



Trade-Technology E-Zine 20

(Centre for International Trade in Technology)

India slips in competitiveness index

India has slipped one rank below to 31st in the annual World Competitiveness Yearbook (WCY) among the top 58 nations of the world. Singapore is at the top followed by Hong Kong while United States has slipped to the third slot. China has improved its position to the 18th position.

Surprisingly, four Asian nations have now made it to the top---the positions dominated by Europe earlier. Only three European nations have made it to the top 10. The remaining two are US, Canada and Australia. The scenario is thus visibly different from that of 2009 when six of the 10 top nations were from Europe . Asia then had only two nations to its credit.

Though the number of nations ranked by the International Institute of Management Development (IMD)—which brings out the yearbook—has gone up from 57 in 2009 to 58 in 2010, a comparison of the rankings shows that a major causalities was the US economy, whose ranking has slipped from the first to the third position. In contrast, Singapore traversed the opposite direction moving from third to the first position.

What is worrisome is the sharply different trends in India's factor rankings in the four sub-sectors relating to economic performance, government efficiency, business efficiency and infrastructure. While the ranking relating to government efficiency which includes fiscal management and business legislation has gone up from the 35th to the 30th position over the two years that of infrastructure has improved from the 57th to the 54th position.

However, the trend has been reversed in the other two sub-sectors with India's ranking in business efficiency (relating to productivity, management practices among others) slipping from 11th to the 17th position in business efficiency and falling even more sharply from the 12th to the 20th position in economic performance, which relates to areas like trade, investments, employment and prices.

(The Financial Express, 20 May 2010)

EU confronted on herbal medicines & chemicals ban

India has taken up with European Union the issue of its traditional medicine and chemical industries that are set to face various import restrictions in the European Union. In its on-going bilateral free trade agreement negotiations with the trade bloc, India has sought dilution of the proposed controls to ensure continued exports to the region.

While the traditional herbal medicine industry is going to face regulatory restrictions in EU from next year, the restrictions on chemicals, currently applicable on large exporters, is going to be extended even to small players over the next few years. The directive on traditional herbal medicinal products (THMP) that will be implemented across the EU in 2011 makes it compulsory for companies to show thirty years of traditional uses, including 15 years in the EU. This may result in a complete denial of market access for THMP.

India has also asked the EU to relax its Registration, Evaluation and Authorization of Chemicals (REACH) norms for the chemicals sector which will bring in small exporters in its ambit over the next eight years.

This will severely affect exports from India not just because the superior testing procedures increases costs for producers, but also due to the fact that there aren't enough testing laboratories in India. India exports about \$1 billion of traditional medicines, which is a small fraction of more than \$80 billion of exports taking place worldwide. Its chemical exports are much higher at \$170 billion.

(The Economic Times, 15 May 2010)

A patent shortage

Going by the numbers put out by the Geneva-based World Intellectual Property Organization in its 2009 Report, the total applications filed in India was 28,940 in 2007, against a whopping 2,45,161 in China. India too will see these numbers rising. This means speeding up the much-needed revamping of the patent office. Better infrastructure and more trained and qualified patent examiners are needed.

The patent office has to enter into an agreement with the Council of Scientific and Industrial Research to outsource part of the patent scrutiny work to this scientific body. But considering that even today over 70,000 patent-seekers are awaiting disposal of their applications many more such measures would have to be conceived to clear the pending applications without putting the credibility of the patents at stake.

(Business Standard, 14 May 2010)

Defence Min. nod to DRDO commerce arm

As a part of the major restructuring plan for Defence Research and Development Organization (DRDO), the Defence Ministry has announced setting up of a new commercial arm of the organization.

To be created by DRDO as a private limited company, the arm will have a seed capital of about Rs 2 crore. It would deal only with the spin-off products and technologies meant for civilian use. It will not take up any manufacturing activity. For any production activity the services of public or private sector industry will be utilised.

The key measures to make DRDO effective in its functioning include the establishment of a Defence Technology Commission with the Defence Minister as its chairman.

The decentralization of DRDO management will be achieved through formation of at least seven technology-domain based centres or clusters of laboratories headed by directors general to ensure timely execution of major programmes.

It is decided that the budget for rejuvenating research may reach 5 % of DRDO budget of three years. Aeronautical Development Agency (ADA) will continue to perform its role of design and development of aircraft and DRDO would continue with the Kaveri Aero-Engine Programme. DRDO will also take up the development of MBT Arjun Mk-II and Mk-II version of Akash. It will also select industry partners through a transparent process by evolving a suitable mechanism.

(The Financial Express, 14 May 2010)