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Boost to 'merchanting trade', Re settlement in new foreign trade policy

The government on Friday unveiled the new foreign trade policy (FTP) 2023, moving away from incentives to a remission- and entitlement-based regime, even as it stuck to the goods and services exports target of $2 trillion for 2030.

The policy included a new one-time amnesty scheme for defaulters in export obligations, and measures to facilitate international trade settlement in rupee even with countries facing currency crisis. E-commerce exports will be given a leg up.

Facilitation of "merchanting trade" – shipment of goods from one foreign country to another with the aid of Indian intermediary and sans contact with Indian ports — and a step to reduce transaction costs for smaller firms, which have a major share in India's goods exports, are the other key features of the policy.

The new policy, which replaces the FTP of 2015-20 that was extended up to March 2023 in the wake of the Covid-19 pandemic, refrained from rolling out any new incentive or subsidy schemes for exporters, in recognition of their incompatibility with the multilateral trade rules under the WTO and India's commitments to the world body. Instead, the policy focussed on tweaking some of the existing schemes.

Ongoing tax neutralisation schemes like Export Promotion Capital Goods Scheme, Advance Authorisation and the Remission of Duties and Taxes on Exported Products (RoDTEP) and remission of state and central taxes and levies will continue some amount of process re-engineering.

Commerce and industry minister Piyush Goyal, said: "We need to work more on goods exports. It should not be the case that services exports are more than $1 trillion by 2030 but goods exports are lagging," he said, urging both the industry as well as the department to work on this.

He also stressed that exports should be done where there is a competitive advantage and said that subsidies are not the way for success for any industry and instead, it should be done by leveraging strengths and capacity. Noting that exports have already crossed $ 750 billion this fiscal, he said it is expected to cross $ 760 billion or even $ 770 billion this fiscal, against a $670 billion in 2021-22.

Unlike the practice of announcing a five-year FTP, the latest policy has no end date and will be updated as and when needed, said Director-General of Foreign Trade (DGFT) Santosh Sarangi. "Incorporating feedback from trade and industry would also be continuous to streamline processes and update FTP, from time to time," said an official release.

The new policy which comes into play from Saturday (April 1) has been unveiled at a time when domestic exports have been struggling in the aftermath of the global economic slowdown.

The key approach to the FTP is based on four pillars including moving from incentives to remission, export promotion through collaboration with exporters. States, districts and Indian missions, ease of doing business, reduction in transaction cost and e-initiatives as well as encouraging emerging areas such as e-commerce, developing districts as export hubs and streamlining the SCOMET policy.

Merchanting trade of restricted and prohibited items would now be possible. It is hoped that this will allow Indian entrepreneurs to convert certain places like GIFT city etc. into major merchanting hubs as seen in places like Dubai, Singapore and Hong Kong. However, this will be subject to compliance with RBI guidelines, and will not be applicable for goods and items classified in the CITES and SCOMET list.

EEPC India chairman Arun Kumar Garodia said: “It is encouraging that the government has accepted our suggestion and provided for merchanting trade in the new trade policy. Now, a person sitting in India can buy in one country and ship to the other country.”

With e-commerce exports having a potential to grow to $200-300 billion by 2030, the FTP has also outlined a roadmap for establishing e-commerce hubs and related elements such as payment reconciliation, book-keeping, returns policy, and export entitlements. The consignment wise cap on e-commerce exports through courier has been raised from Rs 5 lakh to Rs 10 lakh and depending on the feedback of exporters, it would be further revised or eventually removed. A comprehensive e-commerce policy addressing the export and import ecosystem would also be elaborated soon, based on the recommendations of the working committee on e-commerce exports and inter-ministerial deliberations.

The one-time amnesty scheme is expected to provide relief to exporters who have been unable to meet their obligations under EPCG and Advance Authorisations, and who are burdened by high duty and interest costs associated with pending cases. “All pending cases of the default in meeting Export Obligation (EO) of authorisations mentioned can be regularised on payment of all customs duties that were exempted in proportion to unfulfilled EO. The interest payable is capped at 100% of these exempted duties under this scheme,” said an official statement.

Saurabh Agarwal, tax partner, EY, said this would help the industry in mitigating the potential impact of payment of customs duties where benefit was previously availed.

“The new Foreign Trade Policy is designed to facilitate greater trade, boost manufacturing, promote exports, further enable ease of doing business and also work towards making Indian rupee a global currency, adding further impetus to India’s emergence as the global trading hub,” FIEO president A Sakthivel said. He also requested the government that a 3-6 month transition period be provided, whenever a major change is notified in the FTP, so that the existing contract can be executed factoring the prevailing benefits.

In a bid to improve the ease of doing business, the FTP has also envisaged automatic approval of various permissions based on process simplification and technology implementation, which would now be done within one day for issuances of EPCG and Advance Authorisation, revalidation of authorisations and extension of export obligations. There will also be a reduction in user charges for MSMEs under AA and EPCG.

Four new towns, Faridabad, Mirzapur, Moradabad and Varanasi, have been designated as Towns of Export Excellence (TEE) in addition to the existing 39 towns. It will also partner with states to take forward the districts as export hubs (DEH) initiative to promote exports at the district level.

(Financial Express, 31/3/2023)

India's exports to cross $750 billion this fiscal, says Piyush Goyal

The country's goods and services exports are marching ahead to cross $750 bn in the current financial year and talks for expanding rupee trade with certain countries are at an advanced stage.

The country's goods and services exports are marching ahead to cross USD 750 billion in the current financial year and talks for expanding rupee trade with certain countries are at an advanced stage, Commerce and Industry Minister Piyush Goyal said on Monday.

Goyal said that last year the exports reached an all time high of USD 676 billion.

We are inching close and marching ahead to cross USD 750 billion of goods and services exports in 2022-23We are expanding rupee trade with several countries, many of which are at an advanced stage of dialogue and finalisation., he said here at the CII partnership summit.

Earlier, exports used to hover at around USD 500 billion every year, he added.

India's merchandise exports during April-January this fiscal have increased to USD 369.25 billion as against USD 340.28 billion in the same period last year. Services exports during the 10-months period are estimated at USD 272 billion.

Further the minister made 10 recommendations to promote global trade.

The suggestions include addressing tariff and non tariff barriers; a string and responsive international institutional framework; and collaboration in trade and technology.

When we talk of building resilient and global value chains, we must collectively address the challenges of tariff and non-tariff barriers. There are so many non-tariff barriers and as countries create them, others are tempted to follow suit. It is imperative that nations must address these in a mission mode, Goyal said.

He said that for financing global recovery, a strong and responsive international institutional framework is needed for within which we must reform several multilateral organisations and trading arrangements that have, over the years, led some non-transparent economies whose economic systems are totally opaque- to enjoy the fruits of multilateral engagements.

I think it is time the world called out such countries and made them accountable and transparent, he said adding on emerging technologies, countries should undertake world skill mapping.

On one hand, find certain nations with tremendous skills, we can match that skill deficit yet rich countries which need those skills and that matchmaking is what partnerships are all about, Singapore and India are making serious efforts to do that. UAE and India have been doing that. I invite other countries so that workforce scarce countries can enjoy the fruits. With Australia, we are working on such mobility and migration partnerships, Goyal said.

The minister also said that there is a need to promote flexible ESG frameworks, which are tailor made.

India, he said, is aspiring to be the third largest economy in the world in the next 4-5 years.

We are entering into international agreements with several countries to enable our businesses as we will enable businesses around the world to engage deeply with each other so that we can become a larger player on the global economic front, Goyal said.

He also informed that Sultan Ahmed bin Sulayem, Group chairman and chief executive officer (CEO) of DP World, is setting up large facilities in Jammu and Kashmir.

Speaking at the event, Canada's Trade minister Mary Ng said that investing in Canada gives Indian companies the ability to grow their competitiveness and gain access to 60 per cent of the world's economy through the supply chain thanks to our network of free trade agreements.

We are working on a trade agreement that is meaningful and that would make trade seamless and help develop supply chain links between our countries, create partnerships in that digital economy whether it is clean tech, agri tech, health tech, and creating solutions for the future be it climate change, food security.

Our goal is to reach a deal that will support Indian and Canadian companies, manufacturers, service providers, farmers, workers, MSMEs, and ensure a deal that will benefit everyone, she said.

UAE Minister of Economy Abdulla Bin Touq Al Marri said bilateral trade with India is growing and USD 100 billion target is also now looking modest.

(Business Standard, 13/3/2023)

Indian tech sector to hit $245 bn in FY23; headwinds seen in FY24: Nasscom

Industry on track to achieve $500 bn by 2030, but skilling gap needs to be addressed on priority

While the Indian tech industry has remained resilient in the current uncertain macro environment and will touch $245 billion in FY23, the headwinds for FY24 are clear. Hurdles in the form of delayed decision making, gap in emerging tech roles, demand contraction and emerging tech regulations will impact the industry.

These have already impacted the FY23 numbers if one compares them to the FY22 figures. At $245 billion in FY23, the incremental net revenue addition, at a projected size of $245 billion in FY23, is estimated to be about $19 billion. This is significantly lower than the FY22 incremental revenue addition of $30 billion. The growth for FY22 was 15.5 per cent.

These headwinds have made Nasscom, the industry body representing the Indian tech industry, in its Strategic Review 2023 define the year as 'Priming for a no normal future'.

The Strategic Review added that in FY23, growth has been across segments of IT services, BPM, Software products, ER&D and the domestic market. Mirroring the trend, the Indian service export revenue is expected to touch $194 billion in reported currency, up 9.4 per cent over FY22.

Going ahead, however, the industry is guarded in its response to any predictions on future growth. “The mood and sentiment that we are getting from CEOs is cautiously optimistic. We know that tech spends will grow, but we also know that the headwinds are very strong. Our members are saying that FY24 looks like a similar year but we will not go beyond this,” said Debjani Ghosh, president, Nasscom.

Krishnan Ramanujam, chairperson, Nasscom, said there are plenty of storm clouds gathering. “While it does not seem to rain yet, the fear that it will, is very palpable and very visible across the board.”

The one positive point that came amid all the layoff news is that the IT industry continues to be a net employer, with a workforce of over 5.4 million, creating 290,000 new jobs in FY23. With a 36 per cent digitally skilled workforce, the industry remains on top in terms of AI skills penetration globally, the second largest in AI/ML BDA talent pool, and the third in terms of installed supply of cloud professionals.

On the positive growth side, global captive centres (GCCs) continue to expand into India. About 40 per cent of global GCCs are present in the country today, which demonstrates a tremendous opportunity for the country to scale up. India added 65 new GCCs in the year, taking the total to 1,570-plus. Sub-sectors such as ER&D also witnessed an accelerated double-digit growth, at 11.1 per cent.

The proportion of digital tech in the overall technology services revenue has been rising year after year. From only around 26-28 per cent in FY20, to leapfrogging to over 32-34 per cent in FY23, there has been increasing penetration of digital tech in the industry.

The Indian tech startups in FY23E focused on strengthening business fundamentals and governance. India added over 1,300 startups and 23 unicorns in 2022. The country has also emerged as a hotbed for deep tech startups, reaching a total of over 3,000 in FY23, of which 485 inventive deep tech startups are developing innovative solutions.

According to a McKinsey CIO survey, 75 per cent of CIOs expect spending on digital to continue with evolving priorities based on the changing macroeconomic environment. With evolving buyer preferences, tech service providers are increasingly pivoting towards becoming transformational partners with a focus on bringing domain specialisation and impact-based commercial arrangements.

(Business Standard, 2/3/2023)

India, EU conclude another round of talks for proposed trade agreement

Synopsis

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India and the 27-nation bloc resumed negotiations on June 17 last year after a gap of over eight years on the proposed agreements on trade, investments and Geographical Indications (GI).

"Round 4 of India EU-FTA negotiations held at Brussels," Nidhi Mani Tripathi, Joint Secretary in the Department of Commerce has said in a tweet. She is India's chief negotiator for the agreement.

India had started negotiations for a trade pact with the EU in 2007 but the talks stalled in 2013 as both sides failed to reach an agreement on key issues, including customs duties on automobiles and spirits and the movement of professionals.

India's merchandise exports to EU member countries stood at about USD 65 billion in 2021-22, while imports aggregated USD 51.4 billion.

A GI is primarily an agricultural, natural or manufactured product (handicrafts and industrial goods) originating from a definite geographical territory. Typically, such a name conveys an assurance of quality and distinctiveness, which is essentially attributable to the place of its origin.

(Economic Times, 19/3/2023)

Taiwan's Foxconn seeks chip, EV cooperation with India

Currently, iPhones are assembled in India by at least three of Apple's global suppliers - Foxconn and Pegatron in Tamil Nadu, and Wistron in Karnataka.

Major Apple Inc supplier Foxconn said on Saturday it was seeking cooperation in India in new areas like chips and electric vehicles (EVs) after a visit to the country by its chairman, Liu Young-way.

Apple has been shifting production away from China after the country's strict COVID-19 restrictions disrupted the manufacturing of new-model iPhones and other devices, and amid tensions between Beijing and Washington.

In January, India's trade minister said Apple, which began iPhone assembly in the country in 2017 through Wistron Corp and later Foxconn, wants India to account for up to 25% of its production from about 5% to 7% currently.

Taiwan's Foxconn, the world's largest contract electronics maker and formally called Hon Hai Precision Industry Co Ltd, said Liu had visited India from Feb. 27 to Saturday.

"My trip this week supported Foxconn's efforts to deepen partnerships, meet old friends and make new ones, and seek cooperation in new areas such as semiconductor development and electric vehicles," Liu said in a statement.

Foxconn has ambitious plans to make EVs, and is also looking to make chips.

"On the basis to share, collaborate and thrive together, Foxconn will continue to communicate with local governments to seek the most beneficial development opportunities for the company and all stakeholders," Liu added.

He did not mention any new concrete investment plans in the country, and Foxconn has not announced any since his trip.

Apple's iPhones will soon be assembled at another site in Karnataka, and 300 acres (120 hectares) have been aside to set up a factory, the state government said on Friday.

Currently, iPhones are assembled in India by at least three of Apple's global suppliers - Foxconn and Pegatron in Tamil Nadu, and Wistron in Karnataka.

(Economic Times, 4/3/2023)

India-UK free trade talks covered 11 policy areas in seventh round

The seventh round of India-UK FTA talks concluded following technical discussions across 11 policy areas over 43 separate sessions between negotiators from both sides last month, British govt has said.

The seventh round of India-UK free trade agreement (FTA) talks concluded following technical discussions across 11 policy areas over 43 separate sessions between negotiators from both sides here last month, the British government has said.

In an outcome statement released on Monday, the Department for Business and Trade did not give any further details on the policy areas covered, but confirmed that the eighth round of talks is due to take place in a few weeks' time.

On 10 February 2023, the United Kingdom and the Republic of India concluded the seventh round of talks for an India-UK FTA, the outcome statement reads.

Technical discussions were held across 11 policy areas over 43 separate sessions. They included detailed draft treaty text discussions in these policy areas. The eighth round of negotiations is due to take place later this Spring, it said.

As with previous rounds, last month's session was also conducted in a hybrid fashion, with a number of Indian officials travelling to London for negotiations and others attending virtually.

In keeping with the norm so far of alternating locations, the next round is expected to take place in New Delhi towards the end of this month.

Last week, UK Business and Trade Secretary Kemi Badenoch had reiterated her priority focus on pursuing a great trade deal with India.

A deal to cut tariffs and open opportunities for UK services, making it easier for British businesses to sell to an economy set to be the world's third-largest by 2050, she said in a speech to the Legatum Institute think tank in London.

It coincided with UK Foreign Secretary James Cleverly reaffirming Britain's commitment to conclude the FTA during his visit to India for the G20 Foreign Ministers' meeting last week.

According to official UK government statistics, the bilateral trading relationship was worth GBP 34 billion in 2022 growing by GBP 10 billion in one year.

The Confederation of British Industry (CBI), the country's leading industry body, estimates an India-UK FTA could boost trade with India by GBP 28 billion a year by 2035 and increase wages across the UK by GBP 3 billion.

(Business Standard, 7/3/2023)

India seen to sail towards record goods exports this FY amid turbulent waters

Synopsis

The Export-Import Bank of India, or India Exim Bank, pegs India's merchandise exports for January-March at $110.9 billion, leading to record exports of $447.3 billion for the full year. However, the bets of record numbers come despite the fact that tightening of global financial conditions and persistent geopolitical woes continue to be a a major hindrance, which is already reflected in weak manufacturing exports.

India's premier export financing institution expects merchandise exports to hit a record high in this fiscal year ending March 31, even as geo-politial concerns dent the growth run rate of outbound shipments.

The Export-Import Bank of India, or India Exim Bank, pegs India's merchandise exports for January-March at $110.9 billion, leading to record exports of $447.3 billion for the full year. Non-oil exports are forecast to amount to $87.7 billion during the same period.

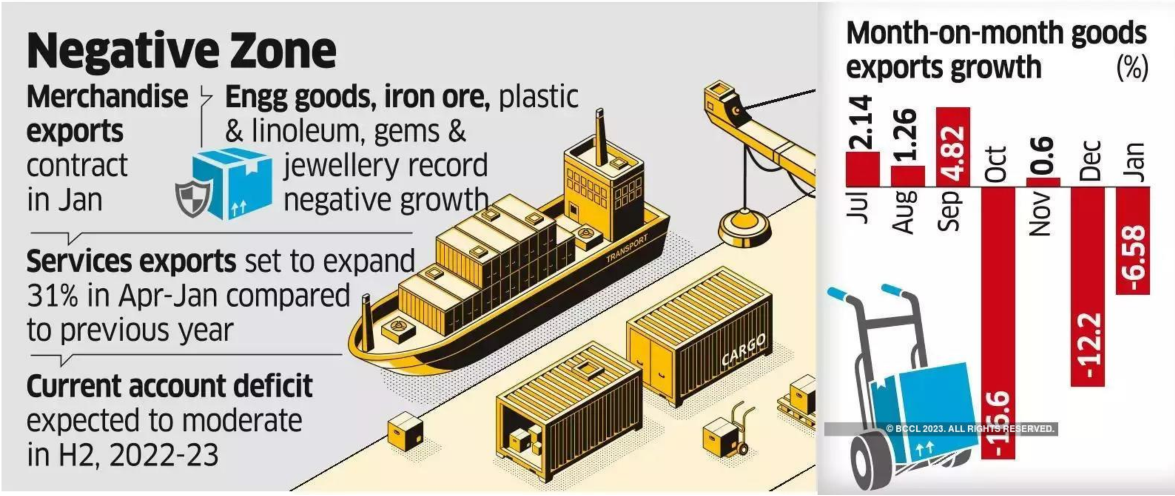
India achieved an all-time high annual merchandise export of $422 billion in FY22. The Netherlands has displaced China from the third spot as India's exporting partner in April-December FY23 and India has diversified its export destinations over time with the share of South Africa, Brazil and Saudi Arabia rising while those of China and the US fell.

"The new diversified markets including those of Brazil, South Africa and Saudi Arabia have led to the increase in exports by up to two times… The ongoing trade negotiations with UK, EU, Canada, Israel etc, will also add further impetus to our exports," A Sakthivel, President, Federation of Indian Export Organisations, had said earlier.

However, the bets of record numbers come despite the fact that tightening of global financial conditions and persistent geopolitical woes continue to be a major hindrance, which is already reflected in weak manufacturing exports.

"India's exports could be shadowed by deepening global energy crisis, tighter global monetary and financial conditions, continued slowdown in select major trade partners and continued uncertainty around the Russia Ukraine conflict," India Exim Bank said.

India's merchandise exports fell 6.58% year-on-year to $32.91 billion in January on the back of slowing global demand, contracting for the second month. Trade deficit touched a 12-month low of $17.75 billion in January as imports shrank 3.63% for the second consecutive month. Imports during the month amounted to $50.66 billion, according to the data. Merchandise exports had declined 12.2% to $34.48 billion in December 2022.



EXPORTS

Data for India's February merchandise exports is expected later today.

The Reserve Bank of India has in its most recent commentary on growth shown optimism on most indicators except for exports. The RBI-led rate-setting panel said, "External demand is likely to be dented by a slowdown in global activity, with adverse implications for exports."

What is pushing India's export ambitions is the services exports, which however is not immune to external exogenous factors and bleak economic outlook in advanced economies.

An estimated 49.1% rise in services exports in January helped improve India's trade deficit. Overall trade deficit narrowed to $1.27 billion in January, the lowest in 19 months.

(Economic Times, 15/3/2023)

India trumps China in unicorn creation for second consecutive year in 2022

Companies grow despite shrinking funding, regulatory challenges and lay-offs

India in 2022 created more new unicorns than China for the second year in a row despite macroeconomic uncertainty and recessionary fear affecting investments, said a report on Wednesday.

As many as 23 Indian firms crossed the $1-billion valuation mark for unicorn status, compared to China’s 11. Deal value in India shrunk 33 per cent from $38.5 billion in 2021 to $25.7 billion in 2022, said the report by IVCA-Bain & Company.

“Overall funding saw a drop in 2022—led by a drop in late-stage large deals. The ecosystem faced foundational shifts as VCs pivoted focus to unit economics and start-ups faced a challenging year with multiple regulatory challenges, lay-offs and corporate governance issues surfacing,” said Arpan Sheth, partner at Bain & Company, referring to venture capitalists.

The decline in funding was largely over the second half (H2) of 2022 when macro headwinds intensified. Early-stage investments continued despite the decline, pushing total VC deals in the year to more than 1600.

“Going forward, while macro headwinds will continue to impact India, we believe 2023 may lead to the emergence of a more resilient ecosystem in India,” Sheth said.

Start-ups in non-metro cities grew to 18 per cent in terms of funding share, while 9 out of 23 unicorns added in the year were in cities outside India’s top three cities. The report said this indicates a shift to more democratic funding geographically.

“Over the years, the alternative investment asset class has demonstrated remarkable resilience. While 2022 marked a year which heralded PE/VCs to adapt in the face of unprecedented challenges, it also went on to witness record fund-raising and all-time high available dry powder. This only reinforces global investors’ confidence in India to be one of the few bright spots of growth,” said Rajat Tandon, president of IVCA.

“We remain optimistic about the long-term growth prospects of the industry and its ability to navigate uncertainty, identify opportunities, and support India's dynamic entrepreneurial ecosystem,” he said.

The report said that while global headwinds will impact India, 2023 will likely see a stronger startup ecosystem emerging. “2023 will likely see the emergence of a more resilient ecosystem as stakeholders remain cautiously optimistic. Investors are expected to double down on early-stage deal making, taking bets in emergent spaces such as gaming (hyper casual games, e-sports), health-tech, EV and AI-led use-cases likely to see interest,” said Sriwatsan Krishnan, Partner at Bain & Company.

Software-as-a-service (SaaS) and fintech continued to see momentum relative to 2021, growing from 25 per cent to 35 per cent in terms of total funding share in 2022.

“SaaS and Fintech will remain significant. While regulatory oversight may have some impact on Fintech, focus on globalization of the India Stack (cross-border UPI, identity, cross border commerce) is likely to open up new avenues. Participation from a wider investor base (micro-VCs, family offices, global funds foraying in India) is likely to sustain,” Krishnan added.

The electric vehicles sector witnessed 2.4-fold growth in overall investment value due to policy-led cost competitiveness, growth in adoption led by innovative business models, and broader interest across the value chain, the report said.

Agriculture technology start-ups were among sectors getting the highest funding in 2022, with total investments crossing $500 million.

(Business Standard, 16/3/2023)

Trade facilitation a major policy objective for India; world’s fifth largest economy must adopt TFA+ approach

India is on the right path. The interoperability of digital payment systems – UPI and PayNow – between India and Singapore – is a laudable move. The next, and more difficult step is enabling trusted cross-border data flows.

For India – the world’s 5th largest economy and aspiring to integrate deeper in global supply chains – enhancing competitiveness is non-negotiable. This makes trade facilitation a major policy objective for India. What is trade facilitation? The conventional understanding is it includes efforts to minimize obstacles to the cross-border movement of goods. The bigger these obstacles, the more are costs incurred by exporters and importers, reducing their financial margins, and affecting competitiveness. For India, border costs have adversely impacted prospects of exports, even when many of them enjoy production advantages of using cheap natural resources and skilled labour.

Border costs are 'regulatory cholesterol' choking supply chains. Lengthy, cumbersome procedures at entry and exit check points are typical examples. But regulatory cholesterol is much more than on-border procedures. They extend to 'behind border' domestic standards unaligned with those in major global markets leading to quality mismatches and higher costs for certification. Regulatory misalignments impose high costs for trade that are rarely understood. India – a signatory of the WTO's multilateral Trade Facilitation Agreement (TFA) – has been working on cutting border red-tape and associated costs. But trade facilitation must go much further. Sustaining long-term comparative advantages requires taking a dynamic view of trade facilitation. This calls for a TFA+ approach. The salience of adopting a TFA+ approach has become more evident after the COVID-19 pandemic. Disruptions inflicted by the pandemic on supply chains were unprecedented. As businesses grappled to restore functional normalcy, they realized the importance of being operationally flexible and agile. Governments also realized the importance of being nimble and expansive in approaching trade facilitation.

Global trade has become intensely digital in character after the pandemic. Cutting procedural flab at borders and shifting to online practices is now an accepted necessity for countries. Large-scale digital shifts, such as in invoicing and certification, need to be accompanied by deeper structural changes. These include implementing mechanisms like recognizing digital signatures and identities among cross-border jurisdictions. India is actively engaging in ambitious bilateral FTAs (e.g., UAE, Australia, EU, UK, Canada) for obtaining new preferential market access for its businesses. For making these accesses come good, it must push trade facilitation to a space where it can align its digital cross-border trade system with those of the markets it is negotiating FTAs with. The challenge is substantial. Initial efficiency gains obtained from paperless processes and e-invoicing need to be augmented by establishing processes for recognizing digital identities and cross-border e-payments. This requires trade facilitation to extend to 'behind border' regulations in the digital economy.

India is on the right path. The interoperability of digital payment systems – UPI and PayNow – between India and Singapore – is a laudable move. The next, and more difficult step is enabling trusted cross-border data flows. This is where data protection and privacy rules must be crafted internally in a manner that facilitate seamless cross-border digital trade. The idea of trade facilitation must be expanded by appreciating that a large amount of physical trade between countries is now conducted digitally. The explosive growth of online retail and digital delivery of physical goods marks the shift. This is an inevitable outcome of the COVID-19 pandemic that led to international borders being shut for several months. Trade and supply chains therefore have had to reorganize in ways that minimize future disruptions even if borders close.

From the perspective of major economies like India, trade cannot stop, and supply chains must continue to function. The costs of supply chain disruptions are too large to bear repeatedly. Chain resiliencies, therefore, should be such so as to survive disruptions. Digital transformation and adaptability are greatly important in this regard. Trade facilitation required for achieving the above objective must have a vision broader in scope than the TFA. It must combine reforms to reduce the regulatory cholesterol at the border with the development of domestic regulations that enable effective integration in global supply chains. A TFA+ plus approach to trade facilitation for India will benefit from its engagement in plurilateral and regional rule-making coalitions. The Indo-Pacific Economic Framework for Prosperity (IPEF) is noteworthy in this regard. India's proactive engagement in the IPEF on trade facilitation, digital economy and good regulatory practices will bring wholesome benefits. So will engaging in comprehensive FTAs that address a broad range of trade standards, such as with the EU and the UK. Trade facilitation cannot, and should not, be taken as an exercise for obtaining select efficiency gains. With India's external strategic engagement expanding rapidly, it must use trade facilitation for maximizing the benefits of its engagement in global efforts to build resilient supply chains and developing modern 21st century trade standards.

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(Financial Express, 24/3/2023)
