

Need to address barriers to exports for greater India-Japan Economic Cooperation – Nirmala Sitharaman



Ms. Nirmala Sitharaman, Hon'ble Minister of State for Commerce and Industry (Independent Charge), Government of India releasing the RIS-AIC report on India-Japan CEPA. Also seen in picture (from left to right) are Dr. S. Jaishankar, Foreign Secretary, Government of India; Prof Sachin Chaturvedi, DG, RIS; Amb. Shyam Saran, Chairman, RIS; H.E. Mr. Kenji Hiramatsu, Ambassador Extraordinary and Plenipotentiary, Embassy of Japan and Amb. Seshadri, Vice-Chairman, RIS.

New Delhi, 6 October 2016: Releasing the RIS-AIC report on India-Japan Comprehensive Economic Partnership Agreement (CEPA) that was implemented in 2011, Ms. Nirmala Sitharaman, Hon'ble Minister of State for Commerce and Industry (Independent Charge), Government of India said that India needs to actively leverage opportunities that exist under the CEPA. She suggested that India-Japan CEPA is most comprehensive in its coverage and flexibilities from India's standpoint among all bilateral FTAs of India She cited that the bilateral trade has increased from US\$ 10.4 billion to US\$ 14.5 billion after the implementation of the CEPA and there is much larger scope for India. She highlighted that CEPA has not achieved the full potential to the benefit of India due to existing loopholes in the agreement and called for greater understanding of the business context in the partner country and technical standards that hinder Indian exports. To this effect she appreciated

the present report, produced under the auspices ASEAN-India Centre at RIS, for its comprehensive investigation of issues related to trade in goods, services and investment. She underscored the difficulties faced by Indian pharmaceutical exports as well as processed marine products, particularly in the context of Japan despite already existing CEPA. Japan has high import demand in both commodities, while India retains significant comparative advantage. She also called for much greater export of Indian IT and IT enabled services to Japan under the CEPA, which continues to be low compared to exports to Western markets. She added that in order to realise the true-potential implementation issues should be addressed on an urgent basis.

Dr. S. Jaishankar, Foreign Secretary, Government of India appreciated the Report and said it would serve as a useful document for practitioners. He highlighted that, India is 19th import and 24th export destination for Japan. There is need to look at how to improve these figures. There is need to consciously create game changing possibilities and with much stronger trade sentiment today we need to aggressively push investment. There is need for aligning ODA with investment. Given the growing market in India and availability of labour, Japan will find India a much more attractive place for investment. He added that Japanese investments are helping to modernize India's transport sector from automobile to high-speed railways.

H.E. Mr. Kenji Hiramatsu, Ambassador Extraordinary and Plenipotentiary, Embassy of Japan in his special address said that the CEPA is significant for GDP of India and stated that Japan is committed to rationalization of tariffs under CEPA. He stated that due to CEPA presence of Japanese companies has increased in India and India is a MFN country for Japan in trade. He highlighted the importance that Japan attached to India for promoting free and open trade with given its potential as a linking point between Asia and Africa. This suggest for expansion of trade between the two. He pointed to lack of agencies for marketing in both countries which needs to be looked into seriously.

Amb. Shyam Saran, Chairman, while chairing the inaugural session of the day-long seminar on Promoting India's exports to Japan under India-Japan CEPA, said that the twin purpose of the release of the report is to try and look in a critical way the pros and cons of the free trade agreement and look at benefits India has gained and areas where work needs to be done. There has been no rise in dramatic rise in exports. There is need to improve competitiveness and value added.

Amb. Seshadri, Vice-Chairman, RIS, who authored the report made a presentation of the report. In his presentation he stated that the report has looked at 4 years average figures for India's export to Japan before and after the CEPA export. He stated that there is need for more competitive capacities in garments, value-added sea food, pharmaceuticals, jewellery, etc.

Prof. Sachin Chaturvedi, in his welcome remarks, talked about the various initiatives of Government of India like Make in India, Skill India and Digital India for strengthening domestic economy and how both India and Japan can utilise these to increase trade among them. Prof. Prabir De, Coordinator, ASEAN-India Centre at RIS extended vote of thanks and hoped that the report would be valuable material for those working on the free trade agreements.