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PM Narendra Modi pitches India as partner for G20 economic revival

Synopsis

The PM, according to the foreign secretary, stressed the need for resilient global supply chains, "one health, one earth" and collaboration for research and development in the health sector. The PM also referred to the global corporate tax--an idea he had presented at the 2014 G20 summit.

Prime Minister Narendra Modi said India would be a reliable partner for G20 states as they look to revive their economies, citing reforms undertaken by his government and the country's resilient supply chains in the IT and BPO sectors.

The pitch was made by the PM during his intervention at the opening session of the Rome G20 summit on Global Economy and Global Health on Saturday, according to foreign secretary Harsh V Shringla.

Briefing reporters following the session on day one of the summit, Shringla said Modi underlined India's reforms as well as ease of doing business.

The PM, according to the foreign secretary, stressed the need for resilient global supply chains, "one health, one earth" and collaboration for research and development in the health sector. The PM also referred to the global corporate tax--an idea he had presented at the 2014 G20 summit.

On the sidelines of the summit, Modi met the presidents of the US and France as well as the Singapore premier. It is understood that, during a brief exchange with Joe Biden, the two leaders focused on taking forward their conversation during the PM's September US visit, Shringla said. Modi also accepted Biden's invite to be part of the supply chain initiative meeting in Rome on Sunday evening.

Earlier, the G20 finance and health ministers could not reach agreement on a separate financing facility proposed by the US and Indonesia, but said a task force on future pandemics among other matters would explore options for mobilising funds to boost preparedness, prevention and response.

Mutual Recognition of Travel Docs

The Modi-Biden chat on the sidelines of the summit carries on the momentum from their earlier meeting in Washington in September. The meeting with French president Emmanuel Macron will serve to reinforce the strategic partnership between the two countries, especially in the backdrop of the founding of AUKUS. With the Singapore PM, Modi discussed international travel, among other issues.

On Friday, speaking to media ahead of the summit, commerce minister and India's G20 sherpa Piyush Goyal stated that the grouping has endorsed India's position that extensive Covid-19 immunisation is a global public good. India was happy to get the support of the other G20 members for its suggestion on mutual recognition of travel documents, including testing and vaccine certificates, he said.

On the issue of sustainable development goals (SDGs) and food security, Goyal said India has emphasised that policies must protect the interests of small and marginal farmers, and conserve local food cultures. This in turn will significantly contribute to food security.

Goyal said on climate change and environment, India stressed the need for critical enablers to galvanise global climate action that includes commensurate, long-term, concessional climate finance, access to affordable and sustainable technology and a commitment to adopt sustainable lifestyles, responsible consumption and production patterns, besides the importance of meeting SDG-12 targets, especially by the developed countries.

On the issue of the post-Covid economic recovery, he said, as co-chairs of the G20 Framework Working Group, India will ensure that there is no premature withdrawal of support to the most vulnerable sections. The G20 has agreed to extend the Debt Service Suspension Initiative until the end of 2021, thereby giving some breathing space to those in need around the world.

Goyal added that on the issue of tax reforms, India has pushed the G20 to address the mismatch between the source of generation of profits and the jurisdiction where they are taxed. This will ensure that large MNCs pay a minimum effective corporate tax in the country of their operation.

The Italian G20 presidency has focused on the three broad pillars of "people, planet and prosperity." Pressing issues such as health, food security, agriculture, climate change, social protection, gender equality, the digital economy and post-Covid travel have been deliberated upon ahead of the summit.

(Economic Times, 31/10/2021

International Monetary Fund retains India’s 9.5% growth forecast

Synopsis

IMF had in July slashed India’s growth forecast for FY22 to 9.5% from earlier projection of 12.5%, citing the severe second Covid-19 wave during March-May.

The International Monetary Fund (IMF) has kept India’s growth forecast for 2021-22 unchanged at 9.5%, but lowered the global growth projection marginally to 5.9% from 6% earlier citing supply disruptions in advanced economies and worsening pandemic dynamics in low-income developing countries.

The multilateral organisation in its latest World Economic Outlook report released on Tuesday has projected India’s economy to grow 8.5% in FY23.

It said the foremost policy priority should be to vaccinate adequate numbers in every country and prevent more virulent virus mutations.

China’s growth forecast for 2021 and 2022 has been slashed by 0.1% to 8.0 and 5.6%, respectively.

IMF had in July slashed India’s growth forecast for FY22 to 9.5% from earlier projection of 12.5%, citing the severe second Covid-19 wave during March-May.

IMF's growth projection is in line with the Reserve Bank of India's GDP growth estimate for the current fiscal at 9.5% as also private agencies.

Global rating agency S&P, too, expects India to grow by 9.5% in FY22, while Moody's has projected a GDP growth of 9.3%.

Last week, the World Bank retained its India growth projection for FY22 at 8.3% same as its June forecast, but said the increasing pace of vaccinations will determine India's economic prospects this year and beyond.

Global economy

Pandemic outbreaks in critical links of global supply chains had resulted in longer-than-expected supply disruptions, further feeding inflation in many countries, IMF chief economist Gita Gopinath said in the report.

Overall risks to economic prospects had increased, and policy trade-offs have become more complex, she said.

She also flagged the divergence in economic prospects across countries, terming them as a major concern. "Aggregate output for the advanced economy group is expected to regain its pre-pandemic trend path in 2022 and exceed it by 0.9% in 2024," Gopinath said.

She said vaccine manufacturers and high-income countries should support the expansion of regional production of Covid-19 vaccines in developing countries through financing and technology transfer solutions.

According to IMF, speeding up vaccination of world population remains the top policy priority, while continuing the push for widespread testing and investing in therapeutics. "This would save millions of lives, help prevent the emergence of new variants, and hasten the global economic recovery," it said.

If Covid-19 were to have a prolonged impact into the medium term, it could reduce global GDP by a cumulative $5.3 trillion over the next five years relative to our current projection, the report said.

According to IMF, beyond 2022 global growth is projected to moderate to about 3.3% over the medium term.

Inflation worry

IMF said inflation risks were skewed to the upside and could materialise if pandemic-induced supply-demand mismatches continue longer than expected (including if the damage to supply potential turns out worse than anticipated), leading to more sustained price pressures.

"For the most part, price pressures are expected to subside in 2022," it said. "In some emerging markets and developing economies, price pressures are expected to persist because of elevated food prices, lagged effects of higher oil prices, and exchange rate depreciation lifting the prices of imported goods."

Monetary policy will need to walk a fine line between tackling inflation and financial risks and supporting the economic recovery, Gopinath said in a blogpost.

India's inflation targeting regime, unveiled in 2014, led to confidence in the country's economy as rupee expectations became firmly anchored and inflation and inflation expectations, the WEO report said.

“Monetary policy operations improvements and communication strategies, along with a transparent and credible commitment to reducing inflation, worked to disinflate from high levels,” it said, adding that the Reserve Bank of India's success on this front opened up the space to pursue other objectives without disturbing inflation expectations.

(Economic Times, 12/10/2021)

India, EU discuss steps to operationalise decision to resume negotiations for trade pact

Synopsis

At a meeting of the third India-EU Strategic Partnership Review in Brussels, the two sides also discussed the launching of negotiations on a separate agreement on geographical indications, the Ministry of External Affairs said in a statement.

India and the European Union on Tuesday discussed steps to operationalise the decision of their leaders to resume negotiations for a trade agreement and also launch talks for a stand-alone investment protection pact.

At a meeting of the third India-EU Strategic Partnership Review in Brussels, the two sides also discussed the launching of negotiations on a separate agreement on geographical indications, the Ministry of External Affairs said in a statement.

India and the EU also exchanged views concerning best ways to join forces in tackling the COVID-19 pandemic and its effects on economies, societies as well as individuals.

Following the India-EU Leaders' Meeting of May 8, 2021, which set a clear path for further deepening ties between India and the EU, the meeting allowed for a comprehensive review of the strategic India-EU partnership, guided by the 'India-EU Strategic Partnership: A Roadmap to 2025', the MEA said.

The discussions focused notably on cooperation in addressing the challenges of climate change, biodiversity loss and pollution, and contributing to the success of the upcoming Climate COP26, it said.

India and the EU also discussed next steps to operationalise the decision of Indian and EU Leaders to resume negotiations for a "balanced, ambitious, comprehensive and mutually beneficial trade agreement", the MEA said.

They discussed launching negotiations on a stand-alone investment protection agreement and on a separate agreement on geographical indications, it said.

The two sides also discussed the next steps on the implementation of the India-EU Connectivity Partnership which was agreed at the May 2021 Leaders' Meeting.

India and the EU further discussed ways to further cooperate in the areas of research, technology and digital transformation, as well as continued implementation of the Common Agenda on Migration and Mobility, the statement said.

Recalling the successful 9th India-EU Human Rights Dialogue in April 2021, India and the EU looked forward to the next edition of the Dialogue in 2022, the MEA said.

The meeting was co-chaired by Reenat Sandhu, Secretary (West), Ministry of External Affairs and Helena König, Deputy Secretary General for Economic and Global Issues, European External Action Service.

(Economic Times, 20/10/2021)

India joins 135 other countries for a historic Global Corporate Tax pact in a last-minute deal

A group of 136 countries on Friday set a minimum global tax rate of 15% for big companies and sought to make it harder for them to avoid taxation in a landmark deal that U.S. President Joe Biden said levelled the playing field.

A group of 136 countries on Friday set a minimum global tax rate of 15% for big companies and sought to make it harder for them to avoid taxation in a landmark deal that U.S. President Joe Biden said levelled the playing field. The deal aims to end a four-decade-long “race to the bottom” by setting a floor for countries that have sought to attract investment and jobs by taxing multinational companies lightly, effectively allowing them to shop around for low tax rates.

Negotiations have been going on for four years and while the costs of the coronavirus pandemic gave them additional impetus.

in recent months, a deal was only agreed when Ireland, Estonia and Hungary dropped their opposition and signed up. Moreover the 15% floor agreed is well below a corporate tax rate which averages around 23.5% in industrialised countries. ”Establishing, for the first time in history, a strong global minimum tax will finally even the playing field for American workers and taxpayers, along with the rest of the world,” Biden said in a statement.

The deal aims to stop large firms booking profits in low-tax countries such as Ireland regardless of where their clients are,

an issue that has become ever more pressing with the growth of “Big Tech” giants that can easily do business across borders.Out of the 140 countries involved, 136 supported the deal, with Kenya, Nigeria, Pakistan and Sri Lanka abstaining for now.

The Paris-based Organisation for Economic Cooperation and Development (OECD), which has been leading the talks, said that the deal would cover 90% of the global economy.”We have taken another important step towards more tax justice,” German Finance Minister Olaf Scholz said in a statement emailed to Reuters. “We now have a clear path to a fairer tax system, where large global players pay their fair share wherever they dobusiness,” his British counterpart Rishi Sunak said. But with the ink barely dry, some countries were already raising concerns about implementing the deal.

The Swiss finance ministry demanded in a statement that the interests of small economies be taken into account and said that the 2023 implementation date was impossible, while Poland, which has concerns over the impact on foreign investors, said it would keep working on the deal.’INCREASED PROSPERITY’Central to the agreement is a minimum corporate tax rate of

15% and allowing governments to tax a greater share of foreign multinationals' profits. U.S. Treasury Secretary Janet Yellen hailed it as a victory for American families as well as international business."We've turned tireless negotiations into decades of

increased prosperity – for both America and the world.

Today's agreement represents a once-in-a-generation accomplishment for economic diplomacy," Yellen said in a statement. The OECD said that the minimum rate would see countries collect around $150 billion in new revenues annually while

taxing rights on more than $125 billion of profit would be shifted to countries where big multinationals earn their income. Ireland, Estonia, and Hungary, all low tax countries, dropped their objections this week as a compromise emerged on a

deduction from the minimum rate for multinationals with real physical business activities abroad.'NO TEETH'But some developing countries seeking a higher minimum tax rate say their interests have been sidelined to accommodate the

interests of richer countries like Ireland, which had refused to sign a deal with a minimum tax rate higher than 15%.

Argentine Economy Minister Martin Guzman said on Thursday that the proposals forced developing countries to choose between "something bad and something worse".While Kenya, Nigeria, and Sri Lanka did not back a previous version of the deal, Pakistan's abstention came as a surprise, one official briefed on the talks said. India also had qualms up to the last minute, but ultimately backed the deal, they added. There was also dissatisfaction among some campaign groups such as Oxfam which said that the deal would not end tax havens." The tax devil is in the details, including a complex web of exemptions,"

Oxfam tax policy lead Susana Ruiz said."At the last minute a colossal 10-year grace period was slapped onto the global corporate tax of 15 percent, and additional loopholes leave it with practically no teeth," Ruiz added in a statement. Companies with real assets and payrolls in a country can ensure some of their income avoids the new minimum tax rate. The level of the exemption tapers over a 10-year period. The OECD said that the deal would next go to the Group of 20 economic powers to formally endorse at a finance ministers' meeting in Washington on Oct. 13 and then on to a G20 leaders

summit at the end of the month in Rome for final approval.

There remains some question about the U.S. position, which depends in part on domestic tax reform negotiations in Congress. Countries that back the deal are supposed to bring it onto their law books next year so that it can take effect from 2023,

which many officials have said is extremely tight. French Finance Minister Bruno Le Maire said Paris would use its European Union presidency during the first half of 2022 to translate the agreement into law across the 27-nation bloc.

(Financial Express, 9/10/2021)

Green Strategic Partnership shows far-reaching views of India, Denmark: PM

The Green Strategic Partnership between India and Denmark is a symbol of the far-reaching thinking in both nations, said Prime Minister Narendra Modi on Saturday.

"A year ago today, we took the historic decision to establish a Green Strategic Partnership between India and Denmark in our virtual summit. This is a sign of far-reaching thinking and respect for the environment in both our countries," PM Modi said following the bilateral talks with visiting Denmark Prime Minister Mette Frederiksen.

India and Denmark have continued their cooperation during the COVID19 pandemic, PM Modi noted.

"During our virtual summit, we had decided to establish a Green Strategic Partnership between our two countries. Today, we reviewed and reiterated our commitment on this," he added.

Last year in September, India and Denmark decided to elevate their relations to Green Strategic Partnership and reaffirmed their determination to strengthen cooperation and contribute to comprehensive reforms of the WTO.

The Green Strategic Partnership is a mutually beneficial arrangement to advance political cooperation, expand economic relations and green growth, create jobs and strengthen cooperation on addressing global challenges and opportunities; with a focus on an ambitious implementation of the Paris Agreement and the UN Sustainable Development Goals, according to Ministry of External Affairs.

(Business Standard, 9/10/2021)

Two countries, 1 bloc keen to start FTA talks with India: Piyush Goyal

Synopsis

“We are negotiating FTAs with the UK, the EU, UAE and Australia and in the last three days, two more countries and a group have shown interest that they want to start talks for FTA,” he said.

Commerce and Industry Minister Piyush Goyal on Thursday said that two more countries and a group have shown interest in negotiating free trade agreements with India but didn’t disclose their names.

“We are negotiating FTAs with the UK, the EU, UAE and Australia and in the last three days, two more countries and a group have shown interest that they want to start talks for FTA,” he told reporters.

On asked about the impact of border issues with China on trade relations between the two countries, Goyal said he has not seen any statement from either side on any fall out of trade.

Talking about the PM Gati Shakti national master plan for multi-modal connectivity, that was launched on Wednesday, Goyal said that BJP ruled states have shown keen interest in joining this initiative and that discussions will be held on opening up the initiative for the private sector.

“There are several advantages of Gati Shakti...Intelligent planning will help in completing infrastructure projects on time,” he said, adding that BJP ruled states have shown keen interest in joining this initiative.

When asked when it will be opened for the private sector and public, Goyal said: “We will hold discussions with departments”. He also said that there is a project monitoring group in the department for promotion of industry and internal trade (DPIIT) which will regularly monitor the projects and report to an empowered group of secretaries, headed by the cabinet secretary.

On ease of doing business, he said that the government is taking steps to promote it and though the World Bank may not come with its business report, but the ministry will continue with its states' ranking report.

The World Bank Group has decided to discontinue publication of its Doing Business report on country investment climates following allegations of irregularities.

(Economic Times, 15/10/2021)

India's 450GW target listed in US 'Energy Compact' as climate goal

Synopsis

The US Energy Compact document states that it will harness a diverse set of resources, spanning a network of US laboratories to help emerging economies like India transition to clean energy and go towards a 'global net zero transition.

India and its 450 GW renewable energy target figure prominently in the US government's 'Energy Compact' and is part of its climate ambitions formally submitted to the United Nations at the September 22-23 high-level dialogue on energy.

'Energy Compacts' are voluntary commitments from UN member states, setting out actions planned to advance clean, affordable energy for all by 2030 and net zero emissions by 2050.

Over 130 Energy Compacts have been submitted so far by a range of stakeholders, including India and the United States.

Citing the September 2021 agreement between the United States and India through the US-India Climate and Clean Energy Agenda 2030 Partnership, the US Energy Compact document states that it will harness a diverse set of resources, spanning a network of US laboratories to help emerging economies like India transition to clean energy and go towards a 'global net zero transition.'

"Major emerging economies are projected to drive global emission growth absent urgent action in this critical decade through 2030 to curb emissions," according to the US Energy Compact. "An example of urgent action includes rapidly ramping up renewable energy in India's power sector between now and 2030, an essential element of that economy's energy transition and of a global net-zero transition. In addition to its ambitious 2030 renewable energy goal, India has also set an interim goal of 175 gigawatts of installed renewable energy capacity by 2022," it added.

The US administration has said that helping accelerate the clean energy transition in India will set 'an example for promoting rapid clean energy transitions and economic development in emerging economies around the world.'

The US is increasingly supportive of India's 450 GW target as an ambitious move towards addressing the climate crisis. Its Special climate envoy John Kerry also recently nudged India to include it as part of its target/ Nationally determined contribution in the upcoming COP 26 climate talks.

"India is the third-largest energy consumer and its domestic greenhouse gas emissions account for more than seven percent of the global total, the third most behind China and the United States," it said. "An encouraging sign is that India is setting a global example for emerging economies on renewable energy deployment, having achieved 100 GW of installed renewable capacity through 2021. Keeping the goal of limiting average global temperature rise to 1.5 degrees Celsius alive through 2030 is dependent, in part, on India acting urgently this decade to rein in emissions, including through achieving its target of 450 GW of renewable energy, which the United States is committed to supporting India in achieving," it added.

The US government elaborated that it would support energy transitions in major emerging economies, such as India, Indonesia, and South Africa, to 'increase substantially the share of renewable energy in the global energy mix' by 2030.

The India-US climate agenda and its two components – the Strategic Clean Energy Partnership and the Climate Action and Finance Mobilization Dialogue launched recently in New Delhi with US Special climate envoy John Kerry -- are cited as examples of the kind of bilateral action planned.

"The Agenda 2030 Partnership will promote US-India bilateral collaboration to help India reach its 450 GW renewable energy goal by 2030. The Partnership will support the development of ambitious climate targets and roadmaps, foster collaboration on clean energy innovation and deployment, mobilize investment in clean infrastructure, and enhance India's capacity to measure, manage, and adapt to climate change," the Energy Compact pointed out.

The 450 GW target also figures prominently in India's own Energy Compact submitted to the UN. India has said that a cumulative investment of Rs 17,00,000 crore ($221 billion) is required to set up 450 GW renewable generation capacity, including the associated transmission and storage systems.

The ambitious renewable energy target is estimated to create 700,000 new jobs in India.

(Economic Times, 3/10/2021)

Free Trade Agreement: India, Australia eye FTA by end-2022, early harvest deal by Christmas

Both the countries will exchange the first list of offers for products in which they seek tariff concession under the FTA, formally called Comprehensive Economic Cooperation Agreement (CECA), by October.

India and Australia are planning to hammer out an early-harvest trade deal by the Christmas this year and a broader free trade agreement (FTA) by the end of 2022.

At a joint briefing with commerce and industry minister Piyush Goyal in New Delhi, Australian minister for trade, tourism and investment Dan Tehan said, "It (the FTA) will cover goods, services, investments, government procurement, logistics, standards, rules of origin."

The negotiating teams of both the sides will start working immediately, identifying the key sectors that will be covered by the FTA, Goyal said.

While bilateral goods trade stood at $12.3 billion in FY21, India had a deficit of $4.2 billion with Australia, as it shipped out merchandise worth just over $4 billion. Major traded items include mineral fuels, pharmaceutical products, organic chemicals and gem and jewellery.

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Although talks for an FTA with Australia have been going on since 2011, the reluctance of Indian industry to offer greater access to farm and dairy products and Australia's unwillingness to further open up its services sector for the free movement of skilled Indian professionals have delayed the outcome of the negotiations. However, in the past two years, the talks have gained momentum.

The negotiations with Australia are a part of India's broader strategy to forge "fair and balanced" trade agreements with key economies and revamp existing pacts to boost trade. The move gained traction after India pulled out of the China-dominated RCEP talks in November 2019.

Last week, India and its third-largest export market, the UAE, started formal negotiations for a "mutually-beneficial" comprehensive economic partnership agreement (CEPA). New Delhi and Abu Dhabi aim to wrap up negotiations by as early as December 2021 and sign the deal by March 2022 after the completion of necessary ratification processes. If all goes as planned, it would be the first FTA to be signed by India in just over a decade.

Balanced FTAs are expected to also enable the country to achieve sustained growth rates in exports in the coming years. Already, India has set an ambitious merchandise export target of $400 billion for FY22, against $291 billion in FY21.

(Financial Express, 1/10/2021)

Aggressive marketing, timely roll out of FTAs to help exports touch $500 billion: Exporters

Synopsis

"The target of USD 450-500 billion for merchandise exports is quite pragmatic. Since the base of exports will now be sizable, we have no scope to be less than aggressive," Federation of Indian Export Organisations (FIEO) Director General Ajay Sahai said.

Aggressive marketing of products, timely implementation of free trade agreements that are under negotiations and affordable credit to MSME players would help in taking the country's merchandise exports to USD 500 billion in the next financial year, according to exporters. Commerce and Industry Minister Piyush Goyal in a meeting with export promotion councils stated that the country's exports are growing at a healthy rate and now exporters can aim for USD 450-500 billion of outbound shipments during the next fiscal year.

Exporters also suggested exploiting the potential of e-commerce for inclusive exports and increasing its base by bringing new start ups, artisans, weavers in exports.

"The target of USD 450-500 billion for merchandise exports is quite pragmatic. Since the base of exports will now be sizable, we have no scope to be less than aggressive," Federation of Indian Export Organisations (FIEO) Director General Ajay Sahai said.

He said that the sunrise sectors such as electronics, automobile and auto components, pharmaceuticals and chemicals should be the focus of exports.

Leading exporter of Mumbai and founder chairman of Technocraft Industries India Sharad Kumar Saraf said that achieving exports of USD 500 billion in 2022-23 is feasible as this fiscal the shipments would cross USD 400 billion.

"Exporters need to aggressively market their products. They also need to increase their production and for that the government should provide smooth approvals and clearances," Saraf said.

He added that timely permissions, and easing of land laws would help in expanding capacities and then increasing exports.

FIEO Vice-Chairman Khalid Khan said that India is negotiating free trade agreements with countries like the UAE, the UK and Australia and implementation of these pacts would help Indian exporters get easy and greater market access in these nations.

"Timely implementation of these pacts would help in boosting our exports," Khan said, adding there is also a need to review the existing FTA with the 10-nation ASEAN bloc.

He also asked for affordable and easy credit to MSME exporters.

Sharing similar views, Hand Tools Association President S C Ralhan said that the issue of availability of containers should be resolved and the government should intervene in controlling the increasing shipping freight rates.

"Small exporters are facing the heat of high rates. Working capital is also an issue for them. I suggest the government look into these matters immediately," Ralhan said.

Plastics Export Promotion Council of India (PLEXCONCIL) chairman Arvind Goenka said a target of USD 450-500 billion is achievable but the government must ensure smooth and barrier-free imports of raw materials and processing machinery.

Few FTAs like with the UAE and the UK should be implemented at the earliest, Goenka said.

Seafood Exporter and MD of Megaa Moda Yogesh Gupta too said that USD 500 billion exports during the next fiscal year is achievable as production is going to increase significantly and an improving economy across the globe will help the exports.

Exports during April-September 2021-22 have crossed USD 197 billion.

(Economic Times, 11/10/2021)

India, UK looking at interim trade agreement: Foreign Secretary Harsh Vardhan Shringla

Synopsis

The Foreign Secretary noted that his counterpart, Sir Philip Barton, Permanent Under-Secretary in the UK Foreign, Commonwealth and Development Office (FCDO), is expected in India soon to take the trade talks forward. With reference to the sectors of India-UK cooperation, Shringla highlighted the financial markets, people-to-people ties through the new Migration and Mobility Partnership, a first-ever consular dialogue expected soon.

India and the UK are looking at concluding an interim trade agreement amid negotiations towards a Free Trade Agreement (FTA), Foreign Secretary Harsh Vardhan Shringla said on Thursday.

Addressing the India Global Forum (IGF) in London virtually from New Delhi, Shringla noted that British Foreign Secretary Liz Truss visit to India, expected over two days starting Friday, will add further momentum to the partnership as it coincides with the UK's Carrier Strike Group (CSG) arriving in Mumbai for joint exercises.

"We are negotiating a Free Trade Agreement as things stand. We are also looking at an interim trade agreement," said Shringla.

"The visit of Foreign Secretary Liz Truss is planned to coincide with the UK Carrier Strike Group docking in Mumbai," he said.

The Foreign Secretary noted that his counterpart, Sir Philip Barton, Permanent Under-Secretary in the UK Foreign, Commonwealth and Development Office (FCDO), is expected in India soon to take the trade talks forward.

"We should be very optimistic. Things have really accelerated, and we should be very excited," said Barton, who also addressed the forum virtually.

"The real opportunity is with the UK's place in the world. We have left the European Union and are in charge of our international trade and commercial policy and changed the way we approach migration to this country," he said.

With reference to the sectors of India-UK cooperation, Shringla highlighted the financial markets, people-to-people ties through the new Migration and Mobility Partnership, a first-ever consular dialogue expected soon.

"Security and defence cooperation is high on the agenda, including maritime security, cyber security, health partnership, digital health, medical supply chains, alternative health and science and technology," he noted.

"We did have a devastating [COVID-19] wave but since then we have done everything we can to insulate against the impact of the COVID pandemic... Today is a landmark for India's vaccination programme, we have crossed a billion doses and that is the greatest insulation we have against the pandemic," he said.

With reference to the UK-hosted United Nations COP26 climate summit in Glasgow next month, the Foreign Secretary said India will be participating with a strong message and also expect promises of predictable finance to meet ambitious climate targets.

He said: "We are perhaps the only G20 country to have fulfilled our NDCs [Nationally Determined Contributions] and outperformed them. Our Prime Minister has said that India will not only meet its targets but exceed them. And, he has spoken to Prime Minister Boris Johnson. We intend to go in with a strong message, with full commitment to COP26.

"In order to meet these ambitious targets, developing countries will need access to climate financing, green technology. We need more than commitments, we need promises - predictable and consistent financing."

India Global Forum, being held at the Taj Hotel in London, is a day-long series of dialogues organised by UK-based India Inc. Group with experts across different fields to explore the theme of "quantum leap" in UK-India relations, as laid out by Prime Ministers Narendra Modi and Boris Johnson in the 2030 Roadmap for bilateral ties.

"Quantum leap is very relevant when you see what's on the table in the UK-India partnership," said Shringla.

(Economic Times, 22/10/2021)

Impact of protectionist measures on global economy has never been positive: Report

Yet, the COVID-19 pandemic has had abrupt and far-reaching impacts globally, while the economic impact of previous epidemics were localized or spread more slowly across countries.

Border closures, lockdowns, quarantines, and other means to control the virus spread weakened demand and disrupted supply chains, resulting in an overall decline in global trade, and the adverse impacts have been felt in supply chains across Asia and the Pacific.

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Batting for trade openness, a UN ESCAP-ADB report on Wednesday asked Asian nations to refrain from imposing trade restrictions including non-tariff barriers saying the impact of protectionist measures has never been positive for the global economy.

The report by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and the Asian Development Bank (ADB) also made a case for promoting digital and paperless trade procedures by the Asian nations in view of the supply chain disruptions caused by the Covid-19 pandemic.

“Countries should refrain from using export restrictions and other non-tariff measures. They should also increase transparency on trade restrictions brought during and in the aftermath of COVID-19. The impact of protectionist measures on the global economy and international trade have never been positive,” the biennial report said.

The Asia-Pacific Trade Facilitation Report 2021 also highlights that cross-border trade digitalisation has great potential to help countries in Asia and the Pacific access critical goods, especially those most vulnerable to trade uncertainty and crisis.

If countries speed up their implementation of digital trade schemes average trade costs could drop by more than 13 per cent, it said.

The ESCAP-ADB study underscores the need to strengthen the resilience of supply chains as the COVID-19 pandemic laid bare the vulnerabilities of concentrated trade networks, limited inventories and financing shortages.

High global value chain participation left Asia and the Pacific particularly vulnerable to restrictive trade policies, it noted.

As per the report, digital trade transformation can support sustainable and development-focused benefits by lowering barriers. The regional average implementation rates for digital and sustainable groups are 58 per cent and 55 per cent, respectively.

It said that countries achieving higher implementation of the digital trade facilitation group have generally also performed well on the sustainable trade facilitation group.

Overall, more advanced countries have performed better in both digital and sustainable dimensions than less advanced countries.

"The PRC (People's Republic of China), India, and the Republic of Korea are among the best performers in sustainable trade facilitation, while Australia and New Zealand are top performers in digital trade facilitation. Singapore has achieved over 90 per cent for both groups," it added.

The report said that epidemics in the past disrupted supply chains and all major outbreaks — Ebola, SARS, Spanish flu—infected and killed people.

Yet, the COVID-19 pandemic has had abrupt and far-reaching impacts globally, while the economic impact of previous epidemics were localized or spread more slowly across countries.

Border closures, lockdowns, quarantines, and other means to control the virus spread weakened demand and disrupted supply chains, resulting in an overall decline in global trade, and the adverse impacts have been felt in supply chains across Asia and the Pacific.

The report pointed out that in South Asia, India experienced automotive production disruptions from port congestion and shortages of parts.

Similarly, India's manufacturing capacity of electronic equipment — such as telecom products, information technology (IT) hardware, consumer electronics, medical electronics, industrial electronics, and automotive electronics — was hampered by the lack of imported raw materials and components from the PRC and other countries.

It further said various trade measures imposed by major vaccine-producing countries, giving priority to domestic demand, have hampered global deployment of vaccines.

"Increased demand for vaccines due to the recurrence of the pandemic in India delayed COVAX's deliveries of the AstraZeneca-Oxford vaccines produced by the Serum Institute of India in March and April 2021," it noted.

In Asia, the PRC and India have developed their own vaccines, while a few other countries have their own candidates in clinical trials.

The biennial report was launched at a webinar on 'Supply Chain Resilience and Trade Facilitation amid the COVID-19 Pandemic', co-hosted by ESCAP, ADB and the International Chamber of Commerce (ICC).

(Financial Express, 8/10/2021)

India-UAE FTA talks: Duty relief likely for job-intensive sectors

Both the sides started formal negotiations for a comprehensive economic partnership agreement (CEPA), as the FTA is formally called, in New Delhi from September 23. They aim to wrap up talks by December and sign a deal by March 2022.

India is in talks with its third-largest export destination, the UAE, for duty-free market access in products ranging from gems & jewellery and textiles & garments to certain engineering goods like steel under a proposed free trade agreement (FTA), sources told FE. It would be the first FTA to be signed by India in just over a decade.

To prevent any misuse of the FTA benefits and curb potential illegal inflows of Chinese goods through a key transit hub like Dubai, New Delhi will likely insist on strict rules of origin. It may either stipulate a 35% value addition at the UAE for all products to be eligible for duty concession under the FTA or impose similar conditions on select products where it sees the maximum scope for abuse, said one of the sources.

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About 87% of the products that the UAE imports are currently taxed at 5%, while 11% attract zero duty; the rest see higher duty incidence or are in the prohibited or special lists of goods, said another source. While it slaps a 5% duty on textiles & garments and jewellery, certain steel products are taxed at 10%. These three segments alone made up for 34% of India's $16.7-billion exports to the UAE last fiscal and 43% in the pre-pandemic year of FY20.

The UAE is not keen on scrapping duties on all engineering goods but it may allow tax-free imports of certain steel products.

Abu Dhabi's applied tariff (simple average for most-favoured nations) was 4.6% in 2020, much lower than New Delhi's 15%. The goods that are in the high-tax brackets in the UAE include alcohol (50%) and tobacco (100%). Its trade-weighted average tariff (total customs revenue as percentage of overall import value) was 3.4% in 2019, against India's 7%. So, New Delhi's tariff concession will be more substantial than Abu Dhabi's.

The FTA is expected to raise bilateral merchandise trade to $100 billion in five years following the signing of the pact from about $43 billion in FY21. It also aims to more than double bilateral services trade to $15 billion during this period.

The negotiations with the UAE are a part of India's broader strategy to forge "fair and balanced" trade agreements with key economies and revamp existing pacts to boost trade. The move gained traction after India pulled out of the China-dominated RCEP talks in November 2019. Balanced FTAs will also enable the country to achieve sustained growth rates in exports in the coming years. Already, India has set an ambitious merchandise export target of $400 billion for FY22, against $291 billion in FY21.

The UAE was India's second-biggest goods export market until FY20, behind only the US, before China pipped it in FY21 when the pandemic caused severe trade disruptions.

The UAE is the eighth-largest investor in India, having invested $11 billion between April 2000 and March 2021, while investment by Indian firms in the UAE is estimated to be as high as $85 billion during this period.

India's major exports to the UAE include petroleum products, precious metals, stones, gems and jewellery, textiles and garments, food items, engineering goods and chemicals. Its main imports from the UAE include petroleum and petroleum products, precious metals, stones, gems and jewellery, minerals, chemicals and wood and wood products.

(Financial Express, 25/10/2021)
