NEWS LETTER JANUARY 2017
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DUBAI LAUNCHES PROGRAMME TO PROMOTE TRADE WITH INDIA

In a bid to promote bilateral trade relations with India, Dubai's Department of Economic Development has launched a programme that allows commercial disputes to be resolved quickly at minimal costs.

Dubai Exports, the economic development department's promotion agency, launched an initiative named 'Buyer Protection Programme', designed by the Commercial Compliance and Consumer Protection (CCCP), as a pilot project through its Overseas Trade Office in India.

The programme would allow commercial disputes to be resolved quickly and at minimum costs. Traders in India can now approach the Dubai Exports representative office in their country to submit complaints afte which CCCP will start working towards an amicable settlement.

Focus would be on
- identifying potential sectors and the impeding tariff and non-tariff barriers,
- exploring opportunities in services sector and
- formulating a sector-specific strategy to boost two way trade and investments.

Dubai Exports has six overseas trade offices in Saudi Arabia, Egypt, Brazil, Russia and Germany, in addition to India.

INDIA COMPLAINS AGAINST US AT WTO OVER SUBSIDIES

India has complained against the US at WTO for illegal subsidies and domestic content requirements for the renewable energy sector. India has called for establishing a WTO dispute settlement panel to adjudicate over the subsidies and domestic content requirements worth tens of billions of dollars.

Measures include:

- renewable energy cost recovery incentive payment program (Washington)
- the self-generation incentive program” and “Los Angeles Department of Water and Power’s Solar Incentive Program” (California),
- Montana tax incentive for Ethanol Production in (Montana),

- Renewable Energy Credits (Michigan),
- Delaware Solar Renewable Energy Credits (Delaware), and
- Made in Minnesota Solar Incentive Program (Minnesota).

India has argued that these programs violate:

1. Articles 3.1 (b) and 3.2 of the Subsidies and Countervailing Measures Agreement and
2. Article 2.1 of the Trade-related Investment Measures Agreement (TRIMS).
3. US did not notify the measures to the WTO until now which, in itself, is a violation of Article 25 of the SCM Agreement.

EXPORTS PAYMENTS WORTH RS 100 CRORE PENDING WITH IRAN

According to EEPC (the apex body of engineering exporters), exporters' payments for shipments to Iran are held up to the tune of Rs 100 crore due to lack of clear banking mechanism and channels, causing hardship to the exporting firms.

Under the FT Policy, exports to Iran allow exports proceeds to be treated at par with Foreign Convertible Currency (FCC). The modus operandi is through UCO Bank. The Indian banks are not handling payments or any form of commercial transaction and hence the UCO Bank was allowed to handle rupee proceeds. But Iranians do not have rupee balances but they are willing to pay in FCC. As a result of the problems, the payments are held up and goods are detained at sea ports leading to demurrage and detention. With every passing day the demurrage and detention is multiplying and exporters run the risk of losing the money, as buyers may refuse to accept the cargo charges.

UCO Bank should be allowed to accept FCC or Euro from Iran and Electronic Bank Realisation Certificates (eBRC) be issued.

PRIME MINISTER ASKS OFFICIALS TO ASSESS PROGRESS OF 'EASE OF DOING BUSINESS'

PM's focus on "ease of doing business" has once again been reiterated as PM asked all Secretaries and Chief Secretaries of the government to assess the progress on a weekly basis.

SEZs NOT LIKELY TO BE ALLOWED TO SELL LOCALLY AT CONCESSIONAL IMPORT DUTY

SEZ units had proposed that they should be allowed to sell in the domestic tariff area at concessional import duties to compete with FTA partner countries.

Such units in SEZs looking for import duty exemption in the forthcoming Budget of February 2017 for selling their products in the domestic tariff areas may be in for disappointment, as Commerce Ministry, which had proposed SEZs for such action, has almost given up as the Finance Ministry has ruled that it could lead to heavy revenue leakages as if SEZ units allowed to sell items in the domestic tariff areas at zero or low import duties offered to FTA partners, third country items could come in country with discounted duty or without duties being paid, thus defying the purpose of encouraging SEZ production causing revenue leakage.

Commerce Ministry had earlier suggested that the government should formulate a mechanism that would specify conditions including rules of origin with minimum value addition requirement to establish and certify that an item is actually produced in a SEZ unit and not imported from another country before it is allowed to be sold in the domestic tariff area at concessional import duties. Since, the Finance Ministry did not find the mechanism as it would be difficult to monitor if the rules of origin were being respected.

Looking upon drying up investments in SEZs following the imposition of minimum alternate tax (MAT) and Dividend Distribution Tax (DDT) in 2011, the Commerce Ministry has been looking at ways to make the zones more attractive to investors.

FOR THE FIRST TIME IN NEARLY 150 YRS, INDIA'S ECONOMY SURPASSES THAT OF U.K

Due to U.K's Brexit problems and due to India's rapid economic growth, India has managed to overtake its erstwhile colonial master U.K in terms of the size of the economy.

This shift has been driven by India's rapid economic growth over the past 25 years along with downslide in the value of the GBP over the last 12 months.