSME, Government of India signed an MoU of Cooperation with Black Business Council (BBC) of South Africa for developing youth owned enterprises in South Africa. The MoU, besides cooperation in MSME sector, also focuses on BBC's efforts to economically empower the marginalized group in South Africa through NSIC's Rapid Incubation Programme. BBC plans to establish five such Rapid Incubation Centres in South Africa in cooperation with NSIC. The signing of MoU between the two organizations will further strengthen India's commitment to cooperate with South Africa in developing MSMEs in the country thus, be partner in economic transformation of South Africa.

## 5. India and WTO

**5.1 India has achieved a significant victory at the WTO w.r.t hot rolled carbon steel flat products exported from India** - India has achieved a significant victory at the WTO, as the Appellate Body held that the Countervailing Duty (CVD) measures imposed by the United States against "certain Hot Rolled Carbon Steel Flat Products" are inconsistent with various provisions of the Agreement on Subsidies and Countervailing Measures (ASCM). The decision will definitely help the domestic manufacturers who had been suffering on account of inconsistent practices by the USDOC.

The United States Department of Commerce (US DOC) imposed Countervailing Duty (CVD) on India's exports of Hot Rolled Carbon Steel Flat Products. India had challenged the determinations made by the US DOC in various investigations / reviews treating several programmes of India as subsidy whereas, these programmes do not confer any subsidy on the Indian exporters. Various provisions under challenge were that of US Tariff Act and the Code of Federal Regulations as being inconsistent with the provisions of WTO Subsidy Agreement (ASCM). The Panel Report was circulated on 14 July, 2014. Thereafter, India and the US appealed before the WTO Appellate Body (AB) on various issues related to the Panel's Rulings. On 8 December, 2014 the AB published its Report.

## 6. Policy Developments

**6.1 DIPP constitutes IPR Think Tank to draft National Intellectual Property Rights Policy** - Department of Industrial Policy and Promotion has constituted a IPR Think Tank to draft the National Intellectual Property Rights Policy and to advise the Department of Industrial Policy and Promotion on IPR issues. The terms of reference of the IPR Think Tank will be i. to draft National Intellectual Property Rights Policy; ii. to identify areas in the IPRs where study needs to be conducted and to furnish recommendations in this regard to the Ministry; iii. to provide views on the possible implications of demands placed by the negotiating partners; iv. to keep the Government regularly informed about the developments taking place in IPR cases which have an impact upon India's IPR Policy; v. to advise the Government on best practices to be followed in Trademark Offices, Patent Offices and other Government Offices dealing with IPR in order to create an efficient and transparent system of functioning in the said offices; vi. to prepare periodic reports on best practice followed in foreign countries; vii. to highlight anomalies in the present IPR legislations and to advise possible solutions to the Ministry; viii. to give suggestions on the steps that may be taken for improving infrastructure in IP offices and Tribunals; ix. to examine the current issues raised by industry associations and those that may have appeared in media and to give suggestions to the Ministry on such issues.

**6.2 Government hikes import duty on crude & refined edible oil by 5%** - The government has hiked import duty on both crude and refined edible oil by 5% 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% from 2.5% earlier, while the duty on refined edible oil has been raised to 15% from 10%.

**6.3 Exports of buffalo tallow permitted** - In accordance with the Notification No 104 (RE – 2013)/2009-2014 dated 31<sup>st</sup> December, 2014 issued by the Ministry of Commerce and Industry exports of buffalo tallow has been permitted by DGFT as per the item enumerated in the notification.

**6.4 Import tariff value hiked on gold, silver** - The government hiked import tariff value on gold and silver to US\$401 per 10 grams and US\$543 per kg respectively, in line with global price trends. The tariff value on imported gold was at US\$392 per 10 grams and for silver, it was at US\$519 per kg in the first fortnight of this month.

**6.5 Government raises edible oil import taxes to protect local farmers** - Government has raised the import tax on crude edible oils and refined oils by 5% each to protect local farmers from rising imports from Malaysia and Indonesia. The import tax on the crude variety of vegetable oil would rise to 7.5% from 2.5% , while that on refined oil would rise to 15% from 10% with immediate effect. India is the world's biggest vegetable oil importer. It meets nearly 60% of its 18-19 million tonnes of annual demand from overseas, mostly in the form of palm oil from top producers Indonesia and Malaysia. Hit by cheaper vegetable oil imports from Malaysia and Indonesia, industry body the Solvent Extractors Association of India (SEA) had petitioned the government to raise the import duty on crude vegetable oils to 10% and 25% on refined products.

**6.6 Documents required for exporters reduced from 5 to 3** - The department of revenue has principally agreed to reduce the number of export documents required for exports from five to three. The move is as part of a government effort to make it easier to do business in India and in line with directorate general of foreign trade's recommendation in the 'Trade Across Borders' report. Once implemented, the measure will put India alongside the US, Canada, Japan, Singapore and the UAE in the club of nations that require just three export documents.

**6.7 India considering higher incentives for raw sugar exports** - India is considering giving an incentive of about 4,000 rupees (US\$64) per tonne to sugar mills for production and export of the raw variety to cut large stockpiles, two government sources with direct knowledge of the matter. India, the world's biggest producer behind Brazil, helped its mills with incentives of 3,300 rupees in the last sugar season that ended in September. The country is sitting on massive mounds of the sweetener due to the fifth straight year of surplus output, which had depressed local prices and strained mills' financials. Additionally, the world's biggest sugar consumer has failed to export because of unattractive global prices. But with the help of the incentives, mills believe that they will be able to sell raw sugar to standalone refineries in Asia and Africa.

**6.8 India, US finalise framework to resolve transfer pricing cases** - India and the US have finalised a framework to resolve transfer pricing cases, some of them pending for five years. Under the transfer pricing deal, both sides have also agreed to respect bilateral advance pricing arrangements. Bilateral advance pricing arrangements (APAs) would allow American companies to ascertain their tax liability in India beforehand. Tax authorities will be able to resolve as many as 50 of the nearly 200 pending cases before the end of the financial year. This could save companies thousands of crores of rupees in tax claims.

**6.9 Indian Government preparing comprehensive export strategy for China-** The trade deficit with China is increasing at an alarming rate, till now it has touched US\$32billion and may cross US\$40billion by end of this fiscal. Worried over this widening trade deficit with China the commerce ministry is in the process of preparing an export strategy identifying specific products to boost outbound shipments to the neighbouring country. Under which it has identified specific products including textiles, auto components, pharmaceuticals, buffalo meat, marine products, rice and other agri produces.

**6.10 EU starts antidumping probe into Indian cast iron tubes, pipes-** 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 %. 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% of the total production of tubes and pipes of ductile cast iron in European Union.

**6.11 European Union lifts ban on import of mangoes from India -** The European Union, decided to lift a ban on the import of mangoes from India after it made significant improvements in plant health controls and certification system, clearing the way for them to return to the 28-member bloc by March. However, the prohibition on the import of vegetables from India will be reviewed at later stage after collecting more evidence. An audit carried out by the Commission's Food and Veterinary Office in India in September 2014 showed significant improvements in the phytosanitary export certification system. The European Union's "temporary ban" came into force on May 1, 2014 and was to remain effective until December 2015 after authorities in Brussels found consignments infested with fruit flies that they feared could damage European salad crop. India has also provided assurances that appropriate measures are now available to ensure that the exports of mango fruits are free from quarantine pest, like the fruit flies not known to occur in the Union. The measures will allow the import of mango fruits before the start of the next import season in March 2015.

**6.12 Philippines announces multiple poultry import bans -** Agriculture Secretary in the Philippines, Proceso J. Alcala, has issued four separate orders which temporarily ban the importation of domestic and wild birds, including their products such as meat, day-old chicks, eggs and semen. The bans apply to products from Vinh Long and Tra Vinh, Vietnam; Veneto, Italy; Ter Aar, Zuid-Holland, and Kamperveen and Utrecht City, the Netherlands. The orders were issued following confirmed reports from the Office Internationale Des Epizooties (OIE) of outbreak of highly pathogenic Avian Influenza virus serotype H5 in Vinh Long and Tra Vinh , Vietnam, and highly pathogenic Avian Influenza virus serotype H5N8 in Veneto, Italy; Ter Aar, Zuid-Holland, and Kamperveen and Utrecht City, the Netherlands. Aside from restricting the entry of poultry products, Alcala also called for the immediate suspension of processing, evaluation of application, and issuance of Sanitary and Phytosanitary (SPS) import clearance for the mentioned products from said places.

**6.13 Bangladesh allows India to supply 25,000 tonnes of rice through its territory -** Bangladesh will allow India to use its territory to supply 25,000 tonnes of rice from Kolkata to Tripura, both Indian territories, on humanitarian grounds. The decision was taken at a high level meeting of the shipping ministry and is now awaiting the approval of Prime Minister Sheikh Hasina.



The move came after India last year wrote in requesting the use of Bangladesh territory to supply 35,000 tones of rice to Tripura. The rice will be carried by waterways from Kolkata in India to Ashuganj river port in Bangladesh by Bangladeshi ships. From there, it will reach Agartala through Brahmanbaria and Akhaura land ports in Bangladeshi covered vans.

## 7. Miscellaneous

**7.1 Border Haat inaugurated in Tripura Agartala likely to be gateway to implement Act East Policy** - Ministry of Commerce and Industry reported setting up of the first Border set up along Indo-Bangladesh international border at Srinagar, a bordering village in South Tripura. The Minister of State (Independent Charge) for Commerce & Industry Smt. Nirmala Sitharaman during the inauguration of the Border said that Tripura located in an advantageous position in respect of strategic, diplomatic and economic relations with Bangladesh is likely to become the gateway in tandem with implementation of the 'Act East' policy adopted by the Government of India.

Smt. Sitharaman assured to look into the matter to expedite building the bridge over Feni river and highlighted that the Centre is looking forward to the North-East as the threshold to reach the South-East Asian countries. Later in the afternoon, Smt. Sitharaman visited the Integrated Check Post at Akhaura border at Agartala and enquired about the position of the ICP.

**7.2 Govt gets a month more to sign tax oversight deal with US** - 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. 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.

**7.3 India's raises market access issue with China** - India today raised the problems faced by domestic usiness in accessing markets in China with which the country has a trade deficit of USD 37 billion. In a bilateral meeting between Commerce and Industry Minister Nirmala Sitharaman and visiting Chinese Vice Minister of Commerce Gao Yan also discussed several other trade related matters. The Indian minister raised the issue of market access on which the Chinese minister have conveyed that Chinese government has instructed their provinces to encourage imports from India.

**7.4 Coir Board simplified names of Central Sector Schemes** - CENTRAL Sector Schemes being implemented by the Coir Board namely "Rejuvenation, Modernization and Technology Upgradation" (REMOT) and "Coir Plan (General)" Scheme, have been re-named as Coir Udyami Yojana (CUY) and Coir Vikas Yojana (CVY) respectively to make it better understood by the Stakeholders. The decision was taken in a review meeting chaired by the Union Minister for MSME Mr Kalraj Mishra.

### **7.5 Commerce Ministry engages with departments to improve ease of doing business-**

The Commerce Ministry is intensely engaged with different departments, including revenue and shipping, to reduce paper work in a bid to cut transaction cost for exporters and improve ease of doing business. The Directorate General of Foreign Trade (DGFT), under the Commerce Ministry has prepared a report suggesting various ways to improve India's ranking in the World Bank's report of ease of doing business, reduce transactions cost for exporters and boost outward shipments. The ministry aims at reducing the number of mandatory documents from nine to three (bill of lading, invoice and shipping bill) for exports, and from ten to four for imports.

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