



CENTRE FOR TRADE AND INVESTMENT LAW

SIXTH ANNIVERSARY ISSUE
MAGAZINE 2023

FRIENDSHORING & NEARSHORING

Creating Ideas for Better Trade Policies

Editorial Team

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HIGHLIGHTS



*Interview with Prof.
Arvind Panagariya*



*Interview with Shri
Rajesh Agrawal*



*Interview with Mr.
Edwin Vermulst*



*Interview with Shri
Anant Swarup*



*DDG Zhang inaugurating
WTO Chairs Programme,
India*



The Centre for Trade and Investment Law (CTIL) was created in 2016 by the Ministry of Commerce and Industry, Government of India, in pursuit of its objective of developing international trade and investment law capacity in India. The Centre is a part of the Centre for Research in International Trade (CRIT) at the Indian Institute of Foreign Trade, New Delhi. It provides sound and rigorous analysis of legal issues pertaining to international trade and investment law to the Government of India. The Centre functions as a repository of information on trade and investment law, with a wide range of resources at its disposal. It also serves as a leading Indian platform for engaging in and influencing the evolving discourse on global economic law issues.

The Centre has been consistently providing technical inputs to the Government of India on issues of international trade and investment law. Since its inception, more than 2000 advisory opinions have been provided by the Centre to the Department of Commerce on vital trade issues including the planning and implementation of trade promotion schemes under India's Foreign Trade Policy, interpretation and analysis of multilateral and bilateral trade agreements, providing research and inputs to assist India in its ongoing trade negotiations, international trade dispute, matters of international and domestic taxation, and the development of domestic laws that affect India's trade commitments.

CTIL meets the Department of Commerce's objective of having a dedicated pool of legal experts who provide technical inputs for enhancing India's participation in international trade and investment negotiations and dispute settlement. The Centre has also established itself as a thought leader in the various domains of international economic law such as WTO law, international investment law and legal issues relating to economic integration, by publishing a variety of books, articles and papers, and by holding and participating in conferences, stakeholder consultations, seminars and training programmes.

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LETTER FROM THE EDITOR



Six years is a small milestone in the context of an academic thinktank. Born out of a vision to develop legal and institutional capacity within the government, especially within the Department of Commerce, the Centre for Trade and Investment Law (CTIL) has come a long way. Since our establishment in 2017, CTIL's legal team has been called upon to advise and assist the Department of Commerce and other government agencies in a number of activities including conducting sensitive research studies, guiding treaty negotiations, aiding dispute settlement and resolution processes, drafting and fine-tuning of legal instruments and country submissions, designing and structuring flagship trade policy schemes while keeping in mind India's international treaty obligations, and so on. When we started the journey, it was impossible to have a preview of the role or the range of activities that the Centre would perform.

As a thinktank, CTIL has been engaged in high-calibre academic research anchoring its work in the four broad principles of thoroughness, rigorous enquiry, attention to details, and policy pragmatism. CTIL research staff have published in some of the top-rated journals in the field of trade and investment law and continue to present their research in leading academic conferences showcasing the

innovative and thought-provoking work they do.

Given the constraints of space and the nature of work that we do, there are limitations on presenting the full range of activities or the areas where the Centre has made critical contributions. However, we can confidently state that CTIL has filled in the trade law-related capacity vacuum within the Department of Commerce to a considerable extent.

The anniversary is an opportunity for us to reflect on the progress that we have made, and the initiatives that can help us carve out a unique and dynamic role for the Centre in charting India's ambitious trade policy agenda and external economic engagements. As a thinktank and advisory centre, CTIL has already created a niche for itself as an agency which law students and young practitioners of international law can look up to for exciting career opportunities. We believe that investing in trade law capacity building in Law Schools and similar institutions can help us build a cadre of professionals who can play a critical role in India's trade policy initiatives.

On this occasion, I would like to graciously recall the support that we received from Shri Piyush Goyal, the Hon'ble Minister of Commerce and Industry and, Shri Sunil Barthwal, Commerce Secretary, Government of India, for reposing trust in the Centre. We would like to place our appreciation for Shri Peeyush Kumar, Additional Secretary and DR. M Balaji, Joint Secretary, Department of Commerce and IIFT Director Dr. Satinder Bhatia, who have taken unstinted efforts to ensure that the Centre can scale greater heights in its onward journey. As a young centre, we are grateful to all senior officials and other trade specialists within the DoC and other government departments for their continuing faith and belief in our competence and ability to deliver.

About the theme of the Anniversary Issue

The Sixth Anniversary issue explores the newest trend in trade: friendshoring and nearshoring. The idea of nearshoring, friendshoring and ally-shoring are by no means new or novel, but have gained significant popularity in recent times, especially in the aftermath of COVID-19 pandemic. These concepts are just not imaginations for economic ordering, but have geopolitical implications as well. As we appear to be witnessing a shift in structure of global supply chains, there may be potential winners and losers. It is, therefore, imperative to delve deeper into the emerging geopolitical trends.

Supply chain disruptions are one of the serious challenges to modern trade. There is a heightened risk in sourcing from certain dominant suppliers and businesses consider it important to de-risk. To be specific, nearshoring seeks to shorten supply chains in order to prioritize low-cost production and achieve timely delivery. The logic is simple: keep the production closer to the target markets so long as the costs are kept reasonably low. The concept of nearshoring assumed significance in the context of the shipping and logistical crisis, especially during the pandemic. Friendshoring on the other hand, seeks to diversify from riskier suppliers and focus on building secure and resilient supply chains especially in relation to critical minerals and key goods. As strategic realignments take place, there is a clear need to closely understand and introspect the concepts of nearshoring and friendshoring.

These new buzz words will continue to have salience in a global economy knitted together by value chains. Due to demand for certain goods and commodities, there is a heightened need to ensure quick transportation and delivery of goods and services. This trend has been rising across states, particularly in Eastern Europe and South Asia, which were unlikely destinations for investments in certain sectors until recently.

However, important challenges remain. Friendshoring and nearshoring tend to favour high income economies. These trends have also the potential to wean trade and

investment away from the most competitive locations to otherwise less preferred locations based on considerations of geographical proximity or identities of a particular geopolitical grouping. In the nearshoring index, only one developing country has managed to break into the top twenty.

As a generalization, it is apparent that governments and companies must adjust and calibrate their investment and marketing strategies in accordance with the changing times. Despite its shortcomings and concerns, friendshoring and nearshoring appear to be the way for the future as they aim to challenge the way trade and investments have hitherto taken place. Nearshoring and friendshoring are here to stay as they set new standards, benchmarks and eco-systems for trade and investment.

The articles arranged in the Sixth Anniversary Issue of the Magazine provide a glimpse into the depth and breadth of our analysis on these critical issues. I hope that the readers will find these articles informative and insightful.

Finally, a big thank you to Sparsha Janardhan, Mahima Ahuja and Ashita Jain for their tireless efforts in co-editing and designing this Magazine.

Yours sincerely,

James J. Nedumpara
Head and Professor, CTIL &
India Chair Holder, WTO Chairs Programme

SNAPSHOTS: CTIL AT A GLANCE



SNAPSHOTS: CTIL AT A GLANCE



NEWS & EVENTS

27th April 2022: Centre for Trade and Investment Law (CTIL) in partnership with King’s College London and the University of Portsmouth organized a webinar on **"Sanctions: Why Their Regulations Matters, the case of Russia and Beyond"**. Prof. Leila Choukroune, Prof. Holger Herstermeyer, Prof. Takis Tridimas, and Prof. James Nedumpara had a conversation on the legality of international sanctions to better understand what they are, and what they are not, as well as how they can legally backfire.



14th May 2022: CTIL and Services Export Promotion Council (SEPC) conducted a conference on the theme **"International Arbitration: An Indian Perspective"**. The event depicted and showcased several connecting issues of international arbitration relating to India on the global front. This event was helpful in strengthening the proactive growth of the legal service sector in handling, managing, and implementing international arbitration processes.

27th May 2022: CTIL and Federation of Indian Corporate Lawyers (FICL) organised a **“Corporate Lawyers Legal Summit 2022”** at Hotel Taj Palace, New Delhi. The theme of the Summit was **“The New Normal – Challenges and Opportunities for Indian Legal Sector & Corporate Lawyers in the Covid era and way forward.”** This summit focused on how General Counsel can improve their business value beyond just managing risk and how they can proactively engage with the legal industry. Dr. James gave a special address on trade agreement and liberalisation in the legal profession.





 Professor James Nedumpara is heading the Centre for Trade and Investment Law (CTIL), at the Indian Institute of Foreign Trade, New Delhi and is currently on leave from Jindal Global Law School, where he joined as a founding faculty member.

WEBINAR

Topic - Developing Countries in the WTO's Free Market Trade Regime.

Date: 4th June 2022
 Time: 3PM



Professor James Nedumpara

04th June 2022: CTIL and Council for International Relations and International Law (CIRIL), National Law School of India University (NLSIU) Bangalore organised a webinar on **“Developing Countries in the WTO’s Free Market Trade Regime”**.

21st July 2022: The Department of Commerce, Government of India in coordination with the CTIL organised a sensitisation program on **“Openness to Trade: Economic and Policy Considerations”**. A special lecture was delivered by Professor Arvind Panagariya, Professor of Economics, Columbia University and Former Vice-Chairman, NITI Aayog during the programme. Shri Rajiv Gauba, Cabinet Secretary, Government of India was the Chief Guest. Prof. Panagariya discussed the importance of free trade, and provided insights on other countries' experience with openness to trade.





02nd August 2022: Centre for Trade and Investment Law organized its **"Fifth Anniversary"** function. Shri B.V.R. Subrahmanyam, Commerce Secretary, Department of Commerce was the guest of honour. Ambassador Ujal Singh Bhatia, India's former Ambassador to the WTO and former Chairman of the WTO Appellate Body delivered the distinguished lecture entitled 'Appellate Advocacy in International Trade Law: Views from the Bench'. Shri Amit Yadav, Additional Secretary, Department of Commerce delivered the special address entitled 'The Role of Academic Think Tanks Trade Policy Making'. Prof. Manoj Pant, Vice Chancellor, Indian Institute of Foreign Trade delivered the Vice Chancellor's address. CTIL also launched its magazine on this occasion.

12th-16th september 2022: The Department of Commerce with the support of CTIL, Indian Institute of Foreign Trade, WTO Chairs Programme, and the Centre for Trade and Economic Integration, Graduate Institute, Geneva organised a Five-Day Capacity-Building Program on **"Openness to Trade: Negotiating Free Trade Agreements"** at Vanijya Bhawan.



14th October 2022: The Indian Institute of Foreign Trade, New Delhi with the support of CTIL and the Centre for WTO Studies (CWS) organised the **"Inauguration Ceremony of the India Chair of WTO Chairs Programme"** at the Indian Institute of Foreign Trade, New Delhi. The inauguration was followed by various panel discussions. Mr. Xiangchen Zhang, Deputy Director-General, World Trade Organization, Geneva delivered the keynote address. Dr. Werner Zdouc, Director, Knowledge and Information Management Division, introduced the WTO Chairs Programme and Shri Amit Yadav, Additional Secretary, delivered the inaugural address.

19th October 2022: CTIL in association with South Asia International Economic Law Network (SAIELN) and CWS organised a paper presentation on **“The Impact of NAFTA 2.0 on the Dairy Industry in Quebec”** by Dr. Kenneth Holland, Professor & Dean (Academics, Research & International Affairs) at Jindal Global Law School. Dr. James J. Nedumpara, Professor and Head, CTIL was the moderator.



27th November 2022: Indian National Bar Association (INBA) in association with CTIL organised the 73rd Constitution Day event on the topic **“11th Annual International Conference on Law & Policy”** at the Constitution Club, New Delhi. Justice Sudhir Kumar Saxena (Former) Allahabad High Court and Shri P. K. Malhotra, Retired Secretary, Ministry of Law & Justice were the guests of honour. This conference brought together legal luminaries, senior government officials, legal departments of Fortune 500 companies, international law firms, senior lawyers and judges from across the globe. The main goal of the conference was to provide a platform for the legal community to discuss and deliberate on several important issues.

09th December 2022: CTIL and CWS organised the **“CTIL-India TradeLab Clinic Training Programme”** with the support of WTO Chairs Programme. The training programme focused on training the students with the basics of WTO law and modalities of the TradeLab practicum.





19th-20th December 2022: CTIL organised a two-day conference on **“Food Security and International Law: Critical and Interdisciplinary Perspectives”** in Kochi, Kerala in association with the National University of Advanced Legal Studies. Renowned institutions like Durham University, the University of Portsmouth and the University of Wollongong provided academic and financial support. The conference provided a platform for experts, policymakers, lawyers, academics, economists, and civil society partners to exchange views on the multifaceted challenges of food security.

19th-20th December 2022: Department of Commerce and Confederation of Indian Industry (CII) organised the 7th National Standards Conclave titled **“Re-orienting and Implementing India’s Value Chain Integration through Standards Compliance”**. CTIL was the knowledge partner for the event. The major sessions of this conclave covered sectoral challenges, issues related to technical regulations, sustainability standards, and industry preparedness of exports for better participation in global value chains.



21st-22nd December 2022: Indian Institute of Foreign Trade through its centres, CTIL and CWS, in association with National University of Advanced Legal Studies organised the WTO Chairs Programme **“Workshop on Methodological issues in International Economic Law: Integrating South Asian Perspectives”**. The workshop was conducted at National University of Advanced Legal Studies, Kochi, Kerala.

25th January 2023: CTIL and CWS initiated a series of discussions on “Recent Developments in WTO Disputes”. In this regard, the first discussion of the series was on the topic **"Turkey – Pharmaceutical Products (EU)"**. Mr. Arnav Sharma and Ms. Krishna Bhattacharya gave a presentation on the dispute.



20th February 2023: The Department of Commerce, Government of India in association with CTIL organised a special address on **"International Economic Diplomacy in the Digital Era: Where Does Trade Fit?"**. Dr. Rohinton P. Medhora, Distinguished Fellow at Centre for International Governance Innovation (CIGI) and Former President of CIGI was the keynote speaker. Shri Peeyush Kumar, Additional Secretary was the moderator for the event. The session covered the domestic and international dimensions of data governance and e-commerce, including the Joint Initiative on E-commerce at the WTO, and digital-era policies.

02nd March 2023: Department of Commerce, Government of India and CTIL organised a **"Capacity building training programme on International Trade and Investment Treaties"**. Shri Sunil Barthwal, Commerce Secretary, Department of Commerce was the Chief Guest.





04th March 2023: CTIL in association with the Indian Society of International Law (ISIL) organised a panel discussion on **“Approaching Sustainability in the Changing Global Order”**. Mr. Sumanta Chaudhuri, CII moderatred the panel. Prof. Kathleen Claussen, Dr. James Nedumpara, Ms. Anuradha R.V., Ms. Shiny Pradeep, Prof. Leila Choukroune and Dr. Geraldo Vidigal spoke in the meeting. The panelists discussed the impact of unilateral measures on the multilateral trade and environmental regimes, impact of trade agreements with sustainability provisions, and so on.

09th March 2023: CTIL hosted a **“Workshop on Engaging the Global South on Sustainable Industrialization and Agriculture”** under WTO Chairs Programme. The workshop was organized by CTIL and CWS under *Remaking the Global Trading System for a Sustainable Future Project* at the India International Centre, New Delhi. The workshop was conducted by eminent experts in the field of sustainability. The workshop addressed some of the contemporary challenges in this field.



10th March 2023: CTIL and CWS hosted a WCP Training Programme on **“Teaching Pedagogy in International Economic Law Issues”** at NAFED House, New Delhi. The Training Programme was conducted by eminent experts in the field of International Economic Law. Dr. Jan Yves Remy, Director, Shridath Ramphal Centre for International Trade Law, Policy & Services, and WTO Chair at the University of West Indies conducted some sessions in the training programme.



10th April 2023: CTIL hosted Prof. Steffen Hindelang, Professor of International Investment and Trade Law, Uppsala University, Sweden, for a special address entitled **“Pros and cons of merging trade and investment - experience from recent EU negotiations with Canada, Vietnam, Singapore”**.



13th April 2023: CTIL and CII jointly organised a **“Capacity Building Session on Export Opportunities arising from FTAs – Industry Perspectives”**. Shri Rajesh Agrawal, Additional Secretary, Department of Commerce, gave the keynote address. The panel was moderated by Shri Sumanta Chaudhuri, Former Secretary, Ministry of Coal and Principal Adviser, International Trade Policy Division, CII.

26th May 2023: FICL in collaboration with CTIL launched the first survey of dispute resolution in India at the Delhi Discourse 2023 - Navigating India’s Legal Terrain in the Era of Amrit Kaal. Dr. James J. Nedumpara, Professor and Head, CTIL was a panelist at the Delhi Discourse 2023 and spoke on the topic **“Will BCI’s new rules on foreign lawyers be a game changer for the globalisation of the Indian legal profession?”**. The event was held at Taj Palace, New Delhi.



RESEARCH OUTPUT



1

Director General of the WTO: The Past, Present and Future

By James J. Nedumpara, Rishabha Meena and Siddharth S. Aatreya



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Tra

By Ja
Bard



2

Domestic Regulation and Visa Regimes: An unsustainable interaction

By Shiny Pradeep and Sunanda Tewari



4

the Crisis in the WTO Appellate Body: Implications for India and the Multilateral Trading System

James J. Nedumpara and Prakhar
Kumar

5

FDI in India: A Bird's Eye View

By James J. Nedumpara and Akshaya
Venkataraman

4

The Proposed Investment Facilitaiton Agreement at the WTO

by James J. Nedumpara and Sandeep
Thomas Chandy

6

Government Procurement: A Multilateral Perspective in Goods and Services Trade

By Sandeep Thomas Chandy and Anupal
Dasgupta

ACADEMIC PARTNERSHIPS

CTIL maintains partnerships with leading law schools in India and globally, in order to cultivate knowledge on international trade and investment law among law students. The Centre co-organises a series of conferences, symposia, essay writing competitions and trade law moots with national law schools in India. Apart from this, the Centre regularly hosts interns from various law schools, as well as coordinates with the Department of Commerce for its flagship internship programme.

Research Fellows at the Centre are also extensively involved with undergraduate and postgraduate students by mentoring them during internships, and participating as judges and coaches for a variety of trade and investment law related moot court competitions. An important standalone academic collaboration in this regard is CTIL's TradeLab Projects.





CLINICAL LEGAL EDUCATION IN INDIA CTIL-TRADELAB CLINICS IN 2022-23



Clinical education has emerged as a tool to impart education by combining theory and practice. The concept of ‘learning by doing’ is at the heart of clinical education and more so in clinical legal education (CLE). Clinical legal education would mean different things to different people. However, most refer to the definition of CLE given by Richard Grimes, who has published widely on legal education reforms and was also the Director of Clinical Programmes at the University of York. He defined CLE as “a learning environment where students identify, research and apply knowledge in a setting which replicates, at least in part, the world where it is practiced. It almost inevitably means that the student takes on some aspect of a case and conducts this as it would be conducted in the real world.”. The main aim of CLE is creating competent, future-ready and committed lawyers. With this aim in mind, CTIL intends to prepare fresh graduates from India’s law schools into lawyers with a personality, identity, skills and experience in international economic law at par with the best young global lawyers.

The TradeLab, a Geneva-based initiative, provides the perfect platform for CTIL to engage with India’s leading national law schools and other institutions for enhancing the students’ substantive practical knowledge of international economic law. The TradeLab-India operations are conducted in a hub-and-spoke model with CTIL acting as an anchor establishment between the universities and the beneficiaries in order to ensure seamless coordination and communication among all the parties. Clinics are a win-win for all involved: beneficiaries receive expert work for free and build capacity; students learn by doing, and obtain academic credits and expand their networks; Academic supervisors and mentors share their knowledge on cutting-edge issues and engage top students.

Through pro bono legal clinics, TradeLab connects students

and experienced legal professionals with stakeholders like research organizations, SMEs and civil society to build lasting legal capacity. TradeLab is the brainchild of Professors of International Law, Prof. Joost Pauwelyn and Prof. Sergio Puig, and has attained a global presence since 2013 with renowned practitioners and academicians like Prof. Jennifer Hillman, Prof. Debra Steger and Prof. Valerie Hughes joining the initiative. The Legal Clinics are composed of small groups of highly qualified and carefully selected law students who work on specific legal questions posed by beneficiaries (SMEs, NGOs, industry bodies etc.).

HUB-AND-SPOKE MODEL

The TradeLab-India operations are conducted in a hub-and-spoke model with CTIL acting as an anchor establishment between the universities and beneficiaries, thereby, ensuring seamless coordination and communication among all the parties. Clinics are a win-win exercise for all involved: beneficiaries receive expert work for free and build capacity, and students are exposed to the contemporary and actual issues and often contribute to policy considerations.

In addition to imparting CLE, the law clinics at India's national law schools aim to achieve the important goal of providing legal aid to beneficiaries who do not have access to quality legal research and advice. CTIL lays special emphasis on conducting discussions on research topics through seminars, trade talks and panel discussions involving experts in international economic laws.

CTIL has conducted law clinics with NLU Jodhpur (NLUJ), Gujarat National Law University (Gandhinagar) (GNLU) and Gujarat Maritime University (Gandhinagar) (GMU) – during the 2022-23 session.

SPRING 2022

During the Spring 2022 semester, CTIL conducted three TradeLab clinics in GMU, GNLU and NLUJ.

GUJARAT MARITIME UNIVERSITY (GMU):

The TradeLab project at GMU during the Spring 2022 semester was conducted for Laghu Udyog Bharati (LUB), a registered organization of micro and small industries in India. LUB sought legal research on the aspects of anti-dumping duty (ADD) and countervailing duty (CVD) investigation processes which place an administrative burden on MSMEs. The report also analysed the cost of AD/CV investigations on the MSMEs. Overall, the aim of the study was to explore ways in which the ADD/CVD investigation procedures and requirements could be made simpler and cost-efficient for MSMEs. The students also identified the regulatory gaps, difficulties in classification of goods and technological challenges that affect MSMEs. To address this gap, the report recommended policy proposals and actionable approach for strengthening procedural law enforcement, administrative enforcement, and improving general business practices.

GUJARAT NATIONAL LAW UNIVERSITY (GNLU):

CTIL conducted a TradeLab clinic in Spring 2022 at GNLU on the topic "obligations on movement of natural persons (MONP) in a FTA". This was a confidential project where the beneficiary required the students to conduct a doctrinal analysis of the mechanisms adopted by countries to circumvent their Mode 4 (MONP) commitments under trade in services. The report studied 377 FTAs which were in force at the time, out of which



only 182 FTAs were found to contain provisions on Mode 4 services. These 182 FTAs were analysed with the objective of understanding how FTAs have circumvented GATS obligations, specifically National Treatment (NT) and Market Access (MA) provisions, in respect of Mode 4 Services. The recommendations aimed at improving the GATS scheduling structure in order to ensure compliance with regulatory obligations to mitigate the risk of skill depletion in source countries. It also proposed restructuring of bilateral non-trade migration agreements in order to avoid any conflicts with the GATS obligations.

NATIONAL LAW UNIVERSITY, JODHPUR (NLUJ):

CTIL conducted the last Spring 2022 TradeLab clinic at NLUJ. The clinic examined the regulatory landscape of traditional medicines and traditional medicine practitioners. This was also a confidential project where the beneficiary required the students to analyse whether the General Agreement on Trade in Services (GATS) applies to traditional medicine and its practitioners in line with the services classification in GATS. The Report also explores the potential inclusion of traditional medicine practitioners in the Member States' respective domestic regulations and the challenges faced in liberalising trade in this sector at a multilateral level. While studying the

regulations in EU, US, UK, Australia and Canada, the Report offers a comparison and contrast in rules across these jurisdictions and creates a one-stop guide to understanding and navigating these rules.

FALL 2022-SPRING 2023

CTIL conducted two TradeLab clinics which started in the Fall 2022 semester and concluded in the Spring of 2023.

NATIONAL LAW UNIVERSITY, JODHPUR (NLUJ):

The TradeLab clinic conducted in NLUJ during Fall 2022 was on exploring the role of civil society and non-governmental organizations (NGOs) in “new-age” FTAs. These stakeholders have assumed greater importance in considerations around recent FTAs, specifically in non-trade areas like labour standards, environment and gender issues. While conducting a review of the role of NGOs and civil society at the WTO, the confidential report studied how the NGOs' expertise in such areas was being used by countries negotiating FTAs. The Report highlighted how despite some countries proactively involving NGOs and civil societies at pre-negotiation stage through public consultations etc., there was still no discernible formal mechanism for their involvement at the negotiation



stage. The Report explored how robust and time-bound mechanisms to include NGOs and civil societies during negotiations and implementation of FTAs can ensure that social, political and economic welfare goals of these new-age FTAs are accomplished.

GUJARAT NATIONAL LAW UNIVERSITY (GNLU):

The second clinic during Fall 2022 was conducted at GNLU where the confidential beneficiary sought research on Mutual Recognition Agreements (MRAs) and their different types, features, and implications in the Ayurveda sector. The Report studied MRAs for medical goods and drugs and practitioners administering them, while specifically focusing on the MRAs on traditional medicines like Ayurveda which is regulated only in a few countries. The students proposed a model MRA for traditional medicines covering scope, definitions, conformity assessment procedure, management committee, monitoring, information exchange, data protection, alert system, and good manufacturing practice. The Report also highlighted aspects such as recognition of a Foreign Practitioner, undertaking of a Foreign Practitioner, and Implementation and Review. Lastly, the Report highlighted the potential benefits of MRAs in promoting regulatory cooperation

and facilitating trade, while also acknowledging the challenges and risks associated with such agreements.

Along with conducting law clinics in the above universities, CTIL also provides the students an opportunity to present their research to the global TradeLab community during the Annual Student Showcase which is held in hybrid mode from Geneva. The Law Clinics have also provided students with an opportunity to explore career options in international trade law and policy with three former TradeLab students having now joined CTIL in professional capacity as researchers. Other students have either joined reputed law schools for higher studies in international trade law or India's top law firms in their respective trade teams. During the 2023-24 session, CTIL is proposing to add Maharashtra National Law University, Aurangabad and Dharmashastra National Law University, Jabalpur to the TradeLab network in the India.



INTERVIEW WITH SHRI RAJESH AGRAWAL, ADDITIONAL SECRETARY, DEPARTMENT OF COMMERCE



Shri Rajesh Agrawal is a 1994 batch Indian Administrative Officer, and in his current role as Additional Secretary at the Department of Commerce, Government of India, he looks after India's bilateral trade policy issues, and is supervising India's free trade agreement negotiations and implementation (among other portfolios). He is also the Chief Negotiator for the Indo-Pacific Economic Framework (IPEF) Agreement. Previously, Mr. Agrawal served as the Executive Director, ITPO; Principal Secretary to the Government of Manipur, Joint Secretary in the Ministry of Skill Development and Entrepreneurship, Government of India and Chief Electoral Officer, Manipur.

1.) Sir, thank you for agreeing for this interview. Having donned multiple hats over the years, are there any particular professional experiences that stand out in your memory?

As IAS officers, we get to work in multiple spheres of public service. However, our role as a District Magistrate (DM) is always dear to us as we're able to make a direct impact in the lives of people residing at the grass root level. There are various experiences which have made me feel very satisfied as an officer. In 2001, as DM, we initiated a concept of Wednesday as a fixed health day in the district wherein every officer in the district headquarters was to tour two villages and monitor the ongoing immunization drive, health camps, functioning of schools and anganwadis and the other developmental works in the district. This programme helped in over-achieving the health and developmental outcomes and was also recognized by the UNICEF.

Similarly, in Manipur, we undertook wide ranging reforms in the power sector to successfully address issues of low revenue base, revenue leakages, poor infrastructure and limited power availability. Towards this end, we attempted to unbundle the sector through formation of power corporations, introduction of prepaid meters in urban areas, transitioning towards underground cabling to reduce thefts, strengthening transmission and distribution infrastructure, introducing power trading, among other initiatives. Eventually, all these efforts allowed us to move from an average of 08 hours of power supply to an average of more than 22 hours in the span of 2.5 years. This transformation was accompanied by Imphal becoming the first city in the country to be functioning entirely on prepaid meters (benefitting majority of retail consumers).

Being a part of the skill development initiative of the nation was another opportunity to contribute to an immensely important sector which affects the lives of millions. A lot is required to be done in this sector to enable the nation to fully leverage its demographic dividend. I was fortunate to work with my colleagues and deliver multiple new programmes in this space.

There are many more experiences that come to my mind—all in different contexts and circumstances. It is difficult to point towards one specific experience but I can say that each one of them has been immensely satisfying in its own unique way.

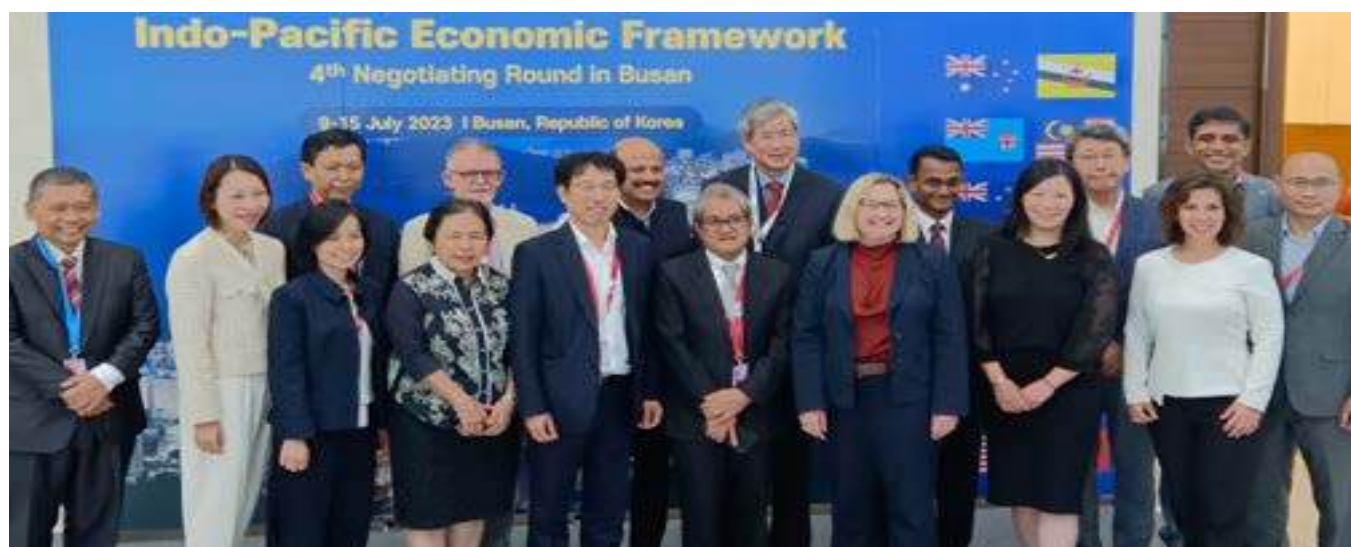
2.) In an article you wrote for the Times of India, you had noted that the Indian economy has benefitted from initiatives like ‘Make in India’ and ‘Skills India’ and the country is now emerging as a regional business hub with the potential to become the next big global destination. You have also contributed significantly towards these initiatives. How, according to you, has India fared so far and what could we do further to achieve our goals for these missions?

Though, one may debate on the success and effectiveness of “Make in India”, I feel the initiative has raised immense awareness on its imminent need and has laid the foundation for many other programmes to promote ‘Make in India.’ Today, as a country we are talking about

the need to promote manufacturing, where feasible, not only for India but for the world. This renewed focus from all levels of the government and the ensuing efforts have started bearing fruit in terms of growing merchandise exports.

On the skilling front, there was huge deficit in the human resource development programmes. Our earlier education system with its focus on degrees as the end goal sharply fell short of making the nation’s youth ‘work-ready.’ It is our responsibility to provide them with the necessary tools and skill sets which make them market ready and enable decent livelihoods. This has gained traction due to Skill India and has resulted in various private sector led re-skilling or up-skilling initiatives in addition to government programmes. We are thus witnessing better ownership by the private sector, including a significant increase in CSR efforts, contributing to an overall improvement in the skilling eco-system within the country. The government has also introduced more than 1000 specially designed skill-related courses in emerging areas in consultation with industry and today, a mechanism to respond to emerging requirements of new skills is in place.

The New Education Policy notified three years back has focussed immensely on promoting work-relevant education and on creating a strong bridge between the knowledge and skill ecosystems through a robust credit transfer system. In my personal opinion, I think this



is a good approach as it will provide the right blend of knowledge and skill. So, whereas there may always be criticism and unmatched expectations, these initiatives have done immense good to the country.

3.) How has your experience been so far as the Chief Negotiator of India for IPEF? Are there any learnings for India from these negotiations?

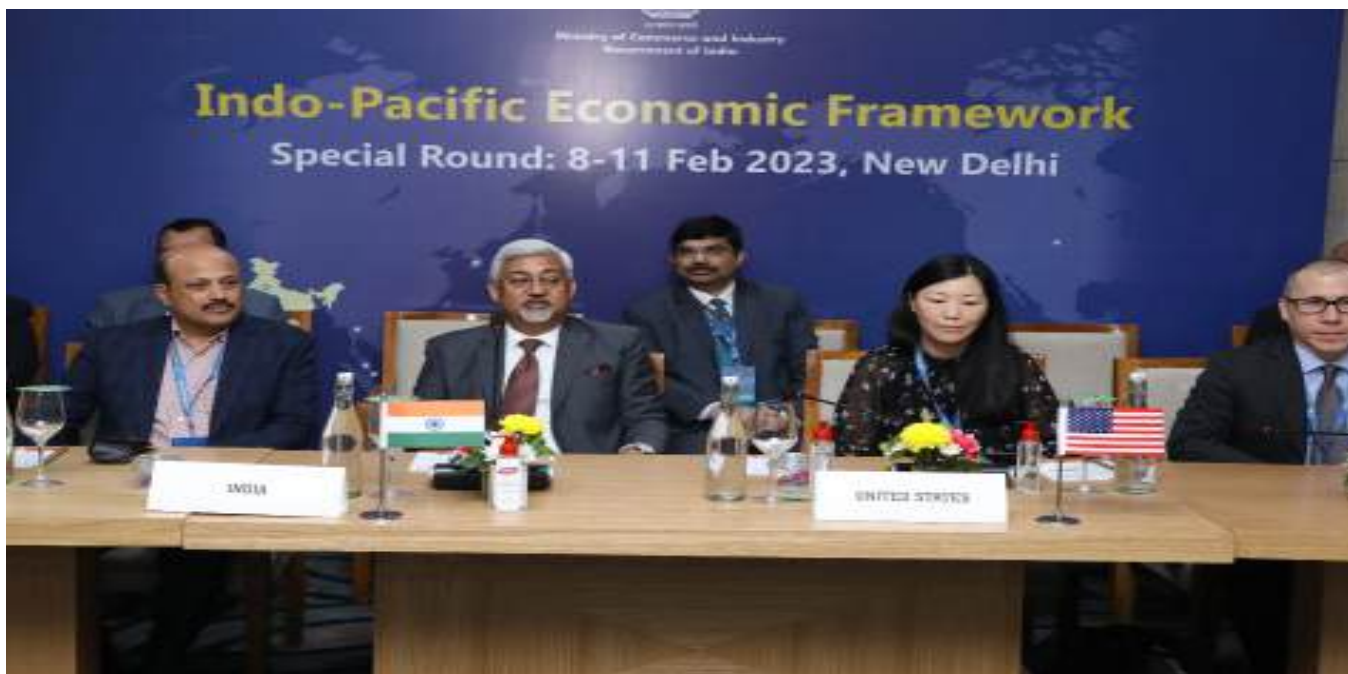
IPEF is an important group representing the Indo-Pacific region that constitutes 40% plus of the world's GDP and almost 30% of the world's population. This gives India an opportunity to be part of a significant trade bloc. IPEF is not a free trade agreement and lacks any market access commitments, whether in goods or services. However, I believe that the world today is not only being driven by tariffs. The non-tariff measures around standards, regulations, logistics etc. are also gaining precedence.

“I think what IPEF could bring, is a lot of coherence in our regulatory ecosystem, including in our standards, products, supply chain connectivity etc. IPEF could also be a forum for enhancing investment opportunities and the overall trade in this region.”

Furthermore, the framework could propel an alignment of countries' ecosystem across sectors which are gradually becoming a part of our socio-economic reality. These could include the promotion of labour rights, the need for climate resilient trade, etc. Harmonizing standards in these areas could also go a long way in better integration of supply chains and in facilitating trade among IPEF nations.

Additionally, as the Chief Negotiator in IPEF, it has been a personal learning curve wherein, I've had the opportunity to contribute to trade negotiations directly. My journey in this field began with the Special Round in New Delhi in February 2023 and my personal understanding of negotiations has grown over the course of the subsequent rounds. Being able to understand and promote India's interests at an international platform and the substantial closure of one of the pillars within the first 6 months of the formal negotiations has been a source of immense personal satisfaction.

4.) We observe that the modern FTA negotiations include non-traditional trade chapters on which India has had divergent views compared to other developed economies (e.g. in labour, environment, gender etc). Also, India is often expected to commit to WTO 'plus'





obligations in bilateral negotiations. In your opinion, is it in India's favour to strive towards the such commitments, given its current developmental needs?

In my opinion, as a fast growing economy and as a nation aspiring to rapidly reach the 'developed nation' status, we need to embrace these non-trade issues as part of the country's ongoing governance narrative and rule-based eco-system. It is pertinent to observe that many developing countries such as those in Latin America have been engaging in these areas across various comprehensive trade agreements. Many countries like Germany, the European Union, the United States etc are already bringing these issues as part of actual trade indirectly through initiatives like the Due Diligence Act, CBAM etc. We are also now negotiating these issues as part of many comprehensive bilateral trade agreements.

However, in order to effectively protect our own developmental needs, it is essential to adopt a contextual approach- negotiate carve outs, transition times, ask for technical assistance to aid transition etc. The red lines and sensitivities due to our own developmental trajectory need to be supported by relevant data and facts, both from within and also

precedents from the growth stories of developed nations.

A fine balance is required to be achieved here. We can also learn from the best practices being adopted by similarly placed economies which may in turn enable us to balance our trade and development goals better.

5.) India is currently negotiating multiple FTAs and plans to commence negotiation with other economies in the near future. The DoC also underwent restructuring to be future ready including in the context of bilateral negotiations. Could you provide insights on your role as Head of the Trade Negotiations – Bilateral division of the DoC and the objective and vision that guides India's negotiation position?

Trade policies do have a correlation with the geopolitics of the day. In the bilateral context, nations have comparative advantages due to unique complementarities that exist between them. Free Trade Agreements provide a good opportunity to build upon each other's comparative advantages. This enables a win-win net outcome for the economies of both trading partners. Therefore, considering the complementarity index while negotiating bilateral trade deals is very important. It is also pertinent

that countries accommodate each other's sensitivities in order to achieve a fair, balanced deal. Towards this end, we need to leverage synergies around the complementarities, and achieve a realistic understanding of how much can be achieved and to what extent. Trade negotiations are an art of optimising what is possible, without giving in to the impossible, and these negotiations have to be seen from that perspective

6.) Taking from your experience and the learnings that have been there for India in trade negotiations, do you see any dissonance between our approach towards our domestic stakeholders and international partners?

While talking to various domestic stakeholders and international partners, the positioning may vary but the overall objective is the same, which is to add to the nation's growth while protecting its sensitivities. In negotiations, one needs to approach sensitivities both from a position of strength and positivity. While talking to our international partners, we need to highlight the unique developmental stage India is at and the varied contextual needs it may have. It further needs to be stressed that this is not a weakness and the differences need to be respected. This has to be communicated very clearly in an upfront manner.

On the other hand, while talking to one's internal stakeholders, one must encourage them to expand their worldview and aspire to align with the world. One must not become complacent or try to reinvent the wheel. Global integration of trade provides numerous opportunities to leapfrog which should be leveraged by India.

“Moreover, Indian Industry need to be encouraged to integrate their production lines by removing differences between domestic and export quality. This would not only benefit our citizens but also facilitate faster global trade integration.”

7.) In the last five years, we have seen a shift in international relations and the trade paradigm from



multilateral to plurilateral or bilateral approaches, relying more on allies (such as through friendshoring and nearshoring). Do you think this is for the better? What role can or is India playing in this?

Decisions regarding trade deals have to be based on complementarity and the potential of achieving win-win positions. In case there are multiple nations having similar level of complementarity then friend-shoring or near-shoring may help us prioritize. Friend shoring doesn't imply engaging in skewed trade deals. There has to be a fair balance given that these are long term deals. Moreover, trade deals are normally in perpetuity whereas geopolitics is very dynamic.

8.) As an IIFT alumnus, you received an Executive Post Graduate Diploma in International Business Strategy. Could you share your experience of going back to school and whether such upskilling helps in the professional development of Government officials? Also, have you seen any change in the educational pedagogy over the years?

At that time, I was working in the fertiliser sector looking after policies and projects, with the key objective of promoting fertiliser production in India. One of the key challenges in the sector was our immense dependence on imports of raw materials, intermediates and finished goods for meeting our domestic requirements. The

decision to pursue this degree thus stemmed from my desire to get a better understanding of foreign trade issues like the ones I confronted in the fertilizer sector. I hoped that the course would give me a better insight into how international trade works and what kind of negotiation strategies come into play.

Interestingly, I was initially interested to pursue a post-graduation degree from abroad but work and family commitments prevented me from leaving India. Thus, I decided to pursue a domestic course on the weekends to balance work with study. Overall, I think such learning opportunities go a long way in honing one's worldview and perspective on issues- be it for government officials or otherwise. Additionally, studying and interacting with young minds as course-mates added a lot of value to my life.

On the pedagogy front, I did not see much change. However, I feel that the New Education Policy (NEP) in its element offers a lot and touches the right nerves. So, even if we are able to achieve 80% of the NEP objectives, I believe that it could go a long way in improving the learning eco-system.

9.) Lastly, CTIL is nearing its six years' anniversary. Through the years, it has been closely engaged in bilateral and plurilateral negotiations, WTO reforms and disputes, and assisting in framing domestic and foreign trade policy. On this occasion, what should be our role moving forward – as India seeks to proactively engage in trade negotiations and build policies to make India a global destination for exports?

My association with CTIL has largely been through IPEF. The centre has a good cohort of people with in-depth legal knowledge who have been instrumental in supporting our free trade negotiations. However, trade negotiations also require a deeper understanding of the related history of trade law jurisprudence and a broader understanding of trade in general. Additionally, developing a solution oriented mindset is important such as identifying areas where countries' interests may be at crossroads and

finding legal ways to balance these interests. This may also entail introducing capacity building where the CTIL team is acquainted with the broader trade policy ecosystem beyond the legal realm. This would in turn enable development of legal solutions which meet the nation's trade interests and would go a long way in facilitating closure of new deals- now and in the future.

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ENVIRONMENTAL SUSTAINABILITY: NEARSHORING AND FRIENDSHORING

THE IDEA OF FRIENDSHORING

The world economy in the 21st century will be shaped by companies and countries that not only think sustainably but also act sustainably, and help the world achieve its sustainable development goals (SDGs) more efficiently. Multinational companies in this era should not only focus on the sustainable production of their goods but also on sustainable storage, delivery and transportation of goods from one corner of the world to another, in order to make their global value chains more sustainable.

A sustainable supply chain aims to minimize environmental harm by optimising energy usage, water consumption, waste production, deforestation, carbon emissions, etc., while positively impacting the people and communities in and around its operations. In the aftermath of the COVID-19 pandemic and in the midst of the Russia-Ukraine war, western countries are rethinking the concept of “globalisation” and sustainability, and gravitating towards ideas such as “friendshoring”. Friendshoring typically means trading with countries that have similar political ideologies and re-routing the supply chains to countries that are considered to be politically and economically safe¹ and respect the same international norms and values,² in other words, trading with “like-minded” countries.

Big economies like the US and the EU are seeking to promote this idea, thereby limiting the trade and supply chains in selected countries and in a way regulating the process of “de-globalisation”³, to reduce the risks of disruption in the supply of sensitive goods. This concept is reshaping the geopolitical order with important implications on the sustainability of global supply chains.

NEARSHORING AND SUSTAINABILITY

Before delving into friendshoring, it is important to also highlight the concept of “nearshoring”, which has enabled regionalisation of value chains for decades and has positively impacted the sustainability of supply chains.⁴ Nearshoring essentially means establishing the company’s supply chain to locations that are less expensive and geographically closer. It has significantly made global supply chains more sustainable by reducing carbon emissions caused due to transportation that contributed to lower greenhouse gas emissions and air pollution. The report published by Werner International Study in 2022 analysed the environmental benefits of the Central America Free Trade Area-Dominican Republic (CAFTA-DR) trade agreement on regional supply chains. It compared the net-carbon benefits of apparel production in the CAFTA-DR region and China. The findings revealed a significant difference in carbon emissions, as the apparel exported from China to the United States produced an average of 51.8 kg of CO₂ per ton, while apparel from the CAFTA-DR region emitted only 18.1 kg CO₂ per ton.⁵ This was because of the difference in the geographical distance between the two regions. Hence, nearshoring has significantly shown positive results on the environmental sustainability of supply chains.

However, nearshoring can promote sustainable supply chains only for the kind of products that are readily available in nearby countries, and may not be feasible for certain other important raw materials and minerals that are concentrated in distant parts of the world. Also, the concept of nearshoring becomes redundant for countries that do not share friendly relations with neighbouring countries and do not have significant trade relations.

FRIENDSHORING AND SUSTAINABILITY

COVID-19 and the Russia-Ukraine War have significantly disrupted the global supply chains and shaped the concept of friendshoring. The concept, as explained above, concentrates on trading with like-minded countries following similar international standards. Therefore, friendshoring can be sustainable when a supply chain is established with like-minded nearby countries that also follow similar environmental standards, such as regulations on waste management, emission control, greater inclination towards renewable energy adoption, conserving natural resources, etc. Further, it can also help facilitating circular economy principles and collaborating with friendly countries to prioritize reuse, recycling and responsible resource management, hence, implementing closed-loop supply chains where important natural resources can be repurposed and recycled easily. The recent FTAs of the EU also known as Modern FTAs are incorporating these principles within the supply chain framework to promote sustainability in the trade with like-minded partners. Also, according to Gilles Pache, professor of retailing and logistics at the Aix-Marseille University, France, *“the concept of friendshoring could contribute to a profound transformation of international trade and more surprisingly, prevent the environmental crisis from continuing”*.⁶

However, just like nearshoring, achieving sustainability in

friendshoring also has certain limitations. Firstly, many important minerals and raw materials on which the world is dependent specifically for green energy demands are concentrated in a few countries that may not always be considered “friendly”. For example, 64% of the world’s cobalt supply comes from mines in the Democratic Republic of Congo, which are owned by Chinese companies. China produces 61% of silicon metal, 84% of tungsten, and 87% of Magnesium, all of which are important minerals to meet the green energy demands of the world.⁷ Secondly, these friendly countries may not be situated at close geographical locations that have a positive impact on the sustainability of supply chains, as elaborated in the case of nearshoring. Thirdly, there is also a possibility that a country having required raw materials and resources may not follow similar environmental standards due to certain geographical and developmental limitations.

Therefore, as the whole concept of friendshoring is concerned with establishing supply chains in a “friendly” country, other countries with dissimilar international standard or political and economic choices may be at a disadvantage.⁸ This new form of protectionism⁹ will adversely affect the sustainability of global supply chains and the least developed, developing or poor economies will gradually be separated from the world, and this will affect individual countries as well as the legitimacy of multilateral institutions, especially the World Trade Organization (WTO).¹⁰



Image Source: <https://kessc.edu.in/certificate-course-in-environmental-sustainability/>

SUSTAINABILITY IRRESPECTIVE OF NEARSHORING AND FRIENDSHORING

In light of the above, the issue of sustainability in supply chains needs to be considered irrespective of the concept of nearshoring or friendshoring. There is a need for companies to analyse the impact of supply chains on the environment for each product on a case-by-case basis¹¹, along with preferring sustainable methods to export their products. Countries should focus on developing a world where every country can grow and develop sustainably based on their independent choices of political ideology or international norms, rather than perpetuating these inequalities and imbalances. Developed countries should focus on the transfer of green technology and capacity building to make global supply chains more sustainable irrespective of the political ideology of the country. By exchanging ideas, expertise, eco-friendly manufacturing process and waste management strategies, organisations can drive innovation and accelerate the adoption of sustainable solutions across their supply chains and make a meaningful contribution to a more sustainable future.

Additionally, there are several international guidelines on sustainable supply chains such as the United National Global Compact (UNGC) guidelines that encourages businesses to make sustainability a priority in the entire process of supply chains by promoting human rights, fair labour practices, environmental progress and anti-corruption policies.¹² United Nations Guiding Principle on Business and Human Rights (UNGP) also elaborates on the principle of differentiated roles and responsibilities of States and companies for respecting human rights in global supply chains by conducting due diligence to identify, prevent and mitigate human rights risks throughout their supply chains.¹³ The OECD guidelines on Multinational Enterprises are one of the most important frameworks that provide practical steps and recommendations for risk assessment, supply chain transparency and stakeholder engagement.¹⁴ Recently, in January 2022, the United Nations High Commissioner for Human Rights conducted a study on Sustainable Global Supply Chains in the context of G7 leadership

and UNGP Implementation. The Study highlighted the efforts of G7 to promote sustainability, human rights and environmental protection in global supply chains, and elaborated the importance of UNGP guidelines in achieving goals related to climate change and recovering from the adverse impacts of COVID-19 pandemic.¹⁵ At the WTO level, the TESSD Ministerial Statement adopted in 2021 sets out voluntary actions and partnerships to ensure that trade policies contribute to and meet environmental and climate goals through sustainable supply chains.¹⁶ Therefore, through cumulative global efforts by countries and companies, along with utilizing these guidelines to set the international norms, the global supply chains can become more sustainable irrespective of the political ideology and geographical location of the country.

Although India is not a member of the OECD, it has incorporated some voluntary guidelines in the domestic framework in furtherance of UNGP Guidelines and Sustainable Development Goals (SDGs) to promote sustainability in supply chains, such as, the Voluntary Guidelines on Corporate Social Responsibility (CSR) which focuses on community development around business, National Guidelines on Responsible Business Conduct (NGRBC) which urge companies to conduct business responsibly and sustainably and to encourage their support suppliers, distributors, partners etc., to adopt these guidelines.¹⁷ The TATA Group has made substantial investments in sustainable supply chain practices, water conservation initiatives, and renewable energy programs. Additionally, Hero Moto Corp is also collaborating with its suppliers to incorporate environmental sustainability through its Green Partner Development Program. Hence, the world together by following international guidelines and supporting each other can make the global value chains more sustainable.¹⁸

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UNDERSTANDING THE GEO-ECONOMICS OF INDIA'S FRIENDSHORING THROUGH THE QUAD AND I2U2

“It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us...”

-A Tale of Two Cities, Charles Dickens

INTRODUCTION

International trade and international relations have been going through a tumultuous phase, to say the least. The onslaught of the Covid-19 pandemic, Russian aggression against Ukraine, the WTO Appellate Body being rendered defunct, strained Sino-American relations, and fears of a recession have spiralled the international order into a state of entropy. At the same time, this churn in international relations and the multilateral trading system has also given rise to new ideas and experiments to bring about stability and greater prosperity. For instance, the idea of *friendshoring* has captured popular imagination since the pandemic caused large-scale disruption in global supply chains (due to the pivotal position occupied by China in these supply chains). Friendshoring refers to a strategic partnership among countries that have similar geopolitical interests or are allies of each other.¹

India has emerged as a net contributor to stability international macroeconomic stability in large part due to India's ability to engage with diverse countries without inviting antagonism. This is evident from India assuming the presidency of the G20 for 2023 (largely perceived to be a Western bloc) while chairing the Shanghai Cooperation Summit (SCO) (viewed by China and Russia

as a counterbalance to the West) meeting in the same year,² as well as its nimble navigation of its relations with Russia without inviting the ire of the West.

Two groupings of particular interest currently are the QUAD and I2U2. The QUAD or the Quadrilateral Security Dialogue is a coalition of four countries namely the United States, Japan, Australia and India. The aim of the QUAD is to protect freedom of navigation, undertake cooperation activities and promote democratic values.³ The first seeds of QUAD were sown during the 2004 earthquake and tsunami, where these countries came together to provide humanitarian assistance. Thereafter, in 2007 Japan made reference to strategic space in the Indo-Pacific which led to the formation of the QUAD.⁴ However, the QUAD had remained dormant since then but of-late it has again gained traction due to a change in the geopolitical scenario of the region with the QUAD having a vested interest in upholding the current order, promoting economic development, connectivity, security and keeping in check China's activity in the region.

The new QUAD or QUAD 2.0 was revived in 2017, when the first official talks took place, in Manila, Philippines.⁵ The meeting was then elevated to the level of foreign ministers in September 2019, and thereafter, the QUAD advanced to



Image: The Japan Times

a leaders' level conference in March 2021.⁶

The I2U2 (which stands for India, Israel, USA and UAE) took form in 2021, with an aim “*to encourage joint investments in six mutually identified areas such as water, energy, transportation, space, health, and food security.*”⁷ This grouping intends to mobilize private sector capital and expertise to help modernize infrastructure, low carbon development pathways for industries, improve public health, and promote the development of critical emerging and green technologies.⁸

LEVERAGING THE QUAD AND I2U2 FOR TRADE

The QUAD and I2U2 were not originally conceived or structured with trade as the primary purpose. The QUAD is primarily a forum for military cooperation while I2U2 was formed to further technological cooperation and private sector involvement. It is our argument that these two groupings can be leveraged by India to further its trade profile and is, therefore, India's way of friendshoring. In the countries represented in both groupings, India already has FTAs with Japan, Australia and the UAE, while preliminary discussions are also being held for an FTA with Israel. While India does not have an FTA with the US, bilateral trade is at a record high between the two

countries. India is also engaging with the US in the Indo-Pacific Economic Forum (IPEF). It is therefore natural for India to take the lead and push for QUAD and I2U2 to have a more progressive and holistic trade agenda. While traditional FTAs usually deal with market access for goods and services, partnerships with these countries may be used to collaborate in new sectors such as clean energy, critical minerals, space cooperation, among others.

The QUAD has had three summits up until now. The 2021 summit led to an ambitious plan of cooperation among QUAD members, which includes vaccine production



Image: The Diplomat



Image: Shutterstock

and distribution; climate change mitigation efforts and clean energy development; promotion of transparency and high-standard governance in the field of critical and emerging technologies; and development of a regional infrastructure partnership⁹. Climate change mitigation remained a focus, with the four countries announcing a QUAD Climate Change and Mitigation Package (Q-CHAMP) to address mitigation and resilience in the Indo-Pacific region.

Another area of cooperation is green shipping and clean energy supply chains.¹⁰ The members of QUAD also committed to additional cooperation in the areas of research and development.¹¹ The positive effect of QUAD grouping was most prominent during the COVID-19 crisis where QUAD members collectively donated almost 80 million doses of vaccines to countries in need and provided aid to the tune of \$900 million.¹²

In the context of I2U2, India's economic and strategic ties with the Middle East particularly with Israel and UAE; and the US, particularly the robust trade, defence, and diaspora relations shared between India and the three countries, establish a solid foundation for the I2U2 collaboration in the geopolitical realm. From a geocommerce perspective, the UAE holds the position of being India's second-largest export market, with approximately US\$25 billion worth of goods being exported to the Gulf nation.¹³

Under the framework of the I2U2, the UAE is investing in the agricultural sector of India with the aim of bolstering its own food security measures, all the while aiming to forge a cohesive and strategic link between the regions of West Asia and South Asia. From India's standpoint, these investments not only grant access to advanced technology and financial capital across six crucial sectors, (namely water, energy, transportation, space, health, and food security) but also contributes to elevating its geopolitical stature. Israel, in turn, perceives these investments as a broader endorsement of the Abraham Peace Accords, further affirming its technological prowess in areas pertaining to water, energy, and food security. The US, recognizing the potential implicit in uniting these three partners, views this collaboration as a possible alternative to counter the incursions made by China in the region, while simultaneously urging American companies to adopt a policy of friendshoring in these regions.¹⁴

I2U2 places significant emphasis on leveraging private capital investment and technical expertise to address challenges pertaining to waste management, healthcare accessibility, and fostering entrepreneurial networks. Given the rapid expansion of India's start-up ecosystem, India stands poised to reap substantial advantages from these investments. The infusion of capital into start-ups, along with enhanced connectivity to international counterparts, will serve as catalysts for entrepreneurial ingenuity and the proliferation of similar enterprises. In addition to bolstering start-ups and ensuring food security, this alliance also lends valuable support to India's endeavors in promoting sustainable and clean energy solutions.¹⁵

CONCLUSION

Trade and trade issues have always been intertwined with international politics. Given the stagnancy of the multilateral trading system and an increasingly multipolar world, India must engage with its allies and partners. In increasing such engagement, grouping such as the QUAD and I2U2 can serve as effective forums to increase trade amongst participants in addition to military, technological

and aid cooperation. With existing FTAs with Japan, Australia, and the UAE, as well as ongoing discussions for an FTA with Israel, India is well-positioned to lead the way in promoting trade within QUAD and I2U2 frameworks.

As discussed above, given India's strong diplomatic relations with diverse partners, India can serve as the fulcrum in bringing different countries together in such groupings, thereby leveraging friendshoring to increase India's trade profile and recast global supply chains with India as a key link. By pursuing friendshoring through such groupings, India can also enable increased market access for its start-ups and private sector players, help its citizens secure gainful employment in friendly countries and attract much needed investment in key sectors of the economy to power the country's growth. These partnerships not only serve as a means of friendshoring but also contribute to regional stability, economic growth, and shared prosperity.

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FRIENDSHORING AND THE DEVELOPING WORLD: NOT AN EASY JOURNEY

INTRODUCTION

The COVID-19 pandemic, conflict in Ukraine, trade war between the United States (US) and China, and Western sanctions and countersanctions, etc., are some instances that created major shocks in the global supply chain pushing governments to group together to build more resilient and shock-absorbent policies for the future. Friendshoring is a strategy that is intended to create a more robust supply chain to confine commerce to a circle of trusted nations. The debate about the policy shift gained momentum when the US Treasury Secretary Jannet Yallen used the term in her Atlantic Council speech – “favouring the 'friend-shoring' of supply chains to a large number of trusted countries, so we can continue to securely extend market access, will lower the risks to our economy, as well as to our trusted trade partners”.¹ Basically, "friendshoring", a contraction of “friends” and “offshoring”, suggests developing partnerships with close friendly countries, and stopping the relocation of industrial activities to the other side of the planet based solely on the criterion of low labour costs.²

Friendshoring leads to a group of countries with shared values to deploy policies encouraging companies to spread manufacturing within that group. The strategy of friendshoring is a departure from the economic globalisation of recent decades, when businesses bought and made products where costs were low and free-trade policies made moving goods around the world cheaper and faster.³ It is more focused and intended to rely upon trusted trade partners to avoid any disruption to the value supply chain of critical material, irrespective of economic considerations.

The pertinent questions here are - what are the implications of friendshoring? And what are the gains, if any, for the developing world?

FRIEND-SHORING : A WAY AHEAD

To tackle any possible security risk to supply chains, the US Treasury Secretary pitched for the ‘friend-shoring strategy’ to bolster the resilience of supply chains. The US is advancing this approach by strengthening integration with its trusted trading partners – including India.⁴ In a changing geo-economic scenario, where countries are adopting more protectionist trade policies and looking at trade as an important aspect of security, it is no surprise that some countries want to create a system of trusted suppliers for critical materials. In other words, restricting the sourcing of critical inputs to ‘trusted countries’ appears to be sensible. Optimists suggested that the friendshoring strategy could potentially create a social network of low and medium-tech friends. India, along with some other developing countries, is said to be a strong contender to take some of China’s low-tech and medium-tech manufacturing jobs because of its vast labour and cheap labour force.⁵ However, policy experts have flagged the possible impact of friendshoring strategy.

Today’s global supply chain has transformed production by allowing firms to make goods wherever it is cheapest.⁶ This has generally meant that while high-value-added inputs are sourced in advanced economies, manufacturing has moved to emerging markets and developing countries. Developing countries participate in the production process using low-cost labour. This enhances the worker's

skills and enables manufacturers to move towards more sophisticated production processes, thus helping them to climb the value chain.⁷

Since friendshoring prioritises the security of the global value supply chain over economic consideration, it may potentially encounter many difficulties. For instance, International Institute for Strategic Strategy pointed out three difficulties in friendshoring. First, key natural resources such as food, energy, minerals and metals, etc., are unevenly distributed and relatively fixed. This imposes considerable constraints on supply chains, depending on which countries are considered to be friendly.⁸ It appears to be speculative to determine ‘friend’, particularly when economic interests collide.

A country may have its own priority over its critical material and tailor its policy as per its requirements, consequently prioritising its interest over its ‘friend’. Second, difficulty related to the nature of capitalist economies that largely depend on the functioning of the global market. Any policy constraint may limit the choices for firms that will lead to the fragmentation of global trade and increase the cost of firms, in turn, the cost of goods and services. That will lead to inflationary pressure on the global economy, particularly effecting developing, and Least Developed Countries (LDCs). Finally, “trust is a prerequisite for friend-shoring to work, but it is a quality that can ebb and flow over time, even between close allies.”⁹

Friendshoring can also challenge the global trading system. Since friendshoring strategy relies upon a small group or region/block, it can potentially undermine the legitimacy of the World Trade Organisation (WTO). Those who suffer the most from the loss of WTO legitimacy are the smaller nations that rely on the rules of the multilateral trading system to protect their interests against larger trading partners.¹⁰ Moreover, agreement with “friends” can be achieved through foreign policy as opposed to commercial consideration on which the WTO was founded. Such intervention will run foul of the WTO disciplines through recourse to discriminatory tariffs, subsidies, and regulation.¹¹

Notwithstanding the criticism associated with friendshoring, advocates of friendshoring usually promote the idea not only at the bilateral level but also through regional blocs. For instance, the US-led Indo-Pacific Economic Framework (IPEF), which aims to promote stability, prosperity, and development in the region is one such example. These are prominent regional efforts toward ‘friendshoring’. In the Indian context, the IPEF becomes relevant. The IPEF has dedicated pillars for the supply chain that is intended to build collective understanding of significant supply chain risks and increase resilience in critical sectors among its fourteen signatories. Under the ambitious framework, the partners seek to improve crisis coordination and response to supply chain disruptions, respect and promote labour rights in IPEF partners’ supply chains, etc. However, trade policy expert has flagged that the IPEF may aggravate the vulnerability of developing countries.¹² IPEF countries could be prohibited from imposing restriction on critical minerals, and could be compelled to export these resources to the so called ‘trusted partners’.

Pursuant to implementation of the agreement, it would be interesting to it would be interesting to see its economic significance for both developed and developing countries.

CONCLUSION

Whatever the risks associated with friendshoring, the idea of friendshoring is likely to stay. The pandemic experience, ongoing Russia-Ukraine war, and geo-economic tension like trade wars are pushing countries to adopt a more assertive approach toward its trade policy, and understandably, countries tend to rely on the trusted supplier. Gilles Paché rightly noted, “at a time when the principles of globalisation are being questioned and geopolitical tensions are likely to increase, the search for alternative solutions is essential, but it would be foolish to ignore the risks and undesirable effects on international trade.”¹³

It is premature to comment on the precise outcome of friendshoring and its impact on developing countries and

LDCs. However, given the uncertainties and challenges associated with the friendshoring strategy, one thing that is subtly clear is that the roadmap of ‘friendshoring’ is not so certain and will not be an easy exercise, particularly for the developing world.

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INTERVIEW WITH SHRI ANANT SWARUP, DIRECTOR GENERAL OF TRADE REMEDIES



Shri Anant Swarup is currently serving as Director General of Trade Remedies (DGTR) and Joint Secretary at the Department of Commerce, Government of India. He is an officer of the 1992 batch of the Indian Railway Personnel Services. He has extensive experience in negotiating free trade agreements. At present, he is responsible for trade remedies, logistics, and the parliament and legal division, among other portfolios.

1.) Given the changing geopolitical scenario, how can India leverage the concept of “friendshoring” to integrate further into global supply chains?

The question of friendshoring rests on geopolitical scenarios which has some level of disconnect with what happens in the real business world. Supply chains are created over time, having a long gestation period, while the geopolitical situation keeps changing. Calling attention to the Russia-Ukraine conflict, at the moment the supply chains are strained, but down the line the situation might turn out to be different. There is a significant element of temporal change built into the geopolitical situation, which one could take advantage of during that period. India is actively pursuing its interests and calibrating its response as per changing circumstances. For instance, India has increased its oil imports from Russia. However, I do not foresee that this could be a long-term shift happening in global supply chains as it is a dynamic process.

Secondly, on the ground level, most of the supply chain decisions are commercially taken by companies. They take multiple factors into account while considering where to build supply chains, with geopolitics not being the sole factor. India could leverage supply chains through friendshoring for a brief period where there is an opportunity because of the dynamic geopolitical situation.

2.) Given India’s principled position in deciding not to join the Regional Comprehensive Economic Partnership (RCEP), could you give us insights on how India plans to engage with countries in the region to tap into the potential that nearshoring offers?

A close look at the global map reveals the existence of multiple regional groupings. As a customary practice, neighbouring countries have collaborated to upscale trade in their region. It is logical because it saves a lot in logistics cost among other benefits. India has also followed this practice. As a result, it has not only entered into SAFTA with its immediate neighbours to facilitate trade in the Indian sub-continent, but has also been engaging with its farther neighbours in South-East Asia vis-a-vis the members of ASEAN by means of the AIFTA.

However, a World Bank study reveals that the intra-region trade happening in the SAFTA region is amongst the lowest in the world owing to geopolitical reasons. The influence of geopolitics in nearshoring should be factored in while considering relevant issues. Coming to the second issue about RCEP, nearshoring as a concept seems lucrative; but we also need to scrutinize our neighbours' competitiveness, the permeability of their economies, and whether their economy in addition to their trade practices- are adequately transparent and market-driven or not. If not, then it puts our domestic manufacturing and trading at a risk.

"Regardless of India's decision to not join the RCEP, it still manages to foster nearshoring to a great extent, which is indicated by its FTAs with the countries in proximity and also with distant South-East Asian countries."

3.) How do you envisage India benefiting from the ongoing FTA negotiations vis-a-vis remodelling its supply chains?

If we size up India's trade policy, initially it was actively entering into free trade agreements but then there was a lull for a few years. Nonetheless, India is again embarking on free trade agreements with other countries now. The Indian export profile shows that it primarily exports traditional products such as leather, textiles, gems and jewellery, which are labour-intensive sectors. However, industries across the globe have become nomadic, operating wherever they get an advantage.

For instance, the strength India has in the textile industry is being effectively countered by competing countries in some of the biggest markets. This edge could be attributed either to the competing countries' LDC status or the FTAs that they enter into. To tackle such an advantage, we have two approaches. The first approach can be to subsidise to the extent of gaining an upper hand over the competing countries. However, such an approach may not be WTO-compatible. The second, more likely option would be to strategically utilise FTAs to identify the markets in which we have potential and figure out where we are losing market share or unable to retain the market share because of the competition. If we take a look at the current strategy of India, we are exploring larger markets such as the EU, UK, Canada, Australia and UAE. It is a well-thought-out policy to offer better alternatives to the industries in which we have strengths. This policy is also setting forth results for Indian products.

4.) From your experience having negotiated the India-Korea CEPA, what are the takeaways that can be applied to our current FTA negotiations?

When India-Korea or India-Japan FTA negotiations were ongoing, one of the angles we were contemplating was that Korea and Japan were complementary economies. They were consuming goods which we produced and it was true reciprocally also. Therefore, it seemed like a beneficial strategy to enter into an FTA and commence selling those products where there was a demand. If we look at the numbers – our exports have not grown as expected, but imports from these countries have grown. One of the reasons is the non-tariff barriers put on Indian exports by the aforesaid developed economies.

"The learnings from these FTAs are that market access on tariffs is crucial, but non-tariff measures are equally significant."

We need to be cautious of the standards of TBT and SPS issues. It is vital to learn how to integrate these issues into FTAs and at the same time address mutual recognition agreements; while simultaneously bringing down compliance costs. As a result, the market access does not become notional but translates into exports.

So, those are the learnings from the India-Korea FTA that I'm sure would get transposed into the FTAs we are now negotiating.

5.) Do you think FTAs or the concept of friendshoring enables deeper integration in global value chains? Will this help prevent formal disputes either at the bilateral or multilateral level?

Yes, of course, the global value chains are unfolding. One of the strategies of Indian trade policy is to consolidate India's position in global value chains. An illustrative success story in this regard is of mobile phones. We are now one of the biggest exporters of mobile phones, but at the same time, we are also extensive importers of components. So, it is a part of that global value chain. The purpose of FTAs is to start integrating with some of our biggest markets. This integration should lead the industries to communicate with each other, harmonize, get imports at cheaper rates and eventually become part of the global value chains. This way the scope for dispute reduces, but there is also a flip side. If we trade more, the chances of friction also increase. If we look at the experience globally, there have been very few FTAs where disputes have arisen. When the industries start integrating extensively, trade proliferates. The chances of friction getting resolved by inter-industry consultation and inter-industry dependency would be relatively higher than when the governments intervene and try to solve it.

6.) Do you think entering into FTAs or modifying supply chains would help India mitigate the risks of dumping?

Dumping is an entirely different concept than FTAs. FTA is mostly on market access, while dumping is a corporate affair and not a governance issue. We have India-Korea FTA, but if you consider the number of cases which India initiates, Korea would be among the top 5 countries. Therefore, there is no direct link between the FTA and dumping. However, if we are a part of the supply chain, we would be in a better position to gauge the rate at which we are trading, and the chances of dumping would reduce. However, it is an unlikely linkage that FTA can avoid dumping.

7.) What role can think tanks, law firms, academia and other non-ministerial bodies play in India's growing trade profile?

This is a very important question. The government is not the repository of all knowledge. The knowledge is widely dispersed. We require think tanks, academia, and non-governmental bodies, to cooperate and devise trade policies that India should pursue. The more collaborative this exercise, the better policy framing would be. Law firms are equally needed because they help update new regulations that bring a lot of disguised restrictions on trade. They also help in assessing whether new regulations are WTO-compatible or not. The government also needs to be continuously updated on regulatory changes happening across the world. We have to keep a look out on these new measures that many other countries are formulating, in so much as, they are not misused to restrict the market access which has already been granted through the WTO. We require law firms to advise the government on how to frame policies which can be easily understood and implemented while complying with our international obligations.

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APPROACHES TO RECONFIGURING FOOD AND FERTILIZER SUPPLY CHAINS AND INDIAN AGRICULTURE

In recent years, the vulnerabilities across global value chains have been suddenly exposed due to the economic shocks of exigencies such as the Covid-19 pandemic, and the Russia-Ukraine conflict. Triggered by the political conflict and the post-pandemic economic slowdown, the world has shifted from interconnectedness to multipolarization, faced with disrupted global supply chains, global stagflation, shortages of labour and other inputs, and an impending food and energy crisis¹. Thus, the fissures and fractures in existing global value chains (GVCs) have been laid bare, while showing that the concept of resilient value chains is largely geopolitical – being driven both by geographical distance between points in the chain and the economic-political complexities.

To address these prevailing vulnerabilities, there has been a demand for recalibration of the present global chains into more robust, resilient, diverse and inclusive GVCs across several intergovernmental forums, such as the G7, the G20, and the Indo-Pacific Economic Forum (IPEF) over the last couple of years. In all these forums, the primary ask has been to build resilience in global value chains by incorporating notions of sustainability, inclusion, and diversity, with the thrust being put on identifying and addressing vulnerabilities in certain ‘critical sectors’ including energy, critical minerals, pharmaceutical products, and food supply chains.

In the years of the pandemic, food supply chains were disrupted due to worldwide lockdowns affecting food logistics and growing phytosanitary concerns.

However, the most crippling vulnerabilities in the food supply chains arose due to the disruptions in the supplies

of three key chemical fertilizers, nitrogen, potash, and phosphates, arising from the Russia-Ukraine conflict.² Russia alone is responsible for producing 25 percent of the world’s nitrogen fertilizers, and is also a major supplier of natural gas which is required to produce nitrogen fertilizers. It is also estimated that Russia and Belarus account for more than 20 percent of the global supply of chemical fertilizers which are used for producing more than half of the global food supply.³

With the world’s food needs heavily dependent on a limited number of agricultural commodities i.e., rice, wheat, maize/corn, and soybeans, which require heavy fertilizer inputs for large-scale production, a fertilizer crisis in terms of increasing costs and decreasing supply can be the starting point of a world-wide spiral into a food crisis. With the Russia-Ukraine conflict showing no signs of any cessation, and the fertilizer shortage continuing with Russian and Belarussian fertilizer exports being unpredictable, other global suppliers of fertilizers have resorted to imposing export restrictions to ensure that the needs of the domestic farm sector are met.⁴ This has led to a massive shrinkage in global fertilizer supply. The fertilizer shortages coupled with restricted exports of wheat from the Russia-Ukraine region has led to reduced agricultural productivity, high food prices, and volatile food markets prone to shortages in food-importing and food-exporting nations.

India has also not been a stranger to this crisis, with farmers reporting fertilizer shortages, and the nation facing high rates of food price inflation between 8 to 10 percent in certain months of 2022.^{5&6} In this scenario, with

an increasing thrust on strategies to reconfigure fertilizer and food supply chains, the impact of these strategies on India's food and fertilizer policies warrant a closer look. Reshoring or shifting production of fertilizers to the home territory has been one such approach. However, given the fact that food and fertilizer supply chains are highly dependent on geographical conditions, reshoring may not always be feasible. Alternatively, nearshoring has emerged as a preferable policy in agri-food chains, with countries eyeing green transition and nearshoring as linked policy strategies, looking towards organic fertilizers and green energy as alternative inputs which can be sourced from nearby regions.

The European Union's reliance on rerouting value chains to the western Baltic regions exemplifies this trend.⁷ Nearshoring comes with natural logistical advantages such as reduced delivery times and reduced costs of transport and freight. However, disadvantages may include similar geographical vulnerabilities to climate and other environmental risks, and the dramatic changes arising from relocation can have destabilization effects.

Yet another emerging concept is that of friendshoring, or sourcing fertilizers and food from reliable political or strategic allies.⁸ As far as friendshoring is concerned, it is important to recognize that these economic friendships go beyond the element of trust and reach out towards non-hostile territories which may have large amounts of critical commodities necessary for advancement of the value chains.⁹

Given that these approaches towards reconfiguration of value chains in general, and agri-food value chains in particular, are novel and evolving, data analysing the effectiveness of these strategies is limited. Despite this limitation, a calculated guess can be made regarding the impact of these policies on India's participation in agri-food value chains.

India is one of the world's top agricultural exporters and among the largest producers of several agricultural commodities including rice, wheat, milk and several fruits and vegetables. India also ranks in the lists of the world's major fertilizer producers and major fertilizer consumers.¹⁰



Image: Shutterstock

Many food importers from the developing world and even a large sector of the developed world thus might look towards India as a friendshoring or nearshoring possibility for fulfilling their food and fertilizer needs. Given India's geographical location in central south-east Asia, its entrepôt quality, and high crop density, India's strategic importance in global agri-food and fertilizer value chains would only grow with time with the trends of nearshoring and friendshoring catching on in the developing world. For example, given India's friendly relations with a large part of the Africa Group Members, India can cater to the wheat supply needs of the continent better than others in the market, based on the recent trends. However, whether trends of nearshoring or friendshoring would be significantly relevant as strategies of capitalizing from global agri-food value chains is dubitable.

As of yet the reconfiguration of food value chains has been cautious, and there is a greater thrust towards reshoring than nearshoring or friendshoring given the general protectionism associated with the agriculture sector¹¹. This, however, should not be considered to preclude India's chances from benefitting from the rerouting of agri-food value chains.

India's difficulties in reaping the benefits of globalization in agri-food despite being a major agricultural producer and exporter is born of India's national policies. Since agricultural policies in India have been largely cereal-centric, there has been efforts to augment production of crops such as rice, wheat, millets, and pulses, while diversification of production baskets towards higher value goods such as fruits and vegetables, poultry, dairy products etc., and the development of efficient value chains for such products have been lacking. Addressing these policy deficits can largely boost India's economic gains from participating in agri-food GVCs. In this light, several experts have recommended a focus on increasing private sector investments in non-cereal high value agricultural commodity chains in which India has comparative advantages.¹² Implementing these recommendations coupled with a thrust towards achieving global phytosanitary standards and increasing

access to technology and finance for farmers can boost the competitiveness of domestic agricultural chains, and facilitate GVC participation (Resurgent India, 2020).¹³ Digitization of the food supply chains, streamlining transport, storage and export processes, improvements in cold chain infrastructure, and complying with regulatory standards would thus play key roles in furthering Indian agri-food chain participation.

In light of the Russia-Ukraine war and the agri-food supply chain disruptions caused in its aftermath, India might have fared better than most. Though India's tea exports fell (Russia had been an significant importer of tea), the value chain disruptions arising from the war have also had an impact of making imports largely uncompetitive in the domestic market, giving an edge to domestic producers.¹⁴ If this edge can be used to encourage transition towards sustainable agriculture practices which would address multiple issues such as climate change, crop losses, food security and sustainability, India's position as a top contender across global agriculture chains may be solidified.

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INTERVIEW WITH PROFESSOR ARVIND PANAGARIYA, COLUMBIA UNIVERSITY



Dr. Arvind Panagariya is a Professor of Economics and the Jagdish Bhagwati Professor of Indian Political Economy at Columbia University. He has served as the first Vice Chairman of NITI Aayog from January 2015 to August 2017. During this time, he also served as India's G20 Sherpa and led the various Indian delegations that negotiated the G20 Communiqués. Professor Panagariya is a former Chief Economist of the Asian Development Bank, and has also worked with the World Bank, IMF and UNCTAD in various capacities. Professor Panagariya has authored more than fifteen books, and his scientific papers have appeared in the top economics journals. In 2012, the Government of India honored Professor Panagariya with the Padma Bhushan.

On 13th July 2023, Professor Panagariya was invited by the Department of Commerce, Ministry of Commerce & Industry for a talk on “Future Trade Strategies”. The session was attended by Indian trade negotiators and trade specialists.

Professor Panagariya set out four policy actions that could act as a roadmap for India's future. First, a very clear focus on exports would enable India to increase its share in global trade and should be brought to the negotiating tables. Second, he suggested that India should not fall into the trap of import substitution. It should increase its capability in export of highly specialised commodities in which it has a comparative advantage. Third, Professor Panagariya pointed out that exchange rates should not be allowed to become overvalued. Finally, he stressed the need to for a rational tariff structure that would lower customs duties and address concerns of inversion.

In order to achieve these outcomes, he suggested the remodeling of domestic policies. In his view, rationalization of the internal taxation system, increasing predictability of tax structures, and simplification of rules and regulations related to land acquisition would be beneficial. In conclusion, he encouraged Indian negotiators to continue to represent India's export interests in its Free Trade Agreement negotiations, and also negotiate agreements that would enable India to be a part of supply chains in Asia.



1.) Thank you, Dr. Panagariya for taking the time to speak with us today. The United States and several other countries are embracing policies such as friendshoring, nearshoring and reshoring. Do you think these new policy prescriptions would be beneficial for countries?

These policies are the result of geo-politics and economics coming together. For the United States, the China question has largely forced this new shift to friendshoring and reshoring. Reshoring has been in the discussion independently, but we are largely talking about friendshoring these days. In the context reshoring, the idea is to produce where the consumer is present. For instance, in the case of new technologies such as 3D technology, production happens where the consumer is located. However, in reality, whether that is true is questionable.

Friendshoring has arisen in the context of the United States. This effectively involves shoring up friends on its side through yet another instrument. India certainly stands to benefit from that. Friendshoring is a part of the Indo-Pacific Economic Framework for Prosperity (IPEF) that involves fourteen economies. As part of the IPEF, some investment has happened in the solar panel sector in India. Obviously, the more that the United States invests in Indian entrepreneurs, the better. India should be happy to be the object of friendshoring. If the trend continues, I think it will be to our advantage.

2.) In your opinion, what can India do to be a part of the shifting supply chains as a result of friendshoring?

India's policy is and has been about being the "plus one" in the China+1 pursuit. Towards, this end, India has been doing a lot of things, including the pursuit of Free Trade Agreements. Gaining duty free access to large markets through such agreements feeds into the China+1 strategy.

3.) If the objective is to make supply chains more resilient, should India focus on friendshoring or diversification?

From the perspective of India, I do not see the conflict between friendshoring and diversification. India's objective is to become the "shore" in friendshoring. To that extent, India is a beneficiary of such policies. Since India is such a large country with a single market, some of the diversification can happen within our own country.

Globally, diversification is not going to be reduced except for the fact that there is one major country that India is trying to move away from. However, other options are not going to disappear for India. The little bit of diversification that will happen with respect to China is a part of desired policy for the countries involved.

4.) Recent studies suggest that there are costs associated with friendshoring. How can countries balance the need to secure their sources of supply and ensure access to affordable goods at the same time?

This is a cost-benefit issue in my mind. If there are these other costs associated with friendshoring, these should be taken into account in deciding whether to be the "shore" for that particular product. If the net, difference between the costs and benefits, is positive, then it makes sense to pursue friendshoring policies.

Interview by:
Satwik Shekhar, Consultant (Legal) and
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A FRIENDSHORING PERSPECTIVE OF THE INFLATION REDUCTION ACT

INTRODUCTION

The term ‘friendshoring’ has entered the policy and academic spheres, largely because the United States’ trade policy has been formulated keeping this concept in mind. In June 2021, the White House released a 250-page report on building resilient supply chains, which included references to methods such as “ally and friendshoring”.¹ Further, in April 2022, the US Secretary of Treasury, Janet Yellen, emphasised the role of “trusted partners” in order to build supply chain resilience which is less vulnerable to geopolitical disruptions.²

In effect, friendshoring means “the spatial reordering of supply chains under the criterion of political convergence”.³ Presently, the term is being used in the context of rerouting supply chain networks to politically stable countries. Friendshoring is a part of the larger shift in the international relations arena where countries are trying to reorganize the global supply chains due to worsening relations between China and the West, the impact of the COVID-19 pandemic, Russia’s invasion of Ukraine, and so on.⁴ With such instability, many governments realized the advantage of diversifying the sources of suppliers. In order to avoid excessive reliance on a single country, countries with shared values can facilitate trade through multiple sources of supply. For example, the US government has invested in rare earth mining and processing facilities in the United States and Australia to reduce its reliance on China. In the process, they have reduced China’s global market share in these critical minerals from 80 percent to 60 percent.⁵

The current US administration’s industrial policy plans are

based on four major legislations - the American Rescue Plan Act, the Infrastructure Investment and Jobs Act, the Inflation Reduction Act (IRA), and the CHIPS and Science Act. Among these, the IRA was signed into law on 16 August 2022. Among various aspects covered under the IRA, such as energy security, housing, and pharmaceuticals, the most contentious aspect is the grant of incentives for electric vehicles. In particular, conditions such as:

- final assembly of vehicles in North America,
- battery component manufacturing in North America; and
- requirements that critical minerals be extracted or processed in the US or its FTA partners or recycled in North America, are most contentious.

While the IRA aims to boost domestic manufacturing of electric vehicles and increase domestic procurement of critical minerals such as aluminium, barite, cobalt, and graphite used in such manufacturing of such electric vehicles,⁶ it has friendshoring elements as part of the incentives within the statute that can be availed of if the above-mentioned conditions are complied with. Against this background, this article analyses the scope of IRA, and how it aligns with the larger trade policy of the US on friendshoring and concludes by looking at the road ahead for foreign trade along with implications for India-US relations.

INFLATION REDUCTION ACT: WHAT DOES IT ENCOMPASS?

IRA is the successor to the Build Back Better Act 2021, which failed to materialize. The overall budget of the IRA

is \$739 billion⁷ which focuses on various aspects such as reducing carbon emissions, lowering healthcare costs, funding the internal revenue service, and improving taxpayer compliance.⁸ The Bank of America highlights that IRA may not have much impact on the overall growth and development of the US, but it may have some meaningful impacts elsewhere.⁹

China's supremacy in the global clean energy supply chain is directly challenged by the passing of the IRA by the US.¹⁰ IRA is expected to bring billions of dollars of investment. Major automobile makers have indicated their intentions to establish new electric vehicle manufacturing facilities in the United States, many of which would otherwise be located in China. America's free market economy and financial strength, are matched only by China's low labour costs.¹¹

Some aspects of the IRA, such as agriculture, pharmaceuticals, health care, science, commerce, transportation, etc. have limited implications in international relations. However, the provisions on clean vehicle credit under Title V of the IRA (Committee on Energy and Natural Resources) have attracted concerns from various countries due to its discriminatory nature.¹² Under these provisions, a purchaser is provided with clean vehicle credit upon compliance with certain import substitution requirements. Specifically, Section 30D of the IRA provides clean vehicle credit for clean vehicles with final assembly in North America. Further, Section 30D requires that a minimum of 40% of critical minerals in the batteries of clean vehicles placed before January 2024 must be sourced from the US or US free trade agreement partners and this percentage gradually increases to reach the requirement of 100% for those vehicles placed in service after December 2028.¹³

FRIENDSHORING AND IRA

When IRA became law, it received harsh criticism that a tax credit could be claimed based on the requirement that 40% of critical minerals in an electronic vehicle battery must come either from the US or a US free trade



Image: <https://vajiriamias.com/current-affairs/inflation-reduction-act-2022/638f0c22e3fe134e88d12696/>

agreement partner. This is because neither the European Union (EU), the United Kingdom, Japan, nor India have a free trade agreement with the US. This was seen as a protectionist move in light of the US' initiative to find allies amidst its friendshoring policies. Particularly, the EU has raised concerns about the discriminatory aspects of the IRA that would benefit the US-based manufacturer and fail to provide a level playing field to other countries.¹⁴

However, the term "free trade agreement" is not defined anywhere in the IRA. Therefore, the US' Internal Revenue Service issued a Guidance (26 CFR Part 1) that, inter alia, defined the free trade agreement as follows:

- reduces or eliminates trade barriers or preferential basis;
- commits the parties to refrain from imposing new trade barriers;
- establishes high-standard disciplines in key areas affecting trade (such as core labour and environmental protections), and/or
- reduces or eliminates restrictions on exports or commits the parties to refrain from imposing such restrictions on exports.

The impact of such a clarification is that even countries with which the US does not have a free trade agreement meeting the requirements of Article XXIV of the General Agreement on Tariffs and Trade 1994 may get benefits under the IRA. For instance, the US-Japan Critical Minerals Agreement, a limited trade deal, would also qualify as a free trade agreement to obtain benefits pursuant to the above-mentioned clarification issued by the Internal Revenue Service.¹⁵ The US and EU have announced a “Clean Energy Incentives Dialogue” as a part of the EU-US Trade and Technology Council, which is an initiative to increase information-sharing on non-market policies and practices of third parties. As a part of the dialogue, the US and EU will have regular discussions on their respective incentive programs (for e.g. the IRA and the EU Green Deal Industrial Plan) to avoid any disruptions in transatlantic trade and investment flows in the clean energy sector. With the IRA, the US aims to onshore and friendshore the electric vehicle supply chain by augmenting investment in the US, North America and its free trade agreement partners, and reducing reliance on China.¹⁶ In other words, the US seeks to utilise the IRA to partner with its allies and create a supply chain with respect to electric vehicles vis-à-vis critical minerals.¹⁷ Such critical minerals agreements would grant equivalent status to the allies (not having an free trade agreement with the US) as that of the US free trade agreement partners, and it would also reduce tensions between the US and its allies.¹⁸

CONCLUSION

As the US and its key partners are making an effort to

diversify and friendshore clean energy supply chains in the wake of the Russian invasion of Ukraine and heightened tensions with China, the increase in global partnerships marks the emergence of a “joint industrial policy.” This entails countries collaborating and working together to create supply chains and coordinate their industrial strategies at an international level.¹⁹

It has also been noted that friendshoring may be used as an offensive policy tool where the US is taking an aggressive approach to exclude China from essential supply chains. The US and China have been involved in the strategic competition, which has also been labelled as “high-tech war”. It is not just restricted to the US taking the lead over China but to ensuring that in the process China’s economic and military modernization suffers greatly.

In looking for diverse trade partners and allies, the US has also highlighted its wish to deepen its trade relationship with India and the importance of ‘friend-shoring’ between the world’s two largest democracies.²⁰ According to the US, the friendshoring approach involves partnering with developing countries to grow local industries and connect them to the global supply chain.²¹ While US-India security cooperation has been consistent, trade relations have gone through ebbs and flows. The US often criticises India for its protectionist tendencies, and India feels that the US does not accommodate for its developing country status. As India seeks to take advantage of the anti-China sentiment in the West, it also needs to seize the opportunity to improve its trade relations with the US. India is a partner in the Indo-Pacific Economic Framework, which is led by the US, which seeks to strengthen supply chains and discuss the setting of standards. The Partnership for Global Infrastructure and Investment witnesses US investment in digital technologies that are sought to drive inclusive and resilient growth in India.²² Further, India’s G20 presidency and the US leadership of the Asia-Pacific Economic Cooperation could complement each other and enhance the partnership.

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CRITICAL ALLIES AND CORE GEOPOLITICS

INTRODUCTION

In today's highly interdependent world economy, geopolitics and geo-economics have become increasingly intertwined. A series of crises including the COVID-19 pandemic, war in Ukraine, intensification of rivalry between the United States and China, have caused disruptions in global supply chains. In response, reshoring, nearshoring and friendshoring designed to increase economic resilience have become popular policy prescriptions. These policies are driving the relation between states in several sectors today. One such sector is that of critical raw materials (also termed as critical minerals), which is the focus of this present article.¹

With the fundamental idea of becoming more self-reliant and securing sources of supply, many countries including India, are embracing friendshoring policies. Critical raw materials form key inputs in a wide range of commercial and industrial products such as electric vehicles, military technology and green energy infrastructure. Their availability and affordability will determine the pace of energy transition.² Copper, lithium, nickel, cobalt, and rare earth elements are some of the critical raw materials identified as essential and used in modern technology.

According to estimates by the World Bank, demand for minerals such as graphite, lithium and cobalt could increase fivefold by 2050.³ To fulfil this demand, mining investment of approximately 1.7 trillion USD is required in the next 15 years.⁴ In order to achieve carbon neutrality, India would also need increased access to critical raw materials. As of 2020, India was completely reliant on imports for lithium, cobalt, nickel, vanadium and other raw materials from countries including China, Russia,

Chile, Netherlands, Indonesia.⁵

In light of this background, this article summarizes the experience of countries in tackling trade in critical raw materials from the WTO perspective. Following this, it highlights the shift in international trading relations and India's efforts to secure its critical minerals supply, along with some concluding remarks.

WTO AND CRITICAL RAW MATERIALS

Under the multilateral trading system, all products are subject to the rules and disciplines of the WTO covered agreements. All products, including critical raw materials, are subject to the same treatment under WTO rules. While countries can and have attempted to justify discriminatory treatment of critical raw materials using the flexibilities available under the rules, they have largely been unsuccessful.

WTO disputes such as *China–Raw Materials*, *China–Rare Earths*, and *Indonesia–Raw Materials* are illustrative of this trend.⁶ In essence, these disputes involved various types of export restrictions on raw materials such as bauxite, magnesium, rare earths, tungsten, nickel, among others imposed by the respondents for the alleged purpose of conservation of exhaustible natural resources, protecting human, animal, plant life or health, or securing compliance with laws that related to environmental protection. The export restrictions were found to be inconsistent with WTO norms in all these disputes, and the respondents could not otherwise justify their measures. This indicates that countries can not maintain restrictive policies even on products like critical minerals.

However, countries continue to weaponize and treat such materials differently. For instance, the Chinese government has recently threatened to curb exports of gallium and germanium further escalating the global competition for critical minerals.⁷ In response, countries are looking to build “resilience” and “economic security” through friendshoring policies highlighting the growing importance of diplomatic relations over trade and economic considerations.

INDIA’S PLURILATERAL AND BILATERAL INITIATIVES

The uncertainties associated with the heavy reliance on China to access raw materials has spurred countries such as the United States, European Union and India to look for alternate sources. India is now a part of a few plurilateral and bilateral initiatives that appear to signify its embrace of friendshoring in this sector. In fact, enhancing global security and partnership with allies is one of the stated objectives of the Indian government in securing access to critical raw materials.⁸

In June 2022, the United States along with certain key partner countries established the Minerals Security Partnership (MSP) with the goal of ensuring that “critical minerals are produced, processed, and recycled in a manner that supports the ability of countries to realize the full economic development benefit of their geological endowments.”⁹

India joined this alliance in June 2023.¹⁰ This partnership would help catalyse investment from governments and the private sector in the critical minerals sector – both in partner countries and beyond – in a responsible and resilient manner through the integration of environmental, social, and governance standards. Partner countries have also endeavoured to work together to develop and promote environmentally sustainable technologies for mining, processing, and recycling.¹¹ At this stage, the MSP lacks specificity and makes no reference to trade or trade policy in critical raw materials. However, India may benefit if the partnership enables access to sustainable technologies and spurs further investment.

India has also partnered with the Quad – comprising of United States, Australia, Japan and India – and completed a mapping of critical minerals capacity and vulnerabilities in global semiconductor supply chains as part of the recently established Critical and Emerging Technologies Working Group.¹² Yet another collaborative effort is the Supply Chain Resilience Initiative by Australia, India and Japan which aims to promote measures such as trade and investment diversification, and may also extend to the critical raw materials sector.¹³

Bilaterally, India has negotiated for the elimination of tariffs for most critical minerals under the India–Australia



Image: Ministry of Mines Report

Economic Cooperation and Trade Agreement.¹⁴ Both countries have also signed a Critical Minerals Investment Partnership that would build supply chains of critical minerals processed in Australia. The countries have agreed to partner on five target projects related to lithium and cobalt with an initial investment of 6 million USD.¹⁵ Additionally, in order to elevate and expand strategic technology partnership, India and the United States have announced an initiative on Critical and Emerging Technology. They have identified rare earth processing technology, among others, as one of the areas for future cooperation.¹⁶

Overall, these initiatives highlight the vital importance of the critical raw materials sector to India and the emphasis on engaging in meaningful trade, investment, and technology-related cooperation.

CONCLUSION

India has chosen to collaborate commercially with other like-minded countries to meet its requirements in the critical raw materials sector. While these initiatives are at a nascent stage, it remains to be seen if India can positively leverage these partnerships to secure its supply of critical raw materials.

The creation of incentives and imposition of restrictive measures to encourage friendshoring, depending on their nature, may result in the violation of WTO norms. For instance, if subsidies are used to alter trade and investment flows in critical minerals, it would distort international competition and undermine support for freer trade. Consequently, policymakers should be wary about emergent trade policy narratives that fragment the world trading system by intensifying geopolitical rivalry. India should carefully calibrate its approach towards critical raw materials by taking into consideration the security of supply, international trading rules, and other commercial considerations.

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WTO CHAIRS PROGRAMME AT IIFT, NEW DELHI

INTRODUCTION

The WTO has established a Division for Knowledge and Information Management (KMD), which is in charge of overseeing WTO's knowledge information policies and academic outreach initiatives. The WTO Chairs Programme (WCP), which is administered at a chosen group of educational institutions globally, is one of the KMD's initiatives for fulfilling its obligation to provide academic outreach on:

- trade research projects,
- teaching curricula, and
- outreach activities.

These academic institutions are selected particularly from developing countries. The WCP was launched in 2010 with a view to fostering research, training and outreach activities in academic institutions, on issues and topics which are significant for policymakers and other stakeholders.

To carry out initiatives in the aforementioned areas, academic institutions that are awarded WTO Chairs are given financial support. Through a competitive process which involves scrutiny of applications received from various academic institutions, the CVs of faculties and other members nominated by the institutions for the WCP Chair and review of the capabilities and resources of the institutions, the chairholders are selected. During the inaugural phase, 14 academic institutions were selected as WTO Chairs for a four-year term. In May 2014, 7 more institutions were added to the Programme under Phase 2. Thereafter, over 120 applications were received by the KMD to join Phase 3 of the WCP Programme. The selection process resulted in 17 institutions being chosen to join

the network of WCP Chairs in December 2021 – with the Indian Institution of Foreign Trade (IIFT) being awarded the India Chair for Phase 3 which runs from 2022 to 2025.

INDIA CHAIR AT IIFT

The application from IIFT to join the WCP network was jointly presented by the Centre for Trade and Investment Law (CTIL) and Centre for WTO Studies (CWS) – both of which are part of the Centre for Research in International Trade (CRIT) under IIFT. Under the overall direction of Dr. James J. Nedumpara (Head, CTIL and current WCP Chairholder) and Prof. Abhijit Das (Former Head, CWS) and the Centres' respective faculties, IIFT was awarded the India Chair, and CTIL and CWS assumed the responsibility to run the WCP Programme in IIFT from 2022 to 2025.

“The India Chair of the WTO Chairs Programme was officially launched in October 2022 in an Inauguration Ceremony held at IIFT”





ACTIVITIES UNDER THE WCP INDIA CHAIR

The India Chair has consistently conducted outreach activities and curriculum development programmes under the aegis of WCP. In particular, three programmes take prominence in line with India Chair’s planned activities under the WCP. The first event was the “CTIL-India TradeLab Clinic Training Programme” held in December 2022 to train students from India’s top law schools with

the basics of WTO law and the modalities of TradeLab practicum. This was followed by two back-to-back events held at the National University of Advanced Legal Studies (NUALS) Kochi, Kerala. CTIL organized a conference on “Food Security and International Law: Critical and Interdisciplinary Perspectives” with the support of Durham University, the University of Portsmouth, and the University of Wollongong. The conference provided a platform for experts, policymakers, lawyers, academics, economists, and civil society partners to exchange views on the multifaceted challenges of food security including the permanent solution on public stockholding at the WTO, developing country perspectives regarding food security, the role of blue economy, sustainable development, litigating food security etc. WCP India Chair also organised a workshop on "Methodological issues in International Economic Law: Integrating South Asian Perspectives". The WCP’s Academic Advisory Board (AAB) reviews the activities of the Chairs. It is worth noting that a working paper titled “International Trade Related Disciplines on Fossil Fuels – A Developing Country Perspective” written by a member of India Chair gained appreciation from the India Chair AAB Mentors Dr. Rohinton P. Medhora and Mr.



Giorgio Sacerdoti.

At the end of every year, the Chairs are required to report to the KMD the utilization of WCP funds allocated to the specific activities under the WCP Programme.

The India Chair continues to undertake activities in research, curriculum development and outreach. The 2023 WCP activities started in February 2023 with a “Special Address on International Economic Diplomacy in the Digital Era: Where Does Trade Fit?” by Dr. Rohinton P. Medhora, an AAB mentor for the India Chair. He covered the domestic and international dimensions of data governance and e-commerce, including the Joint Initiative on E-commerce at the WTO, and digital era policies. This was followed by a capacity-building programme on international trade and investment treaties in March 2023. The Chairs programme also organized two major events in March 2023, including a workshop on “Engaging the Global South on Sustainable Industrialization and Agriculture under WTO Chairs Programme”. This event was organized in collaboration with *Remaking the Global Trading System for a Sustainable Future Project*. The workshop was conducted by eminent experts in the field of sustainability and its interlinked issues drawn from different jurisdictions. Dr. Jan Yves Remy, Director of Sridath Ramphal Centre for International Trade Law at the University of the West Indies addressed some contemporary challenges in this field at the workshop.



Dr. Remy also participated in CTIL’s WCP Training Programme on *Teaching Pedagogy in International Economic Law Issues* where academicians from India’s top law schools were informed about the changing approaches towards IEL teaching, and the need to adopt modern techniques towards education – like clinical legal education. Since then, CTIL has collaborated with the Confederation of Indian Industry to organize two seminars on the topic “Capacity Building Session on Export Opportunities arising from FTAs – Industry Perspectives” in New Delhi and Ahmedabad respectively. These seminars provided an interactive platform to policymakers and industry to discuss ways to ensure that the utilization rate

of India's past and future FTAs is improved. The industry was informed about the provisions in India's FTAs which have either been designed to or has the potential to provide benefits to the industry by facilitating, inter alia, seamless and time-bound approval procedures.

On the research side, CTIL has undertaken a study on the legal issues around the EU's Carbon Border Adjustment Mechanism (CBAM) and has prepared working papers on new issues such as *Digital Trade and MSMEs* and *Trade and Gender*. Issues around fisheries subsidy, unilateral measures, supply chain constraints, sustainability and sustainable food systems also find prominence in India Chair's Activity Plan for 2023.

The establishment of the India Chair under the WTO Chairs Programme has a potential to make long-term impact in terms of academic research and curriculum development in India. The India Chair strives to improve the capacities of Indian law schools, industry professionals, policymakers, and other important stakeholders by harnessing its substantial resources and influential platform. This strategic approach will enable them to address critical concerns in the global economy. The India Chair aims to catalyze positive transitions and develop a more informed trade law community in India through capacity building and information dissemination.

The WCP is coordinated by:



James J. Nedumpara
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UNDERSTANDING THE US' CHIPS ACT: RIPPLES ON GLOBAL SEMICONDUCTOR POLICY AND TRADE

INTRODUCTION

Modern life has become increasingly dependent on semiconductors, which are now found in nearly every electronic device, from smartphones and supercomputers to cars and home appliances. However, their production is fuelled by the ever increasing sophistications in supply chain often impacted by geopolitics and intense international rivalries. The growth of friendshoring and nearshoring of semiconductor supply chains to local, nearby, or affiliated locales is evidence of it. Legislation such as the US' *Creating Helpful Incentives to Produce Semiconductors and Science Act of 2022* (CHIPS Act) is a pertinent example of the same. While friendshoring and nearshoring may offer supply stability, reallocating productive resources to other locations across the world as per global alliances exerts high economic burden.¹

CONTEMPORARY CRISES AND SUPPLY CHAIN CONSTRAINTS

Recent supply disruptions initiated by soaring demand have presented the semiconductor industry with considerable hurdles. Lockdown restrictions put in place during the pandemic had a significant impact on semiconductor production across the world. While sensors, IT, defence and consumer electronics have been traditional drivers of semiconductor demand, increasing digitization and automation have expanded the reach of semiconductors to non-traditional sectors such as automobile and healthcare.² The supply crunches encountered in semiconductors as well as semiconductor manufacturing equipment and materials exerted a cascading effect on a wide range of industries.³ As a

result, the shortage of essential microchips placed major downstream businesses in a position in which they were unable to meet rising demand.

UNIQUE NATURE OF SEMICONDUCTOR SUPPLY CHAINS

Semiconductor supply chains function through specialised units spread out across the globe. By leveraging global trade, these units are established in areas with favourable conditions, such as access to specialised workforce, raw materials, policy incentives, as well as support for research and development. For example, industrialised nations like the United States and European Union are recognised as world leaders in semiconductor research and design, while East Asia dominates labour-intensive processes like fabrication, assembly, testing, marking, and packaging (ATMP).⁴ Additionally, certain businesses, like ASML and Tokyo Electron, have monopolies over particular semiconductor techniques or components. For instance, ASML holds a monopoly on extreme ultraviolet (EUV) machines, which are essential for production of advanced microchips.⁵

SALIENT FEATURES OF THE US CHIPS ACT

The US CHIPS Act finds its origins in the declining US market share in the production of advanced semiconductors, supply chain challenges faced by US industries during the pandemic and the tensions between China and the US.⁶ The US, once a home of semiconductors, has seen a drop in semiconductor production and market share over the years. Its market share has decreased from 24 percent in 2000 to 12 percent in 2020, with East Asia accounting for 75 percent of semiconductor production.⁷

In response, the CHIPS Act was enacted to ensure the presence of a viable semiconductor industry in the US that can meet both economic and security requirements. The CHIPS Act allocates \$52.7 billion in direct loans, grants, and tax credits to covered entities with the intention of rejuvenating domestic production capacities, fund R&D projects, and develop a knowledgeable workforce for the semiconductor sector.⁸ The act also underlines the significance of preserving a reliable and secure supply of materials used in semiconductor manufacture through a global supply chain that supports american interests. In this aspect, the CHIPS Act gives precedence to the suppliers of critical advanced semiconductors.⁹

The CHIPS Act stresses the value of preserving a steady and secure supply of materials used in semiconductor manufacture through a global supply chain that supports US's interests. In this regard, the CHIPS Act gives priority to suppliers of critical advanced semiconductor products that are essential for the security and commercial competitiveness of the US based entities.¹⁰

Further, the CHIPS Act generates extraterritorial impact in addressing supply chain issues and includes provisions that restrict covered entities, their subsidiaries or parent companies from expanding or constructing semiconductor manufacturing facilities in China or other “foreign country of concern.”¹¹ At present, a ‘foreign country of concern’ includes Russia, China, North Korea and Iran,¹² but it can be expanded to any country/entity engaged in conduct that is detrimental to the national security or foreign policy of the US.¹³ The only exception to these restrictions are older “legacy” semiconductors.¹⁴ Additionally, the CHIPS Act also imposes limitations on research collaborations and technology/intellectual property licensing with entities based in foreign countries of concern.¹⁵ In this context, the US is also actively engaging leading foreign enterprises in advanced semiconductor manufacturing technologies such as ASML and Tokyo Electron to restrict essential exports to China.¹⁶

While restricting options for some, the Act also creates

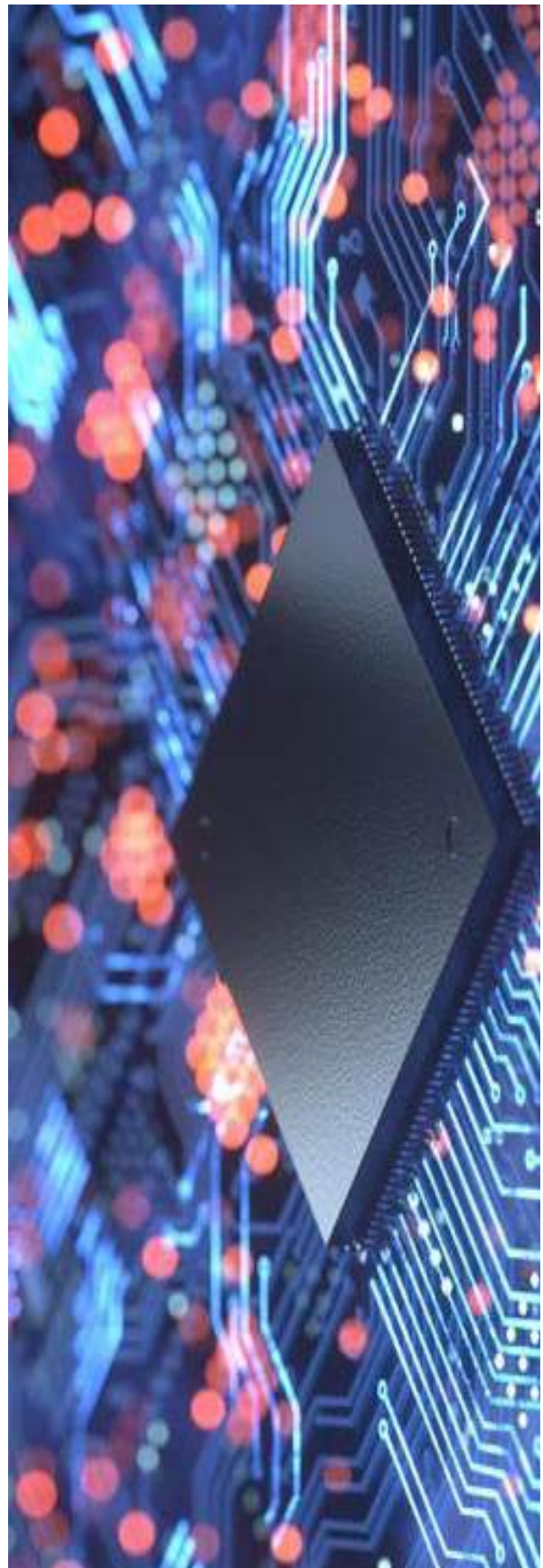


Image: <https://www.boydcorp.com/resources/resource-center/blog/how-are-semiconductors-made.html>

avenues for fostering trade partnerships with allies through provision of funds towards coordination and collaboration with foreign government partners to secure supply chains and development of semiconductors and related technologies.¹⁷

RIPPLES

The CHIPS Act's continued efforts to diversify and modify the future direction of semiconductor supply chains have given rise to various worries. This is due to predicted disruptions of intricate semiconductor supply chains, which have relied on globally sourced inputs including advanced manufacturing equipment, raw materials, and workforce knowledge that have little to do with intercontinental rivalries.

Major stakeholders in the industry have voiced their reservations over the CHIPS Act, with China seeking consultations at the World Trade Organization (WTO). In its communication, China emphasises the negative effects of US export control measures on microchips, manufacturing equipment as well as related technologies and services. The US' defence underscores national security considerations, which according to its position is not amenable to review by WTO panels.¹⁸

In order to minimize the Act's effects, some states are negotiating with the US. A pertinent concern expressed by multiple states relates to provisions in the CHIPS Act which limit entities from investing and conducting business in certain other nations. For example, during their inaugural Supply Chain and Commercial Dialogue (SCCD) held in Washington on April 27, 2023, South Korea sought collaboration with the US to reduce the effects of the US' CHIPS Act.¹⁹

Countries including Japan, South Korea, and the EU have started introducing policies aimed at promoting the production of semiconductors and other associated equipment in their territories through subsidies or other measures.²⁰

The CHIPS Act and related global developments have also influenced states to seek cooperation with the US in building resilient and secure semiconductors supply chains.²¹ For instance, India recently signed an MoU with the US on semiconductor cooperation. In addition, multiple US based entities have signed MoUs to expand production in India.²²

CONCLUSION

The introduction of the CHIPS Act marks an attempt to transform a sophisticated industry supply chain towards localisation, friendshoring and nearshoring. CHIPS Act and its ripples across the globe indicates a move towards buttressing domestic capacity in the context of national economic security. In light of these circumstances, semiconductor industry's future must be strategically directed to balance economic interests, security considerations, and ensure global cooperation. Effective policy making and international collaboration will be key to addressing these challenges and harnessing the potential of this critical industry.

Special thanks to R Deeksha, 5th year BBA LLB student, Ramaiah College of Law for her valuable research and assistance in preparing this article.

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UNVEILING THE BENEFITS OF IPEF SUPPLY CHAIN AGREEMENT FOR INDIA

INTRODUCTION

Indo-Pacific Economic Framework for Prosperity(IPEF) was launched by the United States in Tokyo, Japan on May 23, 2022, with the following initial partners: Australia, Brunei, India, Indonesia, Japan, the Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand, and Vietnam.¹ IPEF partners together represent 40% of the world's GDP and 28% of the world's trade in goods and services.² The IPEF framework aims to focus on four key aspects (a) Trade, (b) Supply Chains, (c) Clean Energy, Decarbonization, and Infrastructure; and (d) Tax and Anti-Corruption. The launch of IPEF aims at expanding US economic leadership in the region, tackle inflation by making supply chains more resilient, and harness innovation, especially in the areas related to clean energy, digital and technology sectors.³ Through this initiative, the IPEF partners aim to contribute to cooperation, stability, prosperity, development, and peace within the region.⁴ This framework aims to fuel economic activity and investment, promote sustainable and inclusive economic growth, and benefit workers and consumers across the region.⁵

SUPPLY CHAIN DISRUPTION IN VIEW OF COVID-19

Pillar II i.e., the Supply Chain aspect of the IPEF framework is an agreement which is the first of its kind. The recent supply chain disruption echoed globally in the wake of the COVID-19 pandemic. All countries including India were under some kind of lockdown. The closing of borders and restrictions imposed on trade and other containment measures resulted in supply chain disruptions of a magnitude never seen before. Some of the issues faced by companies were lack of demand, difficulties in sourcing raw materials and labour shortages. One of the studies lists various sectors which were affected during COVID-19, such as chemicals, real estate, banking, software, building material, food and beverage, automobile, broadcaster, hospitality, financial service, healthcare/pharmaceutical, interior design & build, construction, military/defense etc.⁶ The primary reasons in view of COVID-19 leading to sector-specific supply chain disruption were difficulty in sourcing raw material and non-availability of raw materials, absence of infrastructure, availability of labour, sudden surge in



Image: FREDERIC J. BROWN/AFP/Getty Images

demand for some sectors, logistical challenges, etc. This shows the unprecedented supply chain disruption faced by various sectors in India.

COMPONENTS OF PILLAR II: SUPPLY CHAIN AGREEMENT

The proposed IPEF Supply Chain Agreement (Pillar II) seeks to ensure resilient, reliable and efficient supply chains.⁷ The agreement intends to undertake efforts to facilitate steady supply of materials, components, and inputs. The agreement also aims to foster coordination to identify potential supply chain challenges prior to these becoming widespread disruptions. The agreement also provides for the group of 14 countries working collaboratively to increase the resilience, efficiency, productivity, sustainability, transparency, diversification, security, fairness, and inclusivity of their supply chains.

The IPEF Supply Chain Agreement would create (a) IPEF Supply Chain Council, (b) IPEF Supply Chain Crisis Response Network, and (c) IPEF Labor Rights Advisory Board. The functioning of these bodies are briefly explained below.

IPEF SUPPLY CHAIN COUNCIL

The intention behind the creation of this Council is to oversee the development of sector-specific action plans aimed at building resilience and competitiveness in critical sectors. Such an action may also include assisting companies to identify and address supply chain vulnerabilities prior to these becoming significant bottlenecks. Further, plans may also include diversification of sources, infrastructure and workforce development, enhanced logistics connectivity, business matchmaking, and trade facilitation.⁸

IPEF SUPPLY CHAIN CRISIS RESPONSE NETWORK

The supply chain disruptions may not always be predictable. With the view to dealing with emergency situations, the IPEF Supply Chain Agreement also aims to create an

IPEF Supply Chain Crisis Response Network for member countries facing acute supply chain crisis. Such a network will facilitate a more effective response by facilitating information sharing and collaboration among the IPEF member countries during a crisis, enabling a faster and more effective response that minimizes negative effects on their economies.

IPEF LABOR RIGHTS ADVISORY BOARD

The agreement aims to establish a tripartite IPEF Labor Rights Advisory Board consisting of government, worker, and employer representatives as well as a subcommittee composed of government representatives. The IPEF Labor Rights Advisory body seems to be inspired by the International Labor Organization's tripartite structure. The ILO tripartite structure gives equal voice to workers, employers and government to ensure that the views of all stakeholders are closely reflected in labour standards and policies.⁹ The Labor Rights Advisory Board is intended to help identify areas where labor rights concerns pose a risk to the resilience of the supply chain, and also to create a mechanism to address facility-specific allegations of labor rights inconsistency on a cooperation basis.

BENEFITS FOR INDIA

Being a part of IPEF is of strategic importance for India on account of various reasons. The first reason is IPEF opens an opportunity for India's deeper economic integration and engagement with IPEF member countries, most of which are also part of the Regional Comprehensive Economic Partnership (RCEP) agreement.¹⁰ Secondly, India needs to diversify its sourcing of raw materials from a particular country e.g., reliance on China for active pharmaceutical ingredients (APIs) supply. Thirdly, IPEF may help India to counter China's disproportionate influence over several Asian countries through China's Belt and Road Initiative. India given its geographical position and capacity may emerge as an alternate trusted supplier for e.g., API sector.¹¹ Such a step will not only reduce the dependence of Indian companies on China for supply of various raw materials but also boost Indian manufacturing from key

starting materials.

As noted above, one of the primary reasons for supply chain disruption faced by Indian companies during the COVID-19 pandemic was a difficulty in sourcing raw materials and the non-availability of raw materials. The IPEF Supply Chain Agreement focuses on diversification of sources, infrastructure development, ensuring availability of a sufficient number of skilled workers, technical assistance, and building a collective understanding of significant supply chain risks supported by each country's identification and monitoring of its critical sectors and key goods, better prepare businesses in IPEF member countries to identify, manage and resolve supply chain bottlenecks etc. These focus areas will help Indian companies build upon supply chain resiliency by early identification of risk and diversification of sources which will be facilitated by a collaborative framework of 14 IPEF member countries.

It is clear that being a part of the IPEF Supply Chain Agreement will benefit India by preparing Indian businesses for any future supply chain disruption by ensuring diversified sources of raw materials, skilled workforce etc. Further, IPEF has the potential to boost existing ties with partner countries such as Japan and Australia with which India has agreed to launch a supply chain resilience initiative. Being a part of IPEF agreement will also help India build stronger ties with the United States.

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Research Fellow

Centre for Trade and Investment Law
Views expressed are personal

INTERVIEW WITH MR. EDWIN VERMULST, PARTNER, VVGB ADVOCATEN



Mr. Edwin Vermulst, a founding partner of VVGB Advocaten, has worked in Brussels and Washington, DC, and specializes in international trade law and policy. After graduating from the University of Utrecht in 1983, he earned his LL.M and SJD from the University of Michigan Law School in 1984 and 1986, respectively. Mr. Vermulst has participated in numerous WTO dispute resolution proceedings and has served as a WTO panelist in the Mexico-HFCS dispute. Along with numerous articles, he has co-authored nine books, including seminal works on rules of origin with Jacques Bourgeois and Paul Waer in 1994, and comparative studies of anti-dumping laws in Australia, Canada, the EU and the US with Professor John Jackson in 1989. Mr. Vermulst is a guest professor at the EPLO programme in Athens and the World Trade Institute in Bern and serves as the Editor-in-Chief for the Journal of World Trade.

1.) Given the changing geopolitical scenario, how can developing countries leverage the concept of ‘friendshoring and nearshoring’ to integrate further into global supply chains?

In the context of ‘friendshoring and nearshoring’, there is no distinction between developed countries and developing countries. The primary idea behind ‘friendshoring and nearshoring’ is to diversify the supply chain. For instance, the US and the EU are using these principles to reduce their dependence on China. Similarly, other countries may also take benefit from such arrangements. Indian Prime Minister’s recent visit to the United States is an important indication that the US is seeking to develop a deeper relationship with India.

It is important to note that the US policy towards ‘friendshoring and nearshoring’ vis-à-vis developing countries including India is shaped by its concerns regarding China. With regard to the EU, while the European Commission seeks to take a harder line vis-a-vis China, some Member states of the EU want to stay neutral.

The idea is that China too can be a friend of Europe. I believe that ‘friendshoring and nearshoring’ should not be confused with the idea of choosing sides. With the Russia-Ukraine conflict, many countries like India, Indonesia, Thailand and Brazil are neutral.

"In a nutshell, the idea of ‘friendshoring and nearshoring’ is about whom you choose as friends, and not whom you exclude."

2.) Do you think that the concepts of friendshoring, nearshoring and homeshoring leads to fragmentation of supply chains?

Indeed, there is fragmentation. For instance, with the United States CHIPS and Science Act, the US is seeking to set-up local production units. As a result of globalization, companies are seeking to be part of the supply chain which are economically efficient. In this regard, it may be noted that due to the economics of labour, the supply chain for labour intensive industries is now being shifted from China to Vietnam. For the clothing industry, Bangladesh and India are considered to be important for the same reason. Therefore, this fragmentation also depends on the product. Fragmentation and nearshoring also apply to products like critical minerals and information technology. However, for critical minerals, for instance, through the US policy, it appears the shift in the supply chain is not due to the fact that it makes more economic sense, it is due to the fact that it makes more sense politically, i.e. shifting away from China. India can be a huge beneficiary of this fragmentation. Due to the fragmentation of friendshoring, nearshoring and homeshoring, the EU might be more inclined to make concessions to India in ongoing trade negotiations with India that it otherwise would not make.

3.) Given the current geo-political tensions, changes in technology, rise in renewable energy and its alternate resources from future materials, what do you think is the future of industrialization of critical minerals?

For a long time in the EU, people did not want to undertake mining activities due to its polluting nature. Mining is in low-value chain, and that is why the EU prefers the mining to take place in other countries. However, now the EU is providing subsidies to mine critical minerals present in the EU so as to stimulate mining activity in the EU. The idea is to become more self-reliant as regards the supply of critical raw materials. Since the US and EU are trying to source such critical minerals from countries other than China, the effect is increased industrialization.

4.) Do you think that de-globalization is the consequence of hyperglobalization?

De-globalization in my opinion is temporary. First globalization began in 1995. Now, it's notion has changed because of China and Brexit. It is important to note that the creation of the European Union is also the result of globalization. For instance, a worker registered in any Member country of the EU can work in any other Member country. Tourists don't need to exchange currency when travelling to each Member country due to the recognition of the 'Euro' as currency. However, when globalization is taken for granted, the fact which is ignored is that it is a result of a long process.

Now Americans are pushing for de-globalization. The result of the same will be that the cost of living will be expensive. The more China is being pushed away, the more expensive will be the cost of living. Once it is realized that the cost of living is expensive, there will be a push back and there will be re-globalization. De-globalization is temporary, and then we move back to globalization.

5.) How can green energy subsidies be structured in a manner so that they provide the best support to the industry, and do you think this green/renewable energy sector actually needs the support from the governments?

To being with, the crucial point to note is that countries do not need to give subsidies. What is happening currently, however, is a competition among countries to stimulate their expansion in renewable energy and, consequently, every country is subsidizing. Such subsidies can be provided to both consumers and producers of green energy products, for example, batteries in electric vehicles. Due to the US Inflation Reduction Act, the manufacturers of automobiles may shift production from the EU to the US and, hence the EU considers that there is a need for subsidization.

The provision of subsidies is easier in developed countries having an effective taxation system where revenue

collection works better and where governments have more money to spend on providing subsidies. Therefore, the provision of subsidies is the result of competition among countries to lead in the green energy market.

6.) How do anti-dumping actions appear in nearshoring and friendshoring parlance and if these actions can create complications within the context of strategic alliances?

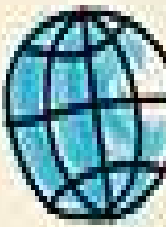
Among all the trade remedy measures, unlike safeguards which apply in a non-discriminatory manner, anti-dumping and subsidies are exporter-specific or country-specific, as the case may be. With the conclusion of bilateral trade negotiations, the number of trade remedies investigations against FTA partners tends to reduce. For instance, after the EU-Korea FTA and the EU-Japan Economic Partnership Agreement have come into effect, there have been hardly any anti-dumping or countervailing duty investigation against Korea and Japan. In the case of dumping, the government theoretically does not play a role and consequently, ‘friendshoring and nearshoring’ also should not play much of a role.

However, in practice administering authorities have significant discretion in calculating anti-dumping duties and therefore might take a more lenient approach towards companies exporting from ‘friendly shores’.



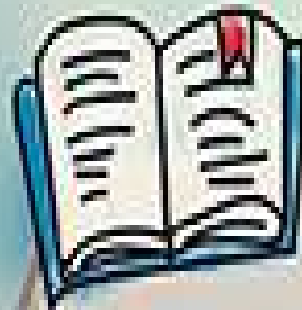
Interview by:

Rishabha Meena
Senior Research Fellow
Centre for Trade and Investment Law
&
Mahima Ahuja
Cost Accountant
Centre for Trade and Investment Law

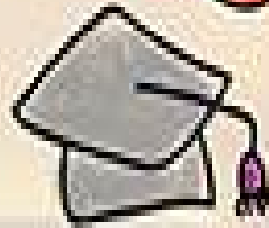
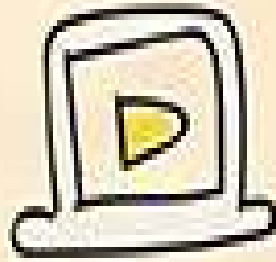
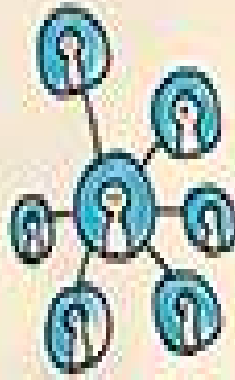
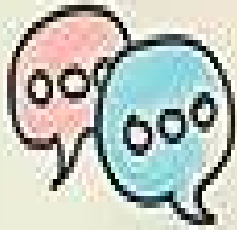


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INTERNSHIP



INTERNSHIPS OFFERED

PMI-CTEI-CTIL INTERNSHIP

On November 26, 2021, the Centre for Trade and Investment Law signed a historical tripartite Memorandum of Understanding (MOU) with the Permanent Mission of India to the WTO, Geneva (PMI) and Centre for Trade and Economic Integration at The Graduate Institute, Geneva (CTEI). The MOU consisted of five cooperation elements between CTEI and CTIL, one of which included internship opportunities provided by CTIL to the students from CTEI.

INTERNSHIPS OFFERED

CTIL INTERNSHIP

The Centre for Trade and Investment Law offers internship opportunities to undergraduate and postgraduate students of Law to enable them to gain practical experience in international trade and investment law issues. Internship opportunities are open to students who are in the advanced stages of their degree programme. Preference will be given to students who have completed courses in WTO law and public international law.

CTIL-DOC FLAGSHIP INTERNSHIP

CTIL in association with the Department of Commerce (DoC), runs the Department of Commerce Flagship Internship program for law students from premier educational institutes in India. This programme began in 2017 and CTIL has offered internships to a number of students under this programme. The programme is open to LL.M students, fourth and fifth year students from five-year integrated law courses, and final year students from three-year LL.B. course.

FEEDBACK ON OUR INTERNS

"Mr. X was sincere, and prompt and ensured the timely submission of all research assignments. He was extremely resourceful, sincere and dedicated towards his work. His research on India's defensive/offensive position in various services sectors, provisions concerning 'temporary entry' and 'temporary entry and presence' in the context of Mode 4 of Annex on the Movement of Natural Persons under the General Agreement on Trade in Services, case laws on Period of Investigation (POI) under Indian Anti-Dumping Rules, 1995, etc. were extremely helpful. He helped with the preparation of various inputs for the "Five-Day Capacity-Building Programme on Openness To Trade: Negotiating Free Trade Agreements". The research inputs by Mr. X helped in formulating opinions/comments for India's position in certain aspects of the Rules of Origin chapter in the ongoing free trade agreements (FTAs). His work also contributed to discussions and negotiations as part of the Trade in Services and Investment chapter of the FTAs that India is negotiating with the EU and UK."

"Mr. Y did research work on various areas such as the preparation of a note on "Accounting segregation of fungible materials" in India-EU FTA, compiled key provisions from EU's investment protection agreements with Singapore and Vietnam, and prepared a note comparing provision of Canada's FTA with various countries. His research work was satisfactory and he also ensured the timely submission of all research assignments. Mr. Y also assisted in the preparation of various inputs with regard to the organisation of the "Five-Day Capacity-Building Programme on Openness To Trade: Negotiating Free Trade Agreements'."

"Ms. Z was diligent and punctual throughout the internship duration. She ensured her availability despite the virtual internship. She ensured the timely submission of the work assigned. Her research work was comprehensive and helpful in terms of further work undertaken regarding such issues. She researched on non-trade chapters in the FTAs entered by developing countries. Her researched helped the CTIL team to analyse a trend of inclusion of such non-trade area issues in the FTAs. This exercise was particularly done to assist the Department of Commerce in the identification of such a trend amongst developing nations. She also worked on the identification of India's budgetary outlay of subsidies notified under Art. 25 of the Agreement on Subsidies and Countervailing Measures. She also prepared a case note on WTO/GATT dispute settlement reports relating to government procurement which helped the CTIL team in analysing possible areas of contention in the area of government procurement. Her work would be helpful towards the negotiation of the government procurement Chapter in the present and upcoming FTA negotiations."

SEE WHAT OUR INTERNS HAVE TO SAY



Sukarm Sharma
B.A. LL.B (Hons.)
National Law School of India University

I would like to emphasize that CTIL is an excellent place to engage with trade law. It provides an avenue for work, and excellent guidance to undergraduate law students. I would particularly like to thank my supervisor, who has been an excellent mentor and a guide during my internship. He has been attentive, responsive and has assigned work across different domains of international trade law, providing a space for holistic learning. I would recommend CTIL to any law student enthusiastic about trade law.



Yashpriya Sahran
B.A. LL.B
Lloyd Law College, Greater Noida

My internship at the CTIL was a very enriching and learning experience that I thoroughly enjoyed. My tasks included research work on various Free Trade Agreements (FTAs) and investment related matters, which gave me a different perspective on these subjects. Since I have an avid interest in investment laws and therefore, CTIL had been one of my dream places to work. The assistance from my mentors added to my learning and most importantly, the internship has given me a better outlook into what I would want to pursue in the future. I sincerely thank CTIL for this enriching opportunity which has helped me grow and develop my interest in international investment law and look forward to more such experiences with them.

SEE WHAT OUR INTERNS HAVE TO SAY



Mansi Verma
B.A. LL.B (Hons.)
Gujarat National Law University,
Gandhinagar, Gujarat

Over the past 4-5 weeks, I have earned loads of valuable experience under the aegis of such skilled and accomplished mentors. I have gained a practical understanding of the theoretical aspects of trade law along with the interplay of factors impacting the operation of the same. Apart from working in several niche aspects of trade law, I have also gained valuable skill sets of communicating, team work and time management. Doing relevant research on a deadline has been a very disciplining and humbling experience. All the research fellows had a very understanding nature to themselves and I made great connections. Working alongside a diverse group of like-minded interns also added to the great learning experience that this internship proved to be.



Navya Gupta
B.B.A. LL.B (Hons.)
Narsee Monjee Institute of
Management Studies, Hyderabad

During this period, my desire to develop in the area of International Trade Law has grown, thanks to interesting tasks and the admirable team at CTIL. Despite the fact that I was just an intern at CTIL, I felt like part of the team, having the opportunity to offer research fellows my ideas and to implement them on my own. Among other great advantages were the opportunity to be engaged in projects and a variety of tasks. I had my own area of responsibility, which, in my opinion, is very important for getting used to starting from the lowest positions. In addition, I would like to note that the CTIL team is responsive and friendly, it warmly welcomes interns to the team and willingly shares their experience and knowledge. The researchers give feedback on each task and on the overall internship results, which is very helpful for developing yourself. I am sure that during the internship at CTIL, I gained not only invaluable knowledge and experience, but also essential practical skills.

IN CONVERSATION WITH CTIL ALUMNI



*Sathiabama. S
Legal Expert, International
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Agency Headquarters,
New Delhi*

CTIL is the organization where I started my career right after my Masters. During my tenure as a Research Fellow at CTIL, I had the opportunity to work on a variety of issues in international trade and investment law and contribute both independently and as a team. In the initial year, it was great to work on a lot of issues intersecting trade and environmental law with Ms. Shiny Pradeep, Assistant Professor. Later, I got the chance to provide research and drafting assistance for the National Logistics Bill with a team of four researchers. In my second year at CTIL, I contributed to India's FTA negotiations with Canada and the EU by being a part of the Trade in Goods team. This was my firsthand experience to understand and contribute to the FTAs of India. Besides negotiating the FTAs, it was a significant task to work on their legal scrubbing. I was consistently part of the legal scrubbing team for all the FTAs that were being negotiated, and this has helped in building myself as a good editor. Original ideas and research outputs were always encouraged by the Head of CTIL, Prof. James J. Nedumpara. Overall, for a researcher interested in international trade and investment law, CTIL is the best institution in India to learn, explore and contribute to the real issues faced by India as an emerging economy.

CTIL has been the most fulfilling, invigorating and engaging place of work I have encountered. My time at the Centre has always been challenging, interesting and educational but also fun with a lot of space for personal and professional growth. The particular questions and topics that the Centre works on is always at the forefront of some of the most pressing issues at that particular time in the field of International Trade Law and International Investment Law. As the Centre advises the Government of India, there are chances of undertaking new and groundbreaking research. India's particular areas of interests or stances in the field can be unique with limited academic discourse in those areas. On top of the fascinating research, Prof. James is great to work with and for, and a great mentor. As a bonus, one will get a brilliant group of fellow lawyers as colleagues. I don't think there is not a better place in India to practice International Trade Law and Policy and even International Law, to a large extent, than CTIL.



*Achyuth Anil
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Working with CTIL as a Research Fellow has truly been an intellectually stimulating and enriching experience. Over the course of a year, I was exposed to diverse aspects of International Trade and Investment Law as I researched and gave legal opinions on a myriad of topics not only dealing with trade law but also covering domestic law and regulation of India and other jurisdictions. I was fortunate to have been involved in the various free trade agreement (FTA) negotiations in the tracks dealing with Legal and Institutional Provisions and Government Procurement. Legal examination of these areas helped me understand the core issues that determine the operation of obligations and commitments undertaken in the FTA alongside its interplay with international law. Through my involvement and contributions in the negotiations, I was able to not only understand India's position, perspectives and sensitivities on issues critical to a bilateral relationship with the FTA partner, but also the position of the FTA partner. CTIL also provided me with the opportunity to be involved in the dialogues of the G20 Anticorruption Working group, that broadened my horizons in the domain of corruption. Overall, my time at CTIL has equipped me with the tools to appreciate the complexities of international trade and the pivotal role that it plays in shaping the economy and the society.



*Sharona Mann
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IN CONVERSATION WITH CTIL ALUMNI



Smrithi Bhaskar
LL.M Candidate
MIDS Program

I was at CTIL for four years, and I will always look back at my time at the Centre fondly. It was a time of immense growth for me, both personally and professionally. Working at CTIL was a unique experience, not only because of the kind of work that you get to do at the Centre, but also because of the exceptional people here. I think CTIL has attracted some of the best and brightest lawyers in international economic law, all of whom work incredibly hard to make it a collaborative environment, where learning is fostered. Right from day one, there were people I could turn to discuss questions of law, explore various solutions to the legal questions we faced, or simply to discuss a new case or article that I read. The atmosphere of teamwork and camaraderie among everyone at CTIL is what makes it truly special to me. I am also incredibly grateful for the opportunities I got as part of the CTIL team, and under the guidance of Prof. James. I have had the opportunity to work on the drafting of domestic legislations, FTA texts, written submissions for WTO disputes, and so many opinions on diverse issues. The wide range of experience I have garnered at CTIL is unmatched, especially since I was given these opportunities fresh out of law school. CTIL has carved a niche for itself in the development of Indian trade and investment policy, as well as in terms of its contributions to the body of international economic law knowledge. I am certain that the knowledge I gained while working here, and the values that the entire CTIL team have instilled in me, will be something I take forward with me wherever I go.

I began my journey at the CTIL as one of the first interns in 2017. Even in my college days, I had developed an interest in both trade law and legal research and naturally I wanted to work with Prof. James Nedumpara. I interned again in 2019 when I realised that in less than two years, CTIL had grown almost unrecognizably. I knew that it was my dream job to be a research fellow at the CTIL. When a few months later, I officially joined the CTIL as a Research Fellow, it was a moment of pride for me. At the CTIL, I worked on projects which had international importance and it was unbelievable that in the beginning of my career, I was working on such incredible projects. I drafted Chemicals (Management and Safety) Rules while deputed to Department of Chemicals and Petrochemicals and then worked on National Logistics Bill for Logistics Division of Ministry of Commerce. I went to the UAE as part of negotiations team for the India-UAE FTA and also worked on India's trade negotiations with the UK, Australia, the EU, Mauritius and Chile. I advised on India's disputes at the WTO, cases which will immensely affect India's international trade. There were other innumerable projects for the Ministry of Commerce and for all of them, I felt that my work was meaningful. Although I left the CTIL in 2022 to pursue my LLM at London School of Economics and Political Science, I would always remember it as a place filled with talented colleagues.



Apoorva Vishnoi
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London School of
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Science

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MEET THE CTIL TEAM

HEAD



Dr. James J. Nedumpara
Professor and Head CTIL

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