

### **Highlights**

- ✓ **India approves WTO services waiver package for LDCs**
- ✓ **India's sugar export policy prompts trade distortion concerns**
- ✓ **Trade deficit widens, exports plummet**

### **In Focus: India-Nepal Cross Border Trade**

#### **India approves WTO services waiver package for LDCs**

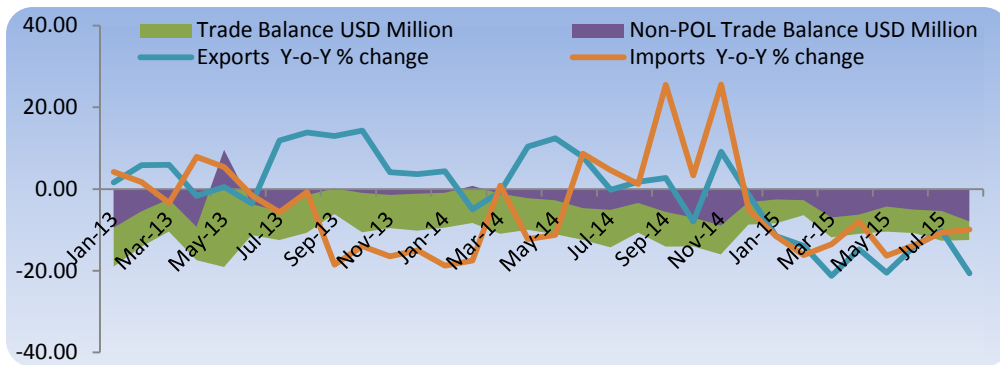
The Indian government has formally approved the notification of preferential treatment to LDCs for trade in services. This comes over six months after India had presented its offers for services waivers to LDCs at the WTO. The preferential treatment includes two key asks like market access – under Article XVI of GATS - and waiver of visa fees for business and employment purposes as well as technical assistance and capacity building. The offers are valid for 15 years from the date of notification.

#### **India's sugar export policy prompts trade distortion concerns**

Faced with excess stocks of sugar and huge debts owed to sugarcane farmers, the government has made it mandatory for producers to export at least 4 million tonnes in 2015-16 starting October. Australia has questioned the export order in the WTO on grounds that it would be trade distorting especially given the ongoing supply glut. Others have questioned the export subsidy regime in the context of the Bali Ministerial declaration on export competition. India is one of the world's largest producers of sugar, but consumes most of it domestically. Of late however, it is facing surplus stocks. India currently accounts for less than 3% of world's exports – far behind Brazil, the leading producer.

#### **Trade deficit widens, exports plummet**

India's trade deficit rose by 17% to \$12.5 billion in August while exports declined by 20.7% - the steepest fall in the past five months with most sectors contracting. Exporters have asked the government to intervene and consult with stakeholders to reverse the situation. The Commerce Ministry, under the Modi government, had announced plans to boost exports through accessing new markets and increasing value-added products. India's traditional markets account for a high share in its exports. The Ministry is now considering offering more incentives to exporters for boosting exports.



### **INDIA-NEPAL CROSS-BORDER TRADE**

The latest political developments in Nepal have resulted in cross-border trade disruption. The new Constitution declared and adopted by Nepal has found disfavour with the Madhesi community of the country over representation and autonomy. This Madhes region lies in the Southern part of Nepal and borders major Indian states like Uttar Pradesh and Bihar.

Protests in the region have led to a halt in cross-border trade with trucks from India, carrying essential commodities like fuel, not entering Nepal. This situation reportedly arose when Madhesi agitators allegedly set fire to Indian trucks carrying goods to Nepal.

Unofficial numbers suggest that the strike and the blockade may have caused losses of \$1 billion to Nepal while traders and importers are being forced to pay huge amounts in detention charges and customs transit declaration penalties. Over 4000 cargo consignments including petroleum products, industrial raw materials and household commodities are reportedly stranded at various border points.