

No.4/17/2012-2Trg

From

The Chief Secretary to Govt., Haryana,

To

- 1.All the Additional Chief Secretaires to Govt.,Haryana.
- 2.All the Principal Secretaries to Govt., Haryana.

Dated Chandigarh, the 17th July, 2012.

Subject: Training of Trainers Programme on WTO and International Trade: Strengthening State-Centre Linkages on 22-23 August 2012.

Sir/Madam,

I am directed to refer to the subject noted above and to enclose a copy of letter No. 3/1/2012, dated 19.06.2012 received from Sh. Rajeev Kher, Additional Secretary, Ministry of Commerce & Industry Department of Commerce, Government of India, New Delhi for your perusal at the website <http://csharyana.gov.in> and to request you to consider and circulate the same amongst suitable IAS/HCS officers working under your kind control so that they could be able to exercise their option.

Yours faithfully,

Indar Singh

Superintendent Training,
for Chief Secretary to Govt. Haryana.

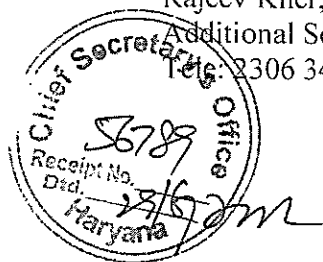
SN

Training Branch
Diary No 536
Date 4-7-2012



भारत सरकार
वाणिज्य एवं उद्योग मंत्रालय
वाणिज्य विभाग
उद्योग भवन, नई दिल्ली-110107
Government of India
Ministry of Commerce & Industry
Department of Commerce
Udyog Bhawan, New Delhi-110 107

Rajeev Kher,
Additional Secretary.
Tel: 2306 3460.



June 19, 2012

File No. 3/1/2012

Subject: Training of Trainers Programme on WTO and International Trade: Strengthening State-Centre Linkages on 22-23 August 2012

Dear Sir,

As you are aware, the Department of Commerce is collaborating with State Governments/State Academies of Administration to build capacity of policymakers and stakeholders on issues related to international trade. This initiative is being implemented through the Centre for WTO Studies (CWS), set up and sponsored by the Department of Commerce, Government of India. In coordination with State Nodal Agencies/Focal Points and the concerned State Academies of Administration, in a few states CWS has organized seminars on international trade/WTO issues of relevance to the States. Depending on the interest shown by State Nodal Agencies/ State Academies of Administration, CWS proposes to hold such seminars in 8-10 states during the next six months.

2. In addition to organising State-level seminars on international trade issues, CWS is organising a **Training of Trainers Programme on "WTO and International Trade: Strengthening State-Centre Linkages"** in New Delhi on **22-23 August 2012**. A note on some of the international trade and WTO issues of relevance to States (Annex 1) and copy of the proposed training programme (Annex 2) are attached. The training programme specifically targets the State Focal Points/Nodal Officers, State Academies of Administration, senior state officials dealing with Agriculture, Industry and Service Sectors, economists and private sector representatives. As indicated in the programme, the training will focus on issues of relevance to States, including interactive sessions and hands-on exercises in which participants will be expected to contribute.

3. You are kindly requested to nominate officials and other relevant experts for this training programme not later than by **31 July 2012**. Nominations in the attached form (Annex 3) may be sent directly to the CWS at the address indicated in the form. CWS would be in a position to bear the travel expenses (cheapest economy class return airfare or rail ticket) for three (3) officials/participants from each State. While more than three (3) participants may be nominated by each State to attend this programme, the cost for the additional participants will be borne by the State/participant directly. All participants would need to bear the expenditure related to their accommodation in New Delhi.

4. After undergoing this training programme, the participants would become valuable resource persons for the State Government in raising awareness and disseminating information about WTO and international trade issues to stakeholders in the State. These resource persons

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should also be in a position to assist the State Government in responding to requests for inputs that may be received from the Department of Commerce on issues related to international trade negotiations. In addition, the resource persons could also assist in preparing export strategy for your State. A brief concept (Annex 4) on this issue is attached.

5. I look forward to receiving the nominations from your State for the forthcoming Training of Trainers programme on WTO and International Trade: Strengthening State-Centre Linkages by 31 July 2012.

With ^{personal} regards

Yours sincerely



(Rajeev Kher)

Shri Pradeep Kumar Chaudhary

Chief Secretary

Govt. of Haryana

Haryana Civil Secretariat

Chandigarh 160019

TRADE RELATED ACTION BY STATE GOVERNMENTS AND OTHER STAKEHOLDERS

A. WHY SHOULD STATE GOVERNMENTS BE AWARE ABOUT INTERNATIONAL TRADE

(a) In respect of certain WTO agreements, compliance with WTO obligations depends on action by State Governments. Agriculture and industrial subsidies are useful illustrations of this aspect. Further, State governments need to ensure that their policies and specific schemes do not violate India's WTO obligations.

(b) State Governments may need to be proactive if their producers/ manufacturers are to take advantage of rights under WTO/ FTAs.

(c) Department of Commerce regularly consults State Governments during WTO/ FTA negotiations. States which are more aware about issues related to international trade are in a better position to respond to DoC and to provide detailed inputs for protecting the interest of the State.

(d) There is considerable empirical evidence that exports boost the economy of the State through increased employment, higher wages and additional income generation. In this regard, a comprehensive study by UNCTAD suggested the following:

(i) Relative export orientation of a state may play a vital role in distributing the gains of overall trade in the economy;

(ii) It was found that a state's export orientation had a statistically significant impact on employment in different enterprises. This means that enterprises belonging to a state with higher export orientation generate higher employment.

(iii) Higher the export-orientation of a state, higher the wage rates paid by large enterprises in that state.

(iv) Export orientation of a state significantly influences employment as well as wage rates in the industry.

(v) The results showed that in states such as Punjab, Haryana, Gujarat, Maharashtra, Andhra Pradesh, Karnataka and Tamil Nadu garnered economic gains from exports, particularly for enterprises in the unorganized sector.

(e) Presence of export-oriented units helps the State's economy in other ways, including developing backward linkages through establishment of ancillary units supplying components and parts, improvement in quality of output and spill-overs from diffusion of best practices of supply management. Additionally, these backward linkages create a demand for trained manpower which also leads to establishment of better educational and training institutions. The level of sophistication in support industries such as banking, logistics, telecommunication services, etc. also responds to the additional demand placed on them, taking the economy to a higher level of expertise.

(f) During countervailing duty investigations, State Governments are often required to provide information on state subsidy schemes to investigating authorities in some of India's export markets. In case the State Government is unable to provide the requisite information, very high countervailing duty gets imposed on India's exporters.

B. WHAT IS REQUIRED OF THE STATE GOVERNMENTS AND OTHER STAKEHOLDERS SO THAT INDIA COMPLIES WITH ITS WTO/FTA OBLIGATIONS AND ALSO FULLY UTILISES THE RIGHTS

(a) National treatment

- (i) In matters of taxation and in respect of requirements governing sales, State Governments cannot discriminate between imported goods and domestically produced goods. E.g. in the case of India's dispute with EU and US on wines and spirits, State Governments need to examine whether any of their schemes or sale requirements would violate National Treatment obligations.

(b) Tariffs

- (i) State Governments need to identify products which would require tariff protection and determine the extent of protection needed for the Central Government to include these concerns in their negotiations.
- (ii) In respect of states close to international borders, States need to be vigilant about whether imports from FTA partners are having an adverse impact on the State's economy and also be watchful if the FTAs actually lead to inappropriate routing of products from third countries to take advantage of the FTA.
- (iii) State Governments need to identify products and markets of export interest to the State

(c) Agreement on Agriculture

- (i) States should be able to identify the crops that would require high tariff protection
- (ii) While subsidies are routinely provided to agriculture in most states, the support needs to be notified to the WTO. State Governments need to prepare a comprehensive database on support provided to agriculture. The database should include information on name of the

- scheme, criteria that determines access to the scheme, criteria that determines the amount of payment to a beneficiary and the annual payment/ revenue foregone under the scheme.
- (iii) If some State Government schemes fall in the Amber Box category, States may need to examine whether the schemes can be modified so that it becomes a Green Box subsidy.

(d) Anti-dumping

- (i) Dumping by trading partners can cause injury to the States' industries. Instruments exist to protect the domestic industry in the State against dumped imports. However, this would require the States to understand what would be the data requirements for initiating investigation as well as how to file a petition against dumping.
- (ii) Product-level associations can put into place a mechanism for monitoring the impact of dumped imports on the domestic industry in the State. In addition, product-level associations can assist in systematically collecting the data required for initiating an Anti-dumping investigation and establishing injury to the domestic industry on account of import surges.
- (iii) User of alleged dumped goods have an opportunity to present their views. This opportunity should not be lost, as imposition of anti-dumping duty on their imported inputs would raise costs of their final products.
- (iv) Industry Associations in specific products need to be made aware of the relevance of Anti-dumping instrument available as well as the mechanism to use them. State Governments can also create facilitation cells in this regard.
- (v) State governments can assist in putting in place mechanisms for annually collecting data on 15 factors required for establishing injury to the domestic industry.

(e) Subsidies

State Governments have to be careful not to violate established disciplines under WTO's Subsidies Agreement, while implementing subsidy schemes. This would entail identification of:

- (i) Types of subsidies that can be provided to industries without attracting counter action from India's trading partners;
- (ii) Subsidy schemes of State Governments that might be prohibited under WTO rules;
- (iii) Ways to modify some of the existing schemes to change their character from actionable to non-actionable (which is permitted under WTO provisions);
- (iv) Since all subsidy schemes being implemented by States need to be notified to the WTO, there is a mandatory need to identify all subsidy schemes being implemented by State Governments. State Governments need to prepare a comprehensive database on support provided to the industrial sector. The database should include information on name of the

scheme, criteria that determines access to the scheme, criteria that determines the amount of payment to a beneficiary and the annual payment/ revenue foregone under the scheme.

- (iv) State Governments need to have comprehensive information on state – level subsidy schemes, so that they can respond adequately to foreign investigating authorities in countervailing duty investigations.

(f) Safeguards

Governments are permitted under the WTO rules to adopt safeguards against surge in imports that may impact domestic industry adversely. This would require awareness of:

- (i) Available instruments to protect the domestic industry in the State against surge in imports by identifying and developing methods of generating data required for initiating investigation as well as how to file a petition against such an import surge;
- (ii) Product-level associations can put into place a mechanism for monitoring the impact of import surges on the domestic industry in the State. In addition, product-level associations can assist in systematically collecting the data required for initiating a Safeguard investigation and establishing serious injury to the domestic industry on account of import surges.
- (iii) During Safeguard investigations, users of imported goods have an opportunity to present their views. This opportunity should not be lost, as imposition of safeguard duty on their imported inputs would raise costs of their final products. In this regard, product level associations in the state can play an important role.
- (iv) State governments can assist in putting in place mechanisms for annually collecting data on factors that are required to be evaluated for establishing injury to the domestic industry.

(g) Geographical Indications

India is rich in products which carry within them a geographical context of quality and reputation. These products have the potential to become major sources of income if they are protected against misappropriation of names as well as misrepresentation leading to their qualities being dubbed as generic and not specific to the area of origin. In this regard,

- (i) State Governments can assist in awareness creation about GIs, help producer groups in forming consortium and filing GI application. In addition, State Governments can implement post-GI registration initiatives for commercially leveraging the GI as a State-specific brand.
- (ii) State Governments can play an active role in monitoring and surveillance against misappropriation or misrepresentation of State-specific GIs.
- (iii) Further, there is a major role for State Governments in promoting exports of GIs

(h) Mechanism for stakeholder consultations

No one understands the local business conditions better than the businessman. However, the tools to protect the local conditions may not always lie either with the businessman or the State Government. As such, there is always a need to have direct and indirect interface with the stakeholders in the States.

- (i) State Governments need to institutionalise a structured mechanism for informing stakeholders about trade negotiations and seeking their inputs. This would ensure that interests and concerns of the State are adequately articulated, with empirical and economic justification, before the Department of Commerce.
- (ii) State Governments can create network of product-level industry associations for exchanging information on international trade issues

C. OTHER ISSUES IN WHICH STATE GOVERNMENT'S INTERVENTION WILL FACILITATE EXPORTS

Testing laboratories

Quality and standards play an important part in trade in today's context. Many a trade barrier can be erected if compliance with the importers' standards are either not met or when met are not certified so adequately.

- (i) State Governments need to assess whether existing laboratories are adequate (in terms of infrastructure, number and distance from the main manufacturing/production hubs) for testing compliance of state's outputs with standards in main export markets. If the laboratories are found to be inadequate, there would be a need to establish new labs.

(Draft Agenda)

**Training of Trainers Programme on
WTO and International Trade: Strengthening State-Centre Linkages
22-23 August 2012
Centre for WTO Studies, IIFT (New Delhi)**

Day 1: 22 August 2012

| Time | Session | Topic |
|---------------------|---------------------|---|
| 9:30 am – 9:50 am | Registration | |
| 10:00 am – 10:45 am | Inaugural Session | |
| 10:45 am – 11: am | Tea | |
| 11:00 am – 12 noon | Technical Session 1 | Why should State Governments be interested in international trade and WTO issues: An overview (Impact of international trade on states, providing inputs to DoC for trade negotiations, organizing stakeholder consultations, complying with WTO obligations, taking benefit of rights under WTO, preparing export strategy for states) |
| 12 noon – 1:00 pm | Technical Session 2 | Institutional mechanism in the States for addressing issues related to international trade (Interactive session in which participants share information about their respective states) |
| 1:00 pm – 2:00 pm | Lunch | |
| 2:00 pm – 3:15 pm | Technical Session 3 | Specific initiatives taken by State Governments to promote exports (Interactive session in which participants share information about their respective states) |
| 3:15 pm – 3:30 pm | Tea | |
| 3:30 pm – 4:45 pm | Technical Session 4 | Roadmap for preparing export strategy for the State (Diagnostic study for identifying export potential, mapping trade-related infrastructure in the State, action matrix for addressing constraints) |
| 4:45 pm – 5:45 pm | Technical Session 5 | Stakeholder consultations: Role of State Governments in creating effective channels of communication (Importance of stakeholder consultations, creating database of product-level associations, preparation of background paper, capturing stakeholder feedback, report and preparing inputs for DoC) |

Day 2: 23 August 2012

| Time | Session | Topic |
|---------------------|----------------------|---|
| 9:30 am – 11:00 am | Technical Session 6 | Agreement on Agriculture: What do the States need to do (Overview of AoA, Information required from State Governments on support to agriculture, template for collecting information on State support to agriculture, practical exercise for filling information in the template) |
| 11:00 am – 11:15 am | Tea | |
| 11:15 am – 12 noon | Technical Session 7 | Industrial Subsidies: Flexibilities and limits (Overview of Subsidies Agreement, what types of subsidies can be given, what subsidies are actionable, experience of action against state subsidies, how to make state subsidy schemes non-actionable) |
| 12 noon – 1:00 pm | Technical Session 8 | Preparing database of State-level subsidy schemes (template for collecting information on State support to industries, practical exercise for filling information in the template) |
| 1:00 pm – 2:00 pm | Lunch | |
| 2:00 pm – 3:00 pm | Technical Session 9 | Anti-dumping and Safeguards: Role of State Governments (Overview of anti-dumping and Safeguards, focus on injury factors, how can State Governments assist in data collection, role of industry associations) |
| 3:00 pm – 3:15 pm | Tea | |
| 3:15 pm – 4:00 pm | Technical Session 10 | Geographical Indications: Role of State Governments in creating economic value from the IPR (Importance of GIs, facilitating application filing, enforcement mechanism, brand-building and export promotion) |
| 4:00 pm – 5:00 pm | Technical Session 11 | Role of Service economy in States: Identifying export potential |
| 5:00 pm – 5:45 pm | Wrap up session | Way forward |

Training of Trainers' Programme
On
WTO and International Trade: Strengthening State-Centre linkages
Dates: 22 – 23 August 2012
Venue: Centre for WTO Studies, Indian Institute of Foreign Trade, New Delhi

NOMINATION FORM

1. Name of Nominee _____
2. Designation _____
3. Organization _____
4. Postal Address _____

5. City and State _____
6. Phone (s) _____
7. Fax _____
8. Email _____

- ☐ State Academy
- ☐ Nodal Agency/Focal Point
- ☐ Department of Agriculture
- ☐ Department of Industry
- ☐ Others (Please specify)

9. How will this training help the nominated person?

10. Name and address of Sponsoring Agency _____

11. Signature and date (Sponsoring Agency)

PLEASE RETURN THE COMPLETED REGISTRATION FORM BY – MAIL/FAX/POST/COURIER TO:

Neha Sharma
Training Coordinator
Room 705, Centre for WTO Studies
Indian Institute of Foreign Trade
B-21 Qutab Institutional Area

New Delhi 110016

Phone: 91 11 26965124, 26965951 (extn.705)

Fax: +91-11-2651 5024

Email: neha@lift.ac.in, neha.sh21@gmail.com

Last date for receiving nomination is 31 July 2012, nominations received after this date will not be considered for reimbursement of travel expenses

Concept Note

Preparing an Export Strategy in the States of India (Pilot Program)

I. Introduction

1. International trade has not attracted much attention of policy makers and other stakeholders at the State-level. This is partly because trade/EXIM policies are not specifically state subjects even though there are several trade inter-linkages and areas of overlap such as in agriculture, industrial policy, state taxes & subsidies, policies and regulations covering specific service sectors like tourism, education etc.

2. Moreover, there is empirical evidence to demonstrate that exports can boost the economy of a State through increased employment, higher wages and additional income generation. Specifically, results of an UNCTAD study showed that states such as Punjab, Haryana, Gujarat, Maharashtra, Andhra Pradesh, Karnataka and Tamil Nadu have garnered economic gains from exports, including enterprises in the unorganized sector. Export orientation of a state can significantly influence employment as well as wage rates in industry. Relative export orientation of a state may also play a role in distributing the gains from trade. Presence of export-oriented units can help the State's economy in developing backward linkages through establishment of ancillary units, improvement in quality and spill-over from diffusion of best practices. Additionally, linkages can create a demand for skills and a trained workforce which can lead to demand for and establishment of educational and training institutions. Service sectors such as banking, logistics, transport, telecommunication services, etc. also can develop in response to the additional demands placed on them.

3. States focusing on exports would also feed in with the Foreign Trade Policy (FTP) of the Government of India. The Department of Commerce has set out a Strategy for Doubling India's Exports in the Next Three Years (2011-12 to 2013-14).¹ In numbers, this translates to doubling the country's merchandise exports from US\$ 246 billion in 2010-11 to US\$ 500 billion by 2013-14. India is presently on track to meet this target with exports exceeding US\$ 300 billion in 2011-12. However, there is no room for complacency especially since the external environment has been impacted with the global slowdown. To realize this target, exports will still have to grow at a compound average annual growth of approximately 27%. This rapid growth is also needed for keeping the current account and trade deficits in check. Projections suggest that the current growth in exports and imports will widen the trade deficit and without redressal could make it unmanageable. As per current estimates, in 2013-14 India's trade deficit will amount to 11.5% of GDP under a "business as usual" scenario. This may affect the country's macroeconomic stability and growth prospects.

II. Select Guiding Principles for the State's Export Strategy

¹ The DoC/GoI Strategy focuses on markets and products. In addition to the traditional markets, there is emphasis on diversification to new products and markets through the Focus Market Scheme. Among products, there is emphasis on: engineering goods; chemicals and allied products; plastic products; pharmaceuticals; electrical and electronic goods; gems and jewellery; textiles and clothing; agro - food products; and marine products.

4. The Strategy will need to be based on some guiding principles. These may include:

Ownership is important for the State's export strategy to be firmly rooted and representative of the State's interests. Any State shortlisted for the pilot phase should clearly state its interest in developing an export strategy. If there is limited or no interest in the State, then the formulation and subsequent implementation of the State's export strategy would be compromised.

Partnership and an inclusive approach would enrich the export strategy. The export strategy should involve all interested state stakeholders, including the relevant line ministries, departments and bodies; the private sector (representatives of agriculture cooperatives, industry/producer associations and service sector representatives); and other interested parties (e.g. academia, media etc.). Stakeholder consultations and/or other mechanisms/arrangements could guide and manage the export strategy.

Inter-linkages are needed so that the export strategy is not viewed in isolation. Rather the strategy should be intertwined with other development objectives in the State. Exports should be geared to generate growth, employment and income in the State. Backward and forward linkages should be explored. Bottlenecks, where identified, could also be addressed.

Target-oriented strategy with follow-up based on the needs identified to boost exports at the State level. The export strategy formulation should not be the end in itself but rather the means to analyze exportable goods and services in the State; opportunities and impediments to export; and provide the basis to develop policies/projects/programs to boost exports and ease trade bottlenecks in the State.

III. Methodology and Expected Output

5. Formulating an export strategy at the State level may draw on existing methodologies. For example, the International Trade Centre (ITC) has been supporting countries in developing their National Export Strategy (NES) for several years. Several Indian States - in terms of population, area or economic size are comparable with sovereign nations and best practices or commonalities in approach can be drawn while preparing States' export strategy. The Enhanced Integrated Framework (EIF) and Aid for Trade (A4T) initiatives being elaborated at the WTO are also useful points of reference.

6. The principal output is a coherent, comprehensive and prioritized **export strategy** document for the State. The strategy should provide a blueprint for competitiveness and development of the State's export sector. The strategy could be developed from a *diagnostic study* and complemented with an *action matrix* highlighting needs and implementation priorities to boost exports in the State.

7. *Diagnostic study*: assessing the competitiveness of the State's economy and of the sectors that are engaged or have the potential to engage in exports/international trade. The diagnostics would also help identify constraints to competitiveness, supply chain weaknesses and sectors of greatest growth and/or export potential. Elements that could be examined:

- (a) State Profile

(i) State GDP, growth, employment, production structure, exports - time series analysis, sectoral decomposition (primary, secondary, tertiary). Position of the State vis-a-vis other States.

(ii) Main sectors/sub sectors in the State (agriculture, industry, service sectors). Sectors of future growth and export potential.

(b) Export of Goods and Services by the State: Existing and Potential

(i) Identify goods and services that are presently exported by the State.

(ii) In addition to the traditional exports, any new products of export potential may also be highlighted for export diversification.

(iii) Identify the export markets that are of importance. Again, in addition to the existing markets, there could be some analysis of new markets of potential for these exportables.

(iv) Tariff and non-tariff barriers faced by merchandise exports. Barriers in exports of services exports. This would provide some background of the external environment.

(c) Business, investment and trade policy environment in the State: Opportunities and Challenges

(i) Relevant legal and regulatory framework at the state level and its impact on exports of agriculture, industry and trade in services.

(ii) Existing agriculture, business, investment and export incentives at the State level. Impact on export competitiveness. Compatibility of incentives with WTO/international obligations.

(iii) Steps that could be taken to enhance export competitiveness in the State.

(d) Trade-related infrastructure in the State

(i) Existing infrastructure to facilitate and support trade/exports (hardware and software)

(ii) Current/potential bottlenecks that have/can impact exports

(iii) Steps that have been taken or that need to be taken to address export constraints

8. *Action matrix*: Based on the diagnostics, the States' export strategy may include an action matrix – a list of priority actions/reforms/activities – endorsed by State government and stakeholders in the fields of trade-related policies and sectors of export potential. Funding for the priorities identified may be allocated from existing budget lines and/or additional funding may be required.

IV. Timelines

While support from the CWS and DoC/Gol will be available, the State's responsiveness and interest in formulating its own export strategy will determine the time taken to prepare the export strategy. The NES model supported by ITC typically takes 12 months from conception to completion.