

Info Capsule

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4th SESSION OF INDIA-UKRAINE WORKING GROUP ON TRADE AND ECONOMIC COOPERATION HELD IN NEW DELHI¹

The 4th Meeting of India-Ukraine Working Group on Trade and Economic Cooperation (IU-WGTEC), under the India-Ukraine Inter-Governmental Commission on Trade, Economic, Scientific, Technical, Industrial and Cultural Cooperation was held in New Delhi.

Indian delegation was led by Bidyut Behari Swain, Additional Secretary, Foreign Trade (CIS), Department of Commerce, Ministry of Commerce and Industry, Government of India. Ukrainian Side was led by Mr. Oleksiy Rozhkov, Director of Directorate for International Trade and Economic Cooperation and European Integration of the Ministry of Economic Development and Trade of Ukraine.

A protocol was signed at the end of the meeting. The protocol deals with review of trade, cooperation in the field of small and medium entrepreneurship, cooperation in the field of technical regulation (standardization, metrology, certification, conformity assessment), public-private partnership (PPP) and investment, agriculture, facilitating the access of Ukrainian food products to the market of India, energy sector, finance, granting Ukraine market economy status within the framework of anti-dumping investigations, and banking and cooperation in tourism.

Review of Status of Trade

Trade Data as given by the two sides are as under:

The data pertaining to trade in goods as per the Directorate General of Commercial Intelligence and Statistics (DGCIS), a Government of India organization, are as under:

(in USD Million)

Year	Exports from India	Imports from Ukraine	Total Trade
2017-18	330.10	2355.97	2686.07
2018-19 (Apr-Feb) (Prov.)	305.73	1921.70	2227.43

Source: Directorate General of Commercial Intelligence and Statistics (DGCIS)

¹ Available at: <http://www.pib.gov.in/PressReleaseDetail.aspx?PRID=1569977>

Trade Data of Ukrainian Side

(in USD Million)

Year (calendar)	Exports from Ukraine	Imports from India	Total Trade
2017	2 205.7	561.3	2 767.0
2018	2175.9	616.6	2791.6

Both Sides agreed that trade was far below the potential and there was a need to step up their cooperation to enlarge the trade basket and increase the bilateral trade and investment. There is trade deficit on the part of Indian Side and both Sides agreed to find out the modalities to reduce it further.

Cooperation in Enhancing the Bilateral Trade

India and Ukraine have identified potential sectors where both Sides could engage in bilateral trade since presently the share of trade between both Sides is quite low as compared to total trade made with the rest of the World. Both Sides agreed to share the list of products which they would like to trade.

Both Sides should participate in the major fairs/exhibitions in the identified potential sectors. Both Sides agreed to share the details of the fairs / exhibitions to each other sufficiently in advance to ensure participation.

In order to promote trade, both Sides should share the mandatory inspections' / regulations' requirement to be fulfilled at the time of exporting / importing of any product so that any delay related to such inspection could be reduced and it will also create a positive atmosphere for doing business.

Indian Side informed about various Export Promotion Councils and other export related institutions from where one can get the details of exporters /importers and agreed to share the list of such institutions. It requested Ukrainian Side to share such list of institutions so that exporters/importers from both Sides could interact and through this mechanism bilateral trade could be facilitated and enhanced.

Both Sides should share and exchange information between banking and financial institutions in order to expand cooperation to facilitate export-import transactions between the companies.

Both Sides agreed to share official information about identifying a single window cell in their respective countries for clarifying the queries of the exporters and in supporting them in identifying the suitable buyers/sellers.

Indian Side expressed happiness on the participation of Ukrainian Side in Partnership Summit 2019 organized by Confederation of Indian Industry (CII).

The Sides agreed to provide all possible assistance in establishing and maintaining cooperation between Chamber of Commerce and Industry of Ukraine, Ukrainian National Committee of ICC, Ukrainian Union of Industrialists and Entrepreneurs with Trade Associations and Export Promotion Councils of Indian Side in establishing B2B contacts.

Cooperation in the field of Small and Medium Entrepreneurship

Indian Side informed Ukrainian Side regarding the National Small Industries Corporation's (NSIC) activities and requested Ukrainian Side for identifying a nodal agency which can cooperate with NSIC in Small and Medium Enterprises (SME) sector on a mutually agreed terms in the following fields:

- Implementation of Technology Incubation Centre in Ukraine for the development of micro and small enterprises.
- Facilitation in creating enterprise to enterprise cooperation.
- Exchange of Business delegations
- Consultancy in development of SMEs in Ukraine

Ukrainian Side informed regarding the approval by the Government of the Strategy for the development of Small and Medium businesses for the period up to 2020.

Cooperation in Leather, Tobacco, Gems and Jewellery and Tea Sectors

Leather Sector

- i. Side stated that India's market share in Ukraine's imports of leather goods and footwear is less than 1% and this is mainly due to the high rates of import duty in Ukraine. Indian Side requested Ukrainian Side to consider bringing down the import duties to a uniform level of 5% for leather goods for footwear.

Tobacco Sector

Indian Side informed Ukrainian Side that India is a large producer of tobacco and tobacco products and requested Ukrainian Side for considering imports of tobacco and tobacco products as the Ukraine's imports of tobacco and tobacco products range from 60,000 to 79,000 MT.

Gems and Jewellery Sector

The duty structure for gems and jewellery products is on higher side in Ukraine, including a VAT of 20%, total duty for gold jewellery and cut & polished diamonds is around 30%. Indian Side requested Ukrainian Side for duty reduction on gold jewellery and cut & polished diamonds.

Tea Sector

Indian Side stated that Ukraine is an important market destination for tea and requested Ukrainian Side for removal of duty of 10% CIF value on packed teas.

Industry

The Ukrainian Side proposed to Indian Side to look into the possibility of the following proposals:

- Continuing and deepening the development of bilateral cooperation in the industrial sphere.
- Supplying the railroad and underground railway carriage products to the Indian market.
- Participation of Ukrainian enterprises in the implementation of energy projects for the construction, reconstruction, modernization of energy facilities in India.
- Modernization of existing and construction of new Indian metallurgical enterprises with the involvement of Ukrainian scientific and technical institutions.
- To consider the possibility of equipping state agencies and airlines of India with regional passenger aircraft An-148/158 and helicopters and their required spare parts.
- Cooperation with Indian public and private enterprises in the production of titanium and its products (titanium powder and titanium dioxide pigment).

The Indian Side would respond to the above proposals by the next IU-JWGTEC scheduled in early 2020 in Kyiv.

Cooperation in the field of Technical Regulation (Standardization, Metrology, Certification, Conformity Assessment)

Indian Side informed Ukrainian Side that the:

- Draft Agreement proposed by UKrNDNC is under process;
- Counter proposal received by Bureau of Indian Standards (BIS) from Ukrainian Side on the draft MoU for cooperation in the field of Standardization is under examination.

Further, Indian Side requested Ukrainian Side to provide information on the current role of Ministry of Economic Development and Trade in Ukraine with respect to national standardization work, subsequent to the decision dated November 26, 2014 of Cabinet of Ministers of Ukraine for designing UKrNDNC as National Standards body of Ukraine.

Cooperation in the field of Public-Private Partnership (PPP) and Investment

Ukrainian Side noted the rapid development of the public-private partnership (PPP) mechanism in India over the last decade and expressed its interest in exchanging experience about PPP, in particular providing information on PPP legislation, the experience of implementing PPP projects and future plans for the development of the PPP mechanism.

Bilateral investment relations between the two countries have huge potential. More can be done to faster cooperation in sectors such as railways, aircraft, pharmaceuticals, metallurgy and tourism. Government of India has put in place an investor friendly policy on FDI, under which FDI up to 100% is permitted under automatic route in most sectors and activities. Significant changes have been made in the FDI policy regime in recent times to ensure that India remains increasingly attractive and investor-friendly. In the light of the wide-ranging opportunities and recent initiatives like Make in India, Ease of Doing Business, Start-up India and liberal FDI regime, there is lot of potential for FDI from Ukraine to India. Indian industry is committed to exploring the untapped potential and expanding economic partnership.

Granting Ukraine Market Economy Status within the framework of anti-dumping investigations

Both Sides discussed the application of Trade Defence Instruments ensuring compliance with relevant provisions of WTO Agreements.

Ukrainian Side expressed a deep concern that Ukraine should prove its market economy status in each anti-dumping investigation, taking into account the commitment to grant the market economy status to Ukraine made by the Indian Side during the Fifth and Sixth sessions of the Ukrainian – Indian Inter-Governmental Commission on Trade, Economic, Scientific, Technological, Industrial and Cultural Cooperation.

Given that Ukrainian Side has already provided the Indian competent authority with all details on the market economy status of Ukraine, including evidence that other WTO Members treat Ukraine as a market economy country.

Indian Side noted the concern of the Ukrainian Side and further informed that the investigation into the anti-dumping issues are quasi-judicial in nature and in this fair and transparent opportunity is provided to all the stakeholders in accordance with the WTO provisions/guidelines to defend their case.

Cooperation in the field of Agriculture, facilitating the access of Ukrainian Food Products to the market of India

Both Sides intend to continue their joint activities aimed at further expanding their bilateral trade in agricultural and food products and agreed to hold bilateral consultations on possible approaches to liberalization of trade in agricultural and food products. Ukrainian Side is grateful to Indian Side for

the opportunity to start trial shipments of apples and expressed hope for official inclusion of Ukraine to the list of apple exporting countries to India in the near future.

Both Sides expressed interest in cooperation in exporting agricultural items such as apples, bananas, cake of soyabeans, cotton, coffee, cucumber and gherkins, flour of wheat, grapes, groundnuts, lemons and limes, maize, oil of castor beans, onions, oranges, pepper, potatoes (fresh and frozen), raisins, rice, sesame seed, sorghum, sugar (raw and refined), tea, tobacco, tomatoes, frozen vegetable and wheat, for leguminous vegetables, sugar confectionery, chocolate and other food preparations containing cocoa, bakery and flour confectionery products, etc.

Indian Side observed that the Tilapia culture is coming up in Ukraine and requested for exploring the possibility of technical collaboration on the said culture.

Considering the Market potential in Ukraine, Indian Side expressed interest in popularizing and promoting its shrimp products and also supplying of seed of Rainbow Trout (*Oncorhynchus mykiss*).

Since the high level of tariff protection reduces the prospects of launching systematic mutual trade in processed food products, Indian Side requested Ukrainian Side to provide the detailed list of items/tariff lines etc. on which Ukraine seeks reduction in tariff.

Ukrainian Side emphasized the attention to a number of topical issues in the field of agriculture, in particular with regard to trade in plant products (fumigation requirements of the Indian Party for imported cargoes), which should be considered in detail within the framework of the profile Working Group, as well as at the level of the Intergovernmental Ukrainian-Indian Commission.

Cooperation in the field of Energy Sector

Indian Side informed Ukrainian Side that bilateral cooperation / assistance may be extended in:

- preparation of Feasibility Report (FR) / Detailed Project Report (DPR), technical consultancy in Design and Engineering during execution;
- training to Ukrainian engineers in the field of Hydropower;
- renovation and modernization of aging hydropower plants;
- Providing Technical Consultancy Services at all stages of Hydropower project development.

Indian Side requested Ukrainian Side for a site visit so that NHPC, a Public Sector undertaking can provide comments on the technical feasibility of the hydroelectric schemes / renovation and modernization of aging hydro power plants provided these are entrusted to NHPC.

Cooperation in the field of Finance and Banking

Indian Side informed Ukrainian Side that there have been several modifications relating to the provisions of Indian Foreign Exchange Regime to facilitate cross border transactions between India and any other country.

Cooperation in Tourism

Indian side requested Ukrainian Side to consider on exchanging of information regarding conducting tourism events in both countries and explore opportunities in the field of tourism.

Both Sides have agreed to hold the 5th meeting of the Working Group on Trade, Economic and Cooperation (IU-WGTEC) in Kyiv, Ukraine. The dates of the 5th meeting will be agreed through diplomatic channels.
