TERMINATION OF PREFERENTIAL TRADE BY USA

*3. SHRI D. RAJA:

Will the Minister of COMMERCE & INDUSTRY be pleased to state:

(a) whether it is a fact that US administration has terminated its preferential trade treatment with India recently; and
(b) if so, the details thereof and its impact on our foreign trade and Government's reaction thereto?

ANSWER

THE MINISTER OF COMMERCE AND INDUSTRY
(SHRI PIYUSH GOYAL)

a) and b): A Statement is laid on the Table of the House.

*****
STATEMENT REFERRED TO IN REPLY TO PARTS (a) and (b) OF RAJYA SABHA STARRED QUESTION NO. 3 FOR ANSWER ON 21ST JUNE, 2019 REGARDING “TERMINATION OF PREFERENTIAL TRADE BY USA”.

(a) Yes.

(b) USA has terminated its Preferential Trade Treatment i.e. GSP (Generalized System of Preferences) to India w.e.f. June 5, 2019.

India exported goods worth $ 6.3 billion (as per USTR figures) to the U.S. under the GSP programme during the calendar year 2018, which was 12.1% of India’s total exports to the U.S. in that year. The total duty concessions accruing on account of GSP were approx. $ 240 million in 2018, which amounts to 3.8% of the value of exports to the US availing GSP benefits in 2018. The impact will vary across products, depending on the individual product level concessions constituting the average duty concession of 3.8% of the value of exports involved and other factors specific to the market for each product. Indian industry is competitive in their export products and we do not foresee significant impact on our foreign trade.

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GROWTH RATE OF EXPORTS

54. SHRI D. RAJA:

Will the Minister of COMMERCE & INDUSTRY be pleased to state:

(a) whether it is a fact that the growth rate of exports has been very low during the last few years;
(b) if so, the reasons therefor and the details of the growth rate of exports since 2014-15;
and
(c) the corrective measures being taken for the promotion of exports by the new Government at the centre?

ANSWER

THE MINISTER OF COMMERCE AND INDUSTRY
(SHRI PIYUSH GOYAL)

(a) & (b): India’s overall exports (merchandise and services) during last 5 years are given below:

<table>
<thead>
<tr>
<th>Years</th>
<th>Export (Value in US$ Billion)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>466.23</td>
<td>--</td>
</tr>
<tr>
<td>2014-15</td>
<td>468.46</td>
<td>0.48</td>
</tr>
<tr>
<td>2015-16</td>
<td>416.60</td>
<td>-11.07</td>
</tr>
<tr>
<td>2016-17</td>
<td>440.05</td>
<td>5.63</td>
</tr>
<tr>
<td>2017-18</td>
<td>498.63</td>
<td>13.31</td>
</tr>
<tr>
<td>2018-19*</td>
<td>535.86</td>
<td>7.47</td>
</tr>
</tbody>
</table>

Source: DGCI&S & RBI, (*Provisional)

India’s exports have faced a very challenging period in recent years, on account of developments arising from the global financial crisis of 2008-09, which accentuated after 2013-14, when the world economy experienced a major trade slowdown. Thus, after achieving a turnaround from the initial shock, exports came under immense pressure again in the post 2013-14 period due to accentuation of the global economic / financial crisis in the second phase when countries like China also got adversely affected. However, since then
exports have been growing on a secular basis since 2016-17 for almost three years and total exports reached a new peak of more than half a trillion dollars, for the first time.

(c): Government has taken following key measures for promotion of exports:

i. A new Foreign Trade Policy (FTP) 2015-20 was launched on 1st April 2015. The policy, inter alia, rationalised the earlier export promotion schemes and introduced two new schemes, namely Merchandise Exports from India Scheme (MEIS) for improving export of goods and ‘Services Exports from India Scheme (SEIS)’ for increasing exports of services. Duty credit scrips issued under these schemes were made fully transferable.

ii. The Mid-term Review of the FTP 2015-20 was undertaken on 5th December, 2017. Incentive rates for labour intensive / MSME sectors were increased by 2% with a financial implication of Rs 8,450 cr per year.

iii. A new Logistics Division was created in the Department of Commerce to coordinate integrated development of the logistics sector. India’s rank in World Bank’s Logistics Performance Index moved up from 54 in 2014 to 44 in 2018.

iv. Interest Equalization Scheme on pre and post shipment rupee export credit was introduced from 1.4.2015 providing interest equalisation at 3% for labour intensive / MSME sectors. The rate was increased to 5% for MSME sectors with effect from 2.11.2018 and merchant exporters were covered under the scheme with effect from 2.1.2019.

v. Various measures for improving ease of doing business were taken. India’s rank in World Bank ‘Ease of doing business’ ranking improved from 142 in 2014 to 77 in 2018 with the rank in ‘trading across borders’ moving up from 122 to 80.

vi. A new scheme called “Trade Infrastructure for Export Scheme (TIES)” was launched with effect from 1st April 2017 to address the export infrastructure gaps in the country.

vii. A comprehensive “Agriculture Export Policy” was launched on 6th December, 2018 with an aim to double farmers’ income by 2022 and provide an impetus to agricultural exports.

viii. A new scheme called “Transport and Marketing Assistance” (TMA) scheme has been launched for mitigating disadvantage of higher cost of transportation for export of specified agriculture products.

ix. A new scheme called Scheme for Rebate of State and Central Taxes and Levies (RoSCTL) covering export of garments and made-ups was notified on 7.3.2019 providing refund of duties/taxes at higher rates.
TERMINATION OF ELIGIBILITY FOR A DUTY FREE IMPORTS SCHEME

58. SHRI C.M. RAMESH
Will the Minister of COMMERCE & INDUSTRY be pleased to state:

(a) the implications of the decision of USA to formally terminate India’s eligibility for a duty free imports scheme for developing countries, the details thereof; and
(b) whether the reported decision of USA, as above, has bearing upon reported denial by India on US demand for greater market access to its dairy products and medical devices product sector, the details thereof?

ANSWER

THE MINISTER OF COMMERCE AND INDUSTRY
(SHRI PIYUSH GOYAL)

(a) India exported goods valued at $ 6.3 billion (as per USTR figures) to the U.S under the GSP programme during the calendar year 2018, which was 12.1% of India’s total exports to the U.S in that year. The total duty concessions accruing on account of GSP were approx. $ 240 million in 2018, which was about 3.8% of India’s exports to the U.S availing GSP benefits in 2018. These concessions will no longer be available.

(b): Issues related to dairy products and medical devices were part of the GSP review instituted by the US, which led to the above outcome.

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RAJYA SABHA
UNSTARRED QUESTION NO. 59
TO BE ANSWERED ON 21ST JUNE, 2019

RETIALLATORY TARIFF

59. SHRI KANAKAMEDALA RAVINDRA KUMAR:
Will the Minister of COMMERCE & INDUSTRY be pleased to state:

(a) whether it is a fact that retaliatory tariff on 29 US products, which was supposed to come
into effect from 4th August, 2018, has not come into effect;
(b) if so, the details thereof;
(c) whether US has withdrawn the imposition of penal tariff of 25 per cent on steel and 10 per
cent on aluminium from the country;
(d) if so, the details thereof; and
(e) if not, the reasons therefor?

ANSWER

THE MINISTER OF COMMERCE AND INDUSTRY
(SHRI PIYUSH GOYAL)

(a & b): Retaliatory tariff on 28 US products have come into effect from 16th June, 2019.

(c): The US duties on steel and aluminium have not been withdrawn.

(d): Not applicable.

(e): The US did not accede to India’s request for withdrawal of these duties.

****
IMPACT OF TERMINATION OF PREFERENTIAL TRADE BY USA

60. SHRI NARAYAN LAL PANCHARIYA:
Will the Minister of COMMERCE & INDUSTRY be pleased to state:

(a) whether Government has assessed the impact of termination of preferential trade treatment of India by the US;
(b) if so, the details thereof, if not, the reasons therefor;
(c) whether Government has taken/ contemplated any steps to insulate Indian industry from the negative impact of above move of the US Government; and
(d) if so, the details thereof, if not, the reasons therefor?

ANSWER

THE MINISTER OF COMMERCE AND INDUSTRY
(SHRI PIYUSH GOYAL)

(a): Yes.

(b): India exported goods worth of $ 6.3 billion (as per USTR figures) to U.S. under the GSP programme during the calendar year 2018, which contributed 12.1% of India's total export to U.S. in the year. The total duty concessions accruing to India on account of GSP were approx. $ 240 million in 2018, which was about 3.8% of India's export to the US availing the US decision to terminate these benefits w.e.f 5th June, 2019.

(c &d): The impact of this termination will vary across products, depending on the individual concessions constituting the moderate average level of concession of 3.8% of the value of India's exports to the US availing GSP benefits, and other factors specific to each product. Indian industry is competitive in their export products and we do not foresee significant impact on our foreign trade.

****
PROMOTION OF EXPORT OF AGRICULTURAL AND PROCESSED FOOD PRODUCTS

61. SHRI NARAYAN LAL PANCHARIYA: Will the Minister of COMMERCE & INDUSTRY be pleased to state:

(a) whether Government has any scheme for promotion of export of agricultural and processed food products;
(b) if so, the details thereof, if not, the reasons therefor;
(c) whether the small and marginal farmers have benefited from such export promotion initiatives of Government, if so, the details thereof of the last three years;
(d) whether any steps have been taken/contemplated to promote export of agricultural and processed food products from Rajasthan and whether the farmers of Rajasthan benefited from such steps; and
(e) if so, the details thereof, if not, the reasons therefor?

ANSWER

THE MINISTER OF COMMERCE AND INDUSTRY
(SHRI PIYUSH GOYAL)

(a) & (b) The promotion of exports of agricultural & processed food products is an ongoing process. The Agricultural & Processed Food Products Export Development Authority (APEDA), an autonomous organisation under the administrative control of the Department of Commerce, has the mandate to promote exports of agricultural & processed food products. APEDA provides assistance to exporters of agricultural and processed food products under various component of its scheme “Agriculture & Processed Food Export Promotion Scheme of APEDA” for infrastructure development, quality development and market development. The Government has also introduced the “Transport and Marketing Assistance” (TMA) scheme for specified agriculture products scheme, which aims to provide assistance for the international component of freight and marketing of agricultural produce. In addition, assistance is available on export of various agricultural and processed food products under the Merchandise Exports from India Scheme (MEIS). Assistance is also provided to exporters/State Governments under various other schemes of Department of Commerce like Trade Infrastructure for Export Scheme (TIES) and Market Access Initiative (MAI) Scheme.
(c) Assistance/incentives under the above schemes are available to exporters, trade promotion organisations and State agencies engaged in export promotion of agricultural products, and benefit farmers, including small and marginal farmers.

(d) & (e) Under the Financial Assistance Scheme of APEDA, financial assistance has been provided to Rajasthan State Agriculture Marketing Board for various common infrastructure projects. The details are given at Annexure-I. These projects have been initiated to promote agricultural exports from Rajasthan, which benefits farmers.

**********
<table>
<thead>
<tr>
<th>S. No.</th>
<th>Project</th>
<th>Name of Beneficiary</th>
<th>Project Cost (Rs. in Lakhs)</th>
<th>APEDA Assistance Released (Rs. in Lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Pack house at Sohela</td>
<td>Rajasthan State Agriculture Marketing Board</td>
<td>431.55</td>
<td>243.52</td>
</tr>
<tr>
<td>2.</td>
<td>Pack house at Muhana, Jaipur</td>
<td>Rajasthan State Agriculture Marketing Board</td>
<td>390.00</td>
<td>269.23</td>
</tr>
<tr>
<td>3.</td>
<td>Pack house for Chomu, Jaipur</td>
<td>Rajasthan State Agriculture Marketing Board</td>
<td>421.00</td>
<td>252.60</td>
</tr>
<tr>
<td>4.</td>
<td>Pack house for Shahpura, Jaipur</td>
<td>Rajasthan State Agriculture Marketing Board</td>
<td>365.00</td>
<td>263.97</td>
</tr>
<tr>
<td>5.</td>
<td>Reefer Vans (4)</td>
<td>Rajasthan State Agriculture Marketing Board</td>
<td>108.00</td>
<td>63.48</td>
</tr>
<tr>
<td>6.</td>
<td>Cold room at Jaipur Airport</td>
<td>Rajasthan State Agriculture marketing Board</td>
<td>19.75</td>
<td>8.85</td>
</tr>
</tbody>
</table>

****
US-INDIA TRADE ISSUES

62. SHRI ELAMARAM KAREEM:
Will the Minister of COMMERCE & INDUSTRY be pleased to state:

(a) whether it is a fact that USA is forming policies recently for trade with India which are affecting the interests of India adversely;
(b) the impact on our exports as a result of the US' decision to increase the duties on steel and aluminium imports from India; and
(c) the manner in which India would overcome these policies of US which are against our trade interests?

ANSWER

THE MINISTER OF COMMERCE AND INDUSTRY
(SHRI PIYUSH GOYAL)

(a&b) US imposed additional tariff of 25% and 10% on Steel and Aluminium respectively on a global basis. While India’s steel export in the affected lines to US declined by 35% during the FY 2018-19 compared to FY 2017-18, aluminium export in the affected lines have increased by 14% during the same period.

(c) India has been engaged with US on this issue, as part of the ongoing bilateral trade dialogue.

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RAJYA SABHA
UNSTARRED QUESTION NO. 63
TO BE ANSWERED ON 21st JUNE, 2019

WITHDRAWAL OF CONCESSIONS UNDER GSP BY USA

63. SHRI V. VIJAYASAI REDDY:
Will the Minister of COMMERCE & INDUSTRY be pleased to state:

(a) the manner in which the Ministry is planning to address the trade concerns expressed by the US in view of its notice to withdraw concessions under Generalized System of Preferences (GSP); and
(b) the impact of US trade sanctions on Indian goods in the coming days in view of India being the largest beneficiary of US GSP programme?

ANSWER

THE MINISTER OF COMMERCE AND INDUSTRY
(SHRI PIYUSH GOYAL)

(a) Trade related issues are a part of any ongoing economic relationship, and will continue to be discussed and addressed as a part of the regular bilateral trade engagement between India and the US.

(b) India exported goods worth of $ 6.3 billion (as per USTR data) to U.S. under the GSP programme during the calendar year 2018, which was 12.1% of India’s total exports to U.S. in the year. The total duty concessions accruing on account of GSP were $ 240 million in 2018, which was about 3.8% of India’s exports to the US in 2018 availing GSP benefits. The impact will vary across products, depending on the individual product level concessions constituting the average duty concession of 3.8% on India’s exports to US in 2018 availing GSP benefits, and other factors specific to each product.

*******
PREFERENTIAL TRADE WITH OTHER COUNTRIES

65(H). SHRI P.L. PUNIA

Will the Minister of COMMERCE & INDUSTRY be pleased to state:

(a) the countries in whose preferential trade list India figures, the details thereof;
(b) the country-wise details of the benefits being accrued to the Indian traders following its inclusion in their preferential trade list, the details thereof for last five years; and
(c) whether it is a fact that some countries have delisted India from their preferential trade list, if so, the name of those countries and the details of the impact it would have on Indian economy?

ANSWER

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI PIYUSH GOYAL)

(a)to(b): Some developed countries including European Union (EU) provide unilateral tariff preferences on exports from developing countries/least developing country under their Generalised System of Preferences (GSP) Scheme. As per WTO, India is a beneficiary of GSP provided by Armenia, Australia, European Union, Japan, Kazakhstan, New Zealand, Norway, Russian Federation, Switzerland and Turkey. Indian exports to these countries during the last five years under their GSP have been given at Annex-I.

(c): USA has terminated preferential tariff benefits being granted to India under its Generalized System of Preferences scheme w.e.f. June 5, 2019. India exported $6.3 billion worth of goods to US under GSP in 2018 and availed duty concession to the tune of $240 million in 2018.
## Annex – I

<table>
<thead>
<tr>
<th>Importing Countries</th>
<th>No. of tariff lines with GSP</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>1050 (10 digit HS)</td>
<td>464.04</td>
<td>340.53</td>
<td>319.66</td>
<td>389.74</td>
<td>445.76</td>
</tr>
<tr>
<td>New Zealand</td>
<td>804 (10 digit HS)</td>
<td>18.71</td>
<td>22.51</td>
<td>21.89</td>
<td>27.93</td>
<td>29.05</td>
</tr>
<tr>
<td>Belarus</td>
<td>2839 (10 digit HS)</td>
<td>11.34</td>
<td>8.37</td>
<td>13.12</td>
<td>16.48</td>
<td>21.25</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>2839 (10 digit HS)</td>
<td>6.03</td>
<td>4.97</td>
<td>5.38</td>
<td>5.68</td>
<td>5.72</td>
</tr>
<tr>
<td>Russia</td>
<td>2847 (10 digit HS)</td>
<td>464.56</td>
<td>371.23</td>
<td>430.69</td>
<td>426.56</td>
<td>478.68</td>
</tr>
<tr>
<td>Japan</td>
<td>3037 (9 digit HS)</td>
<td>2972.43</td>
<td>1839.76</td>
<td>1614.85</td>
<td>1818.40</td>
<td>1719.45</td>
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<tr>
<td>USA</td>
<td>2595 (8 digit HS)</td>
<td>4476.0</td>
<td>4622.3</td>
<td>4740.8</td>
<td>5690.8</td>
<td>6307.3</td>
</tr>
<tr>
<td>EU (28)</td>
<td>7249 (10 digit HS)</td>
<td>22583.53</td>
<td>20764.63</td>
<td>20769.85</td>
<td>23938.67</td>
<td>25965.15</td>
</tr>
</tbody>
</table>

Values in US $ millions
IMPACT OF US' DECISION TO END PREFERENTIAL TERMS FOR INDIA

66. SHRI ELAMARAM KAREEM:
Will the Minister of COMMERCE & INDUSTRY be pleased to state:

(a) whether Government is aware of the United States' decision to end preferential
terms for India under the Generalised System of Preferences;
(b) the manner in which this decision is going to affect India's trade and commerce with
the US;
(c) whether it is a part of a series of measures on US-India trade, initiated by US
administration, to coerce India into accepting favourable trade terms for the US; and
(d) the steps taken by Government to overcome the adverse effects of this decision on
US-India trade?

ANSWER

THE MINISTER OF COMMERCE AND INDUSTRY
(SHRI PIYUSH GOYAL)

(a): Yes, Sir

(b): India exported goods worth of $ 6.3 billion(as per USTR data) to U.S. under the GSP
programme during the calendar year 2018, which was12.1% of India’s total export to U.S in
that year. The total duty concessions accruing on account of GSP were$ 240 million in 2018
which was about 3.8% of the value of India’s exports to the US availing GSP benefits in
2018. These concessions will no longer be available. The impact will vary across products
depending on the individual product concessions constituting the average tariff concession
of 3.8% of the value of the India’s export to the US availing GSP benefits, and other factors
specific to each product

(c&d): Trade related issues are a part of any ongoing economic relationship, and will
continue to be discussed and addressed as a part of the regular bilateral trade engagement
between India the US

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