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## Commercial Relations, Trade Agreements and International Trade Organisations

India has always stood for an open, equitable, predictable, non-discriminatory and rule based international trading system. India is of the view that, Regional Trading Arrangements, should be 'building blocks' complementing the multilateral trading system.

India is actively engaging in regional and bilateral negotiations with various countries/blocs to diversify and expand the markets for exports.

While the multilateral trade negotiations progressed slowly, India pursued regional and bilateral trade negotiations with vigour. In pursuance of its 'Look East Policy', a continuous dialogue is maintained with the ASEAN and the countries of South-East Asia at summit level engagements.

Major bilateral agreements which have been concluded in the recent past include: Comprehensive Economic Partnership Agreement (CEPA) with Republic of Korea, Comprehensive Economic Cooperation Agreement (CECA) with Malaysia and the CEPA with Japan, USA remains one of India's major trade partners, and also underway are the India-EU Broad based Trade and Investment Agreement (BTIA) negotiations etc.

The main areas of trade are:

- I. Trade with Asia
- II. Bilateral trade relations with countries in South Asia and Iran
- III. Trade with Australia and New Zealand
- IV. Trade with North America Free Trade Agreement (NAFTA)
- V. Trade with Europe
- VI. Trade with Commonwealth of Independent States (CIS)
- VII. Trade with Latin American and Caribbean Countries
- VIII. Trade with Countries in Sub Saharan Africa (SSA) Region
- IX. Trade with countries in the West Asia & North Africa (WANA) Region
- X. International Trade Organizations
  - a) The World Trade Organization (WTO)
  - b) Economic and Social Commission for Asia & the Pacific (ESCAP)
  - c) United Nations Conference on Trade and Development (UNCTAD)
  - d) Global System of Trade Preferences (GSTP)
  - e) Asia Pacific Trade Agreement (APTA)
  - f) Bay of Bengal Initiative on Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)
  - g) BRICS (Brazil, Russia, China, India and South Africa) Trade
  - h) IBSA (India Brazil and South Africa) Trade Ministers meet in Pretoria

- i) Indian Ocean Rim – Association for Regional Cooperation (IOR-ARC)
- j) Kimberley Process.

## I. TRADE WITH ASIA

### (A) ASEAN Region

India announced its 'Look East Policy' in 1991 with a view to seeking greater engagement with East Asian countries. In order to address the economic content of the 'Look East Policy', a continuous dialogue is maintained with ASEAN (Association of South East Asian Nations) countries viz. Brunei Darussalam,

Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam. Summit level engagements, Ministerial meetings and official level discussions are held in order to fulfill the Look East Policy agenda.

India's trade with ASEAN countries was US \$ 74.68 billion during the year 2013-14. Major destinations for India's exports in the region are Singapore, Indonesia, Malaysia, Vietnam, and Thailand, while the major sources of imports are Indonesia, Malaysia, Singapore, Thailand, Vietnam and Myanmar.

**Table 6.1**  
**India-ASEAN Trade data**

(US\$ Million)

Country	2012-13			2013-14(P)		
	Export	Import	Total Trade	Export	Import	Total Trade
ASEAN						
BRUNEI	40.02	814.80	854.82	32.95	763.60	796.54
CAMBODIA	112.28	11.90	124.18	141.26	12.72	153.98
INDONESIA	5,331.31	14,879.49	20,210.80	4,905.76	14,909.72	19,815.48
LAO PD RP	28.91	138.64	167.56	49.89	91.20	141.10
MALAYSIA	4,444.10	9,951.06	14,395.15	4,196.32	9,211.42	13,407.75
MYANMAR	544.66	1,412.69	1,957.35	784.58	1,392.14	2,176.72
PHILIPPINES	1,187.19	504.00	1,691.18	1,418.01	391.77	1,809.78
SINGAPORE	13,619.31	7,486.38	21,105.70	12,509.84	6,773.85	19,283.69
THAILAND	3,733.17	5,352.61	9,085.78	3,703.02	5,358.74	9,061.77
VIETNAM SOC REP	3,967.37	2,314.78	6,282.15	5,439.91	2,594.29	8,034.21

<b>Total of ASEAN</b>	<b>33,008.31</b>	<b>42,866.36</b>	<b>75,874.67</b>	<b>33,181.55</b>	<b>41,499.46</b>	<b>74,681.01</b>
<i>% Share in India's total</i>	<i>10.99</i>	<i>8.74</i>		<i>10.61</i>	<i>9.22</i>	
<b>India's total</b>	<b>300,400.68</b>	<b>490,736.65</b>	<b>791,137.33</b>	<b>312,610.30</b>	<b>450,068.43</b>	<b>762,678.73</b>

### Major Commodities of Export & Import – ASEAN

The principal commodities of export include Mineral Fuels, Mineral Oils and Products of their Distillation, Meat and Edible Meat, Organic Chemicals, Ships, Boats and Floating structures, Nuclear Reactors, Boilers, Machinery and Mechanical appliances, Natural or cultured Pearls, Precious or Semiprecious stones, Iron & Steel, Fish, Cereals Vehicles other than railway or tramway and parts and accessories thereof.

The principal commodities of import include Mineral Fuels, Mineral Oils and Products of their Distillation, Animal or Vegetable Fats and Oils and their cleavage products, Electrical Machinery and Equipment and Parts thereof, sound Recorders and Reproducers, Television image, Nuclear Reactors, Boilers, Machinery and Mechanical Appliances, parts thereof, Organic Chemicals, Plastics and Articles thereof, Wood & Wood Products, Ores, Slag and Ash, Rubber and Articles thereof, Ships, Boats and Floating Structures.

### Agreements with ASEAN

India and the ASEAN signed the Agreement on Trade in Goods under the broader framework of Comprehensive Economic Cooperation Agreement (CECA) between India and the ASEAN on 13th August 2009. The Agreement has become fully operational between all the ASEAN Member States and India w.e.f 1st

August, 2011. Negotiations on Agreement on Trade in Services and Agreement on Investment have also been concluded in December, 2012 and approval of the Indian Cabinet for signing of the Agreement was obtained in December, 2013 after completing all legal procedures.

### India-Singapore Comprehensive Economic Cooperation Agreement (CECA)

The first Comprehensive Economic Cooperation Agreement (CECA) was signed with Singapore on 29th June, 2005 which became operational from 1st August, 2005. It contains 16 chapters and 7 Annexes. Tariff concessions are given on about 5000 lines at 8-digit level.

The 1st Review of India-Singapore CECA was concluded on 1st October, 2007. The 2nd Review of India-Singapore CECA was launched on 11th May, 2010. The then CIM visited Singapore in May, 2013 to participate in the Investment Roundtable at Singapore.

### India-Malaysia Comprehensive Economic Cooperation Agreement

A Comprehensive Economic Cooperation Agreement (CECA) was signed with Malaysia on 18th February 2011 which became operational from 1st July 2011.

Under the CECA, India and Malaysia have offered commitments over and above the

commitments offered by them under ASEAN-India Agreement on Trade in Goods.

Key items on which Malaysia has offered market access to India are basmati rice, mangoes, eggs, trucks, motorcycles and cotton garments, all items of considerable export interest to India. Key items of Malaysia's interest on which India has offered market access are fruits, cocoa, palm oil products and synthetic textiles.

### India-Thailand Free Trade Agreement

India and Thailand have signed on 09.10.2003 a Framework Agreement for establishing an India-Thailand Free Trade Agreement. The Agreement envisages negotiation for establishing an India-Thailand FTA with a view to strengthening and enhancing liberalization of trade through progressive elimination of tariffs, progressive liberalization of trade in services, establishment of an open and competitive investment regime etc.

There is an Early Harvest Scheme under this Framework Agreement comprising 82 items of mutual interest for which both sides have undertaken tariff concessions during 2004-2006 in a phased manner.

The second Protocol was signed on 25th January, 2012 to amend the Framework Agreement for establishing Free Trade Area between India and Thailand for (i) inclusion of compression-type combined refrigerator-freezers, fitted with separate external doors, household type in the list of Early Harvest Scheme (EHS) items and to eliminate tariffs, simultaneously by both sides, on this item with effect from the date of implementation of this protocol and (ii) to amend Interim Rules of Origin for incorporating a clause of Third Party Invoicing.

India and Thailand are presently negotiating a Comprehensive India-Thailand Free Trade Agreement.

### India-Indonesia Comprehensive Economic Cooperation Agreement

Following the Joint Declaration of 2005 signed between Prime Minister of India and Indonesian President on establishing a New Strategic Partnership, a Joint Study Group (JSG) was set up in 2007 to examine the feasibility of a Comprehensive Economic Cooperation Agreement (CECA) between the two countries. The Group held 5 meetings and submitted its Report in September 2009. The JSG recommended launching of negotiations between the two countries on a bilateral CECA by constituting a Trade Negotiating Committee (TNC) covering substantially all trade in goods and services; investment; trade facilitation; and other areas of economic cooperation, as a 'single undertaking'. Both Governments internally processed the Report of the JSG and agreed to accept the recommendation to commence bilateral CECA negotiations to build upon and going beyond the ASEAN-India FTA. In January 2011, both sides announced the launch of bilateral CECA negotiations. The then CIM visited on 4-6 March, 2012 to inaugurate "India Show".

### Engagements with Brunei, Myanmar, Philippines and Viet Nam

India and Brunei have a Joint Trade Committee (JTC) and it is expected that 1st meeting of the JTC will be held soon.

India and Myanmar have a Joint Trade Committee (JTC) to look into the bilateral economic relations at the Minister level. Four meetings of India-Myanmar JTC have been

held so far. There is also an India-Myanmar Border Trade Committee, Border Haat Committee and Joint Trade and Investment Forum. Two meetings of the Border Trade Committee have been held so far (First meeting was held on 8th November 2012 at Moreh, Manipur and second meeting was held on 28th November, 2013 at Tamu, Myanmar). One meeting each of Border Haat Committee and Joint Trade and Investment Forum has been held. Meeting of Border Haat was held at Nay Pyi Taw, Myanmar on 18th October 2012 and meeting of Joint Trade and Investment Forum was held on 7th June, 2013 in Myanmar.

India and Philippines have a Joint Working Group on Trade and Investment. 11th meeting of JWG was held in Manila on 29th-30th April, 2013.

India and Viet Nam have set up a Joint Trade Sub-Commission and first meeting of the Sub-Commission was held in New Delhi on 18th November, 2013.

### Trade Promotion Activities

India has an ASEAN- India Business Council (AIBC) and Joint Business Councils (JBC), with Indonesia, Malaysia, Myanmar, Thailand, Singapore, Vietnam and Philippines. Meetings of AIBC & JBCs are held between the business communities of both sides to discuss a wide range of issues of mutual interest for expansion of bilateral trade. Such meetings also act as fora for businessmen to mutually interact and explore the potential for growth in trade and investment relations. Trade promotion activities have been organized in various countries namely Viet Nam, Myanmar, Cambodia, Singapore, Indonesia, Malaysia, Thailand etc.

## Bilateral Trade Relations with countries in South Asia and Iran

### Afghanistan

**Table 6.2**  
**Trade with Afghanistan**

(US \$ million)

Year	Exports	Imports	Total Trade	Balance of Trade
2009-10	463.55	125.19	588.74	338.36
2010-11	422.41	146.03	568.44	276.38
2011-12	510.90	133.03	643.94	377.87
2012-13	472.63	159.55	632.18	313.07
2013-14	474.25	208.77	683.02	265.48

Source: DGCI&S

India – Afghanistan bilateral trade used to be regulated by a Preferential Trade Agreement signed on March 6, 2003 in New Delhi. However, Afghanistan, in its capacity as the eighth member of SAARC, is now enjoying the concessions provided by India through reduction of its sensitive list for Least Developed Countries (LDCs) from 480 to 25 tariff lines and provision of zero basic custom duty to all the items removed from the sensitive list. SAARC LDCs are allowed to export to India, almost 99.7% of the total tariff lines at zero customs duty which would help in correcting their trade balance with India. Membership of SAARC has also opened possibilities of Afghanistan becoming a trade, transportation and energy hub linking together the countries of the region from Central to South Asia.

Afghanistan has ratified SATIS. As such, more opportunities will now open up for it in the fields of Investment and Services (both inbound as well as outbound). India can help through investments in value chains resulting

in improved employment generation as well as value addition.

The Strategic Partnership Agreement, signed between Afghanistan & India during Afghan President HE Hamid Karzai's visit in October 2011, reinforced the strong, vibrant and multi-faceted relations and formalized a framework for cooperation in various areas between the two countries: political & security cooperation; trade & economic cooperation; capacity development and education; and social, cultural, civil society & people-to-people relations. This agreement is a strong signal of our abiding commitment to peace, stability and prosperity in Afghanistan during this critical period of security and governance transition.

An MOU between Afghanistan and India on the Co-operation in the field of Cement sector was signed on 12th January 2012 at Hyderabad. Further, EXIM Bank has introduced Buyers Credit facility to enable financing of infrastructure projects.

### Bangladesh

**Table 6.3**  
**Trade with Bangladesh**

(US \$ million)

Year	Exports	Imports	Total Trade	Balance of Trade
2009-10	2433.77	254.66	2688.43	2179.11
2010-11	3242.91	446.75	3689.66	2796.16
2011-12	3789.21	585.73	4374.94	3203.47
2012-13	5144.99	639.33	5784.32	4505.67
2013-14	6,051.00	460.85	6,511.85	5,590.15

Source: DGCI&S

The Bilateral Trade Agreement between India and Bangladesh, renewed from time to time, provides for expansion of trade and economic cooperation, making mutually beneficial arrangement for the use of waterways, railways and roadways, passage of goods between two places in one country through the territory of the other, exchange of business and trade delegations and consultations to review the working of the Agreement at least once a year.

A Memorandum of Understanding (MoU) on establishment of Border –Haats at Baliamari- Kalaichar (Pillar No. 1072) and Lauwaghar-Balat (Pillar No. 1213) in Meghalaya on India –Bangladesh border was signed on 23.10.2010 during the visit of Mr. Muhammad Khan, Commerce Minister, Bangladesh. Shri Anand Sharma, Commerce, Industry and Textile Minister inaugurated the Border Haat at Kalaichar on 23rd July 2011. Presently both the Border Haats are operational. In addition, four Border Hats at Kamla Sagar (Tarapura Kasba), Srinagar (Purbo Madhyagram Choighoria), Palbasti (West Batuli) and Kamalpur (Kurmaghat) in Tripura, on India- Bangladesh border have also been approved by both the countries. Following commodities are allowed to be traded in the *Border Haats* :

- vegetables, food items, fruits, spices;
- minor forest produce e.g. bamboo, bamboo grass, and broom stick but excluding timber;
- products of cottage industries like Gamcha, Lungi etc.;
- small agriculture household implements e.g., dao, plough, axe, spade, chisel etc.;

- Garments, melamine products, processed food items, fruit juice, toiletries, cosmetics, plastic products, aluminium products, etc.

The commodities are allowed to be exchanged in the designated *Border Haats* in local currency and/or barter basis. Each individual is allowed to purchase only as much of the commodities which are reasonable for bona-fide personal/family consumption. Estimated value of such purchases shall not be more than respective local currency equivalent of US\$100 for any particular day.

The then Prime Minister visited Bangladesh on September 6-7, 2011. The following bilateral documents were also signed during the visit:-

- *Addendum to the MoU between India and Bangladesh to Facilitate, Overland Transit Traffic between Bangladesh and Nepal,*
- *MoU on Renewable Energy Cooperation,*
- *MoU on Conservation of the Sundarban, Protocol on Conservation of the Royal Bengal Tiger of the Sunderban,*
- *MoU on Cooperation in the field of Fisheries,*
- *MoU on Mutual Broadcast of Television Programmes,*
- *MoU between Jawaharlal Nehru University and Dhaka University*
- *MoU on Academic Cooperation between National Institute of Fashion Technology (NIFT), India and BGMEA Institute of Fashion and Technology (BIFT), Bangladesh.*

Both sides are working on several projects to improve trade infrastructure and connectivity. Department of Border Management, Ministry of Home Affairs is developing 7 Integrated Check Posts (ICPs) on India – Bangladesh Border viz; Petrapole, Agartala, Dawki, Hili, Chandrabangha, Sutarkhandi and Kawarpuchiah. Further, infrastructure at 8 Land Custom Stations (LCSs), namely Borosora, Dalu, Ghasuapara, Mahadipur, Hilli, Phulbari, Srimantpur and Gojadanga along the Indo – Bangladesh border is being developed under the ASIDE scheme of Department of Commerce. The work at Phulbari, LCS has been completed. The total projected cost of all the ICPs and LCSs being developed is 125 US\$ million. The ICP at Agartala was inaugurated on 17th November, 2013. The ICP at Petrapole is expected to be completed by December, 2014.

To tide over the problem of congestion of trucks being faced by the exporters from both sides at Petrapole – Benapole, India and Bangladesh agreed to increase the working hours from 7.00 am to 6.30 pm (April-Sept.) / 6.00 pm (Oct. – March) and the LCS will function on all 7 days of the week.

Notification regarding permission for import of motor cycles from Bangladesh through LCSs at Agartala and Petrapole has been issued by DGFT on 23.10.2013.

The request of Bangladesh Government for allowing import of Soap through all Land Customs Stations in India has also been resolved.

Under SAFTA, India has given generous market access for Bangladesh exports at zero

basic customs duty for all items except liquor and tobacco.

India offered Buyers' Credit to Bangladesh Government agencies for large project exports, especially in the infrastructure sector such as roads, bridges, railways, power lines, sewerage plants, water treatment plants and housing. The credit spanning over a period of 5-8 years will be provided under National Export Insurance Account (NEIA) through Exim Bank.

### Bhutan

**Table 6.4**  
**Trade with Bhutan**

(US\$mn)

Year	Exports	Imports	Total Trade	Balance of Trade
2009-10	118.86	153.11	271.97	-34.25
2010-11	176.03	201.57	377.60	-25.54
2011-12	229.86	202.55	432.41	27.30
2012-13	233.22	164.00	397.22	69.22
2013-14	300.36	151.04	451.40	149.33

Source: DGCI&S

The current Trade Agreement between India and Bhutan, namely Agreement on Trade, Commerce and Transit was signed in New Delhi on 28th July, 2006 for a period of ten years with effect from 29th July, 2006. Under this Agreement, India also provides transit facilities to landlocked Bhutan to facilitate its trade with third countries and movement of goods from one part of Bhutan to another through Indian Territory.

Most important requirements of Bhutan are mainly met by imports from India. DGFT has exempted Bhutan from export ban on the following items, with annual limits indicated against each :-

- (i) Milk Power : 1,600 Metric Tonnes
- (ii) Wheat : 24,000 Metric Tonnes
- (iii) Edible Oil : 2,400 Metric Tonnes
- (iv) Pulses : 1,200 Metric Tonnes
- (v) Non-Basmati Rice : 21,200 Metric Tonnes

Bhutan's request for use of Ghasuapara and Dalu Land Customs Stations (LCSs) in Meghalaya on Indo-Bangladesh border as on exit/entry points for Bhutan's trade with Bangladesh was formalised by a Letter of Exchange (LOE) w.e.f 1st February, 2012. A Sub-group has also been constituted for identifying the points of trade interest to Bhutan and also suggesting the infrastructure required at these places.

Limit of Quota restrictions for import of marble from Bhutan has been raised from 1847 MT to 5882 MT vide DGFT Notification No. 69 (RE-2010)/2009-14 dated 1.9.2011. The present enhancement may cover their production capacity.

Bhutan's request for Duty Free Access at international airport in India has been acceded to vide notification no. 77/2011-Customs (NT) dated 14.11.2011.

## IRAN

**Table 6.5**  
**Trade with Iran**

(US \$ Million)

Year	Export	Import	Total Trade	Balance of Trade
2009-10	1853.17	11540.85	13394.02	(-) 9687.68
2010-11	2492.95	10928.21	13421.17	(-) 8435.26
2011-12	2411.36	13720.97	16132.33	(-) 11309.62
2012-13	3351.21	11594.46	14945.67	(-) 8243.25
2013-14	4,925.20	10,332.08	15,257.28	(-) 5,406.88

Source: DGCI&S

Iran has a strategically important location bordering Pakistan and Afghanistan and sitting atop the Persian Gulf and Hormuz Straits. Its rich deposits of oil and gas as well as other mineral resources, bolsters its important regional role. India's core interest in the bilateral relationship with Iran includes its need for steady and undisrupted supply of crude oil and gas as well as acquisition of oil/gas fields for its energy security. Iran is also crucial for connectivity to Afghanistan and Central Asia. Iran is not a member of WTO, as on date. It is trying to enter into a number of FTAs and Preferential Trade Agreements (PTAs) with countries located in Asia, Africa and Europe.

In view of the sanctions against Iran, Rupee payment arrangement has been put in place to (i) Ease payment in respect of exports of oil and (ii) to help facilitate payment to exporters in Indian rupees. This mechanism is expected to enhance India's export prospects to Iran for items such as agricultural commodities (Rice, Wheat, Sugar, Oilmeals

and cattlefeed), processed meat, gems & jewellery, engineering products, automobile components, pharmaceutical products and others.

To smoothen the payments through the Special Rupee Payment mechanism, ECGC enhanced the guarantee cover from Rs 300 crores to Rs 600 crores within the Maximum Liability of the ECIB – WTPS issued to UCO bank.

Government of India has issued Notification No.79 (Re 2013)/2009-2014 dated 30th April, 2014 which states that re-exports of food, medicine and medical equipments to Iran will not be subject to any value addition requirement. Goods imported against freely convertible currencies and re-exported to Iran against rupee payment shall not be eligible for any export exemption.

## MALDIVES

**Table 6.6**  
**Trade with Maldives**

(US \$ million)

Year	Exports	Imports	Total Trade	Balance of Trade
2009-10	79.86	3.63	83.49	76.23
2010-11	100.14	31.38	131.52	68.77
2011-12	124.60	18.91	143.51	105.69
2012-13	122.36	6.29	128.65	116.08
2013-14	107.70	3.97	111.67	103.73

Source: DGCI&S

The bilateral trade between India and Maldives is regulated by a **Trade Agreement** between the two countries. The Agreement came into force on the 31st March, 1981.

Under the provisions of the Agreement, Maldives submits its requirement of essential commodities for the upcoming fiscal year April-March by the end of November of the preceding year and the GOI will process the matter and allocate quotas by the end of December. The commodities supplied to Maldives are Eggs, Potatoes, Onions, Rice, Wheat Flour, Sugar, Stone Aggregates, River Sand and Dhal. Government of India is required to make specific quota allocations in respect of each item with due regard to the supply availability and the overall requirement of the Govt. of Maldives. To fulfil this international commitment, these commodities are being released on year to year basis (fiscal year).

The supply of above essential commodities to Maldives has been authorized upto the year 2014-17.

### Nepal

**Table 6.7**  
**Trade with Nepal**

(US \$ million)

Year	Exports	Imports	Total Trade	Balance of Trade
2009-10	1533.31	452.61	1985.92	1080.70
2010-11	2168.06	513.40	2681.47	1654.66
2011-12	2721.57	549.89	3271.45	2171.68
2012-13	3088.84	543.10	3631.94	2545.73
2013-14	3,575.42	528.39	4,103.81	3,047.03

Source: DGCI&S

The Treaty of Trade between India and Nepal was renewed on 27th October, 2009. The Treaty aims at improving bilateral trade between the two countries by increasing the

mutually agreed points of trade, expansion in the list of items included for preferential trade, simplification of trade procedures, improving Nepalese supply capacities, provision of two level institutional mechanisms for problem resolution etc. The Treaty has been renewed for a further period of seven years upto 26th October, 2016. An Inter-Governmental Committee (IGC) meeting on Trade, Transit and Cooperation to control unauthorised trade has been scheduled to be held on 21 – 22 December, 2013 at Kathmandu, Nepal where both sides discussed various bilateral trade related issues.

Nepalese request for waiver of Additional Duty of Customs (ADC) on all export items to India was considered vide Notification No.107/2011-Customs dated 5.12.2011.

Provisions of Treaty of Trade signed in October 2009 for replacement of Duty Refund Procedure (DRP) have been implemented vide Notifications 24-29/2011-Central Excise (N.T.) dated 5.12.2011.

A Double Taxation Avoidance Agreement (DTAA) with Nepal was signed on 27th November 2011 which will help exporters and investors of both the countries in improving mutual business engagements. A Bilateral investment protection and promotion agreement signed on 21st October, 2011 will help in resolving the problems being faced by investors of both the countries.

India is offering Buyers' Credit to Nepalese Government agencies for large project exports, especially in the infrastructure sector such as roads, bridges, railways, power lines, sewerage plants, water treatment plants

and housing from India. The credit is being provided under National Export Insurance Account (NEIA) through EXIM Bank for a maximum period of 5 -8 years.

## Pakistan

**Table 6.8**  
**Trade with Pakistan**

(US \$ million)

Year	Exports	Imports	Total Trade	Balance of Trade
2009-10	1573.32	275.94	1849.26	1297.38
2010-11	2039.61	332.51	2372.12	1707.09
2011-12	1541.57	361.93	1903.50	1179.65
2012-13	2064.89	541.87	2606.75	1523.02
2013-14	2,275.02	426.88	2,701.90	1,848.14

Source: DGCI&S

India's relations with Pakistan, inspite of many contentious issues, have made major strides in reducing the trust deficit over the past few years.

India and Pakistan have no formal bilateral trade agreement. India granted the MFN status to Pakistan way back in 1995-96 but Pakistan is yet to reciprocate.

The Composite Dialogue between India and Pakistan, which started in 1998, was continued through 4 rounds of talks by Commerce Secretaries of both countries on "Commercial & Economic Cooperation" during the period 2004-2007.

Bilateral dialogue between the two countries resumed after the two Prime Ministers met on the sidelines of SAARC Summit in Thimphu in April 2010 and reaffirmed the importance of carrying forward the dialogue process with

a view to resolving peacefully all outstanding issues.

Bilateral trade dialogue with Pakistan was re-initiated with the 5th round of India-Pakistan Commerce Secretary level talks on Commercial and Economic Co-operation in April 2011. This was followed by further rounds of talks held in November 2011 at Delhi and September, 2012 at Islamabad. Three Ministerial level dialogues were also held in September 2011, February 2012 and April 2012. The first ever bilateral visit of Commerce Minister of India to Pakistan was undertaken in February 2012.

The Commerce Ministers of India and Pakistan along with their official delegations had a bilateral meeting on February 15, 2012. It was agreed that Pakistan will move from a 'Positive List' to a small 'Negative List' by February 2012. The Negative List of 1209 items was formally notified by the Government of Pakistan on 20th March, 2012. The major protected sectors in the list are Auto, Steel, Paper & Boards, Plastics, Textiles, Electrical Machinery, Pharma, Machinery, Chemicals and Sports. It was expected that the complete phasing out of the Negative List before the end of 2012, would complete the transition to Most Favoured Nation (MFN) status for India, by Pakistan. But this timeline has not been adhered to by the Pakistan side. .

Department of Industrial Policy and Promotion (DIPP) GOI vide Press Note No. 3(2012 Series) dated 1st August, 2012 reviewed the FDI Policy and permitted investments from Pakistan in sectors/activities other than defence, space and atomic energy. Subsequently, RBI has notified suitable changes in FEMA Regulations.

Improvement in the bilateral trade is expected with the implementation of the steps to further liberalize and normalize trade as agreed between the two countries. India reduced its Sensitive List in September 2012 for NLDCs (Pakistan & Sri Lanka) under SAFTA by 264 tariff lines (consisting of Textile -155, Agriculture-106 and Petroleum-3) from 878 tariff lines to 614 tariff lines. India has brought down peak tariff to 5% for 88% of Tariff lines for NLDCs (Pakistan & Sri Lanka). Pakistan has given preferential access for 82% of tariff lines. Benefit to India partially blocked through its Negative List of 1209 tariff lines (23% of total tariff lines at 6 digit level).

During the 7th Commerce Secretary level talks in September 2012 in Islamabad, it was decided that to further deepen the preferential arrangements under SAFTA and to provide level playing field to Pakistani exporters in comparison to concessions allowed by India under SAFTA to rest of the countries in the SAARC region, both sides would develop a long term plan. It was noted that Pakistan now has a total of 936 tariff lines at 6 digit under its SAFTA Sensitive List, as against 614 tariff lines at 6 digit of India.

It was agreed that after Pakistan has notified the removal of all restrictions on trade by Wagah-Attari land route, the Indian side would bring down its SAFTA sensitive list by 30% before December, 2012 keeping in view Pakistan's export interests. Pakistan would transition fully to MFN (non discriminatory) status for India by December 2012 as agreed earlier. India would thereafter bring down its SAFTA Sensitive List to 100 tariff lines at 6 digit level by April, 2013. As India notifies

the reduced Sensitive List, Pakistan, after seeking approval of the Cabinet, will also simultaneously notify its dates of transition to bring down its SAFTA sensitive list to a maximum of 100 tariff lines at 6 digit level within next 5 years. The reductions shall be notified by Pakistan in equal measure for each year so as to complete reduction to 100 lines before end of 2017. Thus, before the end of 2017, both India and Pakistan would have no more than 100 (6 digit) tariff lines in their respective SAFTA sensitive lists. Before the end of year 2020, except for this small number of tariff lines under respective SAFTA sensitive lists, the peak tariff rate for all other tariff lines would not be more than 5%.

The agreements on redressal of trade grievances, bilateral cooperation and mutual assistance in customs related matters were signed during the 7th round of India-Pakistan talks on Commercial and Economic Co-operation held during 20-21 September 2012 at Islamabad.

RBI and State Bank of Pakistan are working towards the goal of creating direct banking channels between the two countries.

Interior Ministry of Pakistan and India's Ministry of Home Affairs had reached a broad understanding to put in place reciprocal arrangements which shall substantially liberalise the visa provisions for business persons. This agreement signed in September 2012 was finally announced for implementation in December 2012. Environment for trade is expected to improve with the signing of this agreement.

Government of Pakistan has not been able to adhere to its commitments of removing

the trade restrictions on the land route, as well as the granting of MFN status to India as agreed during the 7th CS level talks held in September 2012 at Islamabad. The progress made in improving bilateral trade through the agreement on the roadmap for Preferential Trading Arrangement under the SAFTA process, hinges on fulfillment of commitments made by the Pakistan side.

### Sri Lanka

**Table 6.9**  
**Trade with Sri Lanka**

(US\$mn)

Year	Exports	Imports	Total Trade	Balance of Trade
2009-10	2188.01	392.19	2580.20	1795.82
2010-11	3510.06	501.73	4011.78	3008.33
2011-12	4378.79	578.04	4956.83	3800.76
2012-13	3983.87	625.81	4609.68	3358.06
2013-14	4,549.14	677.38	5,226.52	3,871.75

Source: DGCI&S

Sri Lanka has traditionally been an important export market for India. India-Sri Lanka Free Trade Agreement (ISFTA) was signed on 28th December, 1998, which has been in operation since 1st March, 2000. Under this Agreement, both countries agreed to phase out trade tariffs from each other within a fixed time frame except for those items in the Negative List of each other.

Commerce, Industry & Textile Minister (CITM) visited Sri Lanka in August 2012, for inauguration of the 'India Show' in Colombo and the visit has further enhanced the level of bilateral cooperation between the two

countries. New initiatives like setting up of a Special Economic Zone (SEZ) focusing on engineering products and auto components, establishment of a manufacturing hub for pharmaceuticals etc. had been taken which need to be progressed.

As decided during the visit of the CITM, a Joint Task Force (JTF), has been set up and entrusted with the task of working out the detailed plan of action for establishing the SEZ. The first meeting of the JTF was held on 24.6.2013 during CS level delegation visit to Sri Lanka on 24-25 June 2013.

As announced by CITM, a Textiles delegation led by Secretary, Textiles, Government of India visited Sri Lanka in September 2012 to discuss the scope of enhancing cooperation among the two countries. Both sides agreed to constitute a Joint Working Group to look into the issues of (a) restructuring/ revival of textiles industry; (b) Trade relations; (c) skill development; (d) fashion technologies; (e) cluster development and (f) processing sector technologies.

An MOU between India and Sri Lanka envisaging cooperation in the Textiles sector has been formally signed.

As a follow up of the commitment made by CITM, a Pharmaceutical delegation from India visited Sri Lanka from 15-18 August, 2012 to explore the possibility of cooperation in the pharmaceutical sector, including through setting up of manufacturing facilities in Sri Lanka. GoSL assured all possible assistance including extending incentives etc. for investing in the pharma zone by Indian companies.

## SAARC

**Table 6.10**  
**India's Trade with SAARC countries**

US \$ Millions

Country	2011-2012				2012-2013				% Growth	
	Exports	Imports	Total Trade	Trd.Bal.	Exports	Imports	Total Trade	Trd.Bal.	Exports	Imports
South Asia										
AFGHANISTAN	510.90	133.03	643.94	377.87	472.63	159.55	632.18	313.07	-7.49	19.94
BANGLADESH	3,789.21	585.73	4,374.94	3,203.47	5,144.99	639.33	5,784.32	4,505.67	35.78	9.15
BHUTAN	229.86	202.55	432.41	27.30	233.22	164.00	397.22	69.22	1.46	-19.03
MALDIVES	124.60	18.91	143.51	105.69	122.36	6.29	128.65	116.08	-1.79	-66.76
NEPAL	2,721.57	549.89	3,271.45	2,171.68	3,088.84	543.10	3,631.94	2,545.73	13.49	-1.23
PAKISTAN	1,541.57	361.93	1,903.50	1,179.65	2,064.89	541.87	2,606.75	1,523.02	33.95	49.72
SRI LANKA	4,378.79	578.04	4,956.83	3,800.76	3,983.87	625.81	4,609.68	3,358.06	-9.02	8.26
Total of South Asia	13,296.50	2,430.08	15,726.58	10,866.42	15,110.80	2,679.95	17,790.74	12,430.85	13.64	10.28
% Share in India's total	4.35	0.50			5.03	0.55				
<b>India's total</b>	<b>305,963.92</b>	<b>489,319.49</b>	<b>795,283.41</b>	<b>-183,355.57</b>	<b>300,400.68</b>	<b>490,736.65</b>	<b>791,137.33</b>	<b>-190,335.97</b>	<b>-1.82</b>	<b>0.29</b>

Source: DGCIS

**Table 6.11**  
**India's trade with SAARC countries in current financial year as compared to same period in 2012-13 is:**

US \$ Millions

Country	2012-2013			2013-2014(P)			% Growth	
	Exports	Imports	Trd.Bal.	Exports	Imports	Trd.Bal.	Exports	Imports
South Asia								
AFGHANISTAN TIS	473	160	313	474	209	265	0.34	30.84
BANGLADESH PR	5145	639	4506	6051	461	5590	17.61	-27.9
BHUTAN	233	164	69	300	151	149	28.79	-7.91
MALDIVES	122	6	116	108	4	104	-11.98	-36.8
NEPAL	3089	543	2546	3575	528	3047	15.75	-2.71
PAKISTAN IR	2065	542	1523	2275	427	1848	10.18	-21.2
SRI LANKA DSR	3984	626	3358	4549	677	3872	14.19	8.24
Total of South Asia	15111	2680	12431	17333	2457	14876	14.71	-8.31
% Share in India's total	5.03	0.55		5.54	0.55			
India's total	300401	490737	-190336	312610	450068	-137458	4.06	-8.29

Source: DGCIS

### Highlights of Trade with SAARC

During 2013-14, Bangladesh was the largest trading partner of India in SAARC region followed by Sri Lanka.

During 2013-14, the highest growth for exports was recorded for Bhutan at 29% followed by Bangladesh at 18%.

During 2013-14, India has recorded a negative growth rate of exports with Maldives (-12%).

India runs a trade surplus with all its South Asian trading partners

South Asian Association for Regional Cooperation (SAARC) with India, Bangladesh, Bhutan, Maldives, Nepal, Pakistan and Sri Lanka as members was established at the first SAARC Summit held on 4-8 December 1985. Afghanistan became its eighth member during the 14th SAARC Summit held in April 2007. India, Pakistan and Sri Lanka are categorized as Non-Least Developed Contracting States (NLDCs) and Afghanistan, Bangladesh, Bhutan, Maldives and Nepal are categorized as Least Developed Contracting States (LDCs).

The SAARC Preferential Trading Arrangement (SAPTA) provided a framework for exchange of tariff concessions and also for liberalization in para-tariff and non-tariff measures with a view to promoting trade and economic cooperation among the SAARC member countries. The Agreement on South Asian Free Trade Area (SAFTA) was signed during the Twelfth SAARC Summit held at Islamabad in January 2004 which came into force from 1st January 2006. SAFTA, inter alia, prescribes a phased Tariff Liberalization Programme (TLP) according to which all the member states would reduce their tariffs, at the MFN applied rate existing as on 1st January 2006, to zero to five percent within ten years of the

agreement coming into force. This TLP would cover all tariff lines except those items kept in the Sensitive List by each country. With the SAFTA Agreement coming into force, there would be no more negotiations under SAPTA.

During the fourteenth SAARC Summit held in New Delhi on 3-4 April 2007 India, inter alia, unilaterally announced that India would allow the LDCs of SAARC duty free access to its markets. In pursuance of this, India has reduced its sensitive list for LDCs from 480 to 25 items and zero custom duty has been given to all the items removed from the sensitive list vide Notification No.99/2011-Customs dated 9.11.2011. India has thus allowed zero duty access for the SAARC LDCs for almost 99.7% of the total tariff lines. This measure is expected to help in correction of the trade deficit with India of the SAARC LDCs.

Agreement on Multilateral Arrangement on Recognition of Conformity Assessment and the SAARC Agreement on Implementation of Regional Standards were signed at during the 17th SAARC Summit at Maldives in November 6-11, 2011. This would promote the mutual recognition of activities of conformity assessment, namely, inspection, testing

and certification. The SAARC Agreement on Implementation of Regional Standards would provide a framework as well as the guiding principles for implementation of SAARC standards. These understandings shall pave the way for smoother flow of trade between SAARC members.

Agreement on establishing the SAARC Regional Seed Bank signed during the 17th SAARC Summit meeting will provide regional support to national seed security efforts, address regional seed shortages through collective actions, promote increase of Seed Replacement Rate and act as a regional seed security reserve for the Member States. The Agreement will foster inter-country partnerships in attaining seed security as a means to ensure food security, particularly reducing possible adverse effects of natural calamities.

SAFTA Ministerial Council (SMC) consisting of Ministers of Commerce/Trade of the Member States is the highest decision making body of SAFTA and the SMC is supported by a Committee of Experts (COE) with nominees from member states. The Eighth meeting of the SMC and Ninth meeting of COE are scheduled to be held in April, 2014 at Thimphu, Bhutan.

India has developed a web based portal providing detailed information on current and updated import policies in respect of various products imported into India has since been developed and provides a one stop knowledge base for exporters in the SAARC region exporting different products to India. The portal also called the Compendium is freely accessible at the site address given below:-

**url:**<http://compendium.iift.ac.in/index.asp>

The SAARC Agreement on Trade in Services (SATIS) was signed in the sixteenth SAARC meeting held in April 2010 at Thimpu in Bhutan. This marks the first step in expanding the scope of the SAFTA agreement which is essentially a goods agreement at present. The Ninth meeting of Expert Group on SATIS was held on February 13, 2012 at Islamabad in Pakistan. Negotiations on schedules of specific commitment, including Initial Request List are being held by the Expert Group on SATIS.

#### Trade with Australia and New Zealand

Oceania consists of Australia, New Zealand, Pacific Small Islands Developing States (PSIDS) e.g. Fiji, Papua New Guinea (PNG), Tonga, Kiribati, Tuvalu, Solomon Islands, Nauru, Vanuatu etc States.

**Table 6.12**  
**Trade with Australia, New Zealand, Fiji and Papua New Guinea (PNG)**

US\$ Million

COUNTRY	2012-13			2013-14			% Growth	
	Export	Import	Trade Balance	Export	Import	Trade Balance	Export	Import
AUSTRALIA	2351	13089	-10738	2307	9995	-7688	-1.9	-23.64
NEW ZEALAND	303	698	-396	281	616	-336	-7.25	-11.75

FIJI ISLAND	41	1	40	49	2	47	19.56	37.18
PAPUA NEW GUINEA (PNG)	30	105	-75	44	179	-135	48.81	70.84
<b>TOTAL</b>	<b>2755</b>	<b>13998</b>	<b>-11125</b>	<b>2725</b>	<b>10972</b>	<b>-8246</b>	<b>-1.07</b>	<b>-21.62</b>

(Source: DGCI&S)

**Table 6.13**  
**Top Ten Commodities of Export and Import in India's Trade with Australia and New Zealand in 2013-14**

Rank	AUSTRALIA		NEW ZEALAND	
	Export	Import	Export	Import
1	Gems & Jewellery	Coal, Coke & Briquettes etc.	Drugs, Pharmaceuticals and Fine Chemicals	Wood and Wood Products
2	Transport Equipments	Metalifers Ores & Metal Scrap	Machinery & Instruments	Coal, Coke & Briquettes etc.
3	Drugs, Pharmaceuticals and Fine Chemicals	Gold	Gems & Jewellery	Metalifers Ores & Metal Scrap
4	Machinery & Instruments	Non-ferrous Metals	Plastic & Linoleum Products	Wool, Raw
5	Petroleum: Crude & Products	Petroleum, Crude & Products	Transport Equipments	Fruits & Nuts excluding Cashew Nuts
6	Manufactures of Metals	Pulses	Manufactures of Metals	Newsprint
7	Rmg Cotton Including Accessories	Wool, Raw	Cotton Yarn, fabrics, Madeups etc	Machinery Except Electrical & Electronic
8	Inorganic/Organic/ Agro Chemicals	Fruits & Nuts Excluding Cashew Nuts	Inorganic/Organic/ Agro Chemicals	Paper Board & Manufactures
9	Cotton Yarn, fabrics, Madeups etc	Dyeing, Tanning, Colouring Materials	Rmg Cotton Including Accessories	Pulp and Waste Paper
10	Plastic & Linoleum Products	Machinery Except Electrical & Electronic	Manmade Yarn, fabrics, Madeups	Leather

(Source: DGCI&S)

Rank	FIJI		PAPUA NEW GUIENA	
	Export	Import	Export	Import
1	Machinery And Instruments	Gold	Drugs, Pharmaceuticals & Fine Chemicals	Metalifers Ores & Metal Scrap
2	Manmade Yarn, Fabrics, Madeups	Metalifers Ores & Metal Scrap	Machinery And Instruments	Wood And Wood Products
3	Gems & Jewellery	Machinery Except Electrical & Electronic	Manufactures Of Metals	Machinery Except Electrical & Electronic
4	Plastic & Linoleum Products	Electronic Goods	Plastic & Linoleum Products	Professional Instruments etc Except Electronic
5	Rmg Manmade Fibres	Dyeing, Tanning, Colouring Materials	Electronic Goods	
6	Drugs, Pharmaceuticals & Fine Chemicals		Footwear Of Rubber/Canvas Etc.	
7	Rmg Cotton Including Accessories		Paper/Wood Products	
8	Manufactures Of Metals		Rubber Mfd. Products Except Footwear	
9	Marine Products		Transport Equipments	
10	Cosmetics/Toiletries Etc.		Cotton Yarn, Fabrics, Madeups etc	

(Source: DGCI&S)

#### India-Australia CECA negotiations:

Based on the recommendations of the Joint Study Group (JSG) in 2010 and subsequent approval of the Trade and Economic Relations Committee (TERC) headed by the then Prime Minister of India on 29.4.2011, India is negotiating with Australia a Comprehensive Economic Cooperation Agreement (CECA) covering trade in goods, services, investment and related issues. Five rounds of negotiations have been held so far. The 1st round held in July, 2011 and the last i.e. 5th round held on 20-21st May, 2013 in Canberra (Australia). The 6th Round is slated in India in 2014.

#### India Australia Joint Ministerial Commission (JMC) Meeting

The 14th India-Australia Joint Ministerial Commission (JMC) Meeting was held in New Delhi on 29th January, 2013 co-chaired by Minister of Commerce & Industry, India and Australian Minister for Trade and Competitiveness. The issues discussed during JMC meeting were diverse and wide e.g. institutional framework and review of bilateral trade and investment, Australia and India's mutual interests in the effectiveness of global and regional economic institutions, strengthening of the East Asia Summit, G-20,

WTO, IOR-ARC, Comprehensive Economic Cooperation Agreement (CECA) etc. 15th India Australia JMC is expected to be held in 2014 in Australia.

### India-Australia CEO Forum

Australia-India CEO Forum of business groups have been constituted to take forward the agenda of equitable and balanced exchange of goods and services along with investment in both the countries. So far, three meetings of CEO Forums have been held.

The CEOs Forum reviewed the progress that the forum has made since the last meeting and discussed ways to strengthen India Australia economic relations especially in the focus sectors viz. Minerals and resources, Infrastructure and financial services, Agriculture business, ICT, Education and training including vocational training.

### India-New Zealand CECA negotiations:

Based on the recommendations of the Joint Study Group (JSG) and subsequent approval of Trade and Economic Relations Committee (TERC) headed by the then Prime Minister of India on 21.1.2010, India is negotiating with New Zealand a Comprehensive Economic Cooperation Agreement (CECA) covering trade in goods, services, investment and related issues. Nine rounds of negotiations have been held so far. The 1st round held in April, 2010 and last round i.e. 9th round on 29-

30th July, 2013 in Wellington (New Zealand) followed by an intersessional discussion on 9-10th December 2013 at New Delhi. The 10th Round is slated in India in 2014.

### India Fiji Joint Trade Committee (JTC)

India and Fiji inked an Memorandum of Understanding (MoU) in October, 2005 for establishment of Joint Trade Committee (JTC). The JTC shall be composed of Joint Secretaries / CEOs and respective Governments decide the composition of the delegation. The first meeting of JTC is expected to be held in India and convenience of both sides is being worked out.

### II North East Asia

India's trade with the North East Asian region comprising China, Japan, Republic of Korea, Hong Kong China, Taiwan China, Democratic People Republic of Korea, Macao and Mongolia stood at US\$ 125.11 billion during 2013-14, which is a decrease of 3.27 % over the previous year. Exports to the North East Asia region were of the order of US\$ 40.81 billion during 2013-14, registering a growth of 3.48% over the last year. Imports from the region decreased by 6.23 % to US\$ 84.30 billion during 2013-14. India's major trading partners in the region are China, Hong Kong, Japan and Republic of Korea. Trade with North East Asian countries from 2008-09 to 2013-14\* is given in Table as under;

**Table 6.14**  
**Trade with North East Asian Countries**

(US\$ million)

Year	Exports	Imports	Total Trade	Balance of Trade
2008-09	25449.19	58455.94	83905.13	(-) 33006.74
2009-10	28904.56	53491.57	82396.13	(-) 24587.01

Year	Exports	Imports	Total Trade	Balance of Trade
2010-11	37315.76	76109.73	113425.50	(-) 38793.97
2011-12	45349.59	94883.00	140232.59	(-) 49533.41
2012-13	39437.08	89907.33	129344.40	(-) 50470.25
2013-14*	40,811.09	84,302.43	125,113.51	(-) 43,491.34

(\* Provisional) (Source – DGCI&S)

Major items of export to the region include gems and jewellery, petroleum (crude and products), cotton yarn, fabrics, made-ups, non-ferrous metals, iron ore, machinery & instruments, other ores and minerals, ferro alloys plastic & linoleum products, and Dyes/intermediates etc. Major items of import include electronic goods, machinery, organic chemicals, iron and steel, transport equipment, other commodities, project goods, pearls precious and semi-precious stones, fertilizers and artificial resins, plastic materials, etc.

China and India have agreed to endeavour to raise the volume of bilateral trade to US\$ 100 billion by 2015. Trade with China crossed US\$ 65 billion during the year 2013-14. Major items of Indian exports to China include Cotton raw incld. waste, non-ferrous metals, iron ore, cotton yarn, other ores and minerals, plastic & linoleum products, spices, Dyes/intermediates, machinery & instruments, petroleum (crude & products). Major imports from China include electronic goods, machinery, organic chemicals, project goods, fertilizers, iron and steel, electric machinery except electronic, transport equipments and manufactures of metals.

Indian exports to Japan registered a decline of 3.62 %, while imports from the country

registered a growth of 3.74% during 2012-13 over the previous year. Major items of export to Japan include petroleum (crude & products), marine products, gems & Jewellery, oil meals, machinery & instruments, ferro alloys, iron ore, inorganic/organic/ agrochemicals, transport equipments, drugs/ pharmaceuticals & fine chemicals. Major items of import from Japan are machinery except electrical & electronic, transport equipments, iron & steel, electronic goods, machine tools, manufactures of metals, project goods and organic chemicals. A bilateral trade target of US\$ 25 billion by 2014 has been fixed. It is expected that after coming into force of CEPA from 1st August 2011, this target will be achieved during the stipulated period.

Exports to Hong Kong accounted for 4.09 % of India's overall exports during 2012-13. During 2012-13 India's exports to Hong Kong amounted to US\$ 12.27 billion registering a decline of 5.05 % over the last year. Imports from Hong Kong in 2012-13 amounted to US\$ 7.90 billion, recording a decline of 24.09% over the previous year. The major items of exports to Hong Kong include gems and jewellery, finished leather, electronic goods, cotton yarn fabrics made ups, petroleum (crude and products), marine products, machinery and instruments, cotton raw incld. Waste, transport equipments. The share of Gems

and Jewellery in India's exports to Hong Kong is more than 80%. The major items of imports are pearls, precious and semi-precious stones, gold, electronic goods, silver, machinery.

Indian exports to the Republic of Korea during 2012-13 amounted to US\$ 4.20 billion registering a decline of 3.43 % over the last year while imports from Korea amounted to US\$ 13.10 billion registering a growth of 2.44 % during the year. Major items of exports include petroleum products, wheat, aluminium, oil meals, ferro alloys, inorganic/organic chemicals, cotton yarn, non-ferrous metals, machinery & instrument and dyes & intermediates. Major items of imports are transport equipment, machinery, iron & steel, electronic goods, artificial resins, plastic materials, organic chemical, petroleum products, project goods, manufactures of metals, rubber.

### Trade Negotiations

#### India - Korea CEPA

A Comprehensive Economic Partnership Agreement (CEPA) between India and Republic of Korea was signed on 7th August 2009. The CEPA came into force from 1st January, 2010. The first meeting of the Joint Committee at Ministerial level to review the implementation of CEPA was held on 20th January 2011 in New Delhi. The second meeting of JS/DG Level to review the implementation of CEPA was held on 29th September 2011 in Seoul. First meeting of India-Korea Ad-hoc Working Group at JS/DG level for up gradation of India-Korea CEPA was held on 8th May, 2012 in New Delhi. The third meeting of JS/DG Level to review the implementation of CEPA was held on 11th September 2013 in Seoul.

#### India - Japan CEPA

A Comprehensive Economic Partnership Agreement (CEPA) between India and Japan was signed on 16th February, 2011. This Agreement has come into force from 1st August, 2011. The first Meeting of the Joint Committee under India-Japan CEPA at Vice-Minister/Commerce Secretary level was held in New Delhi on 1st August, 2011 in New Delhi. The second meeting of the Joint Committee was held on 17th October, 2012 in Tokyo.

### Engagements

#### Visit of Chinese Premier to India

Mr. Li Keqiang, Premier of the State Council of the People's Republic of China visited India during 19-22nd May, 2013. During the visit three MoUs/Agreement were signed between India and China on trade issues which are expected to allow Indian products' market access in China:

- MoU for the export of buffalo meat from India to China between the APEDA and the General Administration of Quality Supervision, Inspection and Quarantine of the PRC (AQSIQ).
- Agreement on Trade and Safety of Feed and Feed Ingredients between the Export Inspection Council of India, M/o C&I, Govt. of India and the General Administration of Quality Supervision, Inspection and Quarantine of the PRC.
- MOU on Cooperation Related to Import and Export Trade of Fishery Products between the Marine Products Export Development Authority, M/o C&I, Govt. of India and the General Administration

of Quality Supervision, Inspection and Quarantine of the PRC (AQSIQ).

#### Visit of Indian Prime Minister to China

The then Prime Minister of India visited Beijing, China during Oct. 2013. The leaders of the two countries recognized that India and China are poised to enter a new stage of economic engagement based on pragmatic cooperation and mutually advantageous policies and practices.

### III. Trade with North America Free Trade Agreement (NAFTA)

#### India-US Bilateral Trade

In 2013-2014, USA was India's second largest trading partner and largest export destination accounting for 12.5 % of India's total exports. The bilateral trade figures for the years 2008-09 to 2013-14 (Provisional) are given below:

Table 6.15

(US \$ million)

Year	Exports	Percentage Growth	Imports	Percentage Growth	Trade balance
2008-09	21,149.53	2.02	18,561.42	(-)11.89	(+) 2,588.12
2009-10	19,535.49	-7.63	16,973.68	-8.55	(+) 2,561.82
2010-11	25,295.80	29.49	20,050.72	18.13	(+) 5,245.09
2011-2012	34,745.52	37.36	23380.86	16.61	(+) 11364.66
2012-13	36,160.84	4.07	25,204.73	7.80	(+) 10,956.11
2013-14 (P)	39,169.47	8.32	22,313.80	(-)11.47	(+) 16,855.67

(Source: DGCIS Kolkata)

The major items of export from India to the US are Gems & Jewellery; Drugs; Pharmaceuticals & Fine Chemicals; Petroleum(Crude and Products); RMG Cotton including Accessories; Machinery and Instruments; Manufactures of Metals; Cotton Yarn, Fabrics, Madeups; Transport equipments; Guergum Meal etc.

The major items of import from USA to India are Transport Equipments; Machinery (except Elec. & Electronic); Electronic Goods; Gold; Professional Instruments; Petroleum, Crude and Products; Chemical material and products; organic chemicals, etc.

#### Institutional Mechanisms

In order to resolve issues of concern for both sides the following are the two Institutional Mechanisms with the US:

#### India-US Commercial Dialogue

The India-US Commercial Dialogue (CD) was envisaged in the statement "India-US Relations: A vision for the 21st Century" made by the then Prime Minister of India and the President of USA on 21 March, 2000. The India US Commercial Dialogue was signed on March 23, 2000. The dialogue is an institutional arrangement between US and Department of

Commerce and is aimed at facilitating trade and maximizing investment opportunities across a broad range of economic sectors, including IT, infrastructure, biotechnology and services. The 'Commercial Dialogue' arrangement is reviewed every two years. CD was last renewed in 2012 for a period of two years up to March, 2014. Its extension beyond March, 2014 and upto March 2016 has been conveyed to the US side.

As part of the India-US Commercial Dialogue, both the countries are currently exchanging information on Standards Cooperation and Sustainable Manufacturing. Under the Standards Cooperation, information is being exchanged on each country's approach to standardization for the development and deployment of an interoperable Smart Grid; Initiate discussion on Intelligent Transportation Systems standards with key U.S. and Indian government and regulatory stakeholders and explore opportunities to collaborate. Under Sustainable Manufacturing both sides are exploring possibilities of cooperation in areas such as Environmental Stewardship, Increased Competitiveness and Value Addition, Green Technology Demand, Innovation, Job Creation, Skills Development and SMEs. The last G2G and B2B session on Sustainable Manufacturing under the aegis of CD was held in Las Vegas.

### India-US Trade Policy Forum

India-US Trade Policy Forum (TPF), announced during the visit of the then Prime Minister

Dr. Manmohan Singh to the US in July, 2005, is a part of the overall Strategic Dialogue between India and the United States and is designed to expand bilateral trade and investment relations between India and the United States. The TPF is co-chaired by the then Minister of Commerce & Industry and the United States Trade Representative.

A Private Sector Advisory Group (PSAG) was formed in April 2007 as an adjunct to the TPF to provide the TPF with views and advice from non-government trade and investment experts. The PSAG members offer recommendations and policy suggestions, and inject new ideas into the TPF dialogue.

During the visit of the then Commerce and Industry Minister to USA in July, 2013, both sides decided to do preparatory ground work through a series of DVC consultations between subject experts as a precursor to holding the next round of TPF. Two rounds of DVCs have so far been held.

### India-Canada Bilateral Trade

India's total trade with Canada crossed US \$ 5 billion in 2013-2014 with exports to Canada accounting for 0.65 % of India's total exports and imports accounting for 0.73% of our global imports. Bilateral trade figures between India and Canada from 2008-09 to 2013-2014 (Provisional) are given below:

Table 6.16

(US \$ Million)

Year	Exports	Percentage Growth	Imports	Percentage Growth	Trade balance
2008-09	1,364.41	7.72	2,458.65	24.10	(-) 1,094.24
2009-10	1,122.77	-17.71	2,097.35	(-)14.70	(-) 974.58
2010-2011	1,348.86	20.14	2,029.98	(-)3.21	(-) 681.13
2011-2012	2,053.56	52.24	2,897.55	42.74	(-) 844.00
2012-13	2,036.58	-0.83	2,800.22	(-)3.36	(-) 763.64
2013-14 (P)	2,039.51	0.14	3,271.11	16.82	(-) 1,231.60

The major commodities of export to Canada are Drugs, Pharmaceuticals & Fine Chemicals; Manufactures of Metals; RMG Cotton including Accessories; Gems & Jewellery; Machinery and Instruments; Marine Products; Cotton Yarn, Fabrics, Made ups; etc.

The major items of import from Canada are Pulses; Metalifers ores and metal scrap; Fertilizers manufactured; Petroleum, Crude and Products; Newsprint, Coal, Coke and briquettes etc; Electronic Goods; Gold; Pulp and waste paper ; Machinery (except electrical and electronic), etc.

#### India-Canada Trade Policy Consultations

Annual Trade Policy Consultations (TPCs) between India and Canada were formalized in October 2003. TPC mechanism provides an effective platform to deal with trade barriers and explore new areas of economic cooperation. TPC is co chaired by Commerce Secretary on the Indian side and Deputy Minister of International trade on the Canadian side. The 7th Meeting of the India-Canada Trade Policy Consultations was held in October, 2010 in New Delhi at the level of the Commerce Secretary(India) and Deputy Minister of International trade(Canada). No

meetings have been held thereafter.

#### India-Canada Annual Ministerial Dialogue

India-Canada Joint Statement issued on 27th June 2010 during the visit of the then Prime Minister to Canada called for an annual dialogue on Trade and Investment between Canada's Minister of International Trade and India's Minister of Commerce and Industry. Two meetings of the India-Canada Annual Ministerial Dialogue on Trade and Investment have been held so far since its inception in June, 2010, the first at Ottawa in September, 2010 and the second in New Delhi in November, 2011.

#### India Canada CEPA

The announcement of launch of India-Canada CEPA negotiations was made by Prime Ministers of both the countries in Seoul in November 2010. Negotiations were formally launched by CITM and Canadian Trade Minister Van Loan on 16 November 2010 in New Delhi, following the release of the Canada-India Joint Study Report, in September 2010. The agreement covers Trade in Goods, Trade in Services, Rules of Origin, Sanitary and Phytosanitary Measures,

Technical Barriers to Trade and other areas of economic cooperation. Eight rounds of negotiations have taken place. The 8th Round was held in Ottawa, Canada from 24-26 June, 2013. The next round of negotiations is proposed to be held in New Delhi.

### India-Mexico Bilateral Trade

India's total exports to Mexico were US \$ 2.22 billion and imports were US \$ 3.67 billion in 2013-2014. Bilateral trade figures between India and Mexico from 2008-09 to 2013-2014 (Provisional) are given below:

**Table 6.17**

(US \$ million)

Year	Exports	Percentage Growth	Imports	Percentage Growth	Trade balance
2008-09	659.51	11.34	1,725.09	45.07	(-) 1,065.58
2009-10	596.18	-9.60	1,048.97	-39.19	(-) 452.79
2010-11	913.22	53.18	1,163.45	10.91	(-) 250.23
2011-2012	1,368.21	49.82	2,566.79	120.62	(-) 1198.58
2012-13	1,628.24	19.00	4,037.62	57.30	(-) 2,409.37
2013-14 (P)	2,222.55	36.50	3,673.27	(-)9.02	(-) 1,450.73

The major commodities of export to Mexico are Transport Equipments; Manufactures of metals; Aluminum other than products; Machinery and Instruments; Inorganic/Organic/Agro chemicals; Drugs, Pharmaceuticals & Fine Chemicals; Non-ferrous metals; RMG Cotton including Accessories, Manmade Yarn, Fabrics, Made ups; Plastic products, etc.

The major commodities imported from Mexico are Petroleum, crude and products; Electronic Goods, Organic Chemicals; Metaliferous ores and metal scrap; Machinery (except Elec. & Electronic); Transport Equipments, Project goods, etc.

### India Mexico BHLG

A Memorandum of Understanding (MOU) was signed between India and Mexico on 21 May, 2007 at New Delhi by the then Minister

of Commerce and Industry and Minister of Economy, Mexico for the establishment of a Bilateral High Level Group (BHLG) on Trade, Investment and Economic Cooperation. This MOU envisages establishing a Bilateral High Level Group (HLG) on Trade, Investment and Economic Cooperation that shall meet once a year alternately in each country. The functions of the HLG mainly include promoting bilateral cooperation, maintaining liaison in the economic, commercial, technical and other related fields and information exchange. Under the BHLG six Working Groups have been created – (i) Trade Promotion (ii) Investment Promotion (including infrastructure) (iii) Custom Cooperation (iv) Services Promotion (v) Tourism Promotion and (vi) Industrial dialogue with private sector participation (Chemical-Pharma, Textiles and Bio-fuels sectors.)

The Third Meeting of the India - Mexico Bilateral High Level Group on Trade, Investment and Economic Cooperation was held on October 30, 2012 in New Delhi.

#### IV. Trade with Europe

The European Union (EU) consists of 28 countries viz. Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden and U.K. Besides, there is

also a bloc of EFTA countries comprising of Switzerland, Norway, Iceland and Liechtenstein. Turkey, Albania, Bosnia and Herzegovina, Macedonia and Serbia while considered part of Europe, are neither a member of the EU nor EFTA blocs.

European countries accounted for about 18.65% of India's total export and 15.7% of India's total import during 2013-14. During this year, India's trade with Europe has declined by 10.17% as compared to the previous year 2012-13 with exports increasing by 4.02% and imports decreasing by 19.26%.

**Table 6.18**

(US \$ million)

Year	Exports	Growth rate (%)	Imports	Growth rate (%)	Total Trade	Balance of Trade
2009-10	38,523	(-)8.44	55,713	(-)2.71	94,236	(-)17,190
2010-11	49,926	29.6	71,181	27.76	1,21,107	(-)21,255
2011-12	57,798	15.77	94,056	32.14	1,51,854	(-)36,258
2012-13	56,051	(-)3.02	87,528	(-)6.94	1,43,579	(-)31,478
2013-14	58,304	4.02	70,670	(-)19.26	1,28,974	(-)10.17

(Source: DGCI&S)

The top five items of India's exports to Europe and import from Europe during the

period during the year 2013-14 are at Tables below:

**Table 6.19**

#### Top five commodities of exports to Europe:

(US \$ million)

Commodity	Apr-Mar 2013	Apr-Mar 2014	%Growth	Share
Petroleum (Crude & Products)	10,357.61	8,842.76	-14.63	15.17
Ready-made Garments Cotton including Accessories	3,993.95	4,246.48	6.32	7.28
Gems & Jewellery	3,551.41	3,920.12	10.38	6.72

Commodity	Apr-Mar 2013	Apr-Mar 2014	%Growth	Share
Machinery and Instruments	3,462.22	3,953.59	14.19	6.78
Transport Equipments	3,854.94	3,761.52	-2.42	6.45
Total of all commodities	56050.47	58304.1	4.02	100

**Table 6.20**  
**Top five commodities of imports from Europe:**

(US \$ million)

Commodity	Apr-Mar 2013	Apr-Mar 2014	%Growth	Share
Gold	29,953.09	17,449.08	-41.74	24.69
Pearls Precious Semi-precious Stones	9,633.25	9,890.01	2.67	13.99
Machinery (except Electrical & Electronic)	10,308.53	8,532.53	-17.29	12.07
Transport Equipments	5,769.90	5,354.38	-7.20	7.58
Electronic Goods	3,697.75	3,199.52	-13.47	4.53
Total of all commodities	87528.32	70669.92	-19.26	100

(Source: DGCI&S)

### Focus-strategy to explore new markets in Europe

With an objective to further explore new markets in Europe with high business potential, CII undertook a study on Accelerating Economic Engagement between India and Nordic Region and Trade & Investment Relations between India and Central Europe. The two reports provide an exhaustive view of trade opportunities existing in Central Europe and Nordic Regions, identifying food processing, IT Industry, Automotive, Agriculture, Agro-Machinery, Tourism etc. as key areas of potential collaboration.

### European Union (EU)

EU as a regional bloc is India's largest trade partner. The relationship between the European Union and India has matured substantially in recent years, from that of an aid donor-recipient, to one of partnership with opportunities for mutual benefit. The EU and India, as the two largest democracies in the world and global actors in a multi-polar world, today share a Strategic Partnership, of which commercial interaction forms a key component. The frequency and intensity of India's contacts with the EU have grown exponentially since 2000. India's engagement

with EU in trade in goods has increased by more than five times between 2000 and 2014.

India and the EU have enjoyed healthy economic relations. These relations have been built on the foundations of (i) Cooperation Agreement between European community and India on Partnership and Development - 20th December, 1993 (ii) Agreement on Scientific and Technological Cooperation, 2001 (renewed in 2007), (iii) Agreement on Customs Cooperation, 2004, (iv) EU-India Horizontal Civil Aviation Agreement, 2008, (v) Agreement on nuclear fusion energy research, 2009, (vi) Joint declaration on Culture in December, 2010. India also has bilateral framework Agreements with a number of individual EU countries in areas of trade, investment and avoidance of double taxation. India has agreements for investment promotion and protection with 28 countries of Europe, including 16 countries of EU. Similarly, agreements for avoidance of double taxation exist with 28 countries of Europe, including 20 countries of EU.

India-EU bilateral relations are periodically reviewed at the official level by the India-EC Joint Commission, which held its last meeting in New Delhi on 4th February, 2013. Three Sub-Commissions on Trade, Economic

Cooperation and Development Cooperation and seven Joint Working Groups on agriculture and marine products, textiles, steel, food processing industries, pharmaceuticals & bio-technology, Customs Cooperation and technical barriers to trade (TBT)/sanitary and phyto sanitary (SPS) issues are active. In 2014, the meetings of Sub Commission on Trade and Sub Commission on Economic Cooperation and Sub Commission on Development Cooperation were held on 7.3.2014, 6.3.2014 and 3.6.2014 respectively.

India's trade with the EU is hampered by non-tariff barriers such as sanitary and phyto-sanitary standards, technical barriers, complex system of quota/tariff, anti-dumping/anti-subsidy measures against Indian products etc. These issues which have a bearing on market access for India's exports to the EU are regularly taken up in the Joint Working Groups and the Sub-Commission on Trade. The EU market has stringent quality norms and standards. Indian trade and industry also needs to meet these norms to increase the market share of Indian products in EU. Issues affecting trade with individual European countries are also taken up at the bilateral fora in the form of Joint Commissions. This continuous dialogue helps in creating an environment for enhancing bilateral trade and investment flows.

**Table 6.21**  
**Trade with European Union**

(US \$ million)

Year	Exports	Growth rate (%)	Imports	Growth rate (%)	Total Trade	Balance of Trade
2009-10	36,028	-8.45	38,433	-10.06	74,461	-2,405
2010-11	46,078	27.89	44,540	15.89	90,618	1,538

Year	Exports	Growth rate (%)	Imports	Growth rate (%)	Total Trade	Balance of Trade
2011-12	52,603	14.16	56,530	26.92	109,133	-3,927
2012-13	50,469	-4.06	52,275	-7.53	102,744	-1,806
2013-14	51,595	2.23	49,504	-5.30	101,099	2,091

(Source: DGCI&S)

### Updated status in respect of india EU-BTIA negotiations

In order to deepen and strengthen bilateral trade and investment relations, India and the EU decided to enter into a Broad based Trade and Investment Agreement in June, 2007. A High-Level Trade Group (HLTG) was established to explore ways and means to widen and broaden the economic relationship and explore possibility of a trade and investment agreement. So far, fifteen rounds were held at Commerce Secretary level, the last being in December 2012 in New Delhi. The last Ministerial Review meeting between Commerce Minister and Trade Commissioner, EU was held in Brussels on 15th April, 2013.

Both sides are working towards finalization of the agreement.

### India-EFTA Trade and Economic Partnership Agreement (TEPA)

India and EFTA countries comprising Switzerland, Liechtenstein, Norway and Iceland (Non-EU Countries in Europe) enjoy strong trade and economic relations. The bilateral trade has increased from US\$ 14,174 million in 2008-09 to US\$ 22,234 million in 2013-14, with average annual growth rate of 11.37% during the last five years. During 2013-14 the trade has declined by 35.54%. While, exports increased by nearly 50% imports declined by 39%. Trade with EFTA countries during last five year is indicated in the table below:

**Table 6.22**  
**Trade with EFTA countries**

(US \$ million)

Year	Exports	Growth rate (%)	Imports	Growth rate (%)	Total Trade	Balance of Trade
2009-10	835.44	-29.23	15,615.79	20.18	16,451.24	(-)14,780.35
2010-11	954.43	14.24	25,768.34	65.01	26,722.77	(-)24,813.91
2011-12	1,471.64	54.19	33,155.81	28.67	34,627.45	(-)31684.17
2012-13	1,378.97	(-)5.82	33,114.59	(-)8.28	34,493.56	(-)31,735.62
2013-14	2,067.25	49.91	20,166.81	-39.1	22,234.06	(-)18099.56

(Source: DGCI&S)

In order to strengthen trade and investment relations with the European Free Trade Association (EFTA) countries an India-EFTA Joint Study Group (JSG) was established in December, 2006 to take a comprehensive view of bilateral economic linkages, covering among others, trade in goods and services, investment flows, and other areas of economic cooperation and to examine the feasibility of a bilateral broad based trade and investment agreement. The JSG recommended commencement of negotiations and so far 13 rounds of negotiations were held, the last being in November 25-29, 2013 in New Delhi. The TEPA is expected to boost bilateral trade and economic cooperation between India and EFTA.

#### **Institutional Mechanism**

India has established several institutional mechanisms with European countries i.e. UK, France, Spain, Italy, Portugal, Belgium-Luxembourg, Switzerland, Czech Republic, Slovak Republic, Serbia, Croatia, Slovenia, Austria, , Bulgaria, Bosnia & Herzegovina, Cyprus, Finland, Greece, Romania, Turkey and the European Union. These institutional mechanisms are handled by Department of Commerce at various levels.

#### **JEC Meetings held during January 2013 to March 2014:**

- The 22nd session of the India-EU Joint Commission was held in Brussels on 4th February, 2013. It was co-chaired from the EU by Chief Operating Officer of the European External Action Service (EEAS) and by Secretary of Commerce of the Indian Ministry of Commerce and Industry. The meeting discussed progress of three Sub Commissions

(Trade, Economic Cooperation & Development) and priority areas of bilateral cooperation viz. India EU BTIA, Research and Innovation, Energy, Skills Development, Migration and Mobility.

- The 13th Economic Joint Commission between the Belgium-Luxembourg Economic Union (BLEU) was held in Brussels during 1-2 July, 2013. It was co-chaired by Shri S.R. Rao, the then Commerce Secretary from Indian side and Mr. Dirk ACHTEN, Secretary General from Belgium side and Mr. Jean GRAFF, Ambassador from Luxembourg side. The Commission discussed issues related to Economic developments in India, Belgium and Luxembourg, Multilateral aspects, Investment Issues, Economic Cooperation, Infrastructure, Ports, Diamonds, Customs, Diversification of Trade and new areas of Cooperation, Market Access Issues, Bilateral Agreements, Higher Education and Developments and Consular Issues.
- The 7th Session of India - Slovakia Joint Economic Committee was held in Bratislava on 11th July, 2013. It was co-chaired by Dr. (Ms.) D. Purandeswari, the then Minister of State for Commerce from Indian side and Mr. Pavol Pavlis, State Secretary in the Ministry of Economy from Slovak side. The Commission reviewed current global economic situation and bilateral trade. The Commission discussed issues related to, cooperation in the financial sector, Standards and Metrology, Science and Technology, Energy, Micro, Small and Medium Enterprises, Tourism, Textiles, Pharmaceuticals.

- The 8th Session of India - Slovenia Joint Economic Committee was held in New Delhi on 16th July, 2013. It was co-chaired by Mr. Sumanta Chaudhuri, Joint Secretary from Indian side and Dr. Stanislav Rascan Director General in the Directorate for Economic Diplomacy, Ministry of Foreign Affairs from Slovenian side. The Commission reviewed current global economic situation and bilateral trade. The Commission also discussed issues related to cooperation in the sectors viz. Micro, Small and Medium Enterprises, Financial and Banking sectors, Science and Technology, Air Transport, Tourism, Power, Film production, Standardization, and cooperation between business chambers of the two countries.
- The 13th Session of India –Austria Joint Economic Commission was held in New Delhi on 11th September, 2013. It was co-chaired by Shri Sumanta Chaudhuri, Joint Secretary from Indian side and Mrs Bernadette Marianne Gierlinger, Vice Minister for Foreign Economic Policy and European Integration in the Federal Ministry of Economy, Family and Youth from Austrian side. The Commission discussed issues related to cooperation in the Infrastructure, Railways, Road Transport, Shipping, Iron & Steel, Ayurveda and traditional Indian medicine.
- The 9th meeting of the India UK Joint Economic and Trade Committee (JETCO) was held in Delhi on 9th Dec, 2013. It was co-chaired by Shri Anand Sharma, the then Hon'ble Minister for Commerce and Industry from Indian side and by Dr. Vince Cable, Secretary for Business, Innovation and Skills from the UK side. The JETCO provides a platform for the government and business to work together to enhance bilateral trade and investment. JETCO meeting was preceded by three Working Groups meetings namely Education and Skill, Advance Manufacturing & Engineering and Innovation and conclusions of these Joint Working Group were presented in the plenary session of the JETCO by the group representatives. Both sides appreciated the valuable inputs provided by the members of these working groups and underlined the importance of continued healthy engagement for a strong foundation for enhancing bilateral economic cooperation.
- The 10th Session of India –Turkey Joint Committee for Economic and Technical cooperation was held in New Delhi on 30th January, 2014. It was co-chaired by Shri Anand Sharma, the then Commerce & Industry Minister from Indian side and Mr. Nihat Zeybekci, Minister of Economy of the Republic of Turkey from Turkish side. The Commission discussed issues related to cooperation in the field of investment, Customs matters, Health, Agriculture, Special Economic Zone, Energy, Transportation, Tourism, Science and Technology, Small and Medium Enterprises and Standardization & Metrology.
- The India-EU Sub Commission on Economic Cooperation was held on 6th March, 2014 in Brussels. It was co-chaired by Shri Dammu Ravi, Joint Secretary from Indian side and Mr. Ugo Astuto, Director EEAS from EU side. The

discussions were held in three broad sectors viz, promoting Sustainable Development, Research & Innovation and People to People exchanges.

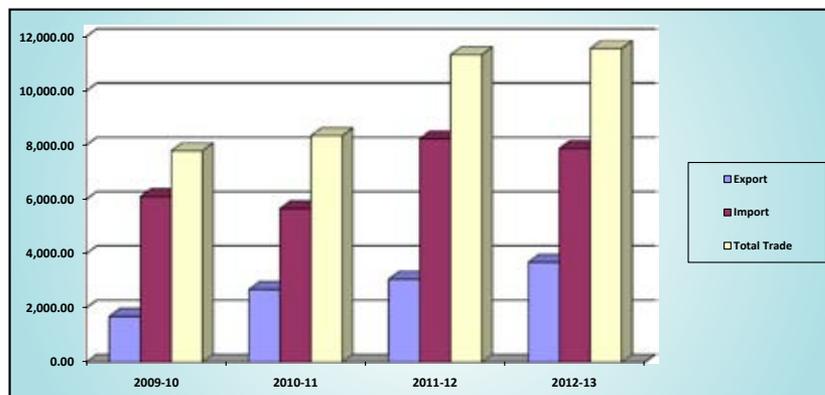
- The India-EU Sub Commission on Trade was held in Brussels on 7th March, 2014. It was co-chaired by Shri Dammu Ravi, Joint Secretary from Indian side and Ms. Signe Ratso, Director (Trade Division, EC) from EU side. Both sides jointly reviewed reports of six Joint Working Group with EU (Agriculture, Marine Products, Pharmaceuticals, Customs, SPS/TBT and Steel & Textiles)

and discussed several contentious trade issues.

#### V. Trade with Commonwealth of Independent States (CIS)

The Commonwealth of Independent States (CIS) comprises the Russian Federation, Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan (the last 5 countries jointly referred to as the Central Asian Republics). Bilateral trade with these countries is as shown in the graph below:

**Bilateral trade with CIS region**



**Table 6.23**  
**Trade with CIS**

US\$ Million

Year	Export	Import	Total Trade	%Growth
2009-10	1,687.68	6,104.00	7,791.68	(-)9.8
2010-11	2,681.86	5,664.28	8,346.15	(+)7.11
2011-2012	3,059.98	8,237.84	11,333.82	(+)35.79
2012-2013	3,682.98	7,879.78	11,562.76	(+)2.01
2013-14 (April to March) (P)	3508.79	7,748.66	11257.45	

(Source: DGCI &S) I

The CIS region had a share of 1.23 per cent in India's exports and 1.61 per cent in its imports during 2012-13. The principal commodities of exports to the region include drugs and pharmaceuticals & fine chemicals, machinery & instruments, electronic goods, plastic and linoleum products, tea, coffee, meat & preparation, transport equipments, RMG cotton including accessories, manufactures of metals etc. Important items of imports to India from this region are iron and steel, fertilizers, non-ferrous metals, petroleum, crude & products, silver, synthetic & reclaimed rubber, vegetable oils, newsprint, project goods, crude minerals, inorganic chemicals, metaliferous ores and metal scrap etc.

### Russian Federation

The Russian Federation, constituting a major portion of the former USSR, continues to be India's most important trading partner in the region accounting for about 56.45% of India's total trade with CIS region in 2012-13. During 2013-14, following meetings were held to discuss various issues concerning bilateral cooperation:

- 19th Session of the Indo-Russian Inter-Governmental Commission on Trade, Economic, Scientific, Technological and Cultural Cooperation was held on 4th October, 2013 in Moscow, Russian under the Co-Chairmanship of Shri Salman Khurshid, Minister of External Affairs from the Indian side and Mr. Dmitry Rogozin, Deputy Prime Minister of the Russian Federation from the Russian side.
- 7th Session of India-Russia Forum on Trade & Investment was held 20th September, 2013, at St. Petersburg,

Russia under the Co-Chairmanship of Shri Anand Sharma, Minister of Commerce, Industry & Textile from the Indian side and Mr. Dmitry Rogozin, Deputy Prime Minister of the Russian Federation from the Russian side.

- 19th Session of the India-Russia Working Group on Trade & Economic Cooperation under the aegis of the Indo-Russian Inter-Governmental Commission on Trade, Economic, Scientific, Technological and Cultural Cooperation was held on 11th September, 2013 in Moscow, Russian. under the Co-Chairmanship of Shri Ravi Capoor, Joint Secretary, Department of Commerce from the Indian side and Mr. Evgeny Popov, Director of the Department of the Countries of Asia and Africa, Ministry of Economic Development of the Russian Federation from the Russian side.

### Central Asian Republics

Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, constitute the five Central Asian Republics in the CIS region. Department of Commerce is the nodal Department for the Inter-Governmental Commission (IGC) with Kyrgyzstan, Tajikistan and Uzbekistan. During 2013-14, following events were held:

- 6th session of the India-Kyrgyzstan Inter-Governmental Commission (IGC) on Trade, Economic, Scientific and Technological Cooperation was held on 18th-19th July, 2013 in Bishkek, Kyrgyzstan. The Indian delegation was led by MoS (C&I) who is also the co-chairperson of the IGC from the Indian side.

- 7th India-Tajikistan Joint Commission Meeting (IT-JCM) on Trade Economic, Scientific and Technical Cooperation to be held during 19th-20th February 2013, co-chaired by Shri S.R. Rao, CS from Indian Side and Mr SharifRahirnzoda, Minister of Economic Development and Trade from Tajik Side.
- 3rd session of India-Kazakhstan Joint Working Group on Trade and Economic Cooperation was held on 20th -21st Feb. 2014 in New Delhi under the co-chairmanship of Shri Ravi Capoor, Joint Secretary, DoC and Mr. Kairat Torebayev, Director, Department of International Cooperation from Kazakh Side.
- 10th session of India-Uzbekistan Inter-Governmental Commission on Trade, Economic, Scientific, Technological, Industrial and Cultural Cooperation was held on 04th- 05th March, 2014 under the co-chairmanship of Shri Ravi Capoor, Joint Secretary, DoC and Mr. D. Turdiev, Deputy Minister of Economy from Uzbek side.

#### Other CIS Countries

Other six CIS countries are Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. Ukraine is India's second largest trading partner of the CIS region accounting for about 25% of India's total trade with CIS region in 2012--13. Department of Commerce is the nodal Department for the Inter-Governmental Commission (IGC) with Azerbaijan. During 2013-14, following events were held:

- 6th meeting of India-Belarus Inter-Governmental Commission on Trade, Economic, Scientific and Technological Cooperation was held on 24th July, 2013 January, 2012 in New Delhi.
- First meeting of India-Belarus Joint Working Group (JWG) on Trade and Investment was held on 23rd July, 2013.
- 2nd Session of the India-Ukraine Working Group on Trade & Economic Cooperation under the aegis of the Indo-Ukraine Inter-Governmental Commission on Trade, Economic, Scientific, Technological, Industrial and Cultural Cooperation was held during 21st & 22nd March, 2013 under the Co-Chairmanship of Mr. Ravi Capoor, Joint Secretary, Department of Commerce from the Indian side and Mr. Ruslan Osypenko, Department- Director, Ministry of Economic Development and trade of the Ukraine from the Ukrainian side.
- 5th Session of the Indo-Ukrainian Inter-Governmental Commission on Trade, Economic, Scientific, Technological, Industrial and Cultural Cooperation was held on 13th -14th Nov. 2013 under the co-chairmanship of Mr. E. Ahamed, Minister of State for External Affairs from Indian side and Mr Ihor PRASOLOV, Minister of Economic Development and Trade of Ukraine from Ukraine side.
- 3rd Session of India-Azerbaijan Inter-Governmental Commission on Trade, Economic, Scientific, Technological, Industrial and Cultural Cooperation was held on 24th -25th February, 2014 under the co-chairmanship of Dr. E.M. Sudarasana Natchiappan, MoS(C&I) from Indian Side and Prof. Huseyngulu Baghirov, Minister of Ecology and Natural Resources from Azerbaijan Side.

### Other Events

- 5th Meeting of Coordination Council of International North-South Transport Corridor (INSTC) was held on 24th-25th June, 2013 in Baku, Azerbaijan. Meeting was attended by Islamic Republic of Iran, Republic of Azerbaijan, Kazakhstan, Russian Federation Syria, Turkey, Belarus and India. Proposal of FFFAI for conducting Dry Run Study on INSTC is approved by DoC and it may be conducted very soon.

### Trade Promotion and other Activities

- "Focus: CIS Programme" launched in 2003-04 now covers all the CIS countries. The programme seeks to increase interaction between the business entities of the two regions by identifying areas of bilateral trade and investment. The focus is on major product groups/ services for raising India's exports to this region. The exports to the region are to

be enhanced through combined efforts of various institutions of the Government of India and various Trade Promotion Organizations.

- There is a regular exchange of delegations with CIS countries through participation in trade fairs of mutual interest and exchange of trade related information.
- Bilateral trade and economic cooperation between India and these countries is regularly reviewed through the meetings of Joint Commissions / Working Groups and Joint Business Councils.
- There is a regular interaction at the Governmental level for enhancing bilateral trade and economic cooperation.
- A series of outreach programme on the subject of trade & investment in 12 CIS countries has been initiated by FT (CIS) Division. Outreach programmes held so far are tabulated below.

Station where held	Date of programme	Organizer
Ahmadabad	18th April, 2013	DoC and CII
Srinagar	11th June, 2013	MEA, DoC and FICCI
New Delhi	29th Augt. 2013	DoC and PHD Chamber
Bangalore	15th Oct. 2013	DoC and FICCI
Chennai	20th Nov. 2013	DoC and FIEO
Ludhiana	26th Nov. 2013	DoC and FICCI
Kolkata	29th January, 2014	DoC and FIEO

Inter Governmental Commission/Joint Commission - with CIS Countries under Department of Commerce

- India-Azerbaijan Inter Governmental Commission on Trade, Economic,

Scientific & Technological Cooperation under the Co-Chairmanship of Minister of State for Commerce and Industry

- India-Kyrgyzstan Inter Governmental Commission (IGC) on Trade, Economic,

Scientific & Technological Cooperation under the Co-Chairmanship of Minister of State for Commerce and Industry

- India-Uzbekistan Inter-Governmental Commission (IGC) on Trade, Economic, Scientific & Technical Cooperation under the Co-Chairmanship of Minister of State for Commerce and Industry.
- India-Tajikistan Joint Commission on Trade, Economic, Scientific & Technical Cooperation under the Co-Chairmanship of Commerce secretary.

## VI. Trade with Latin American and Caribbean Countries

FT (LAC) Division in Department of Commerce strengthens promotion of India's trade and commercial relations with LAC countries, which consist of 43 countries. Traditionally, relations between India and LAC countries, despite vast distances and poor connectivity, have always remained warm and cordial with greater convergence on multilateral trade issues. We are making concerted efforts to unleash the full potential of our trade and

commercial relations with the region as a policy of diversifying our markets. Keeping this in view we have been undertaking promotional activities, awareness building and business interactions.

### Trade and Investment with the Latin American and Caribbean Countries (LAC)

During the last decade our bilateral trade and economic relations with LAC region have gradually grown. The total bilateral merchandise trade with the region increased from a modest US\$ 2.01 billion in 2003-04 to US\$ 39.68 billion in 2013-14. Our trade with the region constituted 5.2% of the total bulk trade and the percentage share of India's exports to Latin America in its global imports is 3.46% and India's imports from LAC region constitute 6.41% of its global exports. Venezuela, Brazil, Colombia, Chile, Argentina, Peru, Bahamas, Ecuador, Costa Rica and Panama are India's top ten trading partners. India's cumulative investments in LAC region estimated to be US\$ 18 billion cover diverse areas such as hydro carbons, agriculture, mining, pharma and IT.

**Table 6.24**  
India's trade with LAC countries

(US\$ mn)

Year	India's exports to LAC	% growth of exports	India's import from LAC	% growth of imports	Balance of trade	Total trade
2003-04	891.65	-17.81	1,118.77	14.10	-227.13	2,010.42
2008-09	5,513.04	8.49	8,240.44	53.49	-2,727.40	13,753.48
2009-10	5,614.40	1.84	9,356.30	13.54	-3,741.90	14,970.70
2010-11	9,324.48	66.08	13,042.52	39.40	-3,718.03	22,367.00
2011-12	12,276.85	31.66	16,178.56	24.04	-3,901.70	28,455.41
2012-13	13,518.03	10.11	27,497.09	69.96	-13,979.07	41,015.12
2013 – 14 (P)	10,817.75	-19.98	28,864.84	4.97	-18,047.09	39,682.59

(Source: DGCI&S, Kolkata)

**Table 6.25**  
**Top ten commodities of India's exports to LAC countries**

(US \$ Million)

S. No.	Commodity	Apr-Mar 2013	Apr-Mar 2014(P)	%Growth	% share 2013 - 14
1	Petroleum (Crude & Products)	6,015.17	2,997.69	-50.16	34.8015422
2	Transport Equipments	1,333.43	1,525.68	14.42	17.7123108
3	Drugs, Phrmcutes & Fine Chemls	812.28	828.85	2.04	9.62249541
4	Machinery And Instruments	675.8	682.73	1.03	7.92612208
5	Inorganic/Organic/Agro Chemls	549.04	621.25	13.15	7.21237289
6	Manmade Yarn, Fabrics, Madeups	543.7	548.12	0.81	6.36337357
7	Cotton Yarn, Fabrics, Makeupsetc	447.82	429.7	-4.05	4.9885821
8	Plastic & Linoleum Products	353.91	373.62	5.57	4.33752396
9	Manufactures Of Metals	364.49	307.52	-15.63	3.57013909
10	Prmry & Semi-Fnshd Iron & Stl	249.8	298.51	19.5	3.46553792
	Sum of top 10 commodities	11,345.43	8,613.67	-24.08	79.63%
	total of all commodities	13,517.94	10,817.66	-19.98	100%

(Source: DGCI&amp;S, Kolkata)

**Table 6.26**  
**Top ten commodities of India's imports from LAC countries**

(US \$ Million)

S. No.	Commodity	Apr-Mar 2013	Apr-Mar 2014(P)	%Growth	% Share 2013 - 14
1	Petroleum, Crude & Products	19,845.57	21,415.51	7.91	77.19
2	Metalifers Ores & Metal Scrap	3,457.83	3,623.41	4.79	13.06
3	Vegetable Oils Fixed (Edible)	1,310.99	1,341.21	2.3	4.83
4	Sugar	560.02	382.56	-31.69	1.38
5	Gold	161.43	215.47	33.48	0.78
6	Wood And Wood Products	218.93	202.65	-7.44	0.73
7	Electronic Goods	181.9	167.82	-7.74	0.60
8	Other Commodities	137.08	163.19	19.05	0.59
9	Coal, Coke & Briquettes Etc.	138.99	129.97	-6.49	0.47
10	Inorganic Chemicals	145.46	102.1	-29.81	0.37
	Sum Of Top 10 Commodities	26,158.21	27,743.90	6.06	96.12
	Total Of All Commodities	27,497.07	28,864.81	4.97	100%

(source: DGCI&amp;S, Kolkata)

### Focus: LAC Programme

With the objective to further deepen India's relations with LAC region, an integrated programme "Focus LAC" was launched in November, 1997. Under this programme, incentives and export promotion measures had been designed. The Foreign Trade Policy (FTP) of 2009 gives special focus to the LAC region as part of our long term strategy to diversify our trade basket. For the purpose of recognition as Export House (EH), Star Export House (SEH), Trading House (TH), Star Trading House (STH) and Premier Trading House (PTH), Double Weight is given to export being made to Latin American Countries under Foreign Trade Policy (FTP) 2009 - 2014. DGFT's "Focus Market Scheme (FMS), started in April, 2006, that off-sets high freight cost and other externalities to select international markets covered 16 new markets of LAC region, taking the total LAC countries covered under the scheme to 31. The objective of the FMS Scheme is to enhance India's export competitiveness in markets where presence is hindered by high freight cost and other related disabilities. Under the Market Linked Focus Product Scheme (MLFPS), introduced during 2008-09, 13 markets have been identified including Brazil. Further, under Special FMS of the Department of Commerce, 12 countries of LAC region are included; Cuba and Mexico are new entrants in this Category. The objective of MLFPS Scheme is to promote exports of products of high export intensity but which have a low penetration in identified countries. The Focus – LAC programme has been extended upto March 2019 in order to consolidate the gains of the previous year and significantly strengthen India's trade and investment markets with the region.

### Main events during 2013-14

The then MoS (C&I), Ms. D. Purandeswari visited the region in June, 2013 covering Mexico, Panama, Costa Rica and Ecuador. She held bilateral meetings with her counterpart in all these countries and concluded MoUs on Economic Cooperation with Costa Rica and Ecuador. During her visit, "Made in India Show" was successfully held in Panama City which was coordinated by CII. President of Panama Mr. Irvin A. Halman graced the Indian Pavilion. In July, 2013, the then CIM, Shri Anand Sharma, visited Brazil and held bilateral talks with his counterpart Mr. Eduardo Pimientel during which both sides took a decision to set up JWG's in selected areas such as Manufacturing, Infrastructure & Innovation, Agriculture, Animal Husbandry & Food Processing, Pharmaceuticals & Life Science, Services (including ICT & tourism), Civil Aviation and Mining

### Institutional Mechanisms

India has 12 institutional mechanisms with LAC countries to review trade and investment linkages at the bilateral level. During the year bilateral Joint Economic Commission meetings with Brazil, Argentina and Venezuela were held at External Affairs Minister level.

### Trade Delegations/ Seminars/ Conferences/ Trade Fairs/ Exhibitions

As part of the trade promotional activities, a number of events were organized during the year with the help of Apex bodies. In addition to Made in India Show organized by CII in Panama City during 17 – 20 April, 2013. India – LAC Conclave was held in New Delhi during 9-10 December, 2013. Both the sides

attracted large participation from India and LAC entrepreneurs. Earlier during the year CII had also organized India – LAC Conferences/ Seminars in Hyderabad and Bangalore.

## PTAs

### Expansion of India-Chile PTA

Department of Commerce had concluded negotiation for expansion of India – Chile PTA in August, 2012. Both countries propose to enhance their list from the present Indian list of 178 items to 1068 items and the Chilean list from 296 to 1784 items. This proposal is currently under progress. The proposal of expanding India – MERCOSUR PTA is delayed on account of the slowdown of the MERCOSUR market. Department of Commerce is also pursuing 2 fresh proposals of entering into negotiations on FTAs with Peru and Colombia. However, presently internal studies are being undertaken to explore the possibility of setting up Joint Study Groups.

### Lines of Credit

India extends Lines of Credit to LAC countries in form of commercial lines and Government

lines of credit. During the year these were extended to LAC overseas financial institutions and regional development banks to stimulate greater trade between India and the region. Currently there are 17 lines of credit extended to various countries and financial institutions

### Observer Status of Pacific Alliance

Pacific Alliance has accorded “Observer Status” to India in February, 2014. Pacific Alliance is an important trade block consisting of Merico, Colombia, Peru and Chile and was formed in the year 2013.

## VII. Trade with Countries in Sub Saharan Africa (SSA) Region

Since Independence India has had cordial and friendly trade relations with countries in Sub-Saharan Africa (SSA) Region, consisting of Eastern, Western, Central and Southern Africa. India’s trade with SSA Region since 2008-09 is given in the table below:

**Table 6.27**  
**Trade with Countries in Sub Saharan Africa (SSA) Region**

(US \$ Million)

Year	Exports	Imports	Total Trade	Annual Growth Rate (%)
2008-09	11,390	18,904	30,295	14.46
2009-10	10,307	20,715	31,022	2.39
2010-11	15,727	26,062	41,789	34.70
2011-12	19,980	36,648	56,628	54.51
2012-13	23461	34387	57848	2.15
2013-14(P)	25788	31719	57507	-0.59

(Source: DGCIIS)

Total bilateral trade with countries in SSA Region during 2013-14 amounted to US \$ 57507 million with exports amounting to US \$ 25,788 million and imports at US \$ 31,719 million.

Bilateral trade with West African countries was US\$ 24,439 million during 2013-14 as compared to US\$ 22,788 million during 2012-13. Rice (other than basmati), drugs, pharmaceuticals and fine chemicals, transport equipments, machinery and instruments, manufactures of metals, cotton yarn, fabrics, makeup etc, plastic and linoleum products, primary and semi-finished iron and steel, petroleum (crude & products), electronic goods were the major items of export during 2013-14. Petroleum (crude and products), cashew nuts, metaliferous ores and metal scrap, gold, wood and wood products, cotton raw, inorganic chemicals, fertilizers, non-ferrous metals and oil seeds were the major items of import during 2013-14.

Bilateral trade with countries in Southern Africa was US\$ 20,856 million during 2013 as compared to US\$ 24,005 million during 2012-13. Petroleum (crude & products), transport equipments, drugs, pharmaceuticals, fine chemicals, machinery & instruments, electronic goods, rice (other than basmati), manufacturers of metals, plastic and linoleum products and gems and jewellery were the major items of export during 2013-14. Gold, Coal, coke and briquettes, metaliferous ores and metal scrap, pearls precious, semi-precious stones, non-ferrous metals, machinery except electric and electronic, organic chemicals, inorganic chemicals, pulp and waste paper primary, steel, pig iron based items were the major items of import during 2013-14.

Bilateral trade with countries in East Africa was US\$ 11,011 million during 2013-14 as compared to US\$ 98,94 million during 2012-13. Petroleum (crude and products); drugs, pharmaceuticals & fine chemicals; machinery & instruments; primary & semi-finished iron and steel; transport equipments, plastic and linoleum products, manufactures of metals, rice (other than basmati), sugar, manmade yarn, fabrics, madeups etc. were the major items of export during 2013-14. Gold, cashew nuts, spices, pulses, metaliferous ores and metal scrap, oil seeds, inorganic chemicals, leather, wood and wood products etc. were the major items of import during 2013-14.

Bilateral trade with countries in Central Africa was US\$ 1202 million during 2013-14 as compared to US\$ 1161 million during 2012-13. Drugs, pharmaceuticals & fine chemicals; machinery & instruments; transport equipments; manufacturers of metals; electronic goods; plastic & linoleum products; primary and semi-finished iron and steel; inorganic, organic, agro chemicals, rubber manufactured products except footwear were the major items of export during 2013-14. Metaliferous ores and metal scrap, cotton raw, non-ferrous metals, wood and wood products, essential oil and cosmetic preparation, pulses, medicinal and pharmaceutical products, oil seeds, electronic goods etc. were the major items of import during 2013-14.

#### **India and SACU (Southern African Customs Union) PTA.**

SACU consists of a group of 5 countries, namely, Botswana, Lesotho, Namibia, Swaziland and South Africa. India and SACU (Southern African Customs Union) are negotiating for a

Preferential Trade Agreement (PTA). Till now, five rounds of negotiations have been held for negotiating the PTA.

The following two Working Groups have been constituted for negotiating the PTA:-

- Working Group on Market Access comprising of two subgroups, namely:
  - Sub Group I responsible for market access for trade in goods
  - Sub Group II responsible for Rules of Origin and Customs Procedures.
- Working Group on Legal and Institutional Issues responsible for the legal vetting of the text of the PTA, Dispute Settlement, SPS and TBT measures and Safeguards and Trade Remedies.

#### CECPA with Mauritius

A comprehensive Economic Cooperation and Partnership Agreement (CECPA) aimed at boosting bilateral trade, investment and general economic cooperation between India and Mauritius is under negotiation.

#### IV. Trade Promotion

The Government, as part of efforts to promote trade in Sub-Saharan Africa extends assistance to exporters and Export Promotion Councils etc. to visit countries in Africa and to organize trade fairs and also sponsors African trade delegations to visit India. A number of export promotion activities were conducted by various Export Promotion Councils and Apex Chambers with grant under Market Development Assistance (MDA) and Market Access Initiative (MAI) Scheme.

10th CII Exim Bank Conclave on India-Africa Project Partnership held from 09-11 March,

2014 at New Delhi. More than 30 Ministers from 15 African countries participated in the event where Lesotho was the partner country and Republic of Congo was the focus country. Around 35 journalists and members of parliament from Africa, 520 overseas participants from 45 countries, 594 Indian delegates participated in the event. A total of 549 projects worth 84.379 billion USD was discussed during the event which was the highest number recorded in the last 10 conclaves. 10th Conclave helped in formation of new ideas and strategies, for both Indian and African businesses and Governments to take the South-South cooperation agenda forward.

A mega event namely “India Show” organized by Confederation of Indian Industry (CII) in collaboration with Ministry of Commerce and Industry, Government of India, in Dar-es-Salaam, Tanzania from 25th to 27th September, 2013, was inaugurated by Dr. D.Purandeswari, the then Minister of State for Commerce and Industry, Mr. Seif Sharif Hamad, the First Vice President of Zanzibar and Dr. Abdallah O.Kigoda, Minister of Industry and Trade of the United Republic of Tanzania. During the inaugural address at the India Show, Dr. D. Purandeswari acknowledged the fact that the East African region was the largest export destination for Indian exports among all the regions in Africa and stressed on the importance of people-to-people contacts for enhancing the trade and investment relations. The then Hon’ble MOS led a large business delegation comprising of CEOs from leading companies in India for the ‘India Show’, comprising of a large Exhibition, Business Seminar and Cultural Programme.

### Joint Trade Committee Meetings

3rd Session of India-Tanzania Joint Trade Committee (JTC) was held in Dar-es-Salaam, Tanzania on 25th September, 2013 which was co-chaired by Dr. D. Purandeswari, the then Hon'ble Minister of State for Commerce and Industry (MoS), Government of India and Dr. Abdallah O. Kigoda, Minister of Industry and Trade of the United Republic of Tanzania. During the JTC meeting, the two sides reviewed the bilateral trade and investment.

### Bilateral Cooperation

Issues pertaining to trade and economic cooperation between India and African countries are reviewed through Joint Commissions and Joint Trade Committees (JTCs). Business to Business interactions have also been encouraged between Apex Indian Chambers and their African counterpart Chambers with a view to further enhance trade and investment relations between India and African Countries.

The then CIM had a bilateral meeting with H.E. Mr. Ahmed Shede Mohamed, State Minister of Finance & Economic Development of Ethiopia on 13th June, 2013.

The then CIM had bilateral meetings with Mr. Cader Sayed Hossen, Minister of Industry, Commerce and Consumer Protection, Mauritius and Dr. Arvin Boolell, Minister of Foreign Affairs, Regional Integration and International Trade, Mauritius on 04th July, 2013.

The then Hon'ble Minister of State for Commerce and Industry (MoS), Dr. D. Purandeswari had a bilateral meeting with Dr. Abdallah O. Kigoda, Minister of Industry

and Trade of Tanzania during 25th to 26th September, 2013.

The then CIM visited Mozambique during 27th to 28th September, 2013. During the visit, he had a bilateral meeting with Mr. Armando Inroga, Minister of Industry and Trade, Mozambique.

A bilateral meeting held between the then CIM and H.E. Mr. Onkokame Kitso Mokaila, Minister of Minerals, Energy and Water Resources, Botswana on 11th November, 2013 at New Delhi.

A bilateral meeting between the then CIM and Mr. Mankeur Ndiaye, Minister of Foreign Affairs and Senegalese Abroad, Senegal was held on 16th January, 2014.

The then CIM had a bilateral meeting with Mr. M.C. Bimha, Minister of Industry & Commerce, Zimbabwe on 28th January, 2014 on the sidelines of Partnership Summit, 2014. The then CIM also met Mr. Carl H G Schlettwein, Minister of Trade and Industry, Namibia on 28th January, 2014.

The then CIM met Ms. Joice T R Mujuru, Vice President of Zimbabwe and Mr. Michael, Bimha, Industry and Commerce Minister of Zimbabwe in Zimbabwe on 03rd February, 2014. On 4th February, 2014, the then CIM called on Mr. Hifikepunye Pohamba, President of Namibia and Dr. Hage geingob, Prime Minister of Namibia.

The then CIM had a bilateral meeting with Ms. Claudine Munari, Minister of Trade & Supply, Republic of Congo on 10.03.2014, Mr. Mvouba Isidore, Sr. Minister of Industry, Republic of Congo on 11.03.2014, Mr. Armando Inroga, Minister of Industry and

Trade, Mozambique on 11.03.2014 and Mr. M.C. Bimha, Minister of Trade and Industry, Zimbabwe on 11.03.2014.

### 3rd India-Africa Trade Ministers' Meet

The 3rd Africa-India Trade Ministers Meet was held in Johannesburg, South Africa on 1st October, 2013 which was co-chaired by the then CIM, Shri Anand Sharma from the Indian side and Dr. Rob Davies, Minister of Trade and Industry of the Republic of South Africa. From the African side the meeting was attended by the Chairperson of the African Union Commission, H.E. Dr Nkosazana Dlamini Zuma, Trade Ministers from 11 countries in Africa, representatives from the Regional Economic Communities (RECs) in Africa like Common Market for Eastern and Southern Africa (COMESA); Economic Community of West African States (ECOWAS); Southern African Development Community (SADC) etc. During the meeting, both sides agreed to consider modalities that would ensure the mutual review and accountability of agreed commitments through a comprehensive monitoring and evaluation mechanism. Both side noted that Africa's RECs have shown concrete movement towards the creation of common markets, which would have a considerable impact on India-Africa economic relations. Both sides emphasized the need to ensure better coherence and coordination of the frameworks that India has with the RECs taking into account the wider integration agenda. The Ministers recognized that there is a vast potential for accelerating investment flows in the potential sectors of cooperation in Agriculture including Agro-processing, Pharmaceuticals, Textiles, Mining, Petroleum and Natural Gas, Information Technology and

Information Technology Enabled Services (IT & ITES), Gems and Jewellery, Core Infrastructure including Roads and Railways. The Ministers noted that Indian investments in Africa have surged with major investments having taken place in the telecommunications, Information Technology (IT), energy, engineering, chemicals, pharmaceuticals and automobiles sectors. India's current investments in Africa is estimated to be over US \$50 billion. We also note that in spite of growing trends in investment flows between India and Africa, the existing investment levels do not reflect the true potential. There is a vast potential for accelerating investment flows in the potential sectors of cooperation including in. Agriculture including Agro-processing, Pharmaceuticals, Textiles, Mining, Petroleum and Natural Gas, Information Technology and Information Technology Enabled Services (IT & ITES), Gems and Jewellery, Core Infrastructure including Roads and Railways.

The 2nd meeting of the India-Africa Business Council (IABC), Co-chaired by Dr. Bright Chunga, Acting Co-Chair, IABC from Africa and Mr. Sunil Bharti Mittal, Co-Chair, IABC from India was also convened alongside the 3rd India-Africa Trade Ministers Meeting on 1st October, 2013 in South Africa. The Indian and African industry leaders collectively identified the priority sectors of private investment and presented a report to the Trade Ministers.

### VIII. Trade with countries in the West Asia & North Africa (WANA) Region

The West Asia and North Africa (WANA) region comprises 18 countries. These are:-

- (i) Six Gulf Cooperation Council (GCC) countries ( Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates),
- (ii) Six West Asian countries (Iraq, Israel, Jordan, Lebanon, Yemen and Syria) and
- (iii) Six North African countries (Algeria, Egypt, Libya, Morocco, Sudan and Tunisia).

India's total trade with WANA countries during 2013-14 was US\$ 191.29 billion (25.08% of India's total trade with the World) as compared to US\$ 203.17 billion in 2012-13 (25.68% of India's total trade with the World). While India's total exports to WANA countries in 2013-14 were US \$ 61.77 billion, India's imports were US\$ 129.51 billion during the same period i.e India is in a trade deficit viz a viz WANA countries.

India's share of exports to WANA countries as a percentage of India's total exports to the

world was of the order of 19.76% in 2013-14. Further, WANA region's share in India's total imports from the World accounted for 28.77% in 2013-14. Between 2012-13 and 2013-14 both our exports to and import from WANA countries have declined @ 4.58% and 6.44% respectively.

The major items of decline in our exports and import to the WANA region were gold, diamond jewellery and crude oil & products.

The United Arab Emirates (UAE) ranks first among the destinations for India's exports in the WANA region and among the GCC countries. The other major destinations in the WANA region include Saudi Arabia, Israel, Oman and Egypt.

The details of bilateral trade between India and countries of WANA Region during 2012-13 and 2013-14 are given in the table below.

**Table 6.28**  
**Trade between India and WANA Region during 2012-13 and 2013-14**

US\$ Million

Country	2012-2013				2013-2014(P)			
	Exports	Imports	Total Trade	Trade Balance	Exports	Imports	Total Trade	Trade Balance
ALGERIA	1,089	684	1,772	405	1,069	861	1,930	208
BAHARAIN IS	603	665	1,268	-61	642	565	1,207	77
EGYPT A RP	2,897	2,553	5,451	344	2,564	2,389	4,953	175
IRAQ	1,278	19,247	20,525	-17,969	916	18,519	19,435	-17,603
ISRAEL	3,740	2,357	6,097	1,384	3,747	2,312	6,059	1,435
JORDAN	1,001	942	1,943	58	1,596	618	2,214	977
KUWAIT	1,061	16,588	17,649	-15,527	1,063	17,154	18,217	-16,090
LEBANON	251	30	281	221	293	37	331	256
LIBYA	215	1,835	2,050	-1,620	288	452	739	-164
MOROCCO	427	1,309	1,736	-882	386	895	1,280	-509

Country	2012-2013				2013-2014(P)			
	Exports	Imports	Total Trade	Trade Balance	Exports	Imports	Total Trade	Trade Balance
OMAN	2,599	2,010	4,609	590	2,819	2,954	5,774	-135
QATAR	687	15,693	16,380	-15,006	988	15,729	16,717	-14,741
SAUDI ARAB	9,786	33,998	43,784	-24,212	12,214	36,536	48,750	-24,321
SUDAN	755	127	882	628	862	436	1,298	426
SYRIA	259	80	339	178	235	77	311	158
TUNISIA	299	215	514	83	274	92	365	182
UAE	36,317	39,138	75,455	-2,822	30,515	29,110	59,625	1,404
YEMEN REP	1,477	959	2,436	518	1,307	782	2,089	525
Total WANA	64,741	1,38,431	2,03,172	-73,690	61,777	1,29,517	1,91,294	-67,740
India's Total	3,00,401	4,90,737	7,91,137	-1,90,336	3,12,610	4,50,068	7,62,679	-1,37,458
% Share	21.55	28.21	25.68	38.72	19.76	28.78	25.08	49.28

Data Source: DGCIS, Kolkata

### Major Commodities of Export to WANA Region during 2013-14

(i) **West Asia- GCC Region:** India's Top export commodities to this Region consists of Petroleum (Crude & Products) (26.01%), Gems & Jewellery (25.46%), Transport equipments (7.12%), manufacture of metals (3.77%), machinery and instruments (3.82%), Rice Basmati (3.5%), Electronic Goods (2.58%), RMG Cotton including accessories (2.15%).

Exports of Gems & Jewellery (-34.2%), Electronic goods (-3.83%), Petroleum (Crude & Products) (-3.28%), Machinery & Instruments (-1.87%) and Primary & Semi-finished Iron & Steel (-1.92%) have declined during the period.

(ii) **Other West Asia Region:** India's Top export commodities to this Region consists of Rice Basmati (18.42%),

Petroleum (Crude & Products) (22.15%), Gems & Jewellery (10.30%), Oil Meals (5.26%), machinery and instruments (5.06%), Drugs Pharmaceuticals & Fine Chemicals (3.84%), Meat & Preparations (3.09%), Electronic Goods (2.24%), manufacture of metals (2.22%), Transport equipments (2.11%).

Manufactures of metals (-34.23%) Drugs, Pharmaceuticals & Fine Chemicals (-6.05%), and Electronic goods (-4.05%) have declined during the period.

(iii) **North Africa Region:** India's Top export commodities to this Region consists of Transport equipments (18.03%), Meat & Preparations (8.78%), machinery and instruments (7.43%), Petroleum (Crude & Products) (6.22%) Drugs Pharmaceuticals & Fine Chemicals (5.19%), Manmade Yarn, Fabrics, Made ups (5.47%), Cotton

Yarn, Fabrics, Madeups etc (5.74%), Sugar (4.60%), Plastic & Linoleum Products (4.06%), Electronic Goods (3.48%).

Exports of Petroleum (Crude & Products) (-32.82%), Electronic Goods (-26.52%) Transport Equipments (-21.91%), Manmade Yarn, Fabrics, Madeups (-17.41%) and Sugar (-14.94%), Drugs, Pharmaceuticals & Fine Chemicals (2.46%) have declined during the period.

### Top Commodities of Import from WANA Region during 2013-14

- (i) **West Asia-GCC Region:** India's Top import commodities from this region consists of Petroleum (Crude & Products) (77.37%), Pearls & Semi Precious stones (6.02%), Gold (5.06%), Organic Chemicals (2.56%), Artificial resins, Plastic Materials etc (1.63%), Metalifers ores & Metal Scrap (1.48%), Non Ferrous Metals (1.06%), Fertilizers Manufactures (0.83%).

Imports of Gold (-47.34%), Inorganic chemicals ( 41.48%), Metalifers Ores & Metal Scrap (-14.18%) and Fertilizers Manufactures (-8.74%) have declined during the period.

- (ii) **Other West Asia Region:** India's Top import commodities from this region consists of Petroleum (Crude & Products) (85.19%), Fertilizers Manufactures

(3.08%), Pearls & Semi Precious stones (3.66%), Organic chemicals (1.84%), fertilizer crude (1.23%), Inorganic Chemicals (1.05%).

Imports of Fertilizers Crude (-37.76%), Fertilizers Manufactured (-16.23%), Petroleum (Crude & Products) (-6.86%), Perls Prcus Semiprcs stones ( 11.33%), Electronic goods (-8.06%) and Artfcl Resns, Plstc Matrls etc. (-5.49%) have declined during the period.

- (iii) **North Africa Region:** India's Top import commodities from this region consists of Petroleum (Crude & Products) (71.12%), Inorganic Chemicals (16.16%), fertilizer crude (5.85%), Metalifers Ores & Scrap (1.3%), Cotton Raw:Comb./Uncomb./Waste (0.78%), Oil Seeds (0.57%), Fruits & Nuts excl. Cashew Nuts (0.32%).

Imports of Fertilizers Crude (-32.10%), Cotton raw: comb./uncomb./waste (29.33%), Metalifers Ores & Metal Scrap (-22.29%) and Petroleum (Crude & Products) (-21.98%) have declined during the period.

### Institutional Arrangements

Issues pertaining to trade and economic cooperation are regularly reviewed in Bi-laterals, Joint Commission Meetings or Joint Trade & Economic Committee Meetings.

### List of JCM/JTECs Chaired by C&IM

Sl. No.	Name of country	Committee	Chaired by	Date of last Meeting	Next Meeting
1	Oman	Joint Commission	CITM	5th - 6th Sept., 2010 Muscat	To be scheduled
2	GCC	India- GCC Industrial Conference	CITM	3rd Conference took place in 2007 in Mumbai	To be scheduled

Sl. No.	Name of country	Committee	Chaired by	Date of last Meeting	Next Meeting
3	Jordan	Joint Trade & Economic Committee	C&IM	21-23 Aug., 2006 New Delhi	To be scheduled
4	Algeria	Joint Commission	C&IM	Oct., 2003, New Delhi	To be scheduled
5	Morocco	Joint Commission	C&IM	29th April, 2011, New Delhi	To be scheduled
6	Syria	Joint Commission	C&IM	10th June 2010, Damascus	To be scheduled
7	Israel	Joint Trade & Economic Committee	C&IM	13-14, Jan., 2004, Tev Aviv	Not being scheduled in view of ongoing FTA negotiations with Israel

Apex trade bodies like CII, FICCI, FIEO, ASSOCHAM etc. sponsor business delegations to facilitate trade with India through the mechanism of Joint Business Council (JBC).

The Joint Commissions being steered by Department Of Commerce are given below:

#### Recent developments / initiatives:

Two FTAs are currently under negotiations in WANA Division:

- (i) Bilateral Free Trade Agreement between India and Israel
- (ii) Multilateral Free Trade Agreement between India and GCC

#### a) Free Trade Agreement (FTA) with Israel:

The eighth round of negotiations between India and Israel was held in Israel from 24th to 26th November, 2013. Negotiations took place on trade in Goods, Rules of Origin, Customs Procedure, and Movement of Natural Persons. Round nine is to be held in New Delhi.

#### Free Trade Agreement (FTA) with GCC (Gulf Cooperation Council) countries:

After obtaining the mandate from the Trade and Economic Relations Committee (TERC) for negotiating an FTA with the GCC (comprising of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and UAE), negotiations commenced with GCC. Two rounds of negotiations have been held so far in 2006 and 2008. No round could take place in the last 5 years since GCC has deferred its negotiations with all countries and economic groups and is currently reviewing its negotiations with all countries and economic groups.

#### IX. International Trade Organizations

##### (a) World Trade Organization (WTO)

The Doha Round of trade negotiations is continuing in the WTO since the year 2001. In 2013 there were intense negotiations on harvesting an early outcome on some of the issues of the Doha Development Agenda (DDA). The efforts made by developed

countries centred on a Trade Facilitation Agreement. India and other developing countries worked together to ensure that other issues of interest to developing countries, including the Least Developed Countries (LDCs), also formed a part of any package identified for an early outcome. There were initial hiccups but the firmness shown by India and other developing countries led to the realization that no early harvest was possible without including such issues. After protracted negotiations in the Doha Round yielding little results for almost a decade, consensus was reached to negotiate a small package consisting of Trade Facilitation, some elements of agriculture and development/LDC issues for an early outcome in the Ninth Ministerial Conference of the WTO to be held in December 2013 in Bali, Indonesia.

#### **Ninth Ministerial Conference of the WTO**

The Ninth Ministerial Conference of the WTO was held in Bali, Indonesia from 3 to 7 December 2013. A Bali Package consisting of a Trade Facilitation Agreement, some agriculture and development/LDC issues, was agreed in the Conference making it the first delivery under the Doha Development Agenda (DDA). The Bali Declaration also calls for the finalisation of a Work Program to conclude other issues of the DDA.

In the area of agriculture, which is very important for the developing countries, the proposal submitted by G-33, a group of developing countries in the WTO relates to updating the rules concerning public stockholding for food security so that public stockholding programmes for food security purposes do not run afoul of current trade

rules. Though there is no bar on such programmes in the rules, the support is considered as trade-distorting agricultural support if the foodstuffs for the public stockholding programmes are acquired at administered prices. Such support has to be kept within 10% of the value of production of the product in question. The G-33 proposal was floated to ensure that the limitation of 10% cap does not constrain procurement and food aid programmes in developing countries. A solution to the problem could not be negotiated prior to the Bali Ministerial Conference.

In Bali, Ministers approved an interim mechanism, until a permanent solution is found, with some notification and transparency provisions. The interim mechanism stipulates that WTO Members will not challenge the compliance of a developing member with their obligations under the WTO Agreement on Agriculture in relation to support provided for traditional staple food crops in pursuance of public stockholding programmes for food security purposes, if they are consistent with the existing rules. The decision also mandates an agreement for a permanent solution on the issue of public stockholding for food security purposes for adoption by the 11th Ministerial Conference.

Other Ministerial Decisions in the agriculture area relate to the export competition pillar and the administration of agricultural quotas. The proposals on both these issues were put forward by the G-20 group of developing countries in the WTO, of which India is also a member. The Ministerial Declaration on Export Competition reaffirms the mandate of the Hong Kong Ministerial Declaration

of 2005 for eliminating all forms of export subsidies as a priority issue for the post-Bali work programme. The situation will be reviewed at the 10th Ministerial Conference of the WTO.

The Ministerial Decision on agricultural Tariff Rate Quotas (TRQs) is for tighter disciplines on TRQ administration. It envisages a number of measures for sharing information and monitoring how quotas are used. If a quota is persistently under-filled, the importing government would have to apply one of a prescribed set of methods for administering quotas aimed at removing impediments. Members have agreed on a combination of consultation and provision of information when quotas are under-filled.

An important outcome of the Bali Ministerial Conference was the Ministerial Decision for an Agreement on Trade Facilitation. This Agreement is aimed at simplifying customs procedures by reducing costs and improving their speed and efficiency. It will be a legally binding agreement. The objectives are: to speed up customs procedures; make trade easier, faster and cheaper; provide clarity, efficiency and transparency; reduce bureaucracy and corruption, and use technological advances. It also has provisions on goods in transit, an issue particularly of interest to landlocked countries seeking to trade through ports in neighboring countries.

The Agreement also involves assistance for developing and least developed countries to update their infrastructure, train customs officials, or for any other cost associated with implementing the agreement. It will increase trade flows and revenue collection, create

a stable business environment and attract foreign investment.

The Ministerial Decision on Duty-Free, Quota-Free access says that countries that have not done so for at least 97% of products “shall seek to” improve the number of products covered. Other Ministerial Decisions were on simplified preferential rules of origin for least developed countries, operationalization of a waiver for preferential treatment to services and services suppliers of LDCs and a “monitoring mechanism” consisting of meetings and other methods for monitoring special treatment provided to developing countries. The Ministerial Decision on Cotton reaffirms the importance of pursuing progress in the negotiations relating to cotton. Ministers agreed that a dedicated discussion would be held on a bi-annual basis to examine relevant trade-related developments across the three pillars of Market Access, Domestic Support and Export Competition in relation to cotton. The dedicated discussions are to consider in particular all forms of export subsidies for cotton, all export measures with equivalent effect, domestic support for cotton and tariff measures and non-tariff measures applied to cotton exports from LDCs in markets of interest to them.

## Developments in Other Areas

### Services Waiver

A ‘services waiver’ was adopted in the WTO's Eighth Ministerial Conference in December 2011. It allows WTO members to provide preferential treatment to services and services suppliers of LDCs. A decision for the expeditious and effective operationalization of a ‘services waiver’ was taken as part of

the Bali Package during the Ninth Ministerial Conference in December 2013 [WT/MIN(13)/W/15 dated 5th December 2013]. This says that the Council for Trade in Services shall convene a High-level meeting six months after the submission of an LDC collective request identifying the sectors and modes of supply of particular export interest to them. In that meeting, developed and developing Members, in a position to do so, shall indicate sectors and modes of supply where they intend to provide preferential treatment to LDC services and service suppliers.

#### Trade in Services Agreement (TISA)

The Trade in Services Agreement (TISA) earlier known as 'International Services Agreement' (ISA) is a plurilateral approach to services proposed by the US, the EU, Australia and other members also known as Really Good Friends of Services (RGF). The negotiations involve more than 40 countries contributing around 70% of Global Trade in Services.

India, Brazil, South Africa and a host of developing countries do not support this approach. However, China, which was earlier opposing this approach, has now shown interest in joining TISA.

Questions relating to the impact of this approach on multilateralism and the Doha Round of trade negotiations remain unanswered. It can be a disincentive to the conclusion of a multilateral agreement on services within a single undertaking as envisaged in the DDA. Further, it has a very large coverage and scope.

#### Services Conclave (12 & 13 November 2013)

The Department of Commerce, in association with CII, SEPC & FIEO, organized a two-day

'Services Conclave' focusing on the challenges, opportunities and issues of services export from India. It was inaugurated by the Union Minister of Commerce & Industry, Shri Anand Sharma. Panel discussions were held on the various sub-sectors/issues related with the services sector. The conclave touched upon varied aspects relating to Logistic Services, Professional Services (Accountancy, Architecture and Management Consultancy Services), IT/ITeS, Telecom, Medical & Health related Services, Tourism Services, Creativity and Entertainment Services and the issues related with the availability of Data on Trade in Services.

As a follow-up of the services conclave, the Department has taken the following decisions:

- To make the services conclave an annual event
- A Task force on Services Sector Export, consisting of officers of the Department of Commerce and other concerned Ministries/ Departments, representatives of Industry and Industry and experts, has been constituted on 10th February, 2014.
- Proposed to set up a National Services Competitiveness Council (NSCC) on the lines of the National Manufacturing Competitiveness Council (NMCC).

A New Expanded Duty Free Tariff Preference (DFTP) Scheme for Least Developed Countries (LDCs)

One of the elements of the Hong-Kong Ministerial Declaration of December 2005 was to extend Duty Free Quota Free (DFQF) access to the Least Developed Countries (LDCs). India is the first developing country

to have extended this facility to LDCs. India announced the Duty Free Tariff Preference (DFTP) Scheme for LDCs in the year 2008. The Scheme was announced to give support to the LDCs in their trade initiatives and granted duty free access on about 85% of India's total tariff lines and preferential access (Positive List) on about 9% of tariff lines. Only 6% tariff lines were retained in the Exclusion List.

Subsequently, to fully meet the obligations under the Hong Kong Ministerial mandate of 2005 and also in response to requests from some of the LDCs for additional product coverage under the duty free list and simplification of the Rules of Origin procedures, the Department of Commerce has expanded the Scheme. Effective from 1st April, 2014, the DFTP scheme will provide duty free market access on 96.4 % of India's tariff lines and 2% of the lines would be enjoying preferential duties. Only 1.6% of the tariff lines have been retained in the Exclusion List, with no duty concessions. The new expanded Scheme will also bring in several procedural simplifications with reference to the Rules of Origin.

At present, 31 out of 48 LDCs have become beneficiaries to the scheme. Out of this, 21 LDC beneficiaries are from Africa. These 21 countries include Benin, Burkina Faso, Burundi, Comoros, Central African Republic, Eritrea, Ethiopia, Gambia, Lesotho, Liberia, Madagascar, Malawi, Mali, Mozambique, Rwanda, Senegal, Somalia, Sudan, Uganda, Tanzania and Zambia.

The new and expanded DFTP Scheme would provide improved market access to the beneficiary countries as well as to the new entrants, the Republic of Yemen and Haiti

being some of them. Overall, this initiative by India would strengthen the country's position in the WTO on issues relating to LDCs and is expected to send a strong signal to major developed countries which are yet to comply with the Hong Kong Ministerial mandate to adopt similar measures. In the process, India looks forward to greater and fruitful engagement with the LDC trading partners.

### Information Technology Agreement

India is a signatory to the Information Technology Agreement (ITA) (or 'ITA-1'), a plurilateral agreement of the WTO. As on date, there are altogether 75 member signatories, including 27 EU member countries, accounting for about 97 per cent of the world trade in Information Technology (IT) products. India joined the ITA on 25 March 1997.

During the last few years, some of the developed country members of the ITA, namely, USA, European Union and Japan, have proposed to broaden the scope and coverage of the ITA (referred to as 'ITA-2'). These proposals basically relate to increasing the coverage of IT products on which customs duty would be bound at zero; addressing non-tariff measures; and expanding the number of signatory countries to include new signatories such as Argentina, Brazil and South Africa.

The proponents of ITA expansion have prepared and circulated a consolidated list containing IT products (combining products of interest of all proponents of ITA 2) on which tariff reductions are being sought. This was discussed intensively in WTO meetings during the last year.

India's experience with the ITA has been discouraging; it almost wiped out the IT

industry from India. The real gainer from that agreement has been China which raised its global market share from 2% to 14% between 2000-2011. The Department of Electronics and Information Technology (DeiTY) has been taking the stand that ITA-1 has not benefitted India as far as manufacturing in the domestic hardware industry is concerned. The same view has been expressed by industry during stakeholder consultations jointly held by the Department of Commerce and DeiTY. In light of the recent measures taken by the Government to build a sound manufacturing environment in the field of Electronics and Information Technology, this is the time for India to incubate its industry rather than expose it to undue pressures of competition. Accordingly, it was decided not to participate in the ITA expansion negotiations at present.

### India and the Government Procurement Agreement (GPA)

The Government Procurement Agreement (GPA) is a plurilateral agreement in the WTO. India has observer status in the WTO GPA since February 2010. A comprehensive study on various elements of the GPA was conducted by the Department of Commerce through the Centre for WTO Studies, Indian Institute of Foreign Trade, New Delhi.

### Trade Remedies

One of the issues being discussed in the WTO Committee on Safeguards, Subsidies and Countervailing Measures (SCM) relates to the phasing out by India of export subsidies for the textiles and apparel sector. The US has sought information on India's plan to phase out export subsidies in the sector. India is committed to its WTO obligation to phase

out export subsidies for this sector by 2018; however, it is awaiting some clarifications from the Committee, failing which it would be difficult to plan the phasing out modalities and hence its consequential impact on the implementation of the obligation.

In meetings of the Committee India has raised questions on the WTO-inconsistent subsidy program of the US for its renewable energy programs.

Timely action by the Department of Commerce has led to either withdrawal of the trade remedial actions on India or reduced their impact. As a result, none of the investigations against Indian products have led to imposition of penultimate duty on account of Adverse Facts available. Industry awareness programmes on appropriate and timely action and co-ordination among various stakeholders for least adverse impact on account of trade remedial measures by other countries have been initiated and organised by the Department of Commerce.

### Disputes

India has so far been a complainant in 21 cases, a respondent in 23 cases and a third party in more than 90 disputes. The status of three ongoing WTO disputes concerning India is indicated below:

i. *US complaint on Import restrictions by India on certain agricultural products including Poultry and Poultry products (DS430):-*

In this case, Panel hearings have been completed.

ii. *India's complaint on the Exorbitant Countervailing duty (Anti-Subsidy duty*

or CVD) imposed by the US on Certain Hot Rolled Carbon Steel Flat Products (DS436):-

In this case, Panel hearings have been completed and the draft Interim Panel report has been received.

iii. *US complaint on Domestic Content Requirements (DCR) in Phase I and Phase II of the Jawaharlal Nehru National Solar Mission (JNNSM) program of MNRE (DS456):-*

The US sought consultations under the WTO DSU Mechanism aggrieved by the Domestic Content Requirements (DCR) under Phase I and Batch I of Phase II of the Jawaharlal Nehru National Solar Mission (JNNSM) program of the Ministry of New and Renewable Energy. Consultations with the US were held in March 2013 and 2014.

### Non-Tariff Measures (NTMs)

Over the last couple of decades the world has witnessed a rapid expansion of global trade and reduction in tariff rates both through the multilateral arrangement under the WTO as well as the Free Trade Agreements (FTAs). At the same time, developed countries are increasingly resorting to the use of Non-Tariff Measures (NTMs) to protect their domestic industries.

NTMs are measures on international trade that are not in the form of a tariff or a tax. These measures include, *inter alia*, trade-related procedures, technical regulations, standards, import or export licensing systems, etc.

On the import side, we are seeking to develop a regulatory environment that would encourage a regime of quality production;

this would also boost exports. On the export side, a web based trade portal has been developed which provides access to a database on SPS/TBT notifications (which may result into NTMs) notified to the WTO by the Members of the WTO. It includes information on tariffs at HS 8 digit level, applicable SPS/TBT rules and regulations, preferential tariff rates (for countries with which India has trade agreements) and rules of origin. This is to provide information to our exporters about the regulatory regime of other countries. The Department of Commerce is regularly holding meetings with the Departments/Organizations concerned for the development of standards to protect consumers from inferior and sub-standard imports and to provide a competitive edge to our exports.

In addition, wherever India's export interests are affected, the Department of Commerce raises issues in every regular SPS and TBT Committee Meetings of the WTO to get suitable redressal of our export concerns.

### Global Value Chains

The much talked about issue in the circles of international trade in recent times has been 'global value chains' (GVCs). In fact, what started as regional supply chains in East Asia by Japanese investors have today become a phenomenon that countries, both developed and developing cannot afford to ignore. Especially for the policy makers in the developing countries, linking into GVCs has emerged as the new development challenge. GVCs have thus become a prominent item in the agenda of discussions not only in the WTO, but at other fora as well, especially the G20.

A global value chain can simply be understood as the sequence of all functional activities beginning from research and development activities, product designing, sourcing of primary products, production of intermediate products, final assembly of product, packaging, branding and marketing of the product etc, required in the process of value creation involving more than one country. GVC for a particular product may therefore not only span over countries but also span across different industries including services.

The emergence of GVCs also has implications for trade negotiations at the WTO. Main concerns of India pertain to agriculture subsidies, the growing importance of private standards in GVCs, labour standards, IPRs and competition issues, all of which could probably go against the interests of developing countries.

In light of these developments, the Department is also conducting a study on various aspects of GVCs through the Centre for WTO Studies, IIFT, New Delhi, mainly to assess India's present position and level of participation in GVCs and explore policy options to further the country's participation in key sectors, create a strong presence in possible regional supply chains and possibilities of functional upgrading, all of which would increase the extent of value-addition in exports and serve the development objectives as well.

#### **Notification of FTAs to the WTO**

One of the notification obligations of member countries in the WTO is to notify the Free Trade Agreements (FTAs) to which Member

countries are a party. Accordingly, the India-Japan (both Goods and Services) FTA and the India-Malaysia (both Goods and Services) FTA were notified to the WTO. The two FTAs were examined by the Committees concerned in the WTO and India responded to queries of other Member countries.

#### **(b) Economic and Social Commission for Asia & the Pacific (ESCAP)**

##### **ECONOMIC AND SOCIAL COMMISSION FOR ASIA & THE PACIFIC (ESCAP)**

India is one of the founding members of ESCAP, the regional development arm of the United Nations, which serve as the main economic and social development centre for the United Nations in Asia and Pacific. With a membership of 62 Governments, 58 of which are in the region, and a geographical scope that stretches from Turkey in the west to the Pacific island nation of Kiribati in the east, and from the Russian Federation in the north to New Zealand in the south, ESCAP is the most comprehensive of the United Nations five regional commissions. It is also the largest United Nations body serving the Asia-Pacific region.

Established in 1947 with its headquarters in Bangkok, Thailand, ESCAP seeks to overcome some of the region's greatest challenges. It carries out work in the following areas:

- Macroeconomic Policy and Development
- Statistics
- Subregional activities for development
- Trade and Investment
- Transport

- Environment and sustainable development
- Information and Communications Technology and Disaster Risk Reduction
- Social Development

ESCAP focuses on issues that are most effectively addressed through regional cooperation, including:

- Issues that all or a group of countries in the region face, for which it is necessary to learn from each other;
- Issues that benefit from regional or multi-country involvement;
- Issues that are transboundary in nature, or that would benefit from collaborative inter-country approaches;
- Issues that are of a sensitive or emerging nature and require further advocacy and negotiation.

### Annual Session of ESCAP

The Commission meets annually at the ministerial level to discuss and decide on important issues pertaining to inclusive and sustainable economic and social development in the region, to decide on the recommendations of its subsidiary bodies and of the Executive Secretary, to review and endorse the proposed strategic framework and programme of work, and to make any other decisions required, in conformity with its terms of reference.

The 69th Session of ESCAP was held in Bangkok, Thailand from 25th April to 1st May, 2013. The theme for the Session was “Opportunities to build Resilience to Natural Disasters and Major Economic Crises”. The Hon’ble Minister of State for Commerce

and Industry led the Indian delegation and delivered India’s Policy Statement at this Session.

### India’s contribution to ESCAP

The delivery of ESCAP’s programmes is supported by the regional institution and the sub-regional offices. India has worked in close cooperation with ESCAP during the year. India has also committed continued financial support to the following regional institutions of ESCAP:

- Asian and Pacific Centre for Transfer of Technology (APCTT), New Delhi, India;
- Asian and Pacific Training Centre for Information and Communication Technology for Development (APCICT), Incheon, Republic of Korea;
- Statistical Institute for Asia and Pacific (SIAP); Chiba, Japan; and
- Asia and Pacific Centre for Agriculture and Engineering Machinery (APCAEM), Beijing, China

### Establishment of a Sub Regional Office in India

A newly added dimension in our partnership with UN-ESCAP is the establishment of UN-ESCAP’s Sub-Regional Office (SRO) for South and South West Asia in New Delhi with financial assistance to the tune of US\$ 1,54,000 provided by Govt. of India. Out of this US\$ 75000/- would be as a one time grant for 2012 only and US\$ 79000/- would be recurring grant per annum as India’s contribution for the office. The office has become functional from December 15, 2011.

ESCAP has decided to establish a Sub-Regional Office (SRO) for South & South-West Asia in New Delhi. India has accepted the same and approved financial support of US\$ 75000 as one time grant aid and US\$ 79000/- recurring grant per annum for the office. The office has now become functional in December, 2011. The main activities of SRO will be to (i) implement the Commission's agenda at the sub-regional level by serving as a link between sub-region and Commission headquarters; (ii) promote and support specific sub-regional priorities and programmes concentrating on the priority sectors of member States within the sub-region; (iii) operate as sub-regional nodes for knowledge management and networking; (iv) spearhead the delivery of technical assistance activities and act as the Commission's implementing arm in the sub-region; (v) establish close working relations with United Nations country teams within the sub-region and promote the coordination of United Nations systems activities at the sub-regional level. The SRO can build synergies and cooperation at the level between United Nations agencies while drawing from the strong regional presence of the Commission, including its wide-ranging technical skills and convening power; (vi) build strong partnerships and network with other relevant actors in the sub-region, including other sub-regional intergovernmental bodies, to promote sub-regional cooperation within a regional framework.

During the year 2013-14, SRO organized the following events (I) High-level Policy Dialogue on Development Challenges facing the Sub region, (II) Policy Dialogue on Value Chains for Inclusive Development Lessons and Policies, (III) Regional Ministerial Conference

on Transparent and accountable public-private partnerships enable inclusive and sustainable growth (IV) Expert Group Meeting on Inclusive Development and Regional Cooperation in South and South-West Asia and (V) High-level Sub-regional Forum on Accelerating Achievement of the Millennium Development Goals in South Asia

### (c) United Nations Conference on Trade and Development (UNCTAD)

United Nations Conference on Trade and Development (UNCTAD) aims at integration of developing countries into the world economy. UNCTAD serves as the focal point within United Nation for the integrated treatment of trade and development and the interrelated issues in the areas of finance, technology, investment and sustainable development. Three pillars of UNCTAD's existing mandate are: a) independent policy analysis; b) consensus building; and c) technical assistance.

The Ministerial Conference, which meets every four years, is UNCTAD's highest decision making body and sets priorities and guidelines for the organization and provides an opportunity to debate and evolve policy consensus on key economic and development issues. The XIII Ministerial Conference was held in Doha, Qatar from 20 -26 April, 2012.

### D. Global System of Trade Preferences (GSTP)

The Agreement establishing the Global System of Trade Preferences (GSTP) among Developing countries was signed on April 13, 1988 at Belgrade following the conclusion of the First Round of Negotiations. The GSTP came into being after a long process of

negotiations during the Ministerial Meeting of the Group of 77, notably at Mexico City in 1976, Arusha in 1979 and Caracas in 1981. The Ministers of Foreign Affairs of the Group of 77 in New York set up the GSTP Negotiating Committee in 1982. The New Delhi Ministerial meetings, held in July 1985, gave further impetus to the GSTP negotiation process. The Brasilia Ministerial Meeting held in May 1986 launched the First Round of GSTP Negotiations. At the conclusion of the First Round in April 1988 in Belgrade, the GSTP Agreement was signed on April 13, 1988. The Agreement entered into force on 19th April 1989. Forty-four countries have ratified the Agreement and have become participants. The GSTP establishes a framework for the exchange of trade concessions among the members of the Group of 77. It lays down rules, principles and procedures for conduct of negotiations and for implementation of the results of the negotiations. The coverage of the GSTP extends to arrangements in the area of tariffs, para-tariff, non-tariff measures, direct trade measures including medium and long-term contracts and sectoral agreements. One of the basic principles of the agreement is that it is to be negotiated step by step improved upon and extended in successive stages.

The current round of GSTP negotiations, also known as “São Paulo Round” was launched in 2004 with 22 participating countries, on the occasion of the UNCTAD XI Quadrennial Conference in Sao Paulo in Brazil. At the end of the negotiations, Ministerial Modalities were adopted on 2 December, 2009 wherein Ministers agreed to modalities based on a tariff reduction of at least 20 percent on at least 70 percent of all dutiable tariff-lines.

Members who were in the process of their WTO accession namely, Algeria and Iran were to be given specific flexibilities. The modalities on market access adopted by the Ministers are as under:

- Across-the-board, line-by-line, linear cut of at least 20% on dutiable tariff lines;
- Product coverage to be at least 70% of dutiable tariff lines;
- Product coverage shall be 60% for participants having more than 50% of their national tariff lines at zero duty level;
- Tariff cuts shall be made on the MFN tariffs applicable on the date of importation. Alternatively, participants may choose to apply the cuts on the MFN tariffs applicable on the date of conclusion of the Third Round;
- The Negotiating Committee shall also consider proposal for revision of the GSTP rules of origin.

Based on these modalities, intensive negotiations were held in 2010 for finalisation of the schedules of Members. During this period, Cuba, Egypt, India, Indonesia, Korea, Malaysia, Mercosur and Morocco submitted their schedules and bilateral negotiations were held to finalise the schedule. It is significant to note that India unilaterally offered a tariff reduction of 25 percent on 77 percent of its tariff lines for Least Developed Countries (LDCs).

A Ministerial Meeting of the GSTP Negotiating Committee was held on 15 December, 2010 in Foz do Iguacu, Brazil for signing of the “Final

Act Embodying the Results of the Sao Paulo Round” and the “Sao Paulo Round Protocol on the Agreement on GSTP”. The Ministers or Heads of the Delegations of Members who have submitted their final schedules namely Cuba, Egypt, India, Indonesia, Korea, Malaysia, Mercosur and Morocco signed the two documents. India was represented by H.E. Mr. B.S. Prakash, Ambassador of India to Brazil. So far, 8 out of 44 member countries, including India, have signed the protocol. Of these 8 countries, three countries, viz. India, Malaysia and Cuba have ratified it. The Cabinet Committee on Economic Affairs (CCEA) has approved implementation of India’s Schedule of Concessions under the Third Round of negotiations.

The schedules of concessions under the Third Round of negotiations will be implemented thirty days after a minimum of four participants ratify their schedules and inform the GSTP Secretariat. The tariff concessions will be implemented amongst such four participants and other participants will avail of the concessions after they ratify their schedules.

#### **E. Asia Pacific Trade Agreement (APTA)**

The Asia-Pacific Trade Agreement (APTA), previously named the Bangkok Agreement, signed in 1975 as an initiative of ESCAP, is a preferential tariff arrangement that aims at promoting intra-regional trade through exchange of mutually agreed concessions by member countries. APTA has six members namely Bangladesh, China, India, Republic of Korea, Lao People’s Democratic Republic and Sri Lanka. ESCAP functions as the Secretariat for the Agreement.

During the Second Session of the Ministerial Council at Goa on October 26, 2007 the following important decisions were taken:

To launch the 4th Round of Negotiations

- To adopt modalities for extension of negotiations in other areas such as non-tariff measures, trade facilitation, services, and investment
- A common set of Operational Procedures for the Certificate and Verification of the Origin of Goods for APTA was approved and it was decided that the same would be implemented w.e.f. January 1, 2008; and
- To explore the possibilities of expanding the membership of the Agreement

Pursuant to the directions of the Ministers, the Standing Committee initiated negotiations in the areas of tariff concessions with an average of 50% MOP on 50% of tariff lines along with framework agreements on (i) trade facilitation (ii) trade in services (iii) investments and (iv) non-tariff measures.

To move forward the 4th Round of Negotiations, the 35th Session of the Standing Committee and the 3rd Session of the Ministerial Council were held in Seoul, Republic of Korea on December 13-14, 2009 and December 15, 2009 respectively. Mongolia, which has expressed its interest in acceding to APTA, was also invited to participate as an observer to the Session.

Under the 4th Round, the Standing Committee of Participating States has finalised framework agreements in the areas of (i) trade facilitation, (ii) trade in services and (iii) promotion and liberalisation of investments.

Offers of further tariff liberalisation in goods have also been exchanged. The Standing Committee is also considering a framework agreement on non-tariff measures and a revision of the APTA rules of origin. Under the Fourth Round of negotiations, participating states have agreed to offer concessions at an average margin of reference (MoP) of 40% on 40% of their tariff lines. Negotiations among participating states on concluding tariff concessions continue.

The 42nd and 43rd sessions of the APTA Standing Committee were held in Incheon, Korea on 25-26th October, 2013 and Vientiane, Lao on 26-27 May, 2014 respectively. The Standing Committee has by consensus decided for Mongolia to become the Seventh Participating State of APTA. The formal accession of Mongolia to APTA will take into effect after completion of the provisions prescribed under Article 30(v) of APTA. The 43rd session of the Standing Committee also deliberated on the draft Ministerial Declaration for the 4th Ministerial Council meeting.

#### **F. Bay of Bengal Initiative on Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)**

The initiative to establish Bangladesh-India-Sri Lanka-Thailand Economic Cooperation (BIST-EC) was taken by Thailand in 1994 to explore economic cooperation on a sub regional basis involving contiguous countries of South East & South Asia grouped around the Bay of Bengal. Myanmar was admitted in December, 1997 and the initiative was renamed as BIMST-EC. It may be mentioned that the initiative involves 5 members of SAARC (India, Bangladesh, Bhutan, Nepal &

Sri Lanka) and 2 members of ASEAN (Thailand, Myanmar). BIMST-EC is visualized as a 'bridging link' between two major regional groupings i.e. ASEAN and SAARC. BIMST-EC is an important element in India's "Look East" strategy and adds a new dimension to (our) India's economic cooperation with South East Asian countries. A Free Trade Agreement among the member states of BIMSTEC is being negotiated. The BIMSTEC Trade Negotiating Committee (TNC) has had 19 sessions of negotiations. The negotiations are spread over the areas of (i) tariff concessions on trade in goods, (ii) customs cooperation, (iii) services and (iv) investments. At the 18th meeting of the TNC parties reached agreement on the text of the Agreement on Trade in Goods as well as the text of the Rules of Origin and the Operational Certification Procedures and the text of the Agreement on cooperation and mutual assistance in customs matters. At the 19th meeting of the TNC, which was held in Bangkok on 21-23 February 2011, parties agreed to conclude the Agreement on Trade in Goods within 2011 and implement the tariff concessions from July 1, 2012. All parties are to finalise the schedule of concessions and exchange it with other parties. Negotiations will continue on the Agreements on Services and Investment.

BIMSTEC Summit leaders met for the Third BIMSTEC Summit in Nay Pyi Taw, Myanmar from 1-4 March, 2014 and in their declaration directed the BIMSTEC TNC to expedite its work for the conclusion of the Agreement on Trade in Goods by the end of 2014, and to continue its efforts for early finalization of the Agreement on services and Investment. As of May, 2014; there have been 19 rounds of negotiations under the TNC.

### G. BRICS (Brazil, Russia, China, India and South Africa) Trade Ministers meeting

At the First Economic and Trade Ministers' Meeting of BRICS on April 13, 2011, in Sanya, China, the Ministers agreed to establish a contact group entrusted with the task of proposing an institutional framework and concrete measures to expand economic cooperation among BRICS and with other development countries, within a South-South perspective. To implement the consensus of the Ministers, the BRICS members have established the Contact Group for Economic and Trade Issues (CGETI).

The Second Meeting of the BRICS Trade and Economic Ministers was held in New Delhi on 28th March, 2012. The Ministers agreed to coordinate their positions at the WTO and in other multilateral fora. Ministers also agreed that officials should work together to ensure that BRICS members enhance their trade, including of higher value added manufactured products, to support industrialization and employment in their countries.

The Third Meeting of the BRICS Trade Ministers was held in Durban, South Africa on 26 March 2013. The BRICS Trade Ministers held open and constructive discussions under five main headings viz. (1) Global Economic Development;(2) The WTO and Doha Development Agenda;(3) Cooperation in other multilateral fore where trade and investment issues arise such as GZO, UNCTAD, UNDP, UNIDO and WIPO amongst others; (4) Intra-BRICS cooperation; and (5) BRICS Partnership to support Africa's Development Agenda by strengthening their cooperation in the search for synergies for investment in Africa's infrastructure, agriculture and manufacturing sectors.

The Ministers also endorsed the BRICS Trade and Investment Cooperation Framework developed by the contact group for Economic and Trade Issues (CGETI) and instructed the CGETI to implement the said Framework and build on it in future. The Ministers also welcomed the launch of the BRICS Business Council that will bring together business associations from each of the BRICS countries and manage engagement between the business communities on an ongoing basis.

The BRICS Seminar on Investment Agreements was held on 21st November, 2013 and the 5th meeting of the BRICS CGETI was held on 22nd November, 2013 at Pretoria, South Africa.

The 6th meeting of the BRICS CGETI was held on 26-27 May, 2014 in Brasilia wherein a Communique for Trade Ministers was drafted and a document on Trade and Investment Facilitation Plan was adopted. The Communique highlights the importance of coordination of the BRICS in the multilateral negotiations at the WTO. The Trade Ministers meeting would be held on 14 July, 2014 in Fortaleza, Brazil just prior to the BRICS Summit on 15-16 July, 2014.

### H. IBSA (India Brazil and South Africa)

IBSA is a trilateral development initiative between three major democracies from three different continents to promote cooperation and coordination on global issues relevant to these developing countries. Formally established on June 6, 2003, through the "Brasilia Declaration", IBSA represents a major initiative of policy coordination aiming at strengthening multilateralism, reinvigorating south-south cooperation ad fostering democratization of decision making

within major international instances. IBSA Trade Ministers frequently meet to exchange views on issues like WTO Doha Round.

India (Department of Commerce) hosted the 10th meeting of the IBSA Working Group on Trade and Investment (WGTI) on 23rd May, 2013 at New Delhi. The WGTI reviewed the work and progress made since the 9th meeting held on 11th September, 2012 in South Africa. The WGTI also discussed developments in the intra-IBSA trade & investment, trade target, composition of trade, implementation of the MoU on Standards, Technical Regulation & Conformity Assessment, MSME Cooperation, Cooperation in Tourism Sector and update on the IBSA PTAs. IBSA has set intra-IBSA trade target of \$ 25 billion by 2015.

#### **I. Regional Comprehensive Economic Partnership (RCEP) Agreement among ASEAN + 6 (Australia, China, India, Japan, Korea and New Zealand)**

The Association of South East Asia Nations (ASEAN) and its FTA Partners (Australia, China, India, Japan, South Korea and New Zealand) have been deliberating on a Regional Economic Architecture for East Asia for greater integration. The ASEAN Report on the Emerging Regional Architecture resulted in the ASEAN Framework on a Regional Comprehensive Economic Partnership (RCEP) which was adopted by the Leaders of ASEAN at the 19th ASEAN Summit held in November 2011 at Bali, Indonesia. During the 20th ASEAN Summit held in Cambodia in April 2012, ASEAN States agreed to move towards establishing the Regional Comprehensive Economic Partnership Agreement (RCEP) involving ASEAN and its FTA partners.

The objective of launching RCEP negotiations is to achieve a modern, comprehensive, high-quality and mutually beneficial economic partnership agreement among the ASEAN member States and ASEAN's FTA Partners.

'The Guiding Principles and Objectives for Negotiating RCEP' adopted by the Economic Ministers in August, 2012 lays down some principles like broader and deeper engagement with significant improvements over the existing FTAs while recognising the individual and diverse circumstances of countries; facilitate countries engagement in global and regional supply chains; taking into account the different levels of development of participating countries, etc. It also identifies the areas of negotiations such as goods, services, investment, economic and technical cooperation, intellectual property, competition, dispute settlement with a flexibility to identify other areas.

India is participating in the RCEP negotiations with a clear understanding of her strengths and concerns and to try to address the same when the modalities are being finalised.

The RCEP negotiations were launched in May, 2013. Four rounds of negotiations have been held so far. The 4th Round was held from 31 March – 4 April, 2014 at Nanning, China.

#### **J. Indian Ocean Rim Association (IORA)**

Established in Mauritius in March 1997 with the primary objective of promoting "sustained growth and balanced development of the region and of its Member States, and create common ground for regional economic co-operation", the IORA (formerly known as IOR-ARC) is the apex pan-Indian Ocean multilateral forum with its membership open

to all sovereign States of the IOR that adhere to the principles and objectives of its Charter. India is one of the founders and key members of IOR-ARC.

The 13th meeting of the Council of Ministers of the IORA held on 1st November, 2013 in Perth, Australia has adopted IORA as the new name of the organization. The Ministerial meeting was preceded by meeting of the IORA Working Group on Trade and Investment on 30th October, 2013.

#### **(k) Kimberley Process Certification Scheme**

The Kimberley Process (KP) is a joint government, industry and civil society initiative to stem the flow of conflict diamonds (rough diamonds used by rebel movements to finance wars against legitimate governments). Kimberley Process Certification Scheme (KPCS) is an UN mandated (UNGA Resolution 55/56 of 2000 and UNSC Resolution 1459 (2003)) international certification scheme. It

requires each participant to impose internal control over production and trade of rough diamonds. Trading in rough diamonds with a non-participant is not allowed. All exports of rough diamonds have to be accompanied by a valid KP Certificate stating that diamonds are conflict free.

India is one of the founding members of KPCS. KPCS currently has 54 member States including the European Community representing 28 member States. Thus, it has a membership of 81 countries. All major diamond producing, trading and polishing centres are members of KP. Civil Society and industry groups also actively participate in the KP. Chairmanship of KP is rotated on annual basis.

India and Belgium have signed a Memorandum of Understanding on 25th November, 2013 at New Delhi to facilitate the KPCS data sharing between the two countries as a pilot project.