

Daily Economic News Summary: 29 June 2018

1. India-US Meet: India To Not Retaliate If US Gives Duty Relief

Source: Financial Express ([Link](#))

India is open to reviewing its retaliatory tariff worth around \$235 million against 29 US goods before it takes effect on August 4, subject to an acceptable positive outcome, an official source said on June 27. The obvious positive outcome that New Delhi wants is an exemption from the Trump administration's move to tax steel and aluminium supplies from India. If that happens, which India is hopeful of getting, there is no case for retaliation, said the official. Senior officials of both the countries concluded a three-day meeting here on June 27 and agreed to huddle again in July in the US to work out a package that will contain ways to bolster bilateral trade in both short and long terms, said the official. Earlier this month, India had notified the World Trade Organisation (WTO) a revised list of 30 US items, including almonds, apples, phosphoric acid and motorcycles with engine capacity more than 800 cc (including Harley-Davidson), on which it intended to impose retaliatory tariffs. New Delhi had asked the US to exempt it from the additional tariff on steel and aluminium imposed by Trump on select countries, including India, on grounds of national security. However, the US rejected the request.

2. Nikki Haley Talks Up US-India Ties, Says Trade Differences 'Growing Pains'

Source: Business Standard ([Link](#))

Nikki Haley, America's envoy to the United Nations and reputedly a confidante of President Donald Trump, said in New Delhi on June 28 that the last-minute postponement of a high-level US-India meeting did not reflect any tension or disagreement in the relation between the two countries. On June 27, US Secretary of State Mike Pompeo had called Foreign Minister Sushma Swaraj to postpone a "two-plus-two" meeting on unspecified grounds. The meeting, scheduled for July 6 in Washington, was between Pompeo, US Secretary of Defense Jim Mattis, Swaraj and Defence Minister Nirmala Sitharaman. "The delay in that meeting was unrelated to India. The time and location are being rescheduled. It will happen soon. This is a sign of how much our defence and security have grown in recent years; a new level of strategic confidence in our partnership," said Haley. She contrasted that with India's vision for free trade in the Indo-Pacific, hailing Prime

Minister Narendra Modi's allusion to this in his speech on June 1 at the Shangri-La Dialogue in Singapore. Downplaying trade disagreements as "growing pains", Haley pointed to the doubling of trade volumes over the recent years. She said: "The fact that we are talking about trade is a good thing... Where you have these many discussions, it means you have a lot in common. It means you're doing more business together. It means you're communicating more. And it means that you're going through the growing pains of doing that."

3. Telecom Commission To Take Up National Telecom Policy Today

Source: Financial Express ([Link](#))

Telecom Commission, the highest decision-making body in the Department of Telecommunications (DoT), is expected to meet on Friday and take up the National Digital Communications Policy (NDCP), which charts the road map for development of the telecom and digital space. Sources said the meeting of the Telecom Commission will review the NDCP among other issues including some additions to the public Wi-Fi project by the DoT. The government released a draft of the national telecom policy on May 3, after which it was put in the public domain for feedback. After the policy is approved by the Telecom Commission, it will be placed before the Union Cabinet for approval. Following this, the government will table the NDCP before Parliament in the monsoon session, which is scheduled to commence from July 18. From providing a minimum download speed of 50 Mbps and enabling 10 Gbps connectivity to all gram panchayats to attracting \$100-billion investment in digital communications by 2022, the DoT has envisaged a very ambitious road map under the NDCP.

4. Govt Readies To Reduce Oil Imports From Iran To Zero

Source: Business Standard ([Link](#))

India's oil ministry has asked refiners to prepare for a 'drastic reduction or zero' imports of Iranian oil from November, two industry sources said, the first sign that New Delhi is responding to a push by the United States to cut trade ties with Iran. India has said it does not recognise unilateral restrictions imposed by the United States, and instead follows UN sanctions. But the industry sources said India, the biggest buyer of Iranian oil after China, will be forced to take action to protect its exposure to the US financial system. India's oil ministry held a meeting with refiners on

June 28, urging them to scout for alternatives to Iranian oil, the sources said. “(India) has asked refiners to be prepared for any eventuality, since the situation is still evolving. There could be drastic reduction or there could be no import at all,” said one of the sources, who has knowledge of the matter. Oil minister Dharmendra Pradhan told reporters in Mumbai that the country would attend to its interests while deciding on oil imports. Under pressure from the US sanctions, Reliance Industries Ltd, the operator of the world's biggest refining complex, has decided to halt imports. Nayara Energy, an Indian company promoted by Russian oil major Rosneft, is also preparing to halt Iranian oil imports from November after a communication from the government, a second source said. The company has already started cutting its oil imports from this month.

5. India To Join Norway In WTO Case Against US On Steel, Aluminium Duties

Source: Business Standard ([Link](#))

India has expressed its willingness join the WTO dispute consultation requested by Norway as third party against the US decision to impose high customs duties on certain steel and aluminium products. In a communication to the World Trade Organisation (WTO), India said it has substantial trade interest in the sector. In May, India has already dragged the US to the World Trade Organisations dispute settlement mechanism over the imposition of these import duties. "India hereby notifies its desire to join the consultations requested by the Government of Norway...with respect to certain measures imposed by the US to adjust imports of steel and aluminium into the US and exempting certain selected WTO members from the measures," the WTO said. An official said that to understand the developments on the issue, India is joining the dispute cases on the subject as a third party member. India has also stated that it is a significant exporter of steel and aluminium products to the US. In 2017, India was the 10th largest exporter of steel to America as per the data published by the US Department of Commerce.

6. Brookfield To Sharpen Focus On Renewable Energy Sector In India

Source: Livemint ([Link](#))

Canada-based Brookfield Asset Management Inc. is looking to increase its focus on renewable energy in India, said two people aware of the firm's plans, on the condition of anonymity. The

asset manager has so far been focussing largely on the real estate and roads segment. The move follows Brookfield's acquisition of American renewable energy company SunEdison's yieldco TerraForm Global Inc. Last December, Brookfield Renewable Partners LP had announced that, along with its institutional partners, it had closed the 100% acquisition of TerraForm Global Inc. for \$750 million. TerraForm Global owns and operates a 952 megawatt (MW) portfolio of solar and wind assets in Brazil, India and China. "Brookfield had not been active on the renewable side in India, while globally renewables is a huge business for them. The TerraForm acquisition gave Brookfield a 300MW portfolio of renewable assets in India and, having closed that acquisition, they are now looking at a larger play in the renewable sector in India. So far they had been focused on real estate and roads, where they have invested significant capital in the country," said one of the person cited above.

7. India Bats For Technology, Finance To Achieve Climate Goals

Source: Economic Times ([Link](#))

India is committed to follow the green path but needs technology and finance as it continues to work to meet objectives of the international environmental conventions, an Indian official said in Vietnam on June 28. Playing a crucial role to mitigate climate change and other environmental challenges across the globe, Union Environment Secretary CK Mishra said India has decided to strengthen its support with a 25 per cent increase over its contribution to \$15 million to the Global Environment Facility's (GEF) new investment cycle. He was addressing the Sixth GEF Assembly, which meets every four years, on its concluding day that saw over 1,000 delegates across the globe in this Vietnamese port city. The GEF is a partnership for international cooperation that involves 183 countries working together with international institutions, civil society organisations and the private sector to address global environmental issues. Endorsing its continued focus on biodiversity and land degradation, he said: "We believe Himalayan biomes deserve global attention, being of critical importance as one of the recognised biodiversity hotspots in the world."

8. IMF Suggests India Three Steps To Sustain High Growth Rate

Source: Financial Express ([Link](#))

To sustain the high growth rate India has achieved, the country should carry out banking sector reforms; continue with fiscal consolidation, simplify and streamline GST; and renew impetus on reforms, the International Monetary Fund (IMF) said on June 29. India's growth accelerated to 7.7 per cent in the fourth quarter of Financial Year (FY) 2017-18. That was up from 7 per cent in the previous quarter. "We expect the recovery to continue in FY 2018-19. Growth is projected at 7.4 per cent in FY 2018-19 and actually 7.8 percent in FY 19-20, respectively," IMF Communications Director Gerry Rice told reporters at his fortnightly news conference. In order to sustain the high growth rate, Rice suggested three steps for India to follow. "One, to revive a bank credit and enhance the efficiency of credit provision; by accelerating the cleanup of bank and corporate balance sheets and enhancing the government of public sector banks," he said. "Point two, to continue fiscal consolidation and to lower elevated public debt levels supported by simplifying and streamlining the goods and services tax (GST) structure," he added.

9. Commerce Ministry For Taking Over Land Customs Stations

Source: Economic Times ([Link](#))

The commerce ministry is working on a Cabinet note to bring integrated check posts and land customs stations under its aegis to simplify cross-border movement of goods with India's neighbours. The newly-set up logistics division has proposed to take over the existing six inland customs ports (ICPs) run by the Land Ports Authority of India under the home ministry and 85 land customs stations run by the Central Board of Indirect Taxes and Customs. "We propose to bring both of these under the commerce ministry. We are preparing a cabinet note," said an official in the know of the development. All ICPs have passenger and freight processing facilities such as cargo process buildings, cargo inspection sheds, warehouses, cold storages, quarantine, currency exchange counters, clearing agents, banks and vehicle scanners, and are set up in border states to encourage trade with Saarc countries. The official said there is no mandate to a single agency to manage all the facilities in LCS.

10. Govt Targets Roll Out Of New GST Return Forms By 1 January, Says Hasmukh Adhia
Source: Firstpost ([Link](#))

The new Goods and Services (GST) return forms would be introduced from 1 January after successful beta-testing of the software, Finance Secretary Hasmukh Adhia said on June 28. He said wrong input tax credit claims are a potential area of evasion in the GST regime and one-to-one invoice matching is the key to checking evasion. On scope for rationalisation in the highest tax bracket of 28 percent, Adhia, at an event organised jointly by *CNBC-TV18* and PwC India, said reducing the number of items in the tax slab would depend on revenue position of the government. To a question on how soon the new return filing system would be implemented, Adhia said the target is to roll it out within 6 months. He said invoice matching has to happen in the GST system. "The only thing is the way we collect details about invoices is what matters. So in the new system of filing return we will have all the sales invoice being uploaded along with returns only for B2B. For B2C you don't need to give invoice wise details at all", Adhia said. The GST Council had in its last meeting on 4 May approved the design of new return forms. It was decided that the current system of filing summary returns (GSTR-3B) and final sales return (GSTR-1) would continue for six months.