

US trade deficit with India falls, Modi to raise issue with Trump

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New Delhi, 7 March

Days after the US cut off India's duty-free access to the American market under its largest preferential trade scheme, the Generalized System of Preferences (GSP), official figures from Washington DC showed that its trade deficit with the country has fallen over the past two years, slipping to \$21.3 billion in 2018. In 2017, the US' trade deficit with India was \$22.3 billion, down from \$24.4 billion in the previous year.

Prime Minister Narendra Modi is expected to point this out to US President Donald Trump in a letter on the matter soon, *Business Standard* has learnt.

The latest figure, released by the United States Census Bureau, under the Department of Commerce, on Thursday, comes three days after Trump notified US Congress of his



DATA VS CLAIMS

- The US' trade deficit with India in 2018 stood at \$21.3 bn, down from \$22.3 bn in 2017; it was \$24.4 bn in 2016
- The US' global trade deficit jumped to a record \$878 bn in 2018, from \$807 bn in 2017
- Trump has decided to remove India from the list of GSP beneficiaries for not granting Americans "reasonable access" to its markets

intent to remove India from the list of beneficiaries of the GSP programme for not granting American producers "reasonable access" to its markets. Senior Indian government officials, however, have argued that the dominance of US firms in several sectors showed that India had suitably opened up its market to foreign industry. The US' trade deficit with

India, an issue raised Trump several times, has also served as the justification for the country imposing a 25 per cent extra levy on steel and 10 per cent on aluminium products, and threatening to arbitrarily increase tariffs on major imports from here.

Despite increased protectionism through higher tariffs on imports and easier export norms, the Trump administra-

tion has not been able to rein in the US' ballooning global trade deficit, that jumped to a record \$878 billion in 2018, from \$807 billion in 2017. Its global trade deficit has increased for the third consecutive year.

The US' trade deficit with China also hit a record \$419 billion, despite a series of tariffs the administration imposed on Chinese goods to decrease reliance on imports.

The US had record exports to 53 countries in 2018, led by Mexico (\$265.0 billion), Japan (\$75.0 billion), and the United Kingdom (\$66.2 billion), according to the US Federal government. However, it also had record imports from 60 countries in 2018, led by China (\$539.5 billion), Mexico (\$346.5 billion), and Germany (\$125.9 billion).

GSP drama continues

India has been the largest beneficiary under the GSP scheme, the largest and oldest US trade

preference programme designed to promote economic development by allowing duty-free entry for thousands of products, mostly from developing nations. India exported goods worth \$5.6 billion under the GSP last year. But the Indian government has downplayed the impact of Trump's decision, saying that the country has received only \$190 million worth of benefits under the scheme.

Though India is not keen to engage the US in a tit-for-tat show, the government on April 1 will finally impose higher duties on 29 key imports from the country, senior government officials said. This roll-out has been deferred six times.

"We do not believe that a knee-jerk reaction is the best option. We are internally reviewing our stance and will reply in time. The US has notified that benefits will lapse after a 60-day period," an official said.

Navy signs lease for 3rd Russian N-submarine

AJAI SHUKLA
New Delhi, 7 March

Underlining slow progress in the indigenous project to design and build six nuclear-powered attack submarines (SSNs), India and Russia have signed a 10-year lease for a new Russian SSN, which will join the Indian fleet around 2025.

The navy already operates a Russian SSN, called INS Chakra, which was taken on a 10-year lease in April 2012 for almost a billion dollars. This was to return to Russia in 2022, but defence ministry sources say its lease could be extended by three years, while the next INS Chakra is built.

India leased its first nuclear submarine, the Charlie-class INS Chakra, in 1988. That went back to Russia in 1991 and the navy did without an SSN for 21 years until it leased an Akula-class SSN, the second INS Chakra, in 2012.

India has indigenously designed and built a nuclear-propelled, nuclear ballis-

tic missile submarine (SSBN), called INS Arihant. A second SSBN, called INS Arighat, is to follow shortly, with two more in the pipeline. SSBNs are not a part of the navy's combat fleet. They are armed with nuclear-tipped ballistic missiles that are the underwater leg of India's nuclear delivery triad — i.e. nuclear weapons delivered by land-based missiles, aircraft-dropped weapons and those fired from under water.

SSNs, in contrast, are a part of the navy's combat fleet. They are propelled by a nuclear reactor, but do not carry nuclear weapons. Their weapons load consists of land attack and anti-ship missiles, and torpedoes to sink enemy shipping.

While the current INS Chakra operates Russian weaponry and command systems, the next model will be fitted with Indian systems to validate them for the indigenous submarines. However, a key system that remains to be developed is a nuclear reactor for the SSN.

Besides INS Chakra, the navy oper-



The current INS Chakra's lease could be extended for three years from 2022

ates 14 conventional submarines and is to receive five more Scorpene submarines, which are under construction in Mazagon Dock, Mumbai. These also fire missiles and torpedoes but, since their diesel engines cannot run underwater for lack of air, a conventional submarine can remain submerged for only as long as its on-board electric batteries provide power. When the batteries are

drained, typically in 8-8 hours, the submarine must surface to run its generators and recharge batteries. A surfaced submarine is vulnerable to detection and attack.

In contrast, an SSN's nuclear reactor can run underwater, allowing it to remain submerged indefinitely, when it is extremely hard to detect. This allows SSNs to slip underwater into its patrol area — say, the Gulf of Malacca — and lurk in ambush for days on end, listening through its sonar for enemy ships. Then it can torpedo them and escape at high speed underwater.

SSNs are ideal for these so-called "sea denial" missions, in which one denies the enemy the use of the sea. Meanwhile, the navy uses aircraft carrier battle groups for "sea control" missions, where carrier-borne air power dominates an expanse of ocean.

The cost of the 10-year lease signed on Thursday is being reported as \$3 billion. That would be over thrice the cost of the lease of the current INS Chakra.

AROUND THE WORLD

Zuckerberg promises a privacy-friendly FB

Mark Zuckerberg said Facebook will start to emphasise new privacy-shielding messaging services, a shift apparently intended to blunt both criticism of the company's data handling and potential antitrust action.

In effect, the Facebook co-founder and CEO promised to transform the service from a company known for devouring the personal information shared by its users to one that gives people more ways to communicate in truly private fashion, with their intimate thoughts and pictures shielded by encryption in ways that Facebook itself can't read.

But Zuckerberg didn't suggest any changes to Facebook's core newsfeed-and-groups-based service, or to Instagram's social network, currently the fastest growing part of the company. "It's not that I think the more public tools will go away," Zuckerberg said in an interview Wednesday with The Associated Press. "All indications that Facebook and Instagram will continue growing and be increasingly important." Critics aren't convinced Zuckerberg is truly committed to meaningful change.

"This does nothing to address the ad targeting and information collection about



Facebook is accused of sharing personal information of 87 million users

individuals," said Jen King, director of consumer privacy at Stanford Law School's Center for Internet and Society.

"It's great for your relationship with other people. It doesn't do anything for your relationship with Facebook itself." Zuckerberg laid out his vision in a Wednesday blog post, following a rocky two-year period in which the company has weathered a series of revelations about its leaky privacy controls. That included the sharing of personal information from as many as 87 million users with a political data-mining firm that worked for the 2016 Trump campaign.

API/PTI

EU demands UK submit fresh Brexit plan today

The European Union (EU) has issued an ultimatum for the UK to come up with some fresh proposals by Friday to break the deadlock over ongoing negotiations to strike a deal in time for the March 29 Brexit deadline.

While the European Commission's spokesperson said that "no solution" was in sight as British ministers left Brussels after talks on Wednesday, the UK has claimed that "reasonable" proposals to satisfy British MPs' concerns about being tied to EU rules post-Brexit had been made.

"These are very sensitive discussions, we are in the meat of the matter now. We've put forward some proposals, very reasonable proposals, are we are now really into the detail of the discussion," said UK Attorney-General Geoffrey Cox.

MPs, who had decisively rejected the agreement earlier this year, are due to vote for a second time on the deal in a so-called "meaningful vote" next week.

PTI

Huawei sues US govt, says ban unconstitutional

Chinese telecoms equipment maker Huawei sued the United States (US) government on Thursday saying a law limiting its US business was unconstitutional, ratcheting up its fight back against a government bent on closing it out of global markets.

Huawei said it had filed a complaint in a federal court in Texas challenging Section 889 of the National Defense Authorization Act (NDAA), signed into law by US President Donald Trump in August, which bars federal agencies and their contractors from procuring its equipment and services.

The lawsuit marks the latest confrontation between China and the US, which spent most of 2018 slapping import tariffs on billions of dollars



worth of each other's goods. The year ended with the arrest of Huawei's chief financial officer, Meng Wanzhou (pictured) in Canada at US request, to the consternation of China. Long before Trump initiated the trade war, Huawei's activities were under scrutiny by US authorities, according to interviews with 10 people familiar with the Huawei probes and documents related to the investigations seen by Reuters.

"The US Congress has repeatedly failed to produce any evidence to support its restrictions on Huawei products. We are compelled to take this legal action as a proper and last resort," Huawei Rotating Chairman Guo Ping said in a statement.

REUTERS