Europe India Chamber of Commerce

Newsletter

Issue: 161 Volume: 16 **March 2022**

India on track to achieve $400 bn exports, negotiating FTAs with countries: Goyal

In a reply during Question Hour in the Lok Sabha, he said the prices of most of the commodities, including petroleum products, are prevailing high and because of this there is a stress on all sectors.

India is on track to achieve the USD 400-billion export target in the current fiscal and is negotiating trade agreements with countries like the UAE, the EU and Canada, Commerce and Industry Minister Piyush Goyal said on Wednesday.

In a reply during Question Hour in the Lok Sabha, he said the prices of most of the commodities, including petroleum products, are prevailing high and because of this there is a stress on all sectors. However, international prices of finished products have commensurately increased and hence the exports of these products have not faced detriments.

“For 10th month in a row, April 2021 to January 2022, India has posted over USD 30 billion of exports. It is a record, we have already crossed USD 334 billion of exports which is more than the highest ever that India has done in full 12 months period. We are well on track to achieve USD 400 billion of exports,” Goyal said.

The minister said that the government is working to negotiate free trade agreements (FTA) or comprehensive economic partnership so that Indian exporters too get similar price advantage benefits.

“We have launched FTA negotiations with the UAE, Australia, the United Kingdom, the EU, Canada. We are also in dialogue with GCC countries — the bloc of six countries in the Middle East– who have shown keen interest in FTA with India and we hope to launch the negotiation in the near future,” Goyal said.

With regard to support to small and medium industries, the minister said Rs 4.50 lakh crore government-guaranteed loans were given to 1.30 crore MSMEs during the Covid pandemic.

“Government is committed to increasing manufacturing and see India as manufacturing hub,” Goyal added.

(Financial Express, 2/2/2022)

India to bag slew of trade deals soon

Goyal said both merchandise and services exports are poised to hit a record this fiscal.

India will clinch a clutch of balanced free trade agreements (FTAs) in the coming months, commerce and industry minister Piyush Goyal said on Saturday, exhorting domestic industry to take advantage of the immense opportunities that are set to come its way and scale up exports.

Speaking at an interactive session with industry leaders on the Budget for FY23 in Mumbai, organised by BSE, Goyal said India will sign a trade deal with the UAE in the next few days and the FTA talks with Australia are at an advanced stage. New Delhi will also launch the second round of formal talks with London in March for such a trade pact. Interestingly, the Gulf Cooperation Council has evinced interest in forging an FTA with India, the minister said.

According to sources, India has zeroed in on more than 1,000 products across sectors, including textiles and garments, gems and jewellery, leather, spices, engineering goods, chemicals and poultry, where it wants duty concessions from the UAE under the proposed FTA. India and the UK are negotiating for a pact that could cover more than 90% of tariff lines; both are aiming to double bilateral trade of both goods and services to about $100 billion by 2030. With Australia, India had a deficit of $4.2 billion in FY21 on a bilateral goods trade of $12.3 billion.

“The world wants to trade with you, and you have to seize this opportunity,” Goyal told the captains of industry.

At the same time, he impressed on industry to be more proactive and flag non-tariff barriers being faced by Indian exporters overseas so that appropriate remedial measures can be initiated by the government. “I want you to come and tell me which country is creating a problem. Unless you tell me, how can I fight for you?” he asked exporters. For instance, Indonesia was not allowing tyre imports from India while it was dumping its own tyres here until the Indian government took retaliatory measures.

Goyal said both merchandise and services exports are poised to hit a record this fiscal. While goods exports will touch $400 billion, services exports are set to touch $240 billion, he said. In fact, merchandise exports between April and January this fiscal touched almost $336 billion, higher than the earlier annual record of $330 billion (in FY19), with two more months to go, he added.

(Financial Express, 6/2/2022)

India’s $5 trillion GDP dream has an untapped potential in Mass Entrepreneurs

Synopsis

In the next ten years, India will witness a rapid expansion of the base and a vertical expansion in the growth trajectory of MEs.

Globally, Mass entrepreneurs (MEs) are usually the entities that employ between 5-20 employees. MEs are segmented into three categories, those engaged in traditional businesses which are largely local, employing up to 25 people, those which are dependent on the startup ecosystem and more tech-savvy, and those engaged in disguised unemployment, e.g. migrants who do small urban services or home-based businesses which are partially documented and accounted for.

A huge segment amongst the above (not distinctly separate) is home-based employed MEs who earn revenue sitting at home. There are many traditional and new tech-driven opportunities that would employ the masses aged 15 to 55 in being MEs.

Among the 63 million MSMEs, 98% are micro in scale of the operations in India. A little over 100,000 enterprises are > $ 1 million revenue threshold. Only 5% of these enterprises are > US$ 3 million revenue threshold. About 11% of all MSMEs are estimated to be MEs, whereas globally, the average is about 35%.

The good news is that we have an untapped opportunity in MEs playing a critical role to catapult India's GDP and help it realize its $5 trillion dream. Much of its potential lies in the thought based on what China did in the early '80s, expectations of the other developing countries such as Mexico, India, Egypt and other markets between $500 billion and $2.5 trillion GDP economies and finally, the almost automatic choice since they employ a large workforce. We are yet to realize the potential, as yet.

We believe that there are clear signals that MEs will start making the contribution they ought to. It is the idea whose time has arrived. In the next ten years, India will witness a rapid expansion of the base and a vertical expansion in the growth trajectory of MEs. There are three kinds of changes, structural, capability and environmental. There are structural changes in the pyramid of Indian enterprises, capability changes impacting the business performance of MEs and environmental changes that MEs find themselves in by accident.

Take an example of an urban low-income family whose male member is a drunkard, whose wife is a homemaker, has 3-4 kids, most of them small. Both of them speak their mother tongue and a few words of English that they understand as images rather than alphabets. The husband, who has migrated from the village, leaving back, his small land holding of about less than half an acre, has worked in a city doing odd jobs, earning just enough money to rent a space of 200 feet just enough to accommodate a chair a small bed, and make-shift kitchen of fewer than five utensils. Their wife is barely educated. Due to daily frustrations of uncertain earnings and yet carrying a hope to make a living in an urban setting better than the village he comes from, the husband takes to drinking alcohol and starts borrowing from others either to drink or to bridge the gap between family expenses and his earnings. The wife decides to support the husband and starts either as a maidservant or a small local business of doing a kitchen food service in nearby locations without being too far from their house. Now, this business picks up a little, and she can qualify as an ME.

Take another example of a middle-class woman who has done decently in academics, is a graduate and is home-based while her husband earns enough money to support their family. She feels the need to start a business, decides to buy an internet connection, and engages herself in building a home-based flexi-time business. This business can qualify as an ME over 5-10 years.

Take the third example of a few friends who start a local fast-moving food cart, and they can become an ME, as they start earning revenues north of $10,000.

The uniqueness of Indian MEs is that 3/4th of them are born out of necessity, not out of ambition or the opportunity that an entrepreneur has spotted. Most of the remaining 1/4ths are driven by an entrepreneurial spirit and drive, but they land up being too content early in their lifecycle. In India, unlike in a Silicon Valley or even other industrial belts in developed countries, MEs are not ambitious enough to think of 10x growth in 5x lifespan. Thirdly, most of these millions of enterprises are MEs, and they remain so for decades.

Most of the surviving MEs need to be fitter to become medium-large enterprises. We need the following three-pronged approaches to reviving, resurrecting, and rapid-scaling of MEs.

1. Focus on community problem statements to drive scale

Skilling is needed for the individual workers in an SME and youth and MEs. We find three critical skills relevant to Indian MEs needed to scale up. Spotting local problems that need to be solved for local community problems. Christian Sarkar has delved into the subject of Regenerative marketing which puts social community needs at the centre of the purpose of an enterprise ahead of and as a driver of scale and profits. MEs in India need to identify such opportunities. MEs could pursue SDGs relevant to the community and achieve economic profits as a related area. This would help MEs do businesses based on opportunity, not on necessity. This would also lend to cluster-based programmatic interventions in most parts of India.

2. Upskilling to scaling up MEs

Unlearning, learning, reskilling, upskilling are critical for MEs to scale their businesses. We find that learning by MEs is less of a challenge than unlearning. Due to the necessity of survival, the family and the businesses learn fast. Edgar Schein, known for his phenomenal work on the Organizational culture model and 10 Dimensions of a Learning Organization, states how survival and learning anxiety are related and MEs demonstrate this concept in action.

As I wrote in my other article in Nextbillion, India could lose out on nearly $1 Trillion in GDP if it fails to upskill its SMEs. I estimate that nearly 10% of the same is at risk if we do not upskill MEs, as rough estimates suggest they contribute to 10% of India's GDP if we do a simplistic linear relationship between the two.

3. Funding ecosystems in addition to enterprises

MEs would thrive if taken as a whole in a community. In India, there is untapped potential in every district. MEs could play a pivotal role in district economic progress. The funding models, even today, are based on individual risk assessments, other than supply chain or factoring, where risk is shared based on the books for the customers/ clients and the suppliers/ service providers. Instead, lenders and investors could innovate on the models to finance an ecosystem. This would allow MEs to interact, engage and scale up with other players in the ecosystem better.

The role of the MEs is critical. While India may need 25,000 large enterprises > $ 50 million revenue, to be globally competitive, it also needs 3-4 times MEs at the lower end of the pyramid to make the growth inclusive and balanced. What remains to be seen is how players take centre stage to make the change happen.

The writer is Executive Vice President, Wadhwani Advantage at Wadhwani Foundation.

(Economic Times, 5/2/2022)

Moody's ups India growth estimates to 9.5% in CY2022 on stronger recovery

In its update on Global Macro Outlook 2022-23 today, Moody's said sales tax collection, retail activity and Purchasing Managers Index suggest solid momentum.

Rating agency Moody's on Thursday revised India's economic growth estimates in CY2022 upwards to 9.5 per cent from 7 per cent on stronger than expected recovery after lockdown in 2020 and Covid-19's Delta wave in 2021. It maintained a forecast for 5.5 per cent growth in CY2023.

In its update on Global Macro Outlook 2022-23 today, Moody's said sales tax collection, retail activity and Purchasing Managers Index suggest solid momentum. However, high oil prices and supply distortions remain a drag on growth for India.

The speed of the recovery from the first lockdown-led contraction in Q2CY2020, and subsequently in Q2CY2021 during the Delta wave, was stronger than expected. The economy is estimated to have surpassed the pre-Covid level of GDP by more than 5 per cent in the last quarter of CY2021.

As is the case in many other countries, the recovery is lagging in contact-intensive services sectors, but it should pick up as the Omicron wave subsides. With most remaining restrictions now being lifted with the improvement in the Covid situation, including the reopening of schools and colleges for in-person instruction across various states, the country (India) is on its way to normalcy.

Moody's said the global economy is transitioning toward more stable growth, bolstered by improvement in the Covid-19 health situation.

"The current economic cycle is remarkable in the swiftness with which activity has been restored in most major economies. But declining fiscal support, tighter monetary policy and waning pent-up demand will weigh on growth momentum in most countries," it said.

"Our 9.5 per cent growth forecast for 2022 assumes relatively restrained sequential growth rates; thus, there is upside potential to the growth rate. The carry-over from a strong finish to 2021 will add six to seven per cent to this year's annual growth," it further said.

Budget 2022 prioritises growth, with a 36 per cent increase in allocation to capital expenditure to 2.9 per cent of gross domestic product for FY23. This, the government hopes, will crowd in private investment. With the RBI leaving interest rates unchanged at its February meeting, monetary policy remains supportive.

(Business Standard, 24/2/2022)

IT industry crosses $200 billion in revenues; $30 billion added in the last year: Nasscom

Synopsis

The industry added a total of 4.5 lakh new hires during FY22, the highest ever in a single year, of which 44% were women. The IT industry is now the largest private sector employer of women with over 1.8 million women part of the sector.

The Indian IT services industry grew by $30billion last year, crossing $200 billion in revenues in 2021, according to the Nasscom Strategic Review on Tuesday.

The IT services industry has grown by over 2 times to $227 billion and has a total workforce of 5 million. "This has been a watershed year for the tech industry thanks to the persistent focus on customer centricity…The industry has added $100 billion in ten years; the first $100 billion took 30 years," said Debjani Ghosh, president, Nasscom.

The industry added a total of 4.5 lakh new hires during FY22, the highest ever in a single year, of which 44% were women. The IT industry is now the largest private sector employer of women with over 1.8 million women part of the sector.

Overall, exports contributed $178 billion to total revenues, growing by over 17% while the balance was domestic, led by growth in hardware and products. There were close to 300 acquisitions announced during the year. IT services exports now account for 51% of the total services exports out of India.

India now has 1430 global capability centers, 1.4 times higher as compared to FY15. These multinationals now hire 1.3 million people in India and have set up over 2,360 centres in the country. On the talent front, Ghosh said that the demand supply gap in India was at 21.1%, among the lowest among key global markets.

(Economic Times, 15/2/2022)

India can add $20 billion to GDP if import dependence on China is halved: Report

In terms of imports, India continued to reduce its trade deficit with China in FY21. However, share of China in India's total merchandise imports has been steadily increasing to 16.5 per cent currently, as per the report Ecowrap.

India can add USD 20 billion to its Gross Domestic Product (GDP) if the country can reduce by 50 per cent the dependence on imports from China by leveraging the production linked incentive schemes, an SBI research report said on Tuesday.

In terms of imports, India continued to reduce its trade deficit with China in FY21. However, share of China in India's total merchandise imports has been steadily increasing to 16.5 per cent currently, as per the report Ecowrap.

In FY21, out of the USD 65 billion of imports from China, around USD 39.5 billion were commodities and goods where PLI scheme has been announced (textile, agri, electronics goods, pharmaceuticals & chemicals).

"If, because of the PLI scheme, we can reduce our dependence on China even to the extent of 20 per cent, then we can add around USD 8 billion to our GDP. Over time, if our dependence is further reduced by 50 per cent, we can add USD 20 billion to GDP," the report said.

In FY22 April-December period, there were 6,367 products with a total value of USD 68 billion (or 15.3 per cent of the total imports) imported by India from China.

The report said it estimated the import dependence of each product on China by checking the share of Chinese imports in India's overall imports of these categories.

"The maximum aggregate value (USD 9.7 billion) is of the products in which our import dependence on China is between 50-60 per cent, although the number of products is lower.

“Although number wise the imports were highest in the category where our dependence was lowest (0-10 per cent), the value is not that high at around USD 1,894 million,” the report said.

Further, it said most important imports for FY22 so far are personal computers and parts of telephonic and telegraphic equipment, electronic integrated circuits, solar cells, urea and micro-assemblies’ lithium-ion and diammonium phosphate. There are other goods also under the electrical and electronics imports.

The items in the low value category are a mix of finished goods and intermediate inputs and India has a revealed comparative advantage in most of these imports, it said.

“If India wants to wean itself off its dependence on China, capabilities have to be developed in these areas, especially chemicals, textiles, footwear, so that both inputs and final consumer goods in these low value imports can be manufactured domestically,” the report said.

India should integrate more and more into the Global Value Chains (GVCs), it added.

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India should integrate more and more into the Global Value Chains (GVCs), it added

(PTI, 16/2/2022)

EU establishes new partnership for infrastructure investments in South Asia

Synopsis

ACSIIS is a five-year program (2021-2026) to help spur investments in energy, water, waste management, transport, logistics, and green buildings to benefit people and businesses in Bangladesh, Bhutan, India, Maldives, Nepal, and Sri Lanka. ACSIIS would leverage $ 850 million of private sector investments in the region.

Six South Asian nations, including India, are set to benefit from a new USD$ 21.5 million (EUR 18 million) funding from the European Union (EU), which will help to accelerate climate-smart, inclusive infrastructure investments in their regions.

IFC, the largest global development institution, focused on the private sector in emerging markets, will implement the project under the program,Accelerating Climate-Smart and Inclusive Infrastructure in South Asia (ACSIIS).

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The impact of COVID-19 on investments in infrastructure has been widespread and severe. Investment commitments in infrastructure with private participation in 2020 dropped by an unprecedented 52 percent from 2019 levels. IFC estimates that South Asian countries can unlock more than US$3 trillion of climate-smart investment opportunities by fully meeting the national targets under the Paris Agreement by 2030.

"Attracting private capital for climate-smart infrastructure in a sustainable and inclusive manner will be critical for post-COVID-19 recovery in South Asia," said Hector Gomez Ang, Regional Director for South Asia at IFC.

"The EU's support for the program could not come at a better time as it is vital to act now to unblock obstacles to spurring sustainable infrastructure projects. This program will leverage IFC's experience and expertise in supporting climate-smart infrastructure development in the region," he added.

The program will also support the development of climate-smart investments in agriculture, manufacturing, tourism, health, and education while focusing on key themes such as cities, gender, and green finance. The latest initiative builds on IFC's previous partnership with the EU to support the Eco-Cities Program in India and other programs in the region.

"The ACSIIS project will support a green and inclusive recovery in South Asia. We are happy to see the existing EU cooperation in India broadening into a regional intervention with multi-sector coverage, in line with the objectives of the EU Green Deal, to promote sustainable development, the fight against climate change and the transition to renewable energy," said Ugo Astuto, Ambassador of the European Union to India and Bhutan.

"This initiative will make a positive contribution to sustainable connectivity, supporting the EU engagement in key sectors to build a greener future," he added.

Through ACSIIS, IFC will support early-stage market development to address key market-wide constraints, as well as deliver project-level technical advice to structure sustainable infrastructure investments for the target countries. The program will also support capacity building of private and government sectors to improve their ability to design, structure, and implement sustainable infrastructure projects. Several of these components are part of IFC's Upstream strategy, which aims to create markets in the most challenging environments, laying the foundation for future investment projects.

IFC—a member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets.

(Economic Times, 11/2/2022)

India, Australia likely to sign interim trade pact in March; sensitivities accommodated

Australian trade minister Dan Tehan is visiting the country for talks on an interim or early harvest agreement that would pave way for a wider trade pact between the countries.

India and Australia have "respected and accommodated" sensitivities for certain areas and are likely to sign an interim trade agreement in March to promote bilateral trade, Union minister Piyush Goyal said on Friday.

Australian trade minister Dan Tehan is visiting the country for talks on an interim or early harvest agreement that would pave way for a wider trade pact between the countries.

Addressing a joint presser with Tehan here, Commerce and Industry Minister Piyush Goyal said that both the countries have respected and accommodated sensitivities for certain areas.

"I am sure, the bilateral trade, which is currently at about USD 20 billion, is going to see a quantum leap after this agreement. Several new areas will open up for both countries," Goyal told reporters.

"Our teams should be in a position to come up with the interim agreement, the early harvest part of the final CECA (Comprehensive Economic Cooperation Agreement) in the next 30 days. That's the target we have set for our teams," Goyal said.

A lot of work is going on to further fine-tune the final document which will open huge opportunities for the people and businesses in both the countries. The CECA may be finalised in 12-18 months after the interim agreement is operationalized.

"The two nations are expected to sign the interim agreement in March 2022," an official statement said.

The areas covered under the interim agreement should include goods, services, rules of origin, sanitary and phytosanitary measures, customs procedure, and legal and institutional issues.

Talking about his discussions with the Australian minister, Goyal in a lighter vein said: "I have of course played straight, like Sachin Tendulkar my drives are always straight drives. Dan is smarter so he keeps swinging the ball like Glen McGrath.

"Probably but at the end of the day, the master batsman and the master spinner, I hope will both work together so that we have a draw, a win-win for both the countries".

He added that every free trade agreement always concludes with the "Dil Chahta hai" moments and this famous Bollywood movie was shot largely in Australia.

Meanwhile, an MoU was signed between the two countries to promote cooperation in the tourism sector.

Tehan, who is also Australia's tourism minister, invited Indian tourists while saying in Hindi: "Australia aaiye, apka swagat hai (Come to Australia, we welcome you)".

The Australian minister said that as part of discussions on the CECA, both sides are looking at mutual recognition of qualifications so that students could do a year of study in Australia and a year of study in India or vice-versa.

"And what this will lead to, is with greater students travelling between our two countries, it means that friends and family and relatives will follow in those footsteps, which will also help build the tourism relationship and the education relationship," he said.

He added that "Piyush has also been a bit like Virat Kohli. And I hope that I have been a bit like Pat Cummins as well in swinging the ball so that we not only have an agreement where we are looking at traditional goods and services, but also where our economies will grow in the future. Because what this agreement will do is set our economies up for the future".

On the interim agreement, Tehan said that more work needs to be done.

"We have got busy 30 days. We have got to finalize texts, finalize the negotiations, legally scrub and sign. So busy, busy 30 days…I am very, very confident that we will be able to achieve that," he added.

When asked about his views on geopolitical uncertainty keeping in mind a statement of Beijing, Tehan said those countries that have benefited from the international rules based order must continue to ensure that it is upheld.

"And that is why it's so important that India, Australia, the United States and Japan's foreign ministers are meeting at this time to make sure that they reiterate how important that international rules based order is and how important it is that all countries adhere to it.

"Because what we are seeing is some countries, I think, looking to change the way that international rules based order works, and that presents challenges and uncertainty for the world at this moment." "…Since the Second World War, we have benefited all the countries very strongly, from the international rules based order and what we all want to see is that continues and I think that's why the quad partnership is so important," he added.

Responding to a question on Quad, Goyal said that Quad has brought the four countries – the US, India, Australia and Japan – closer and this has also enabled India and Australia to come closer in economic relations as well.

When asked whether the sensitive dairy sector will be part of the interim pact, Tehan said, "we understand the sensitivities that India has when it comes to dairy and beef".

On other free trade pacts being negotiated by India, Goyal said with the UAE, "we hope to make some announcements very quickly".

FTA: Piyush Goyal, Australian minister hold talks for trade deal

The India-Australia Comprehensive Economic Cooperation Agreement will be a new-age FTA, which would cover not just traditional pillars like goods, services and investments but also broad range of other critical areas, including government procurement, logistics, standards and rules of origin.

Commerce and industry minister Piyush Goyal held "comprehensive talks" with his Australian counterpart Dan Tehan in New Delhi on Thursday to firm up an interim trade deal at the earliest.

In December, both the countries decided to expedite the pace of negotiations for the early-harvest deal, which will be followed up with a broader free trade agreement (FTA).

"We had an engaging discussion on ways to further deepen India-Australia economic and trade ties," Goyal tweeted. A joint press conference is scheduled for Friday.

The India-Australia Comprehensive Economic Cooperation Agreement will be a new-age FTA, which would cover not just traditional pillars like goods, services and investments but also broad range of other critical areas, including government procurement, logistics, standards and rules of origin.

Goyal has been striving to get duty concession for Indian products in critical sectors, including agriculture and textiles, and greater market access in pharmaceuticals.

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

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.Balanced FTAs are expected to also enable the country to take advantage of a resurgence of industrial demand in advanced economies and achieve sustained growth rates in exports in the coming years. Already, India has set an ambitious merchandise export target of $1 trillion by FY28. In the current fiscal, it's on course to realise the lofty export target of $400 billion, against $291 billion in FY21.

(Financial Express, 11/2/2022)

India, Australia looking to finalise early harvest agreement in next 30 days: Piyush Goyal

The two sides have agreed to conclude the long-pending CECA by the end of 2022. Under an early harvest agreement, two trading partners significantly reduce or eliminate customs duties on a limited number of goods and relax norms for promoting trade in services. CECA includes expanding the scope of the early harvest pact.

India and Australia are looking to finalise an early harvest agreement in the next 30 days and this pact is likely to cover most areas of interest that both the countries have, Commerce and Industry Minister Piyush Goyal said on Thursday.

Australian Trade Minister Dan Tehan is here on an official visit to advance talks for the proposed free trade agreement, officially dubbed as the Comprehensive Economic Cooperation Agreement (CECA).

The two sides have agreed to conclude the long-pending CECA by the end of 2022. Under an early harvest agreement, two trading partners significantly reduce or eliminate customs duties on a limited number of goods and relax norms for promoting trade in services. CECA includes expanding the scope of the early harvest pact.

"I can assure you that you have a very very strong partnership in the making which will be finalised over the next 30 odd days. That is the kind of aggressive timelines that Minister Tehan and I have set for our teams today.

"I can assure you that both the teams are going to have sleepless nights in the next 30 days and I am quite confident that we will come up with some very exciting news for businesses of both the countries," Goyal said at the dinner meeting hosted here in the honour of the Australian trade minister.

He said that it will be the fastest negotiated FTA that has ever been done by India or by Australia.

Early harvest agreement “covers a very wide span of issues and in some sense covers most areas of interest that both countries have,” he said adding few sensitive issues would remain for the CECA, “which we would hope to complete over the next 12 or 18 months after the early harvest gets into operation”.

Speaking at the occasion, Tehan said that: “we want a quick but high quality agreement”.

He said that both the countries are on the cusp of about 30 days of hard work which ultimately could lead to something which is truly historic.

He added that increasing cooperation in the education sector is beneficial for both sides and they can look at signing mutual recognition agreements for the sector.

Goyal further said there are substantial opportunities in different sectors such as mining, pharma, education, renewables, railways, gems and jewellery, tourism, defence, textiles, gaming, agriculture and edutech.

The bilateral trade between the nations stood at USD 12.3 billion in 2020-21, as against USD 12.63 billion in 2019-20.

India’s main exports to Australia are refined petroleum, medicaments, railway vehicles including hover-trains, pearls and gems, jewellery, made up textile articles, while major imports are coal, copper ores and concentrates, gold, vegetables, wool and other animal hair, fruits and nuts, lentils and education-related services.

India and Australia will sign an MoU to increase cooperation in the tourism sector tomorrow.

(Financial Express, 11/2/2022)

India-UAE trade pact set to almost double two-way trade to USD 100 billion in 5 yrs

Synopsis

The agreement will provide significant benefits to Indian and UAE businesses, including enhanced market access and reduced tariffs, an official statement said. "It is expected the CEPA 9Comprehensive Economic Partnership Agreement) will lead to an increase in bilateral trade from the current USD 60 billion to USD 100 billion in the next five years," it said.

The Comprehensive Economic Partnership Agreement sealed by India and the United Arab Emirates on Friday is expected to facilitate Indian exporters to gain access to the Arab and African markets besides increasing the two-way trade to USD 100 billion in the next five years from current USD 60 billion.

The pact was signed by Commerce Minister Piyush Goyal and the UAE's Economy Minister Abdulla bin Touq Al Marri during a virtual summit between Prime Minister Narendra Modi and Crown Prince of Abu Dhabi Sheikh Mohammed bin Zayed Al Nahyan.

The agreement will provide significant benefits to Indian and UAE businesses, including enhanced market access and reduced tariffs, an official statement said.

"It is expected the CEPA (Comprehensive Economic Partnership Agreement) will lead to an increase in bilateral trade from the current USD 60 billion to USD 100 billion in the next five years," it said.

Under the provision of the CEPA, Indian exporters will not only gain market access in the UAE but will also provide them wider access to the much larger Arab and African markets, according to officials. They said CEPA is expected to help in unlocking new trade routes between Africa and Asia.

The officials said the pact will ensure substantial net gains for India, particularly in labour-intensive industries such as gems and jewellery, textiles, leather, footwear, sports goods, plastics, furniture, agricultural, engineering products, medical devices, and automobiles.

They said 90 per cent of the Indian exports, in terms of value, to the UAE will get market access at zero duty from day one of the entry into force of the agreement.

Zero duty will be applicable within five to 10 years on an additional nine per cent of the trade value for products such as electronic goods, chemicals and petrochemicals, articles of stone, cement, ceramics and machinery.

The UAE is also offering immediate duty elimination on over 80 per cent of its tariff lines corresponding to 90 per cent of India's exports in value terms, according to the provisions.

The CEPA covers trade in goods, rules of origin, trade in services, technical barriers to trade, dispute settlement, telecom, customs procedures, pharmaceutical, digital trade and cooperation in other areas.

The officials said that for the first time in a trade agreement, a separate annexe on pharmaceuticals has been incorporated to facilitate access to Indian pharmaceutical products.

They said CEPA is likely to benefit about USD 26 billion worth of Indian products that are currently subjected to five per cent import duty by the UAE. In the services sector, the UAE has offered 111 sub-sectors to India as compared to 100 sub-sectors by India to the UAE.

Substantial gains in India's areas of interest include computer-related services, audiovisual services, educational services, health services, tourism and travel-related services and professional services (nursing, engineering, accountancy etc), according to the pact.

The officials said the UAE has committed to making significant investments in India's infrastructure.

The CEPA will also provide a platform for SMEs in both countries to expand internationally by granting them access to new customers, networks, and avenues of collaboration, the officials said.

(Economic Times, 19/2/2022)

After free trade pact, 80% of exports to UAE to be duty free

Synopsis

The country would be able to export textiles worth an additional $2 billion in the next two years and treble the plastics exports to the UAE under the Comprehensive Economic Partnership Agreement (CEPA), which the two sides will sign on Friday, said people aware of the matter.

India is likely to export at least 80% of its products to the UAE duty-free once the bilateral free trade pact comes into effect.

The country would be able to export textiles worth an additional $2 billion in the next two years and treble the plastics exports to the UAE under the Comprehensive Economic Partnership Agreement (CEPA), which the two sides will sign on Friday, said people aware of the matter.

The pact is aimed at increasing bilateral trade to $100 billion in the next five years, from $60 billion now. It is also expected to create more than 500,000 jobs in India's gems and jewellery, textiles, engineering products, pharmaceuticals, medical devices, automobiles, leather, sports goods and furniture sectors, as per industry estimates.

"Almost all sensitivities have been taken care of. It is a win-win deal for both the sides. Around one lakh jobs are expected to get created in the UAE," said an official, who did not wish to be identified.

India is keen to get duty-free market access for its fresh and frozen bovine meat, cheese, spices, certain organic chemicals and paper products. Sports goods and furniture exports to the UAE could also get zero-duty access while India's plastic exports could rise to $1.3 billion from about $418 million at present. Industry had identified about 1,100 products, including washing machines, ACs, refrigerators, spices, tobacco, cotton fabrics, textiles and leather, whose exports it wanted to increase through the pact. "We expect exports of plain and studded gems and jewellery to increase to $10 billion by 2023 and double thereafter in the next five years," said the official.

Industry has sought abolition of 5% import duty on the exports of gold, silver and platinum jewellery from India to the UAE, as exports of these goods shrank to $1.18 billion in 2020-21 due to the Covid-19 pandemic. In December last year, the UAE lifted a ban on import of eggs and other poultry products from India, conceding a long-standing demand.

Negotiations for the CEPA were launched in September 2021, India's first such trade deal in the Gulf region. It is likely to cover areas such as goods, services, rules of origin, digital trade, government procurement and investment.

The UAE is India's third largest trade partner. It was India's second-largest export destination after the United States in the previous fiscal, with exports amounting to about $29 billion.

(Economic Times, 18/2/2022)

India-UAE FTA on February 18: Jewellery, garments among key products to get duty relief

For its part, Abu Dhabi, too, has sought duty concession across broad range of products, including in food items such as dates and confectionary.

India and the UAE are set to grant each other duty-free market access in hundreds of products as they prepare to clinch a full-fledged free trade agreement (FTA) on February 18, in what is going to be New Delhi’s first such pact with any economy in over a decade.

The comprehensive economic partnership agreement (CEPA), as the FTA is formally called, will be announced by Prime Minister Narendra Modi and the crown prince of Abu Dhabi Sheikh Mohamed bin Zayed al Nahyan at a virtual summit. It will be followed by due processes of ratification by the two sides.

Earlier, both the sides were aiming to sign an interim agreement first by December 2021, which was to be followed by a broader FTA by March 2022.

Sources told FE that India had identified more than 1,000 products across sectors, including gem & jewellery, textiles & garments, leather, spices, engineering goods, chemicals and poultry, where it wanted duty concessions from the UAE under the FTA. Both the sides started formal negotiations from September 23 last year.

While the UAE, India's third-largest export destination, currently imposes a 5% duty on textiles & garments and jewellery, certain steel products are taxed at 10%. These three segments alone made up 34% of India's $16.7 billion exports to the UAE last fiscal and 43% in the pre-pandemic year of FY20.

The UAE has also prohibited poultry imports from India on concerns of bird flu. Seeking the lifting of the ban, New Delhi has highlighted that it has been strictly adopting the safety norms stipulated by the World Organization for Animal Health.

For its part, Abu Dhabi, too, has sought duty concession across broad range of products, including in food items such as dates and confectionary.

Gem and Jewellery Export Promotion Council chairman Colin Shah said the proposed FTA will help drive up India's gem and jewellery exports to the UAE to as much as $10 billion by FY23 from just $1.2 billion in FY21 (when the shipments were hit by the pandemic). The UAE accounts for 80% of India's plain gold jewellery exports and 20% of its studded jewellery shipments. Abu Dhabi is also a gateway to the entire West Asian region, Shah said.

Both sides are aiming 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. India is also engaged in talks with Australia, the UK and the EU for FTAs.

(Financial Express, 17/2/2022)

Government to rejig commerce department to realise high export goal

Commerce & industry minister Piyush Goyal on Sunday chaired a meeting focused on "the revamping and fortification" of the department.

The government is planning to restructure the department of commerce in a bid to create the necessary eco-system to take advantage of growing global demand for industrial commodities, and realise the lofty goods and services export goal of $2 trillion by 2027-28. It will also hire trade specialists, including from the private sector, wherever required.

Commerce & industry minister Piyush Goyal on Sunday chaired a meeting focused on "the revamping and fortification" of the department. Merchandise and services exports are targeted to rise to $640 billion in FY22 from about $495 billion in the last fiscal, when the pandemic caused massive supply disruptions. Experts handling a project, undertaken to design a "future-ready" commerce department, have suggested that a dedicated trade promotion body be set up to drive overall promotion strategy, export targets and execution. A stronger active role for overseas missions in trade promotion, market intelligence, leads generation and localised research has been envisaged.

The commerce ministry has decided to further bolster the teams tasked with negotiations on trade matters. Separate teams of specialists may be appointed to handle bilateral and multilateral (WTO) talks. A trade remedies review committee, including representatives from the ministries of commerce, industry, finance and other line ministries, will be set up for transparency in investigations outcomes.

Data and analytics ecosystem through centralised data management and embedded analytics capabilities will be strengthened in the commerce department. A concerted strategy to bolster Brand India and re-enforce trade priorities is also being worked out.

The revamped commerce department will have a more coherent trade promotion strategy, with clear targets and execution accountabilities. “There will be a strengthened negotiation ecosystem with right expertise and robust end-to-end processes with clearly defined focus areas and institutions. It aspires to achieve an optimal mix of talent with specialists and generalists sourced from across private and government sectors. The department will have an agile setup responsive to market opportunities and exporter needs via interlinkages across bodies,” the commerce ministry said.

(Financial Express, 21/2/20220)
