

'Recent export surge not a blip that will disappear'

Commerce and industry minister Nirmala Sitharaman says the US decision to keep India in its priority watchlist on intellectual property rights (IPRs) is a unilateral move that India doesn't recognise. She says the country will continue to engage with China on containing the huge trade deficit with the giant neighbour. In an interview to FE's Banikinkar Pattanayak and Shobhana Subramanian, the minister said the very existence of the H-1B visa system in the US suggests there is a genuine shortage of skilled professionals in certain sectors there and that US companies have gained the most from this system. Edited excerpts:

Apple has set a pilot project near Bengaluru but its larger India plans depend on incentives to be granted by the centre. Have you reached a decision on the company's request for various concessions?

There is no new request and the finance ministry has already voiced its opinion on the earlier request. Earlier, we (relevant ministries such as commerce and industry, finance, electronics and telecommunications and environment) had a joint meeting where inputs were shared. After that, Apple executives had met the finance secretary as well. So there

is nothing new to say now. (MeitY has endorsed the revenue department stance that Apple's demand for an import duty exemption for certain components for making iPhones in India can't be met.)

Has the government decided on proposals of Amazon, Big Basket and Grofers for investing a total of \$695 million in food retail here?

The proposal hasn't yet come to me. But our position is clear: up to 100% FDI will be allowed, via the government route, in the marketing of food products produced locally.

When PM Narendra Modi goes to the US (likely in June or July), will he take up the issue of the US retaining India on its priority watch list on IPR?

I am not aware of the agenda of the Prime Minister's visit. But our position on the IPR is clear. We don't recognise any country putting another country on their watch list. Nobody should be taking the authority to be a watchman of somebody else's policy. It's a completely unilateral move by the US administration. The US was also consulted, as part of our talks with various stakeholders, before our new IPR policy was announced last year. Also, we have said it time and again that our IPR



policies are completely TRIPS-compliant (in accordance with the World Trade Organization standards) and our legislative system is very robust. Our courts have held the rights of people who have got the patents. Not once has this government taken a step that would add to such misplaced concerns about our IPR regime. Much before we came to power, only one compulsory licence was granted in public interest. So I don't find any basis of the anxiety about our IPR system.

We have a huge trade deficit with China despite efforts by successive government to curb it. How are we going to address the issue?

We have to continue to talk to

China on giving us a greater market access on several products where we are competitive. And those technical speed-breakers, including non-tariff issues, have to be addressed by China. I look at the entire issue with China from two angles: one pertains to our direct bilateral concerns (such as our trade deficit with China, demand for greater market access there and better and easier rules for our products) and the other relates to the issue of massive capacity there and its resultant impact. The market access is a key issue. Despite having FDA approvals, our pharmaceutical companies still find it difficult to tap the Chinese market. Our IT companies, too, are struggling to make inroads into that market due to cumbersome processes, while their smartphone makers come here and set up units easily. So we hope to continue these discussions with them.

Merchandise exports touched a six-and-a-half year high in March. Will the latest surge continue, given the tepid external headwinds?

Global trade climate isn't giving any indication that it will improve soon. That said, I would stress that the Indian exporters have been very smart in finding new markets and expanding

there, while consolidating position in existing markets. As a result of this, we see a very significant improvement in our export performance. So I don't think the recent surge in exports is an extraordinary blip that will disappear. I think we are going to sustain this performance. Based on the feedbacks from exporters, I think they are very sure about a resurrection in exports.

But what about services exports, given the rise of protectionism in key markets like the US?

Our services sectors, especially IT, are completely seized of these challenges, particular with regard to the H-1B visa issues in the US. When you look at the top 50 companies that have benefited the most by the H-1B visa system, most of them are US companies. Also, the fact that H-1B visa system is used to get workers from abroad indicates there is a genuine shortage of skilled professionals in certain services sectors there. Otherwise, if they really have adequate number of high-skilled professionals in those areas, why would a company, whether it's Indian or American, would want to get workers from outside? It's not wage arbitrage. We have raised this issue with the US earlier, and we will be raising it again.

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