Industries Commissionerate,
Government of Gujarat
E-mail : comind@gujarat.gov.in

AHMEDABAD MANAGEMENT ASSOCIATION®

"The Five Pillars of Prosperity :
Agriculture, Manufacture, Navigation,
Information Technology, Commerce"

FOREIGN TRADE Update

GoG-AMA Centre for International Trade

February 2020 | For *Private Circulation* | Vol. 16 ♦ No. 2

PAGE: 2-3 Goods Posing Export Opportunity for India in China

PAGE: 4 Profile of UGANDA

PAGE: 6-7 Trade News

Editor's Note

A visit of Kobe (Hyogo), Japan Delegation to Ahmedabad for deepening Business Relations



The 51 member delegation, led by the Mayor of Kobe, Kizo Hisamoto, participated in the Kobe-Ahmedabad and Hyogo-Gujarat Economic Cooperation Seminar organized at Ahmedabad Management Association (AMA) by the Indo-Japan Friendship Association (IJFA) – Gujarat, and Japan Information and Study Centre (JISC) on 23rd January 2020. Kobe-Ahmedabad and Hyogo-Gujarat are sister cities and there is a regular exchange between Business Leaders from the two cities. The delegation comprising top officials of Japan External Trade Organisation (JETRO) in addition to bureaucrats and policymakers from Kobe City. JETRO looks to double number of Japanese companies in Gujarat in five years. This will be undertaken through a fresh wave of investment by Japanese companies in Gujarat. More than 350 Japanese companies operating here. So far, more than 80% of Japanese companies that have invested in Gujarat are in the Automobile and Auto ancillary Sector, while companies from other sectors are fewer. There is a lot of potential for companies in other sectors such as Pharmaceuticals, Chemicals and Food Processing for investing in Gujarat.

Industries Commissioner's Desk

Government Support for Exports in Budget 2020

The Finance Minister Nirmala Sitharaman, during presentation of Budget 2020, announced Nirvik (Niryat Rin Vikas Yojana) scheme to provide enhanced insurance cover and reduce premium for small exporters."To achieve higher export credit disbursement, a new scheme NIRVIK is being launched which provides for high insurance cover, reduction in premium for small exporters and simplified procedures for claim settlements," she said. Under the scheme, also called the Export Credit Insurance Scheme (ECIS), the insurance guaranteed could cover up to 90 per cent of the principal and interest. The Export Credit Guarantee Corporation currently provides credit guarantee of up to 60 per cent loss. The second important announcement a scheme for exporters which will be launched this year to reimburse taxes and duties paid by them. It is proposed to digitally refund to exporters, duties and taxes levied at the centre, state, and local levels. These taxes include Value Added Tax (VAT), electricity duties and fuel used for transportation, which are not getting exempted or refunded under any other existing mechanism. The move assumes significance as Merchandise Export from India Scheme (MEIS) was not in compliance with global trade rules. Under the World Trade Organisation (WTO) rules, certain duties like state taxes on power, oil, water, and education cess are allowed to be refunded). She also said that to develop each district as an export hub, "efforts of the centre and state governments are being synergised and institutional mechanisms are being created in order that every district becomes an export hub".

Contents

- Insight 2
- Country Profile 4
- Logistics 5
- Trade News 6-7
- WTO 8

Editor: Suhayl Abidi

2

Goods Posing Export Opportunity for India in China



Tapping this export opportunity can substantially reduce India's trade deficit with China.

Chinese market holds an annual untapped potential of USD 82 billion in 20 goods where Indian exporters have competitive advantage, reveals latest data from Geneva-based International Trade Centre (ITC), the only multilateral agency committed to the mission of internationalizing small and medium enterprises.

These 20 goods, which are mentioned in the following table along with their 8-digit internationally accepted customs code, belong mainly to the organic chemicals, plastics and articles, engineering, iron & steel and agricultural sectors.

According to an analysis by MVIRDC World Trade Center Mumbai, India meets hardly 3.3% or USD 2.7 billion of the total annual import demand of USD 82 billion for these 20 products in China (figures are for 2018). India has a competitive advantage in these products as we export USD 15 billion worth of these goods to the world, which is 4.5% of our annual exports. These goods constituted about 17% of India's exports to China in 2018. India can substantially reduce its trade deficit with China, which stood at USD 53.56 billion in 2018-19, by enhancing its market share for these products in that country.

Goods Posing Export Opportunity for India in China (USD Million)

Source: ITC, Geneva, compiled by MVIRDC WTC Mumbai

HS Code	Product Description	China's Imports from the World (2018)	India's Exports to China (2018)	India's Exports to the World (2018)
29024300	p-Xylene	16,942	1,334	2,626
29053100	Ethylene glycol	9,082	213	291
39012000	Polyethylene	8,826	260	370
84798999	Other machines and mech. appliances	6,936	5	215
85177090	Electrical equip.	5,579	24	171
85389000	Electrical equip.	4,406	15	479
2023000	Frozen boneless bovine meat	4,240	0	3,323
39021000	Polypropylene	4,191	183	864
29012100	Ethylene	3,302	121	225
72024100	Ferro alloys	2,686	274	927
88033000	Parts of aircraft	2,271	15	1,638
84073410	Engines and other auto-components	2,264	0.009	166
29022000	Benzene	2,191	248	1,313
84839000	Machinery, Mechanical Appliances and their parts	2,126	3	169
29339900	Heterocyclic compounds	1,695	20	773
85369090	Electrical Machinery and equipment	1,212	8	221
84149090	Machinery, Mechanical Appliances and their parts	1,142	13	276
12074090	Sesame seeds	1,067	8	508
24012010	Tobacco and products	1,039	1	406
72104900	iron and steel products	984	0.006	484
Total		**82,182**	**2,745**	**15,447**

Speaking about the market opportunities for Indian exporters in China, Ms. Rupa Naik, Senior Director, MVIRDC World Trade Center Mumbai said, "In order to realize this untapped export potential, India and China must exchange trade delegation with members from these identified sectors. We must also create awareness on this opportunity among India's Micro, Small and Medium Enterprises producing these identified products." Increasing our market share for these products in China will add further momentum to the growing exports of India in this country. India's overall exports to China grew 5.39% to USD 11.57 billion in April-November 2019, even as our total exports to the world declined 2.0% during this period. India's overall trade deficit with China declined 5% to USD 35.3 billion in the first eight months of the current financial year compared to USD 37.3 billion in the year ago period.

3

Global Markets for Agro Health Products 2020

Handbook 85/2020

Highlights

- Medicinal plants found from Himalayan to marine and desert to rain forest ecosystems.
- More than 7000 plants species have known used as medicinal plants.
- Ayurveda – more than 3000 years old system of medicine has widespread acceptance.
- Ayurveda, Siddha and Unani systems of medicine have more than 90% formulations which are plant based.
- The export demand of medicinal plants estimated about 1, 34,500 MT with export value of '3211 Crore during 2014-15.
- World herbal trade $120 billion. India's share 2%.
- India is the largest producer and exporter of turmeric.
- Ashwagandha sales in 2018 increased 165.9%.
- Ashwagandha has been one of the 40 top-selling ingredients in natural retail stores since 2015.
- In US, herbal supplements sales have doubled since 2004.
- India's herbal exports growing at 14%.

Increasing interest by transnational pharmaceutical firms and domestic makers of herbalbased medicines has contributed to the many economic processes of the world healthful plant's sector. India, which is the hub of the regional trade, at the national level up to 40% of the state forest-based revenues and 70% of forest export revenues come from MAPs and Non-Timber Forest Merchandise (NTFPs), largely in unprocessed and raw forms. In Nepal it is estimated that every year 20,000 tons of MAPs worth US$18-20 million are traded and about 90% of this collection is exported mainly to India in raw form.

Export opportunities for natural products are tremendous, as the world market is looking towards natural sources for the purposes of therapeutic use as well as nutritional dietary supplements and production of phyto-Pharmaceuticals -the plant-based drugs containing isolated pure active compounds used to treat diseases.

According to the National Centre for Complementary and Integrative Health (NCCIH), over 30% of adult Americans prefer complementary and alternative medicines such as:

1. Medicinal Botanicals / Dietary Supplements - the whole plant or plant-part extracts used for maintenance of health by affecting a body structure and its function.
2. Nutraceuticals-the food containing supplements from natural (botanical) sources, that deliver a specific health benefit, including prevention and treatment of disease.
3. The cosmeceuticals-the cosmetic product that contains biologically active ingredients having an impact on the user.

LATEST BUSINESS HANDBOOK

Latest Business Handbook

- Zambia, Uganda and Zimbabwe
- Exporting to Difficult Countries
- Central African Republics
- Ethiopia, Eritrea and Djibouti
- Egypt Trade and Investment
- Morocco, Tunisia & Algeria
- Rising Stars of Global Trade
- Global Markets for Pharmaceuticals

Copies available at: **Ahmedabad Management Association**
E-mail: ama@amaindia.org • Website: www.amaindia.org Hard copy Rs.100/- per book; Digital is it pdf – Rs.100/- per DVD.

For copies, please send your request to E-mail: ama@amaindia.org



Group Photo of participants "Diploma Programme on Shipping and Logistics" with Faculty Mr. Mr. S.R. Binju



Group Photo of participants "Comprehensive Programme on "Export-Import Management" with Faculty Mr. S.M. Chaturvedi

4

Profile of UGANDA



The Medium-term growth of the economy is also very positive. The government is projecting the economy to grow by 6.2% in the next Financial year 2019/20, with agriculture, industry and services projected to grow at 3.8%, 5.6% and 7.8% respectively. Over the next two years, massive investments in infrastructure development related to the oil and gas sector and the related expected increase in FDI inûows have the potential to drive Uganda's economic growth to 7.0% or more. Uganda has improved 11 steps forward in the World Bank Ease of Doing Business Report 2020. The World Bank Ease of Doing Business Report 2020 ranked Uganda at 116th position from 127th out of 190 economies that were surveyed.

Although Uganda is a landlocked country, it is the gateway into the markets of Eastern DR Congo and South Sudan. With peace agreement signed in South Sudan, trade should grow in the future. Uganda has the lowest cost workforce in the region. Labour costs in Uganda are also forecast to grow more slowly than other EAC countries.

Uganda is richly endowed with rainfall, soils & favourable temperature ranges with a number of crops grown organically. There are opportunities in large scale production, agro-processing and agribusiness. Uganda is among the leading producers of coffee, bananas and oil seed crops (sesame, soybean, sunflower etc.). It is also a major producer of other crops like tea, cotton, organic cotton, tobacco, cereals, fresh foods and vegetables, nuts, essential oils, flowers, poultry and freshwater fish.

Uganda has been dubbed the Pearl of Africa' due to its strong tourism potential with lots of forests, lakes and rivers. Uganda has confirmed deposits in Iron Ore, Phosphate, Gold, Wolfram, Petroleum, Diamond, Vermiculite, Silica, Limestone, etc. There are growing opportunities in tourism infrastructure, mineral value addition, energy, edible oils, electronics, ICT and pharmaceuticals & medical consumables.

Uganda imports are growing from $5.5 bn. in 2015 top $6.2 bn. in 2018. India's the second largest exporter with exports of $816 mn. China overtook Uganda's no. 1 exporter from India in 2016. India's exports has declined steadily from 1.5 bn. in 2014 when China's export was $739 mn. which is now $1.2 bn. India's major exports are pharma, machinery, mineral fuel, vehicles & parts, plastics & electrical. Indian exporters must identify the decline and take steps to bring our exports back to growth track.

Highlights:

- GDP growth projected 6.2% in 2019-20
- Average GDP growth rate 6.5% for last 28 years
- Steady Peaceful Politics for 28 years
- 2nd in East Africa in attracting FDI
- Ranked 12th in World Banks's "Doing Business" in Africa
- Revenue from oil exploration to start from 2017
- Access to 150 million East African Market
- Member East African Community Customs Union
- Tariff-free exports to US and EU
- English language widely understood in Business & Government
- Indian population is 1% but contribute 65% taxes.

Job Announcements on AMA Notice Board

Ahmedabad Management Association (AMA) has been making its Notice Board available for announcement of Job Openings in various companies since a number of years now, acting as a facilitator for both the employment providers and employment seekers. This facility of displaying the Job Opening is made available free of cost and the sole motive is employment generation.

The Job provider gets to announce his /her vacancy in varied field at no cost. The vast majority of AMA facility users get to view these advertisements and explore these opportunities thus getting the right candidates in the right fit - creating employment.

The posting would be for a fixed duration of 15 days and would be removed automatically thereafter unless the organization request for a re-posting.

AMA's role would be limited to posting of the vacancy for viewers at AMA Complex.

5

Maersk enhances India's agro-produce export trade potential with its integrated cold chain logistics solutions



Maersk, the leading global integrated logistics company, recently successfully delivered its first end-to-end shipment of 14 MT of freshly produced 'Green Chillies' from Varanasi to Jebel Ali, United Arab Emirates (UAE) within a duration of 9 days. The company worked closely with Agricultural and Processed Food Exports Development Authority (APEDA), the apex organization under the Ministry of Commerce & Industry, responsible for the export promotion of agricultural products, to enable trade opportunities in the State via land & sea routes. The delivery is a testament to Maersk's efforts to unlock the agro-trade potential in Uttar Pradesh and expanding across the Country by leveraging end-to-end cold-chain logistics solutions.

The shipment was loaded at the facility and throughout the journey from Varanasi to Jebel Ali, leveraging the Remote Container Management (RCM) technology, the temperature of the cargo was accurately maintained at the temperature recommended by the Reefer expert with proper tracking of the container movement and spot-on co-ordination with various stakeholders involved in the project. Sensing the tight schedule of the shipment cycle due to short shelf-life of fresh produce & non-availability of export-quality packing material at Varanasi, Maersk ensured the deployment of an additional driver for inland transportation.

Future Opportunities in the region APEDA also organised an export promotion programme & Buyer-Seller Meet (BSM) attended by more than 100 farmers from Mumbai, Kolkata, Hyderabad & Uttar Pradesh during the first half of 2019, to provide a platform to link farmers to exporters. The platform provided a chance to the exporters to understand the potential of the region, quality of vegetables & fruits produced so that they could facilitate the right infrastructure. Furthermore, the government also facilitated Vegetables and Fruits Exporters Association (VAFA), Mumbai to sign an MOU with four Farmers Producers Organizations (FPOs) for sourcing of fresh vegetables & fruits for exports to international markets. The produce of the first trial shipment consolidated from the FPOs has been processed & packed at CONCOR Cargo Facility at Varanasi which was inaugurated by the Prime Minister Narendra Modi in July 2018.

As the future enquiries are in pipeline with an additional route (rail) option, the target commodity is wide-ranging (green chilies, okra, bitter gourd, green peas, brinjal, mango, guava etc.) with focused efforts from the company and Government to ensure this to be a year-round movement. The company is in touch with the relevant government stakeholders to help realize the true export potential of the region.

Gujarat Export Sectors

Groundnut

India is the largest producer and exporter of groundnut in the world. India's exports represent about 20% of the world's exports of peanut. Within India, Gujarat tops with 27.87 percent of total production followed by Andhra Pradesh 24.19 percent, Tamil Nadu 14.84 Percent and Karnataka 1095 percent. However, as with all agricultural products, the year-to-year production & export varies due to climate, demand & supply, global prices and other variables. Therefore, from a high of $720 million export in 2016, India's export has fallen to $ 457 million in 2018.



However, many other countries are increasing their production and export of groundnut. It is in the interest of Gujarat entrepreneurs and exporters to move up the value chain by increasing export of peanut snacks which has the largest share of the snack market in the world.

Although India is one of the largest producer andexporter of groundnuts, it has negligible presence invalue added groundnut (peanut) products. In 2015, India exported $630 million worth of groundnuts in kernels but only $13 million in shelled/ blanched conversion. In contrast, China exported $613 million inthis category. The first effort should be to increase size of value added shelled/blanched nuts.Peanut snacks are among the most popular snacks in the world, especially UnitedStates. US College students and other hungry consumers are increasingly turningto the ever-popular peanut and peanut-filled trail mixes (mixed snacks) as anutritious, grab-and-go snack solution throughout the day.



- **India's exports decline for fifth straight month in December:** India's merchandise exports shrank 1.8% in December, falling for the fifth straight month, while the trade deficit narrowed to $11.25 billion from a year ago, helped by lower oil imports, the Trade Ministry said in a statement said on Wednesday. Merchandise exports fell to $27.36 billion in December compared with a year earlier, while imports were down 8.83% to $38.61 billion, the data showed. During April-December 2019-20, exports slipped 1.96$% to $239.29 billion, imports declined by 8.9% to $357.39 billion, leaving a trade deficit of $118.10 billion.

- **Govt revises drawback schedule for apparel sector; exporters want more FTAs:** Ministry of Finance has issued a notification revising drawback schedule for apparel sector, which will come into effect from February. While for the cotton-based products it would be around 0.2 per cent increase, for man-made fiber and blended garments it would be around 0.4-0.6 per cent. While welcoming the announcement, exporters said that government should focus on signing FTA and clearing the ROSTL, which is affecting the working capital of the exporters. Exporters said, hike is marginal and sceptical of whether it will enhance the exports, which is dropping and said only thing they can do is for entering into FTA with EU, UK, Australia and Canada.

- **Exports succumb to slowdown despite 'Make in India' campaign: RBI:** Even as the government aimed to boost exports with its flagship scheme 'Make in India', the country's exports succumbed to the prolonged slowdown in the current fiscal year. Much damage has already been done as India's merchandise exports have contracted by around 2 per cent on-year till November, which rose by 10.9 per cent in the corresponding period of the previous year. The projections for India's exports in the near term is also not much optimistic. "With global growth and trade projected to slow down further, India's exports could face challenging demand conditions going forward," RBI said in its financial stability report. Export credit contracted 15.1 per centin the financial year so far and 28.7 per centin the calendar year 2019.

- **India to launch hub to fast track Agricultural exports to the Gulf:** The Agricultural and Processed Food Products Export Development Authority (APEDA) is to open an office in Varanasi to fast track exports to the Gulf. The opening follows the success of a trial shipment of locally grown vegetables to Dubai recently. An agricultural export hub has now been set up in Varanasi to build on the success of the Dubai trial. Government and business agencies from five predominantly agricultural districts around Varanasi will now coordinate their activities to make the region a source of exports to the Gulf.

- **India's textile and apparel exports to reach $300 bn by FY25: Invest India:** India's textile and apparel exports are expected to touch $300 billion by 2024-25, resulting in a tripling of the country's market share globally from 5 per cent to 15 per cent, according Invest India, the national investment promotion and facilitation agency. The domestic textile and apparel industry including handicrafts stood at $140 billion in 2018, of which $100 billion was domestically consumed while the remaining portion worth $40 billion was exported to the world market. The textile and garments industry in India is expected to reach $223 billion by 2021.

- **India's textile exports decline 8%:** Despite recovery in shipments to the US, the country's textile and apparel exports fell by 8 per cent in the first eight months (April-November) of the current fiscal year, with contractions in those to the European Union (EU) and West Asia. On the other hand, textile and apparel imports in the period jumped 15per cent, compared to the previous year. India's exports at $21.7 billion (Rs. 1.54 trillion) for the period, down over 8 percent from $23.6 billion in the corresponding period last year.

- **Malaysia to buy more Indian sugar to resolve palm oil spat:** Malaysia's top sugar refiner said it will increase purchases of the commodity from India, which according to two sources is part of efforts to placate New Delhi amid an ongoing spat over palm oil imports. MSM Malaysia Holdings Berhad will buy 130,000 tonnes of raw sugar from India worth 200million ringgit ($49.20 million) in the first quarter, the company said. The company bought around 88,000 tonnes of raw sugar from India in 2019.

- **India-Iran trade dips 79.4 per cent in april-nov; may fall further:** India-Iran trade declined a sharp 79.4 per cent in the first eight months of the current fiscal to $3.5 billion from $17 billion in

Contd. on next page

Contd. from PREVIOUS page

the comparable period last year after the lapse of the oil sanction waiver extended by the US to India. Escalating tension between Iran and the US after the recent killing of Iranian General in a US drone attack could hurt trade further as India's exports to Iran, which have sustained despite the economic sanctions, could now take a hit. This is true especially with the balance in the rupee-rial account running out, fear exporters.

GUJARAT TRADE NEWS

- **Gujarat drives India's French fries export:** Though Gujarat harvests merely 7.42% of the country's potato production, the state has singularly catapulted India to becoming a French fries exporter from being an importer in just over a decade. India used to import 6,000 Metric Tonnes of french fries in 2007. However, the country managed to export around 30,000 Metric Tonnes (MT) of frozen potatoes in 2019 with fries accounting for 95% of the total exports. "Rising global demand, especially from those Asian countries which do not grow potatoes, coupled with concentrated efforts for contract farming has helped India to be an exporter of french fries. Asian countries except India, China and Pakistan do not cultivate potatoes. Industry experts peg the global market size for frozen potato products at 15 million metric tonnes, against which the total market size in India is 75,000 Metric Tonnes as of 2019. Of this, merely 40% is exported.
- **Gujarat gets lion's share of almost 27% in potato exports:** Though Gujarat grows less than 10% of total potatoes produced in India, the state has a lion's share of almost 27% in the overall potato exports from the country, said Swarup Kumar Chakrabarti, director of Central Potato Research Institute (CPRI).

  During the 2018-19 season, total potato exports from Gujarat were nearly one lakh tonne (MT) against the country's overall exports of 3.80 lakh MT of the root vegetable,
- **Cotton exports fall to nearly half on higher domestic prices during Oct-Dec 2019:** India's cotton exports for the first three months of the season (October-September 2020) have tumbled to nearly half or by down about 45 per cent to 10 lakh bales (each of 170 kg) in the October - December 2019 period from 17 lakh bales in the same period last year."There were multiple factors responsible for the decline in exports in the first three months October - December 2019. Our domestic prices were higher than international prices because we had a very thin crop last year. This impacted our cotton exports, which fell by nearly half as compared to last year," Atul Ganatra, President, Cotton Association of India (CAI) told Businessline.

GoG-AMA Centre for International Trade
USEFUL TRAINING PROGRAMMES

Day/ Date	Time	Programme name
Sunday, February 16	9.30 a.m. to 12.30 p.m.	Purchasing Techniques, Packaging & Labelling of export goods
Sat., Feb. 22	9.30 to 12.30 pm	Doing Business in Italy
Saturday, February 22	2.00 p.m. to 5.00 p.m.	Generating and Converting B2B Global Business Leads through LinkedIn
Sunday, February 23	9.30 a.m. to 12.30 p.m.	Export Business Techniques - How to identify, locate and Retain overseas buyer
Mon. to Sat. Feb.24 to Mar.7	6.30 to 8 pm	Customs Clearance
Friday, Feb. 28	10.00 a.m. to 12.30 p.m.	Rising Stars of Global Trade
Friday, Feb. 28	5.30 p.m. to 8.00 p.m.	Global Trade & Investment Opportunities in Construction & Building Accessories
Sat., Feb. 29	10 am to 12.30 pm	Global Markets for Pharmaceutical Exports
Sunday, March 1	9.30 a.m. to 12.30 p.m.	How to ship Dangerous goods chemicals, Liquids, Powders etc by Air & Sea mode of Transportation
Mon. to Sat., Mar. 2 to Apr. 3	8.00 a.m. to 10.00 a.m.	Certificate Programme on Exports and Imports
Friday, March 6	9.30 a.m. to 5.00 p.m.	Customs & Finance Bill 2020 -21 w.r.t. Exporters / Importers
Saturday, March 7	9.30 a.m. to 5.00 p.m.	Planning an Overseas Visit for Export Promotion and Business
Saturday, March 7	10.00 a.m. to 5.00 p.m.	Export: Do It Yourself Programme for Beginners (Promoting Export from Gujarat) AT RAJKOT
Sunday, March 8	10.00 a.m. to 5.00 p.m.	Export: Do It Yourself Programme for Beginners (Promoting Export from Gujarat) AT GANDHIDHAM
Sunday, March 8	9.30 a.m. to 12.30 p.m.	Role of Logistics and Supply Chain Impact of Transportation on Logistics cost
Fri. & Sat., March 13 & 14	9.30 a.m. to 5.00 p.m.	Managing Import – Export Business Effectively
Friday, March 20	9.30 a.m. to 5.00 p.m.	Import Documentation and Procedure Customs – FTP & FEMA
Saturday, March 21	9.30 a.m. to 5.00 p.m.	Export Documentation and Procedure Customs – FTP & FEMA

For Regn., Pl. Contact: AMA, AMA Complex, Dr. Vikram Sarabhai Marg, Ahmedabad-15.
Phone: 079-26308601-2-3-4-5 **Mobile:** 9537407187, 7069940917, 7203030990
Fax : 079-26305692 **Email:** ama@amaindia.org • **Website:** www.amaindia.org

8

RCEP offers $125 billion market for domestic companies

Even though the government has decided to stay out of the world's largest trade block RCEP, the 15-nation grouping offers a market potential of USD 125 billion if domestic firms improve competitiveness in 24 identified product categories, as per a World Trade Centre study. It can be noted that India is among the top 15 exporters of these 24 product categories globally and have strong demand in China, Korea, Australia, Japan, Indonesia, the Philippines, Malaysia, Thailand, Cambodia and Vietnam. The domestic industry can benefit from USD 125.6 billion market potential, especially in sectors like metals, textiles and marine products, in 10 of these RCEP countries. India is the seventh largest exporter of aluminum products in the world and yet it is not a major supplier of these products to these RCEP countries except to Korea. In 2018, Japan, Thailand, Korea and China together imported USD 18.65 billion worth of aluminium products, while India supplied hardly USD 700 million of these products to these market.

China, Korea, Japan use Non-Tariff Barriers to impede imports

Countries like China, South Korea and Japan may boast of low tariffs but they have erected huge Non-Tariff Barriers (NTBs), most of which are tailored to mask the ferocity of trade protectionism, in a bid to control the imports they deem undesirable. Exporters say some of the common NTBs that they are subjected to are stringent rules on product certification, labelling standards and import approval requirements.

An internal analysis of the Indian commerce ministry ahead of the country's pull-out of the RCEP deal in November shows China has put in place 1,516 notifications that are nothing but technical barriers to trade (TBT), followed by South Korea (1,036), Japan (917) and Thailand (809), while India has initiated only 172 such steps. The total number of TBT measures put in place by all RCEP members, including India, stood at 5,909. India's average applied tariff, however, stood at 17.1%, the highest among RCEP members, while China's was 9.8%, South Korea's 13.7% and Japan's 4.4%.

Similarly, China has notified 1,332 Sanitary and Phytosanitary (SPS) measures, while South Korea and Japan have imposed 777 and 754 SPS barriers, respectively. In contrast, India has imposed only 261 SPS measures, according the analysis reviewed by FE. These two types of steps are the major sources of Non-Tariff Measures (NTM), making up for over 80% of NTM notifications sent by various countries to the WTO. Developed countries like the US and those in Europe, too, impose such measures in large numbers.

With less than 10% tariff lines regulated, India working on 252 new standards

Developed countries apply three times more technical barriers than developing nations. India is one of the most unregulated markets among major trading countries, with regulations on less than 10 per cent of its national tariff lines. Compared to India's 452 technical and sanitary standards notifications, the US has 8,105 notifications, China has a total of 2,900 notifications, Brazil has 3,913 notifications, the EU has 2,974 notifications; while Australia has 888 notifications in place, according to figures compiled by the Commerce Ministry.

Now, the government is working on new standards to redress the situation. It is considering 252 new technical regulations on items such as chemicals and pharmaceuticals, toys, footwear, sports good, telecom equipment and industrial equipment, which will apply on both imports and domestic manufacture, according to a government official.

Global trade to fall victim to US acting the bully at WTO

Protectionism and trade conflicts will make things worse this year as the Appellate Body has been rendered defunct. The World Trade Organization's (WTO) Appellate Body has been grounded to a halt from December 11, 2019, with the US blocking the appointment of new judges. Appointment of judges in the Appellate Body requires approval of all member-countries. Since the US didn't approve of the newly nominated judges even as the term of the sitting judges expired, the Appellate Body is now left with just one active judge. WTO rules require a quorum of three members in the Appellate Body to consider an appeal of a panel report. The appeal process of the WTO has thus become dysfunctional. Member-countries may now skirt the rules to get ahead, taking the world to the pre-WTO era, a period marked by a high degree of protectionism.

India-China trade dips by nearly $3 billion in 2019

The bilateral trade between India and China declined by about $3 billion last year while India's trade deficit continues to be high amounting to $56.77 billion as both countries experienced economic slowdown.The trade figures released by the General Administration of Customs of China (GACC) on Tuesday projected the total trade in Chinese currency RMB-Yuan terms registered a marginal increase of 1.6% year on year but in dollar terms it was down by about $3 billion. China's exports to India increased by 2.1 per cent last year totalling to 515.63 billion yuan while India's imports to China decreased by 0.2% totalling to 123.89 billion yuan, he said. The trade deficit for India in 2019 was $391.74 billion yuan, he said. However, in dollar terms the trade has declined.

Published by GoG-AMA Centre for International Trade, AHMEDABAD MANAGEMENT ASSOCIATION, Core-AMA Management House, Torrent-AMA Management Centre, ATIRA Campus, Dr Vikram Sarabhai Marg, Ahmedabad 380015 **Phone:** 079-26308601-5 • **Fax:** 079-26305692 **Mobile:** Mobile: 95374 07187, 70699 40917 • **Email:** ama@amaindia.org • **Website:** www.amaindia.org, www.gogama.org