

## Daily Economic News Summary: 20 August 2018

### **1. EU, 11 Others Back US Complaint Against India's Export Subsidies At WTO**

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

The European Union, Russia, China, Japan and eight other countries have backed the US complaint against India's export promotion schemes at the World Trade Organisation (WTO). These countries have joined the dispute as third parties. The US has challenged almost all of India's export programmes at the WTO saying they will harm its workers, citing the Agreement on Subsidies and Countervailing Measures (ASCM). It pegged the subsidies at \$7 bn. "The number of third parties in the issue is a matter of concern and has serious implications. They are backing the complainant," said a person aware of the development. Negotiators had expected other countries to join the dispute when it began in March. Former commerce secretary Rita Teotia has said there was a "real" possibility that India could lose the trade dispute.

### **2. Alibaba May Invest \$5 Billion In JV With Reliance Retail**

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

China's Alibaba Group Holding Ltd has initiated talks with Mukesh Ambani's Reliance Retail Ltd to form a mega Indian retail joint venture (JV), with an investment of at least \$5 billion to challenge the dominance of Flipkart and Amazon in the world's fastest-growing economy, two people with direct knowledge of the matter said. Alibaba Group has proposed to acquire a large stake in Reliance Retail to create a behemoth in the digital marketplace and also expand Alibaba's physical retail businesses in India, the people said, requesting anonymity. The talks indicate that the battle for India's booming e-commerce market may only intensify further, with two large and deep-pocketed companies planning to come together to take on the market leaders. Alibaba's executive chairman, Jack Ma, met Reliance Industries Ltd chairman Mukesh Ambani in July-end in Mumbai to discuss the proposal, the people said. The two discussed a number of issues, including a plan to create a large omnichannel retail entity through the proposed joint venture, they said.

### **3. WTO Ruling On Safeguard Duty A Shot In Arm For US**

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

A controversial ruling by the highest court for global trade disputes on 15 August is going to come in handy for the US to justify its unilateral crowbar trade measures slapped on India, China, Canada, the European Union, Mexico and Norway, among others, legal analysts said. In a ruling by the World Trade Organization's highest court for trade disputes, the appellate body (AB), on August 16, a three-member bench affirmed that claims against Indonesia under the WTO agreement on safeguards should be dismissed on grounds that the duty was not a safeguard measure. In the proceedings before the judges, India along with China, the EU, Japan, Korea, Australia, Russia, the US, and Ukraine had participated as third parties. India, China, the EU, Korea, and Japan said the measures imposed by Indonesia must be treated as safeguard measures. The US repeatedly dismissed complaints by India, China, Canada, the EU, Mexico, and Norway that the punitive duties imposed by the Trump administration constituted a "disguised safeguard" measure.

### **4. Mospi Says Back Series GDP Figures 'Not Official', Formal Data Later**

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

Amid ongoing controversy over the back series GDP figures showing better economic performance during the UPA regime, the Ministry of Statistics and Programme Implementation (MoSPI) on August 19 said "these are not official estimates" and the data will be released officially later. As per the back series data on GDP based on the report of Committee on Real Sector Statistics, Indian economy clocked a 10.08 per cent growth rate in 2006-07 under the then Prime Minister Manmohan Singh, the highest since liberalisation of the economy in 1991. Commenting on the back series data, senior Congress leader P Chidambaram had said the UPA governments delivered the best ever decadal growth and lifted 140 million out of poverty. "Truth has triumphed. The back series calculation of GDP has proved that the best years of economic growth were the UPA years 2004-2014," he said in one of his tweets.

## **5. New Worry For Modi Government? Merchandise Exports From Job-Intensive Sectors Contract In Q1**

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

Merchandise exports may have risen 14.5% in the first quarter of this fiscal, against 8.5% a year earlier, but the headline numbers mask a disturbing fact: Supplies from labour-intensive sectors dropped 1.6% between April and June to \$31.4 billion. In fact, in the two years through FY18, growth in exports from employment-sensitive sectors such as textiles & garments, gems & jewellery, leather, stone, cement, ceramic, farm, plantation, marine and other allied segments continued to slow (See chart). Consequently, the share of such sectors in merchandise exports came down to just over 38% in Q1FY19 from close to 44% in FY17, official data showed. Discounting the farm and allied sector, where elevated local prices have rendered exports in certain segments unviable, supplies from other jobs-intensive segments witnessed even a sharper contraction—3.5% in the three months through June.

## **6. PFRDA Sets Up Panel For Advice On Cyber Safety**

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

Pension fund regulator PFRDA has set up a standing committee to suggest steps to deal with cyber security challenges with a view to protect the interest of subscribers. The committee has been constituted by the Pension Fund and Regulatory Development Authority (PFRDA) to keep an eye on the technological changes. "As a regulator of the pension sector and to safeguard the interest of pension subscribers, it is essential to keep an eye on the technological changes and cyber security challenges," said the regulator while announcing its decision to set up the panel. The committee on 'Information Systems and Technology and Cyber Security' will suggest steps to align PFRDA's technology with best industry practices. PFRDA is a statutory body established by an Act of Parliament to promote old age income security.

## **7. Rupee Gains Against Dollar Ahead Of US-China Trade Talks**

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

The Indian rupee along with Asian currencies strengthened against the US dollar on Monday over optimism that trade tensions between US and China will ease after planned talks due this week. At

9.15am, the rupee was trading at 69.84 a dollar, up 0.48%, from its August 16's close of 70.16. The home currency opened at 69.83 a dollar. On August 17, currency markets were closed due to Parsi New year. The 10-year bond yield stood at 7.836%, from its previous close of 7.861%. Bond yields and prices move in opposite directions. Chinese and US trade negotiators will meet in Washington this week, with the aim of Presidents Xi and Trump meeting in November, the *Wall Street Journal* reported. Traders also await the minutes of US Federal Reserve's July meeting due to be released on 22 August.

#### **8. Dot Directs Telecom Operators Not To Accept Bank Guarantees Issued By Standard Chartered Bank**

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

The telecom department has blacklisted bank guarantees (BG) issued by Standard Chartered after the bank failed to invoke one that was issued for Aircel Group. In a strongly worded office memorandum sent to all telecom operators and concerned officers, the DoT (Department of Telecom) has directed entities that they should not accept bank guarantee (BG) from Standard Chartered Bank, including renewals. When contacted Standard Chartered Bank spokesperson said, "Pursuant to an order passed by the Telecom Disputes Settlement and Appellate Tribunal(TDSAT), we were unable to make payments with respect to certain bank guarantees invoked by the DoT. As per the said order, the invocations are not to be given effect to and the bank guarantees are not to be encashed".