

### **Highlights**

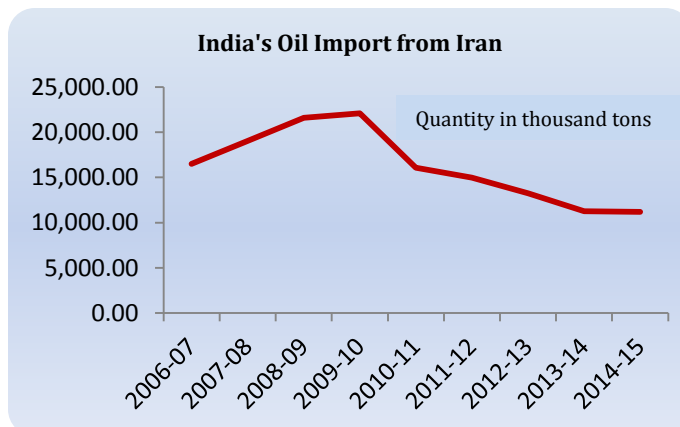
- ✓ **Ban on generic drugs prompts India to put EU-India FTA in freezer**
- ✓ **Iran nuclear deal could benefit India's trade deficit**
- ✓ **Indian exporters continue to face tough times**

**In Focus: India & RCEP: Opportunities in the offing**

### **Ban on generic drugs prompts India to put EU-India FTA in freezer**

The government of India announced it will defer 'for the present' proposed talks between chief negotiators on the EU-India Broadbased Trade and Investment Agreement (BTIA). The decision is linked to EU's ban on the sale of around 700 pharma products clinically tested by GVK Biosciences in Hyderabad after drug regulator European Medicines Agency said it found clinical trial data was poorly handled by the Hyderabad-based company. The developments come at a time when India is hoping to boost exports of its affordable generics to developed countries. For India, the pharmaceutical industry is one of its most promising sectors and its pharma exports, dominated by generics, have the third highest share in global market by volume.

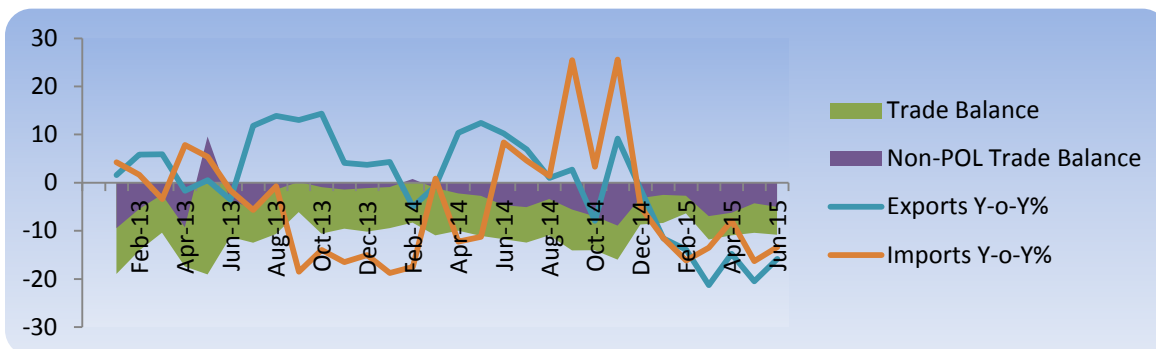
### **Iran nuclear deal could benefit India's oil imports**



In July this year, Iran and the world powers negotiated a historic nuclear deal that is expected to have huge positive implications for global security. An end to sanctions on Iran has significant implications for India who had been strongly curtailed in importing oil from Iran. With normalizing of relations, India is expected to benefit in two ways – increased imports from Iran as well as cheaper oil in the global market. The former will be good news for India's energy needs while the latter will benefit India's oil bills and persistent trade deficit. Oil imports from Iran had declined significantly. Just a few years ago, Iranian oil constituted about 15% of India's total oil imports. This now stands at 6%.

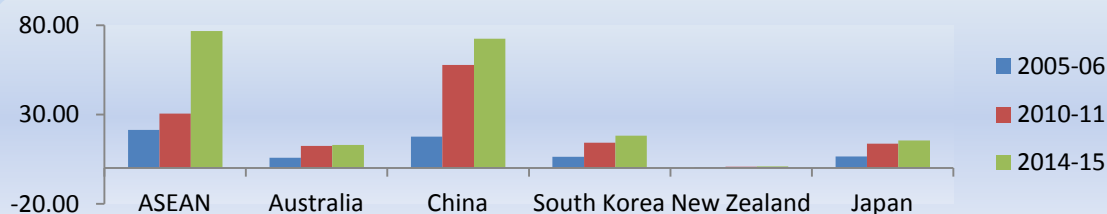
### **Trade deficit narrows but recovery eludes Indian exporters**

Even as India's trade deficit narrowed slightly in June, Indian exporters continue to face a tough time. Exports declined by 15.8% to \$22.28 billion. The slowdown in India's traditional markets, falling crude oil prices and a stronger rupee has led to the continued decline in export order books. However, India's leading exporters' association FIEO has pointed out, domestic constraints like high cost of credit and increasing logistics cost and aggressive marketing need to be looked at as well. Incidentally, India's services export – which has been the strong point in India's trade story – have also been declining steadily each month this year so far.



### **India & the Regional Comprehensive Economic Partnership (RCEP)**

In the past ten years, India's trade with nations in the proposed RCEP grouping that is, ASEAN, Australia, China, Japan, South Korea and New Zealand, has increased consistently. In fact, trade has more than trebled during this period. The bulk of the trade is of course, with ASEAN with whom India has already signed goods and services trading agreements. RCEP however, offers a different opportunity – a chance to form a mega-regional bloc similar to others like TTIP and TPP.



There have so far been 9 rounds with the next one scheduled for August. The aim is to seal the deal by the end of this year. However, it's not been smooth sailing. For instance, countries like Japan are seeking opening up of e-commerce though India feels the sector is still nascent.

India has much to gain from a successful conclusion of RCEP – strategic as well as moving up to better harmonized standards of trade and integrate in global and regional value chain making use of its comparative advantage in multiple services sectors.