

## 1. Colonization Through ESG and Trade Agreements

### 1.1 Panelists

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### 1.2 Background

In an era where globalisation purportedly promises prosperity for all, the insidious mechanisms of colonisation often manifest through trade agreements and IPR regulations. The panel examined how protectionist measures by the global rich countries, ostensibly designed to safeguard domestic industries, can perpetuate asymmetrical power dynamics reminiscent of historical colonisation. This in turn obfuscates genuine trade remedies used for equitable economic development.

This is observed today, where countries such as the United States of America are enacting policies such as the ‘Build America, Buy America’ (BABA) Act that ensures procurement of construction materials for federally funded projects have 100 percent value addition within their country itself. Policies such as these have ensured limited access for manufacturers of developing countries from expanding their market beyond the domestic market. Indian ecosystem is hesitant to not only leverage trade remedies to the fullest, but also hesitant in putting in reciprocal arrangements equivalent to the BABA Act.

Public Procurement Policy for Make in India (PPP-MII) is supposed to mimic the BABA Act. However, loopholes within the PPP-MII policy makes the policy largely defunct. It allows for lower levels of value addition at only 50 percent that is often met by costs incurred for civil works, and procurement of equipment used is still happening from foreign manufacturers as the requirement is already fulfilled.

In addition, FTAs such as the India-Korea CEPA, ASEAN-India FTA, and Japan-India FTA lead to denial of domestic market access to domestic players due to asymmetry introduced by the agreements. The outcome is foreign players have got access to Indian markets, while Indian players are denied that access. The exports from India is limited to raw materials, while value added products are being imported that is leading to economic destruction and job loss.

This is reminiscent of historical colonisation wherein countries such as India were not only disallowed from market access to colonising countries, but did not have access to their own domestic market.

However, there is a view in India that Indian industry is surviving only on the basis of protectionism and they are handicapped industries. This is an incorrect view as is evident from the large number of anti-dumping duties filed against Indian companies.

The discussion contrasted the protectionist trajectories of various nations with India's unique approach to trade remedies. As one of the world's largest and fastest-growing economies, India's stance on trade has significant implications not only domestically but also globally.

### **1.3 Thematic areas of discussion areas**

1. How to ensure a level playing field for Indian manufacturers
2. How to ensure the domestic and overseas market access for Indian manufacturers with specific viewpoints on BABA Act of the United State
3. Challenges in the processes of trade remedies

## 1.4 Key Actionable Insights

- 1.4.1 Emphasis was put on the need to improve India's statistical system by focusing on data collection and analysis. Having accurate data for trade statistics like imports, exports, and domestic production of products is crucial to make informed decisions when it comes to negotiating FTAs and applying other trade remedies. Updated surveys of the MSMEs industry would also support evidence-based decision making and further strengthens the Directorate General of Commercial Intelligence and Statistics (DGCIS)
- 1.4.2 The need to maintain a steady compounding growth rate the GDP which is currently at 7% was highlighted. The panel also talked about sustaining macroeconomic stability. The importance of lifting the very poor by providing financial safety nets for them was focused on "Antodaya", which means the rise and development of the poor, should be achieved.
- 1.4.3 The panel highlighted the presence of international trade practices which are colonial in nature and that are holding developing countries from producing higher value added products. This happens in the form of international trade and technology barriers. There is a need for India to assert its own interests and resist neo-colonial impositions by securing its markets for finished products, restricting exports and monopolies was emphasized.
- 1.4.4 Developed countries are using environmental and social governance norms by setting high environmental standards on trade to protect their own interests and prevent developing countries to be able to sell products was shed light upon. Environmental, Social, and Governance or ESG ratings are being used by developed countries as a potent tool to monopolise trade.
- 1.4.5 FTAs are an important tool which need to be used effectively in our favour.

The grab for resources is prevalent globally and extends to data. Trade agreements mandate the free flow of data, making appropriate negotiation of trade agreements even more crucial. Chile, which is a primary producer of lithium, lost their ability to impose import and export taxes due to their FTA with US. This prevented Chile from going into value added products such as the lucrative battery market for EVs. Also the ASEAN-India trade agreement for coal, steel, palm oil and more put us at a disadvantage as the consumption of these raw materials increased significantly as our middle class grew without having the reciprocal imports from India to ASEAN.

- 1.4.6 India has been accused of using trade remedies aggressively. However, as per the report from c-dep.org, India is one of the least aggressive users of trade remedies such as Anti Dumping Duties. Advanced or developed economies use these trade remedies more aggressively, that is, with more renewals and for longer periods of time.

Watch the session on YouTube:

<https://www.youtube.com/watch?v=iPs35wfbB818&t=2s>



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