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India to Rank Trade Partners on Migration of Pros

Measuring Barriers

Commerce dept begins exercise to rank the US, Canada, Australia, the Netherlands and India, among others

Barriers to competition, entry, transparency, regulation main criteria

Index to be on lines of OECD Services Trade Restrictiveness Index

KEY MODE

Movement of pros under Mode 4 is India's key interest

Extant OECD index doesn't give complete picture of services trade

Mode 4 is crucial in talks with the US and FTA with Australia, Canada, RCEP

GAUGE OF TIES

Commerce dept developing index to rank 9 countries in 11 trade policy areas

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New Delhi: India is developing an index to rank eight of its major trading partners and countries it is pursuing free trade agreements (FTA) with, to gauge their restrictiveness to cross-border movement of professionals, a crucial area of interest for the country.

The commerce and industry ministry has begun an exercise to rank the US, Canada, Australia, the Netherlands and India, among others on various criteria such as entry barriers, discriminatory measures, competition barriers and transparency in regulation on the index which is being developed on the lines of OECD Services Trade Restrictiveness Index.

"We are looking at nine countries across 11 policy areas where they would be ranked on the basis of their perception," said an official aware of the details.

There is a growing view among policymakers that the country has not been able to get a good deal from its trade partners in services sector, particularly in FTAs. This index will also help it highlight the kind of restrictions trade partners imposes on India.

Criteria include regulation of dominant firms to ensure market access, advertising restrictions, minimum capital requirement, foreign equity limits/restrictions, quotas — number of firms permitted to practice and restrictions on type of shares/bonds held by foreigners, among others.

Launched in 2014, one such index, the Services Trade Restrictiveness Index (STRDI) computed by the OECD, is available for 45 economies (36 OECD and the rest non-OECD) and 22 sectors. The index seems to show the Indian services sector as one of the most restrictive, particularly in policy areas such as foreign entry even though since 1991, the one area that has seen maximum liberalisation in India is foreign direct investment (FDI).

"We are the first country to develop the service restrictiveness index. The exercise would be done for our prospective FTA partners to help us gauge the level of trade restrictiveness of our trade partners," said Manoj Pant, director, Indian Institute of Foreign Trade (IIFT). While IIFT is developing the index, the ministry would do the scoring of countries.

The index comes at a time when India is pushing for easier movement of professionals across borders in its various FTAs, including the Regional Comprehensive Economic Partnership (RCEP) trade agreement. Mode 4, or movement of natural persons, is one of the four ways through which services can be supplied internationally. It includes movement of natural persons such as independent professionals and is of key interest to India.