

The policy seeks to make India economically stronger with enhanced capacities ensuring resiliency of supply chains

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India's Minister of Commerce and Industry, Shri **Piyush Goyal**, **Australia's Minister for Trade, Tourism and Investment, Senator Mr Simon Birmingham**, and **Japan's Minister of Economy, Trade and Industry, Mr Kajiyama Hiroshi** held a ministerial videoconference today.

The Ministers reaffirmed their determination to take a lead in delivering a free, fair, inclusive, non-discriminatory, transparent, predictable and stable trade and investment environment and in keeping their markets open. In light of the COVID-19 crisis and the recent global-scale changes in the economic and technological landscape, the Ministers underscored the necessity and potential to enhance the resiliency of supply chains in the Indo-Pacific region.

Recognizing the pressing need for regional cooperation on supply chain resilience in the Indo-Pacific, the Ministers shared their intention to work toward the launch of a new initiative to achieve the objective through cooperation. They instructed their officials to promptly work out the details of the new initiative for its launch later this year. The Ministers noted the important role of business and academia in realizing the objective. The Ministers called for other countries in the region, which share the afore-mentioned views, to participate in the initiative.

Addressing the Trilateral meeting, Shri Piyush Goyal said that the initiative could not have come at a more opportune time in the post COVID scenario when there is a likelihood of recharging of supply chains in the

Indo-Pacific region and it is incumbent upon us to take the initiative. He said that in May 2020, Hon'ble Prime Minister of India had stressed that it is the need of the hour that India should play a big role in the supply chains.

On the initiative itself, Shri Goyal said "India wholeheartedly endorses the broad concept of working towards ensuring a trustworthy, dependable and reliable supply chain in the Indo-Pacific region. The diversification of supply chain is critical for managing the risks associated with supply of inputs including disciplining price volatility. We could provide the core pathway for linking value chains in the region by creating a network of reliable long term supplies and appropriate capacities."

The Minister said that the initiative also dwells on improving the competitiveness of sectors. "For this, we may need to identify the manufacturing and services sectors which contribute most to the domestic value addition in the region. We support the need for specific activities listed for enhancing the resilience of the supply chains which include those related to promotion and facilitating trade and investment as well as diversification of production base." He said that the digitization of trade procedures is a very important step for facilitating trade and thereby maintaining resilience in supply chains. This was clearly exemplified during the COVID crisis when many of the regulatory agencies were not functioning physically. "It is important that all of us maintain this momentum on facilitation through adoption of electronic documents, commensurate with our capacities," he added.

In terms of participation by interested countries, Shri Goyal said that it is important that we look at countries with similar line of thinking in terms of being reliable and dependable suppliers for ensuring resiliency in the supply chains of the region. Some of the other key parameters that could be looked at are the market oriented policies, demography, growth potential, fiscal state of play including existing debt burdens and geo-political strategy.

Describing Australia, India and Japan as crucial players in the region, Shri Goyal said that during 2019, the cumulative GDP was \$ 9.3 trillion while cumulative merchandise goods and services trade were \$ 2.7 trillion and \$0.9 trillion respectively. "With such a strong baseline, it is important that we use this opportunity to work towards enhancing the share of our trade and investment in the region", the Minister said.

Stressing on the need to expand trade between these countries, Shri Goyal however pointed out that with Japan, it is seen that in many specific products, despite our global exports and Japanese global imports being high with zero preferential tariffs, the procurement from India was limited. This cuts across many sectors such as steel, marine products, processed agriculture, agro-chemicals, plastics, carpets, clothing, footwear etc. He expressed the hope that the proposed initiative must clearly try to bridge this and work towards enhancing mutual trade.

Talking about India's economic expansion being now premised on the policy of being Atmanirbhar or self-reliant, Shri Goyal said that the policy seeks to make India economically stronger with enhanced capacities ensuring resiliency of supply chains. He said that India, in its tradition of treating the world as a family, played a crucial role during the COVID crisis with the export measures for supply of critical medical products put in place only to ensure equitable distribution. "All these measures indicate our credibility and reliability as a partner and I am sure this is an important parameter as we venture into this new initiative for ensuring resiliency of supply chains. Transparency and trust have to be the hallmark of our initiative if we seek to expand its footprint. We firmly believe that Australia and Japan are key partners for us in our joint endeavor", Shri Goyal said.

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