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## SPOTLIGHT: INDIA & THE TRANS-PACIFIC PARTNERSHIP

### 1. In line with PM Modi's Act East vision, the Indian government has given a fresh thrust to the Kaladan Multimodal Transit Transport project with Burma.

The government has raised the investment to Rs 29 billion – over five times what was originally approved in 2008. The revision essentially takes into account the cost escalation over the years.

The Kaladan connectivity project, which will connect Burma's Sittwe port with the Indo-Burma border, is a joint venture between the two governments. The project will boost India's connectivity in South-East Asia and is expected to boost economic integration of Burma.

**2. India and Africa have decided to enhance cooperation on WTO.** The two sides adopted the India-Africa framework for strategic cooperation during the 3<sup>rd</sup> India-Africa Forum Summit hosted in New Delhi. They have agreed to boost trade and economic ties and have announced that they will enhance cooperation through training and collective negotiations on global trade issues, including at the WTO. The African side also requested India to expand its Duty Free Tariff Preference Scheme, which now includes 98% of tariff lines, to Least Developed Countries for greater coverage.

**3. The Indian government has decided to increase concessions to reverse the decline in exports.** It has increased support to various products as well as bringing more items under its Merchandise Exports from India Scheme (MEIS) which provides duty credits or tax incentives. Sectors like pharma, auto components, agriculture, and electronics have gained. Exports in September dropped 25% compared to last year. However, the overall trade balance has improved on the back of low oil prices and a fall in imports.

## INDIA & THE TRANS-PACIFIC PARTNERSHIP

The U.S, along with Japan and several Pacific Rim countries reached agreement on the Trans-Pacific Partnership in October. These countries are estimated to represent about 40% of the global economy. The TPP is the first mega-regional trade negotiation to be concluded. Commerce Minister Nirmala Sitharaman said that India had asked the U.S. to brief them and that the presentation was 'useful'.

Sitharaman pointed out that India is looking at 'a block or two blocks' that will consist of majority of their trade partners and understanding the contours of the TPP was important for that. Commentators have been debating the impact of such a mega-regional agreement on global trade as well as on countries like India which are not part of the deal. Sectors like textiles have voiced support for India joining the agreement.

A recent report by the Peterson Institute for International Economics estimated that India could have exports gains of \$500 billion per year if it joins the TPP. If China & the rest of APEC join a second stage of TPP while India does not, it could face annual export losses of \$50 billion.

