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India achieving USD 400 bn goods export target key 'Aatmanirbhar Bharat' milestone, says PM Modi

For the first time ever, India's merchandise exports have crossed USD 400 billion in a fiscal. In 2018-19, the outbound shipments had touched a record of USD 330.07 billion. Hailing the country's success in achieving its goods export target of USD 400 billion this fiscal, Prime Minister Narendra Modi asserted on Wednesday that this is a key milestone in India's 'Aatmanirbhar Bharat' journey. The highest ever goods export target was achieved nine days ahead of the March 31 deadline.

Exports increased by 37 per cent to USD 400 billion during April-March 22, 2021-22 against USD 292 billion in 2020-21. For the first time ever, India's merchandise exports have crossed USD 400 billion in a fiscal. In 2018-19, the outbound shipments had touched a record of USD 330.07 billion.

"India set an ambitious target of USD 400 billion of goods exports and achieves this target for the first time ever. I congratulate our farmers, weavers, MSMEs, manufacturers, exporters for this success. This is a key milestone in our Aatmanirbhar Bharat journey. #LocalGoesGlobal," Modi tweeted. He also posted graphics of India achieving the highest-ever export target.

According to those graphics, the government approach with closer interaction with states and districts; engagement with exporters and faster resolution of their issues; and actively engaging with different export promotion councils, industry associations and other stakeholders have helped in reaching this milestone. On average, goods worth about USD 33 billion were shipped every month and about USD one billion every day.

The key export sectors, which contributed to record healthy growth include petroleum products, electronic goods, engineering goods, leather, coffee, plastic, ready-made garments of all textiles, meat and dairy products, marine products and tobacco.

Commenting on the data, Federation of Indian Export Organisations (FIEO) Director General Ajay Sahai said crossing USD 400 billion is a remarkable achievement as exporters have added over USD 110 billion in one year to reach here despite huge logistics challenges, including container shortage, skyrocketing freight and liquidity constraints.

"What is more important is to build on it, as we will have benefits of new free trade agreements and the PLI scheme (production linked incentive) backing us," he said. FIEO Vice-President Khalid Khan termed the achievement as a "landmark" and said that despite the COVID-19 pandemic exports have "done so well"

(Financial Express, 23/3/2023)

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Editor: **Secretary General**

Exports hit lofty \$400-bn target for FY22 ahead of schedule

Importantly, merchandise exports had remained below par in the past decade, having fluctuated between \$250 billion and \$330 billion a year since FY11; the highest export of \$330 billion was achieved in FY19.

India's merchandise exports hit the ambitious target of \$400 billion for FY22 nine days before the fiscal year is set to end, according to commerce ministry data. Goods exports will exceed the \$30-billion mark for a 12th straight month in March, according to official sources.

This marks a smart recovery in exports, which had contracted almost 7% in FY21 from a year before to \$292 billion, in the wake of the Covid outbreak. However, global demand for goods improved dramatically this fiscal following an industrial resurgence in advanced economies, brightening prospects of Indian exports.

Of course, the Ukraine crisis has now posed risks for exporters, as global supply chains remain tangled. However, it has also created opportunities for Indian suppliers of wheat (Russia and Ukraine are large exporters of the grain) and some other farm commodities in the export market.

Importantly, merchandise exports had remained below par in the past decade, having fluctuated between \$250 billion and \$330 billion a year since FY11; the highest export of \$330 billion was achieved in FY19. So, a sustained surge in exports for a few years will be crucial to India recapturing its lost market share, analysts have said.

Earlier this month, commerce and industry minister Piyush Goyal had exuded confidence that outbound shipments in the current fiscal could the target and might even touch \$410 billion.

Similarly, services exports, too, may exceed the target of \$250 billion this fiscal, the minister had said, adding that his ministry had to revise the targets for FY22 twice from the initial goal of \$225 billion in the wake of buoyant growth. Services exports were to the tune of \$206 billion in FY21.

Merchandise exports until February were up 46% from a year before to \$374.8 billion, supported by a contracted base.

(Financial Express, 23/3/2022)

India crosses crucial \$1-trillion goods trade milestone in FY22 for the first time

As of Wednesday, merchandise trade is estimated to have hit \$1,010 billion, said another official. "Exceeding the \$1-trillion trade level is a big psychological boost for a nation that aspires to be in the big league of top trading countries," he added.

India's annual merchandise trade has breached the crucial \$1-trillion mark for the first time even before the fiscal is set to end, a senior government official told FE, as both exports and imports have scaled fresh peaks. It has surpassed the earlier record of \$844 billion, achieved in FY19, by a wide margin.

After a Covid-induced slide in FY21, India's goods trade got a fresh lease of life this fiscal amid a resurgence of industrial demand in advanced economies and improved domestic consumption with the easing of localised pandemic-related curbs. Global bid to spur economic growth, backed by both liberal

fiscal and ultra loose monetary policies, led to a rise in international demand for merchandise that drove up commodity prices and brightened India's trade prospects as well.

As of Wednesday, merchandise trade is estimated to have hit \$1,010 billion, said another official. "Exceeding the \$1-trillion trade level is a big psychological boost for a nation that aspires to be in the big league of top trading countries," he added.

The government last week said goods exports crossed the ambitious target of \$400 billion, while imports touched \$589 billion until March 21 this fiscal. Exports had jumped 37%, albeit on a contracted base, until March 21, driven by a stellar performance by sectors like engineering, electronics, gems and jewellery, chemicals and petroleum products. Similarly, the rise in imports during this period was supported by a spike in oil prices and massive purchases of coal and gold.

The surge this fiscal will somewhat prop up India's share in global trade, although it will take the country sustained growth over the next few years to regain its lost market share, especially in exports. Its share in global exports for merchandise was 1.7 % and in global imports was 2.6% in the pre-pandemic year of 2018.

Commerce minister Piyush Goyal had then said the fact that the lofty export target was achieved despite the Covid onslaught, supply-chain woes and the Russia-Ukraine conflict is a testimony to "the resilience of our exporters".

The top five export destinations are the US, the UAE, China, Bangladesh, and the Netherlands. Interestingly, the UAE regained its position as the second-largest export destination for India after losing out to China in FY21.

Of course, the Ukraine crisis has now posed fresh risks for exporters, as global supply chains remain tangled and shipping costs have skyrocketed across countries. However, it has also created some opportunities for Indian suppliers of wheat (Russia and Ukraine are large exporters of the grain) and some other farm commodities in the export market.

Some analysts, however, pointed out that the pace of export growth will be difficult to maintain once the domestic economy rebounds strongly. Pronab Sen, noted economist and former chief statistician, told FE recently that India's latest export boom may have been driven partly by producers' move to utilise vast idle capacity, mirroring the vent-for-surplus theory. "There is an argument which was very popular at one time but has completely gone out of our discussion now, and that is the vent-for-surplus theory. This essentially means that if a country has a high level of unutilised capacity, then producers use that idle capacity (because their fixed cost is already taken care of) to sell products at relatively low costs. This leads to greater exports."

However, this works only so long as the economy has large unutilised capacities. "However, as the domestic economy starts picking up and capacity utilisation begins to go up, the surplus exports may come down. I suspect, the current export boom is partly driven by this vast unutilised capacity of Indian Inc," he added.

(Financial Express, 31/3/2022)

European Union to fund urban infrastructure programme for Indian cities

Synopsis

The cities of Surat and Rotterdam (The Netherlands), Kochi and Messina (Italy), Panaji and Almada (Portugal) and Porbandar will work on flood management. The cities of Gangtok and Albacete (Spain), Leh and Trikala/ Farkadona/ Meteora (Greece), Jamshedpur and Alto Minho Functional Area (Portugal) and Jaipur on Solid Waste Management - Circular Economy. The cities of Pune Metropolitan Region Development Authority and Karlsruhe (Germany), and Gwalior and Leuven (Belgium) and Jaipur as well as Leeds will work on urban planning and governance.

The EU funded International Urban and Regional Cooperation (IURC) Asia & Australasia programme in India was officially launched in a virtual event last week with the presence of Sanjay Kumar, Additional Secretary (International Cooperation), Ministry of Housing and Urban Affairs, Government of India, Dr. Ronald Hall, Senior Advisor, DG REGIO, EU Commission, and Kamilla Kristensen Rai, Counsellor, Delegation of the European Union to India.

As part of this city-to-city cooperation, 25 city authorities from Europe and India will work together until end 2023 in the areas of ecological transition, urban and regional renewal and innovative, sustainable and carbon neutral ecosystems. The cities of Surat and Rotterdam (The Netherlands), Kochi and Messina (Italy), Panaji and Almada (Portugal) and Porbandar will work on flood management. The cities of Gangtok and Albacete (Spain), Leh and Trikala/ Farkadona/ Meteora (Greece), Jamshedpur and Alto Minho Functional Area (Portugal) and Jaipur on Solid Waste Management - Circular Economy. The cities of Pune Metropolitan Region Development Authority and Karlsruhe (Germany), and Gwalior and Leuven (Belgium) and Jaipur as well as Leeds will work on urban planning and governance. The cities of Chennai and Trier (Germany) and Ranchi and Reggio Emilia (Italy) will work on Urban Mobility. The cities of Kanpur and Patna will work on air quality.

Speaking on this occasion, Sanjay Kumar, Additional Secretary (International Cooperation) in the Ministry of Housing & Urban Affairs emphasized the importance of ongoing rapid urbanization as an enabling factor in economic growth and poverty reduction in India. As the urban areas of India are the major recipients of FDI and technological innovations, the importance of establishing linkages with global centres of growth cannot be overemphasized. He felt that the proposed partnership between Indian and the EU cities will help exchange of best practices and contribute to the sustainable urban development goal of India.

Ugo Astuto, Ambassador of the European Union to India and Bhutan, said, "IURC will further contribute to the Partnership on Smart and Sustainable Urbanisation between the EU and Ministry of Housing and Urban Affairs, Government of India. Through this project we aim to not only strengthen cooperation with India on sustainable urban development but also decentralise it by involving European and Indian cities. We hope this will also help to demonstrate the role of cities in finding local and global solutions in the areas including urban water challenges, urban resilience and urban mobility."

(Economic Times, 2/3/2022)

International Women's Day: Why only 20% of India's 63 million MSMEs are led by women

Synopsis

There are many factors that act as deterrents for women entrepreneurs. Striking a balance between household responsibilities and business ownership is just one of them. Easier access to information, financial education and sessions on compliance can be hugely beneficial.

Tanvi Malik, Co-founder of online fashion brands FabAlley and Indya, recalls how she had to deal with prejudices while setting up her venture over a decade ago. "We had quit our corporate careers to start this business. So, many thought that it was a hobby in fashion that we had taken up. Hiring older potential employees also wasn't easy. They would question our seriousness as entrepreneurs and ask if we could offer them stable jobs," she says, candidly revealing the biases she had to tackle at the very beginning of her entrepreneurial journey.

Malik is among a miniscule percentage of women who run MSMEs in the country. According to the MSME Ministry's Annual Report 2020-21, only 20% of the 63 million MSMEs in India are owned by women. But that number could be even less, say some analysts.

V Padmanand, Partner, Grant Thornton, says the percentage must be even lower than 20%. "It may not be more than 5%. There may not be many genuine women entrepreneurs who are actually running an enterprise. They might be there just so that others can get the benefits of schemes for women. We have to ensure that women are actually involved in this business. A deep dive is necessary to see how much is the real percentage of genuine women entrepreneurs in the country," he adds.

So, what should be done to increase the abysmally low number of women in the entrepreneurial ecosystem?

For one, it would help if the movement is led by women. There should be more women angel investors who fund women founders, suggests Chinu Kala, Founder of jewellery label Rubans Accessories. This will infuse more comfort into the ecosystem. Also, there have to be more women-centric loans, she says. "That chain has to start, and it will really drive the change. Besides that, information on the kind of loans and policies that are available should reach women across all strata so that they have the right resources at their disposal," adds Kala, who plans to scale up the company's turnover to Rs 200 crore by FY24 from Rs 45 crore now. Kala founded Rubans Accessories in 2014.

There are other aspects also that act as a deterrent when it comes to women setting up their own enterprises. One big factor is the conditioning of women to be a wife and mother instead of being an entrepreneur, especially if it has to do with following one's passion or interest. Lack of support from families and financial tangles also daunt women from taking the step.

Aashna Singh, Co-Founder & COO of agritech firm MooFarm, explains how the environment itself seems to be unfavourable for women. "The entire backbone of the animal husbandry industry is women but they don't own the cattle. It is in the name of men. Access to loans in majority of the cases is in the form of secured loans, with collateral usually in the male member's name. There is no security in the name of women even though they are very good with money. And women are better when it comes to paying back loans," she says. The agritech entrepreneur puts emphasis on mentorship. Women need to

be trained more and made aware of the various aspects of business. “This can also improve their access to finance.”

The COO of MoooFarm recalls how when she started her venture, she felt the lack of gender parity. “Most of the dairy or agri companies are very male oriented. I used to find myself largely on the minority side. But I have felt the respect increase when people in the industry realise that I know what I am talking about. The moment you start making sense, they know you are here to stay and are in it for the right reasons. Then they start respecting you more as a businesswoman,” she adds.

The company’s revenue for 2021-22 is projected to be Rs 30 crore, almost 10x the revenue seen in 2020-21.

For some entrepreneurs, passion has been the driving force. Meghana Narayan, Co-founder of Slurrp Farm, knows how strong a driving force that can be. She started making children’s millet-based food products because she realised that there weren’t many healthy options to feed her children. So she quit McKinsey & Company after 10 years to set up Slurrp in 2016. “The scale of our vision was harder to see for others. But I felt it was my responsibility to take it through. If one doesn’t pave the way, how will it get created?” she asks. “It is also about building something truly iconic.”

In 12 months, the company expects Rs 100 crore in turnover and plans to scale it up to Rs 1,000 crore over the next five years. The company recently raised \$7 million funding from Investment Corporation of Dubai (ICD) and Fireside Ventures.

Women can make the world a better place, and Narayan points out that there is evidence to show that women participating in the workforce makes it better. “People should not think of it as a mere diversity quota. The moment you see it as a ‘nice to have’, it becomes a problem. It should just be the way you do business. It is the right thing to do because it will be good for your top line and bottom line,” she asserts.

What is also needed is lower collateral requirements and low interest rates so that more women can feel at ease to borrow and start up. Malik — who claims they grew 65% this financial year — admits that though women tend to be a little risk-averse, such caution helps them to scale up more sustainably. Quashing perceptions of women founders being more rigid than their male counterparts, she says that it is entirely untrue. “Flexibility is a part of our DNA,” she says. “Women are naturally empathetic.”

(Economic Times, 7/3/2022)

India and US to collaborate on building resilient supply chains: USTR report

In its 2021 Annual Report to Congress, the US Trade Representative (USTR) said the United States and India share a dynamic and important trade and investment relationship.

As part of its efforts to address the global supply chain crisis, the Joe Biden administration plans to collaborate with India on building resilient supply chains and promote a transparent rules-based trading system for market economies and democracies, the US Trade Representative has told Congress.

In its 2021 Annual Report to Congress, the US Trade Representative (USTR) said the United States and India share a dynamic and important trade and investment relationship. In 2021, the United States and India relaunched the United States–India Trade Policy Forum (TPF), which had not met since 2017.

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"The United States and India will also collaborate on building resilient supply chains and promoting a transparent, rules-based trading system for market economies and democracies," the USTR said. When the first wave of COVID-19 hit the world, it caught most businesses off-guard as it disrupted supply chains, especially from China, on an unprecedented scale. Countries like the US and India have highlighted the importance of having a resilient supply chain network that is more robust and diverse.

In 2022, USTR will look to the TPF to tackle issues that include the relationship between trade, labour, and the environment, it said. In 2021, the US with India on an ongoing basis in response to specific concerns affecting the full range of the bilateral trade relationship.

In November 2021, the two countries relaunched the United States–India Trade Policy Forum (TPF), which is the principal bilateral forum for discussing trade and investment issues affecting the two countries. During the TPF meeting, the United States and India had exchanged views on a broad range of trade concerns and issued a joint statement that highlighted the resolution of certain specific trade concerns and identified areas for future engagement through the TPF technical-level workings groups on agricultural goods, non-agricultural goods, services and investment and intellectual property.

These TPF working groups, which include participation by senior-level officials from key US agencies, provide an opportunity to achieve meaningful results and address the general trend of increasingly trade restrictive policies in India that continue to inhibit the potential of the trade relationship. In addition, the United States has indicated that it would engage the government of India in deeper cooperative dialogue on issues in the areas of labour, environment, digital trade, and good regulatory practices, among others

(Press Trust of India, 8/3/2022)

India and Canada to push for 'early progress' trade deal

Synopsis

"I had an excellent conversation with my Indian counterpart (Piyush Goyal) on relaunching negotiations for the trade pact. The teams will soon start negotiations," she said. "I am hoping we can conclude an early progress deal. I would like to describe it as an early progress deal rather than an early harvest deal."

India and Canada will aim for an "early progress deal" as the first goal of trade negotiations that they have agreed to resume, Canadian trade minister Mary Ng said.

"I had an excellent conversation with my Indian counterpart (Piyush Goyal) on relaunching negotiations for the trade pact. The teams will soon start negotiations," she said. "I am hoping we can conclude an early progress deal. I would like to describe it as an early progress deal rather than an early harvest deal."

An early harvest deal is often seen as a precursor to a free trade agreement (FTA), and is used to liberalise tariffs on certain goods before a formal FTA is signed.

Ng, the first Canadian minister to visit India since the re-election of the Justin Trudeau government, was talking to ET after her meeting with commerce & industry minister Goyal. She said the Trudeau

government had put a big emphasis on India as part of its Indo-Pacific outreach. "India is a key element of Canada's Indo-Pacific strategy. India is a major market in the Indo-Pacific region and an important part of Canada's progressive trade agenda. Subsequently, this strategy will also include Asean and Indonesia in particular."

India and Canada held the fifth Ministerial Dialogue on Trade & Investment here on Friday. The ministers agreed to formally relaunch the India-Canada Comprehensive Economic Partnership Agreement negotiations and acknowledged growing concerns about challenges to global supply chains, including disruptions linked to the Covid-19 pandemic.

India is currently also negotiating trade pacts with the UK and Australia and looking at an ambitious trade deal with the EU. Canada's economic partnership with India is about \$100 billion. Two-way trade now stands at \$10.5 billion and services exceed \$6.67 billion. Two-way foreign direct investment is now at \$5 billion, while portfolio investment is approaching \$65 billion from public sources.

There are six priority sectors for Canada in India: agriculture, automotive, cleantech, infrastructure, information & communications technology and life sciences.

(Economic Times, 14/3/2022)

India-Canada CEPA talks from March 10-13

Synopsis

"During the MDTI meeting various bilateral trade and investment issues will be discussed in order to further strengthen the bilateral ties and economic partnership including India-Canada CEPA," the Commerce ministry said.

India and Canada will later this week discuss issues around a bilateral trade agreement when Canada's minister of International Trade, Export Promotion, Small Business and Economic Development Mary Ng visits New Delhi. The commerce and industry ministry on Wednesday said that various bilateral trade and investment issues will be discussed during her visit from March 10-13 in order to further strengthen the bilateral ties and economic partnership including the India-Canada Comprehensive Economic Partnership Agreement (CEPA).

The minister is visiting New Delhi to hold the fifth India-Canada Ministerial Dialogue on Trade & Investment (MDTI) which will be co-chaired by commerce and industry minister Piyush Goyal, the ministry said in a statement.

"During the MDTI meeting various bilateral trade and investment issues will be discussed in order to further strengthen the bilateral ties and economic partnership including India-Canada CEPA," the ministry said.

Bilateral goods trade in 2021 reached \$ 6.29 billion, up 12% as compared to the previous year. Total bilateral trade including goods and services crossed \$11 billion.

In the current financial year during April 2021-January 2022, Indian exports to Canada have increased to \$3 billion, up almost 25% over the previous year.

The major Indian exports to Canada include drugs and pharmaceutical products, iron & steel products, marine products, cotton fabrics & readymade garments, and chemicals while key Canadian exports to India comprise pulses, fertilizers, coal and crude petroleum.

(Economic Times, 10/3/2022)

Supply chain resilience initiative in the works: Japan to invest \$42 bn to boost economic ties

Six pacts inked in a range of areas, besides a clean energy partnership

Prime Minister Narendra Modi said on Saturday Japan aims to invest \$42 billion (5 trillion yen) over the next five years in India, after a meeting with his Japanese counterpart Fumio Kishida in the national capital to bolster bilateral cooperation.

Both the leaders held meetings as part of the 14th India-Japan Annual Summit. This is Kishida's first visit to India as Japan's Prime Minister. Boosting bilateral ties, Modi said at a joint press conference, will not only benefit the two countries but will also help initiatives for peace, prosperity and stability in the Indo-Pacific region. Former Japanese Prime Minister Shinzo Abe had in 2014 announced Moscow's investment and financing of 3.5 trillion yen in New Delhi in five years.

Both the sides signed six pacts in areas of cybersecurity, capacity building, information sharing and cooperation, and agreed to forge a clean energy partnership as well. Kishida and Modi are also expected to agree to convene a two-plus-two meeting between their foreign and defence ministers at the earliest, an official said.

Sources said the two sides are working on a Supply Chain Resilience Initiative (SCRI) — the trade and economy ministers of India, Japan and Australia launched the SCRI on April 27, 2021. The initiative seeks to enhance the resilience of supply chains in the Indo-Pacific region and to develop dependable sources of supply and to attract investment. As initial projects, sharing of best practices on supply chain resilience; and holding of a matching event have been completed.

Japan has been the fifth-largest investor in India, with foreign direct investments of \$36.4 billion between April 2000 and December 2021. It accounted for 6% of the cumulative FDI inflows into India during this period. However, India has been running a huge trade deficit with Japan. Until January this fiscal, while India shipped out products worth only \$5.2 billion, Japan's exports to India hit as much as \$12 billion.

"There has been progress in the economic partnership between India and Japan. Japan is one of the largest investors in India. The countries are working as 'one-team, one-project' on Mumbai-Ahmedabad high-speed rail corridor," Modi said.

Both the leaders, earlier in the day, discussed ways to boost economic and cultural linkages between the two countries at Hyderabad House, according to the Prime Minister's Office (PMO). This year also marks the 70th anniversary of the diplomatic relations between India and Japan.

(Financial Express, 20/3/2022)

Third round of talks in April: India, UK move closer to interim trade deal

The interim deal is proposed to be followed by a broader free trade agreement (FTA). The third round of negotiations is scheduled to be hosted by India in April. India last month sealed an FTA with the UAE and it's in talks for an early conclusion of an early-harvest deal with Australia.

India and the UK have moved a step closer towards an interim deal that aims to cover about 65% of goods and about a third of bilateral services trade, with both the sides having concluded the second round of negotiations in London this month.

India has pitched for duty-free access in sectors like textiles & garments, leather, footwear, marine products, iron & steel, gem & jewellery and processed food products, sources told FE. For its part, the UK wants greater access in alcoholic drinks like scotch, information and communications technology (ICT) products, certain other high-end consumer and capital goods, and digital services.

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Indian officials participated in technical negotiations, which were conducted in a hybrid fashion, with some talks in a dedicated UK negotiations facility, and the rest through virtual mode.

Draft treaty text was shared and discussed across most chapters that will make up the agreement. Technical experts from both sides came together for discussions in 64 separate sessions, covering 26 policy areas, the commerce ministry said.

"The second round of talks with the UK was conducted on a positive note to build on the progress made in the first round. Discussions are going on, and the focus has now shifted to granular details in select sectors," one of the sources said.

Both the countries launched formal negotiations in January for a "fair and balanced" FTA, which could cover more than 90% of total tariff lines. They aimed to double bilateral trade of both goods and services to about \$100 billion by 2030. The India-UK trade is currently dominated by services, which make up for about 70% of the overall annual trade.

Both New Delhi and London are also negotiating on mutual recognition agreements in the pharma sector, which would provide substantial market access for exporters from both the countries. Commerce minister Piyush Goyal has been pushing for greater access to the UK market in key services sectors like IT/ITES, nursing, education, healthcare, including AYUSH and audio-visual services. India would also be seeking special arrangements for movement of its people.

Before the pandemic, India shipped out goods worth \$8.7 billion to the UK in FY20 and its imports from that nation stood at \$6.7 billion. Between April and January this fiscal, India's exports to the UK rose 37% from a year before to \$8.5 billion, while its imports surged 55% to \$5.9 billion. India mainly exports textiles & garments, gems and jewellery and certain capital and consumer goods to Britain and imports capital and consumer goods in large volumes as well.

Balanced FTAs will also enable the country to achieve its ambitious merchandise export target of \$1 trillion by FY28, against \$291 billion in the pandemic year of FY21. In the current fiscal, merchandise exports have already surpassed the record target of \$400 billion and are expected to reach \$410 billion on the back of sustained order flow from key economies like the US. The government also expects services exports to hit a fresh peak of \$250 billion in FY22.

(Financial Express, 26/3/2022)

India-Australia interim trade deal could be concluded this week

Synopsis

Last year in October, the two countries had set the target of concluding the interim trade deal by December 2021 and to conclude talks on a comprehensive economic cooperation agreement (CECA) by the end of 2022. However, the early 'harvest deal' was held up due to apprehensions on the Indian side regarding opening up of the country's agriculture and dairy sectors.

Talks between India and Australia on an interim trade deal are at an advanced stage and could be concluded this week, according to people in the know.

An agreement could potentially bolster India's economic forays in the Indo-Pacific region through wider market access.

Last year in October, the two countries had set the target of concluding the interim trade deal by December 2021 and to conclude talks on a comprehensive economic cooperation agreement (CECA) by the end of 2022. However, the early 'harvest deal' was held up due to apprehensions on the Indian side regarding opening up of the country's agriculture and dairy sectors.

The negotiations received a push at last week's virtual summit between the two prime ministers.

"Our Comprehensive Economic Cooperation Agreement – CECA, on this, as you said, I also want to say that remarkable progress has been made in a very short time. I am confident that the remaining issues will also be agreed upon soon," Prime Minister Narendra Modi had said in his opening remarks at the virtual summit on March 21. "The early completion of CECA will be crucial for our economic relations, economic revival and economic security."

On CECA, the summit joint statement said both PMs "expressed satisfaction on the large degree of convergence on many of the elements which are close to finalisation".

"Leaders re-committed to concluding an interim CECA at the earliest and work towards an ambitious, full CECA by the end of the year to enhance trade and investment ties and deepen the CSP (Comprehensive Strategic Partnership)," the statement said.

As part of the interim trade deal, India may allow high-end Australian wine at a concessional duty but keep dairy products and certain sensitive farm items out of its purview, hinted people familiar with the matter.

India is expected to get duty concession in some labour-intensive sectors, including agriculture and textiles, and greater market access in pharmaceuticals. India largely imports coking coal from Australia. Other key imports from Australia include gold, copper ore, inorganic and organic chemicals and LNG.

There's been remarkable growth in Indo-Australia trade relationship in the recent years. Two-way trade in goods and services in value terms stood at \$24.3 billion in 2020, up from \$13.6 billion in 2007.

At the 17th India-Australia Joint Ministerial Commission meeting last September, the two commerce ministers of India and Australia had formally re-launched CECA negotiations and reaffirmed their commitment to conclude a CECA, and to liberalise and deepen bilateral trade in goods and services.

Australia's trade minister Dan Tehan has visited India twice since September last year to give a push to the interim trade deal.

Australia and India launched negotiations for a CECA in May 2011. There were nine rounds of talks before both countries decided to suspend negotiations in September 2015, pending the outcome of other multilateral regional negotiations.

Australia has significant reserves of critical minerals required for clean technologies and electric vehicles. For instance, it accounts for more than 55% of the global production of lithium. In this backdrop, a trade deal will give India access to critical materials. Last year India, Australia and Japan launched a resilient supply chain initiative amid the Covid-19 pandemic.

(Economic Times, 30/3/2022)
