

## Daily Economic News Summary: 13 July 2018

### **1. Australia Releases Economic Strategy Report To Boost Economic Ties With India**

**Source: Financial Express ([Link](#))**

The Australian government has released an India Economic strategy report recommending to lift New Delhi into its top three export markets and make it the third largest destination in Asia for its outward investment. The report titled ‘An India Economic Strategy to 2035’ authored by former Australian high commissioner to India Peter Varghese was welcomed by Australian Prime Minister Malcolm Turnbull on July 12 . The report said it would see Australian exports to India grow from AUD 14.9 billion in 2017 to around AUD 45 billion in the next 20 year, and outward Australian investment to India rise from AUD 10.3 billion to over the AUD 100-billion mark, reflecting a transformational expansion of the relationship. It noted that the opportunities however would not fall into its lap and that the government would require a sharper national focus on India, an unambiguous commitment by Australian business and a deeper understanding by both government and business of the magnitude of what is unfolding in an Indian market place which will only get more crowded.

### **2. Russian Military Purchase: US-CAATSA Working To Get CAATSA Waiver For India**

**Source: Financial Express ([Link](#))**

At the request of US Defense Secretary Jim Mattis, US lawmakers are working to get a waiver for India from the punitive Countering America’s Adversaries Through Sanctions ACT or CAATSA, under which sanctions kick off on countries that purchase significant military equipment from Russia. Though the act targets Russia, it is having its unintended consequences on India, which is planning to buy five S-400 Triumpf air defense systems for around USD 4.5 billion from Russia, that US officials say could be considered as a significant military purchase. Republican Senator Dan Sullivan, a member of the Senate Armed Services Committee, on July 12 told a Washington audience that Mattis has written a letter in this regard to Senator John McCain, who chairs this powerful committee, to come up with a legislative waiver for India. On questions during the Annual Leadership Summit of the US India Strategic and Partnership Forum (USISPF) here, Sullivan and Democratic Senator Mark Warner, who is vice chairman of the Senate Select

Committee on Intelligence, said there is a desire among lawmakers to find some way to manage India's past commitment to Russia and its defense relationships with that country. Sullivan said he spent a lot of time a day with his colleagues in the House and Senate explaining the importance of getting legislative language right on CAATSA and that realignment of any relationship does not happen overnight.

### **3. Malaysia's IHH Wins Race For Fortis Healthcare**

**Source: Livemint ([Link](#))**

Fortis Healthcare Ltd said on July 13 it accepted an investment offer from Malaysia's IHH Healthcare Bhd, capping a months-long bidding war for control of the firm that drew interest from domestic and international suitors. Cash-strapped Fortis said IHH will invest Rs 4,000 crore at Rs 170 per share in the company that operates about 30 private hospitals in India, where the race to cash in on a private healthcare boom is heating up. The offer is at a 19.5% premium to Fortis' closing price on July 12. Northern TK Venture Pte Ltd, Singapore, a unit of IHH, will be issued 235.3 million new Fortis shares through a preferential allotment, giving it roughly 31% of the Indian company's total voting equity share capital. IHH said in a separate statement it expects the [Fortis](#) deal to be completed in the fourth quarter and does not expect it to have any material effect on profits for the fiscal year ending December 31.

### **4. Iran Says Will Strive To Ensure Security Of Oil Supply To India**

**Source: Business Standard ([Link](#))**

Iran will do its best to ensure security of oil supply to India by offering "flexible measures" to boost bilateral trade, a statement from Tehran's embassy in New Delhi said. Iran is the third-biggest oil supplier to India and has offered refiners incentives including almost-free shipping and an enhanced credit period on oil sales. Imports from Iran could take a hit as the United States reintroduces sanctions on Tehran after withdrawing from a nuclear deal with world powers. India, Iran's top oil client after China, asked refiners last month to prepare for drastic reductions or even zero Iranian oil imports. "Iran understands the difficulties of India in dealing with (an) unstable energy market and it has done and will do its best to ensure security of oil supply to India," the statement said. India's oil imports from Iran fell about 16 percent in June compared to May, tanker

arrival data showed. "Iran has always been a reliable energy partner for India and others, seeking a balanced oil market and regional prices of oil which ensure the interest of both countries as consumer and supplier," the statement said. India was one of the few countries that continued to deal with Iran during previous sanctions although it had to cut imports from Tehran as banking, insurance and shipping channels were choked.

### **5. Indian Retaliatory Measure On Steel Not ‘Appropriate’, Says USTR**

**Source: Financial Express ([Link](#))**

A top official from the US Trade Representative has said the recent retaliatory measure by India against America’s decision to impose import tariff on steel and aluminum was not “appropriate”. Deputy USTR Jeffrey Gerrish on July 12 told a Washington audience that the last year’s reduction in US-India trade deficit was not satisfactorily enough. “We were disappointed with the fact that India actually has imposed retaliatory measures... actually it’s not imposed them yet but announced retaliatory measures. “They (India) are approaching this as a safeguard metric that we have imposed. On that basis, they’ve determined that they have a basis to impose retaliatory measures,” Gerrish said on July 12. The imposition of import tariff on steel and aluminum is not a safeguard measure, he said, adding that the safeguard measure was taken recently on washers and a solar panel. Some of the barriers that US companies face in India, he said, is in the information and communications technology sector. There has been an increase in tariff in India recently, there’s also testing requirements that are in place, which the US is also trying to address in its engagement and not to miss the issue of medical devices, he said, adding there are price controls in place which often results in US companies having to sell at a loss.

### **6. Temasek Invests \$1.5 Billion In India In Apr-Jun, Looks To Further Raise Exposure**

**Source: Livemint ([Link](#))**

Singapore’s Temasek has invested \$1.5 billion in India in the first three months of the latest financial year, and is expected to further increase its exposure to the country, senior executives at the global investment firm said. For Temasek, which recorded a net portfolio value of \$235 billion for the year ended 31 March, the India portfolio stands at around \$10 billion, with an average yearly investment of \$1 billion in the last five years. “We do not allocate by geography or sector.

If we find more deals which meet our returns threshold, then we would invest more. We have a positive bias and we want to grow our portfolio here and we have certain focus areas where we want to put the capital to work,” Ravi Lambah, head - telecom, media and technology and joint head, India at Temasek, said in an interview. Latest investments by the Singapore-based investor include buying stakes in financial services business AU Small Finance Bank Ltd, port operator Adani Ports and Special Economic Zones Ltd and payments technology company Pine Labs.

### **7. India Tells China: \$63-B Trade Deficit Untenable**

**Source: The Hindu, Business Line ([Link](#))**

India has cautioned China at the World Trade Organization that its \$63 billion trade deficit with the country was unsustainable and mere lip-service to bridge the gap was not enough. In its statement during China’s trade policy review at the WTO, New Delhi pointed out that Beijing needed to make serious efforts to lower trade barriers for rice, meat, pharmaceuticals and IT products from India to make a difference to the trade imbalance. Stating that it was encouraging that a protocol on rice was signed during Prime Minister Narendra Modi’s visit to China in June, the statement said the inspection of plants by Chinese inspectors should be expeditiously carried out. “Early completion of the process is necessary as it not only addresses a long-standing demand of India, but will also help exports from India to the mutual benefit of both countries,” said the statement, presented at the WTO on July 11. India said there was scope for collaboration between Chinese state-owned enterprises (SOEs) and the Indian IT sector, which could provide state-of-the-art, custom-designed solutions. Trade policy review at the WTO is a periodic surveillance of national trade policies of members, the frequency of which depends on the member’s share in world trade.

### **8. With US Trade Under A Cloud, China Opens To Indian Pharma**

**Source: Livemint ([Link](#))**

China is preparing to give swift regulatory approvals to India-manufactured drugs, the head of an Indian export promotion group said, as Beijing looks for new commercial partners ahead of what could be a protracted trade war with the United States. Indian firms are looking to fill gaps in Chinese demand for generic drugs, software, sugar and some varieties of rice, trade officials in

New Delhi said. “We do feel that China is receptive at this time and it’s all about making prices competitive,” said a government official involved in the effort to promote trade with China. The official declined to be identified since he is not authorised to speak to the media. No concrete deals have been signed but the outlook for pharmaceutical sales from India is positive, according to officials from both nations. India dominates the world’s generic drugs market, exporting \$17.3 billion worth of drugs in the 2017/18 (April-March) year, including to the United States and the EU. But only one percent of that went to China, the world’s second-largest market for pharmaceuticals, industry data showed.

### **9. China-US Trade War: Opportunity For Indian Soya Bean, Oilmeal Exports**

**Source: The Economic Times ([Link](#))**

India could export soya bean, groundnut and oilmeals to China if the US-China trade war persists. With Beijing raising duties on American oilmeals, Delhi is hopeful of using this price advantage to its favour, officials said. China has imposed additional tariff of 25% on soya bean, chemical products, and medical equipment imported from the US but reduced tariffs on many agricultural products including soya bean from its Asia Pacific Trade Agreement partners comprising India, Sri Lanka, Bangladesh, South Korea and Laos. The industry hopes to export \$100 million worth of soya bean meal to China and around \$50 million of groundnut because of the two enabling factors. At present, India does not export any soya bean oil or flour of soya bean but sends negligible amount of oilcake obtained from soya bean oil extraction to China. Groundnut exports are subject to a 15% duty in China. The two countries plan to follow a two-track approach to iron out their trade issues. The first is to resolve immediate concerns in the short to medium term and the other pertains to expanding bilateral trade in the long run.

### **10. UK's Brexit Strategy May Hit Plans For Free Trade Pact With India**

**Source: The Economic Times ([Link](#))**

The UK government's latest blueprint for Brexit released today threatens to derail plans for closer trade ties with India as it would prevent Britain from making the kind of concessions on trade in goods that New Delhi seeks, according to details of a confidential report. The so-called Brexit White Paper has already shaken up Prime Minister Theresa May's leadership following

resignations of her Brexit minister David Davis and foreign secretary Boris Johnson, who disagreed with what is seen as a much closer alignment with the European Union (EU) than desired, as it would reportedly make trade deals with other countries more difficult. Now, according to details of a confidential joint UK-India Trade Review released to 'Greenpeace Unearthed', it would appear that India would be among the countries unlikely to reap many post-Brexit benefits. The trade review highlights a range of non-tariff barriers to trade identified by Indian businesses that the Indian government would want the UK to reconsider as part of any new post-Brexit trade deal.