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SPOTLIGHT: INDIA IN SOUTH-EAST ASIA

1. PM Modi announced that India would pursue a Trade Facilitation Agreement in Services proposal, during the recent G20 summit in Hangzhou. India's Commerce Minister Nirmala Sitharaman, welcomed PM Modi's announcement. A series of tweets released by Ministry of External Affairs' official spokesperson attributed PM Modi as saying 'knowledge & innovation driven economy requires free mobility'.

India's Commerce Ministry is reportedly working on Trade Facilitation Agreement in Services proposal for the World Trade Organisation. India has a strong services sector which currently accounts for 55 per cent to its GDP.

2. India is looking to amend investment clauses in trade agreements with its Asian partners, suggest reports. India has reportedly written to Singapore, Korea and Japan to change certain aspects in the investment chapter under their comprehensive economic partnership agreements with India.

Under the existing texts, foreign investors including those seeking to make investments in India (that is, at pre-establishment stage) will receive the same treatment guaranteed to domestic investors. As per reports, India is now seeking to change this to providing national treatment specifically to investors after they have established their business in India. The move is said to fall in line with the broader alignment of investment clauses with the new Model Bilateral Investment Treaty (BIT).

3. India's exports declined by 6.8 per cent y/y to \$22.8 billion in July after the brief uptick in the last two months. While low oil prices contributed to a fall in 20 per cent in oil

INDIA IN SOUTH EAST ASIA

The Indian government has created a roughly Rs. 500 crore corpus to increase its economic presence in the Cambodia, Laos, Burma and Vietnam (CLMV) countries. This project development fund is aimed to build regional value chains with the CLMV countries which could potentially offer access to markets like China and EU through various trade agreements.

CLMV countries have a unique position in the regional value chains and offer a gateway for market access to China/EU and other markets due to various trade agreements, said a government press release.

The key advantage of positioning India on the regional value chains is securing on a long term basis, a dedicated market for Indian raw materials and intermediate goods besides a dedicated source for inputs and raw materials for Indian industry, it added.

India's total trade with these countries combined is about \$10 billion.

The fund shall be housed in Department of Commerce and operated through the India's Export-Import (EXIM) Bank. It will be governed by an Inter-Ministerial Committee chaired by the Commerce Secretary.

exports, non-oil exports also fell by 4.7 per cent with contraction in key sectors like pharma, engineering, leather and textiles. Imports also fell by about 19% y/y leading to an overall decline in the trade balance to about \$7.7 billion for the same month. Exports had shown early signs of recovery in the past two months however, the latest data shows that oil prices and weak global demand continue to hamper sustained growth.

