

Daily Economic News Summary: 31 July 2018

1. Big Boost To India-US Trade Relations: American Department Of Commerce Announces Flagship Event In New Delhi

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

As part of its focus on Indo-Pacific region, the US department of Commerce on July 31 announced to hold one of its flagship events in India next year. “Trade Winds: India – will take place in New Delhi in the spring of 2019,” the Department of Commerce announced, the day the Trump Administration unleashed a series of initiatives addressed at development and infrastructure projects of countries in the Indo-Pacific region. “It will be a conference and trade mission to India and other surrounding countries where US exporters will meet with decision makers on opportunities they have learned about at DGM (Discover Global Markets) and Access Asia events,” the Commerce Department said. The DGM focused on Indo-Pacific will take place in Salt Lake City, on December 10-12. It will highlight opportunities for US exporters in Asia. It will also kick-off recruitment for the Trade Winds: India, an official release said. Also the Trade Winds: Hong Kong is intended to take place in Hong Kong in the spring of 2020. It would bring US exporters back to Asia to close deals and explore more opportunities, it said. According to the Department of Commerce, these events are part of the Department’s Access Asia programme – a new export promotion framework to increase US trade and investment in the Indo-Pacific region.

2. Government Imposes Safeguard Duty On Solar Cells Import For Two Years

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

India on July 30 imposed safeguard duty on solar cells imports from China and Malaysia for two years to protect domestic players from steep rise in the inbound shipments of the product. This comes following recommendations by the Directorate General of Trade Remedies (DGTR), under the commerce ministry. As per the notification of the finance ministry, 25 per cent safeguard duty have been imposed for July 30 to July 29, 2019, which will gradually come down to 20 per cent during July 30, 2019 to January 29, 2020 and 15 per cent during January 30, 2020 to July 29, 2020. “After considering the said findings of the DGTR...hereby imposes on subject goods (solar cells whether or not assembled in modules or panels)...when imported into India, a safeguard duty,”

the notification said. DGTR in its investigations has concluded that the increased imports of solar cells in India have caused “serious injury” and “threaten to cause serious injury” to the domestic producers. “It will be in the public interest to impose safeguard duty on the imports for a period of two years,” the DGTR had said. It has also stated that there has been a significant increase in imports of the cells in absolute terms. India has produced 842 MW solar cells in 2017-18. The period of investigation was 2014-15 to 2017-18.

3. US Eases Export Controls For High-Tech Product Sales To India

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

In a major boost to India, the US on July 30 eased export controls for high-technology product sales to it by designating it as a Strategic Trade Authorization-1 (STA-1) country, the only South Asian nation to be on the list. The granting of STA-1 status to India comes after the US recognised India as a "Major Defence Partner" in 2016, a designation that allows India to buy more advanced and sensitive technologies from America at par with that of the US' closest allies and partners, and ensures enduring cooperation into the future. "We have granted to India Strategic Trade Authorization STA-1," US Commerce Secretary Wilbur Ross announced on July 30, adding that this is "a very important change" in India's status in the export control regime. Responding to a question at the first Indo-Pacific Business Forum organised by the US Chambers of Commerce, Ross said the STA-1 designation "acknowledges" the India-US security and economic relationship. The designation authorises the export, re-export and transfer (in-country) of specified items on the Commerce Control List (CCL) to destinations posing a low risk of unauthorised or impermissible uses.

4. India To US: Sanctions Against Iran Oil Imports Will Have A Ripple Effect On Energy Value Chain

Source: The Hindu, Business Line ([Link](#))

India's negotiating skills are being put to test as it continues to convince the US that if Washington goes after oil exports from Iran, the ripple effect will be felt on the global economy.. As the clock ticks towards the deadline set by the US President Donald Trump on economic sanctions on Iran, New Delhi has been talking to the US to ensure that business with Iran, which is among the top three oil suppliers to India, is not impacted. Officials who have been part of the talks

told *BusinessLine*, “we have been explaining to the US that oil is an important trading commodity between India and Iran. India should be allowed to continue doing its business.” “It is not only about crude supplies. Remember that 80 per cent of the contractors and sub-contractors in the oil and gas business are either American or have an American base. So, any such sanctions will impact that entire exploration business,” said the official. Though Indian refiners have not been given an official communication to cut purchase from Iran, the refiners are not tying up new contracts with the Islamic nation. Besides, there arises a foreign policy issue when dealing with this, said another official. “India has maintained that its bilateral relations with Iran stand on its own and are not influenced by New Delhi’s relations with any third country. So, if India gives anything in writing to the US it would mean accepting the American sanctions.”

5. Government Taking Steps To Cut Logistics Hurdles For Trade, Says Commerce Minister Suresh Prabhu

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

The government is taking legislative as well as administrative measures for an integrated strategy to reduce logistics related hurdles for boosting domestic and global trade, Commerce Minister Suresh Prabhu said on July 30. High cost of logistics impacts competitiveness and movement of goods, he said. The Indian logistics industry is estimated at around USD 215 billion, which is growing at over 10 per cent annually. “We have to increase our share in global trade and logistics plays a very important role in that,” Prabhu said while launching a logo for India Logistics. The logo was designed by the National Institute of Design. Prabhu said that the ministry is developing a national logistics portal as a single window market place to link all stakeholders, and preparing an integrated strategy to reduce cost of exports, imports and domestic trade. “We are taking help of best experts of the world for this. We are also moving to take legislative as well as administrative step to improve our logistics related things,” he added. Prabhu said billions of dollars of investments are required to improve logistics sector. The Department of Logistics, under the ministry, also inked a memorandum of understanding with Indian institute of Foreign Trade (IIFT) to set up a center for logistics in New Delhi.

6. Draft Ecommerce Policy Champions India First

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

The government's draft ecommerce policy makes a strong case for championing 'Indian' online enterprise and may have major implications for foreign-owned ecommerce majors operating in India. Key recommendations include barring group companies of ecommerce players from "directly or indirectly influencing" sale prices. This may mean restrictions on retail strategies of ecommerce majors with subsidiaries. The draft mentions that bulk purchases of branded goods like mobile phones, white goods, fashion items "by related party sellers which lead to price distortions in a marketplace" will be prohibited. This, if accepted in the final policy, may seriously affect sale strategies of big ecommerce players. The policy also suggests Indian-owned and Indian-controlled online marketplaces be allowed to hold inventory as long as products are 100% domestically produced. This relaxation on marketplace ecommerce firms is not available for entities controlled by foreign investment.

7. Final Draft Of NRC Released: 4 Million From Assam Find No Mention In List

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

The second and final draft of the National Register of Citizens (NRC) was published on July 30 in Guwahati, with names of 4.07 million residents of Assam not finding a mention in the document, fuelling fear of social unrest in the region. In New Delhi, both Houses of Parliament saw Opposition protests on the issue. In the Lok Sabha, the Home Minister, Rajnath Singh, appealed to political parties to not politicise or create panic since it was a "sensitive" issue. The Home Minister said the list has been published on the directions of the Supreme Court that the Centre has no role in it and Opposition allegations against the government were baseless. Opposition parties had accused the government of playing "vote bank politics". Singh said the NRC list published on July 30 is not the final list and applicants will have the option of raising claims and objections. "The Supreme Court will decide the time frame for disposing of these claims and objections," the Home Minister said. Of 32.9 million applicants for the NRC, 28.9 million have been found eligible for inclusion in the complete draft of NRC. The first draft NRC, a list of state's citizens, for Assam was published during the intervening night of December 31 and January 1 this year, containing 19 million of the 32.9 million applicants.

8. India Breaks Into Top 100 Again In Modi Era! After Ease Of Doing Business, It Is UN's E-Government Index

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

After breaking into top 100 on the World Bank's Ease of Doing Business Index under the Narendra Modi era last October, India has marked a similar success on United Nation's E-Government Index, jumping 22 ranks in last four years and 11 ranks in last two years. India, which was ranked 118 in 2014, is now at 96th rank on the index, which maps how digital technologies and innovations are impacting the public sector and changing people's everyday lives. The survey, released by the United Nations every two years, noted that India has scored 100% in the first stage of the E-Participation sub-index, followed by 95.65% in the second stage and 90.91% in the third stage. The overall score of 0.9551 on the E-Participation sub-index has put India among top 15 countries in the list of 193 countries surveyed. In this category, India has emerged as sub-region leader. Denmark is the world leader, both on E-Government index and E-Participation sub-index.

9. Cheap Veg Oil Imports Continue Despite Duty Hike

Source: The Hindu, Business Line ([Link](#))

India's bid to protect farmers' income by hiking the import duty on edible oils is turning out to be counter-productive. Edible oil traders and bulk buyers in the country have spotted a duty-free route through SAARC nations to import cheap edible oils. After the Centre hiked the import duty on edible oils in March, imports turned costlier, resulting in a drop in inbound shipments of vegetable oils in June. However, in search for cheap imports, the traders have spotted a policy loop-hole, wherein imports of edible oils are duty free for signatories of the South Asian Free Trade Area (SAFTA) agreement, which are mainly the SAARC nations. "On the one hand the government is increasing duty to raise farmers' income, on the other, they are allowing zero duty imports under SAFTA. This will prove counter productive and will hurt the country much more than benefit," said Atul Chaturvedi, president, the Solvent Extractors' Association of India (SEA). Under the SAFTA agreement, India, however, allows duty-free imports of goods from signatory countries on two grounds, either the commodity is native to the country or it has 30 per cent value addition. Taking advantage of these provisions, countries such as Bangladesh and Sri Lanka are gearing up their refineries to supply oils under SAFTA.