



News Analysis (30 Mar, 2019)

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Economic Relations between India and European, Oceania Countries

Recently, interaction on trade and economic cooperation with ambassadors and high commissioners of European and Oceania countries took place in New Delhi.

Background

- **European and Oceania countries are major trading partners and major sources of investments for India and there is the huge untapped potential that can be achieved.**
- During 2017-18, **India's trade with Europe stood at USD 130.1 billion**, with both exports and imports registering double-digit growth.
- **In Oceania, India is the fifth largest export market for Australia**, with coal, education-related travel, vegetable, and gold being some of the major items of imports by India.
- Major exports from India to Australia include refined petroleum, business services, and pharmaceuticals.
- **New Zealand is also an important market for India in the Oceania region**, especially for its exports of pharmaceuticals, gems, and jewelry, machinery and textiles, and apparel.
- Nearly, more than USD 1.2 billion was invested by companies from Oceania in the Indian market from April 2000 to December 2018.



- **The Oceania region also accounts for nearly 1.7 percent of India's overseas FDI, with Australia, Fiji, New Zealand, and Vanuatu being the key investment destinations.**

India-Europe Union Economic Relations

- **The EU as a bloc of 28 countries is India's largest regional trading partner while India was the EU's 9th largest trading partner in 2015.**
- India and the EU are in the process of negotiating a bilateral **Broad-based Trade and Investment Agreement (BTIA) since 2007.**

European Union

- European Union (EU), is an international organization comprising **28 European countries and governing common economic, social, and security policies.**
- The EU was created by the **Maastricht Treaty, which entered into force on November 1, 1993.**
- The treaty was designed to enhance European political and economic integration by creating a single currency (the euro), a unified foreign and security policy, and common citizenship rights and by advancing cooperation in the areas of immigration, asylum, and judicial affairs.

Issues in India-EU Trade Relations

- Even after 13 rounds of negotiations, BTIA has not led to the signing of the agreement.
- **Intellectual property rights:** There is disagreement over IP protection standards. The EU is keen that India should adopt stringent IP protection standards.

For India, such a step could impact public health and seriously affect the Indian

pharmaceutical sector.

- **Reduction in tariffs:** One of the major demands of the EU is that India should lower its tariff rates on European dairy and poultry products, wines and spirits.

Reduction of tariffs in the dairy sector and poultry industry could have a serious impact on the Indian dairy industry, mainly on employment.

- **Services sector:** India has **demande flexible regulations, greater access for Indian services** and an easy visa requirement for Indian professionals. Europe is cautious about allowing this fearing an increased unemployment problem.

India-Oceania Relations



- **India's trade relation with Oceania has been dominated by Australia and New Zealand.**
- India's trade in goods and services with Australia was approximately US\$ 15.6 billion in 2016.
- India was New Zealand's 11th largest bilateral trading partner (2017) with total trade in both goods and services valued at US\$ 1.91b.
- Apart from these two India also has a significant trade relationship with the Pacific island nations with Fiji and Papua New Guinea dominating the relations. **India's trade with the Pacific Islands stood at US\$ 228 million in 2012.**

Pacific Island Forum (PIF)

- The **PIF was formed in 1999 as a successor to the earlier South Pacific Forum set up in 1971.**
- Regional cooperation has grown steadily under the aegis of the PIF.
- **India is a dialogue partner of the Pacific Island Forum (PIF).**

Forum for India–Pacific Islands Cooperation (FIPIC)

- **Forum for India–Pacific Islands Cooperation (FIPIC) was launched during the visit of Prime Minister of India to Fiji in November 2014.**
- Member Countries - **India and 14 Pacific Island countries**, namely Fiji, Cook Islands, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.

Issues between India and Pacific Island Countries (PICs) Trade Relations

- The low volumes of trade between India and the PICs are due to the **small populations and market sizes** in these islands, as well as their **distance from India.**
 - **Steps Taken by India to Improve Trade Relations**
 - **India has established Trade Office for Pacific Island Forum countries in India.**
 - The FIPIC Trade Office in New Delhi **will support the development of micro, small and medium Enterprises.** The **Office will assist in improving Market Access for the Pacific** Islands.
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Five Coffee Varieties Got GI Tag

The Department for Promotion of Industry and Internal Trade, under the Ministry of Commerce and Industry, has recently awarded GI tag to five varieties of Indian coffee.

- The five varieties include
 - **Coorg Arabica coffee**, grown specifically in the region of Kodagu district in Karnataka.
 - **Wayanad Robusta coffee**, grown specifically in the region of Wayanad district which is situated on the eastern portion of Kerala.
 - **Chikmagalur Arabica coffee**, grown specifically in the region of Chikmagalur district which is situated in the Deccan plateau, falling under the Malnad region of Karnataka.
 - **Araku Valley Arabica coffee**, can be described as coffee from the hilly tracks of **Visakhapatnam district of Andhra Pradesh** and Odisha region grown at an elevation of 900-1100m Mean Sea Level (MSL). This variety is produced by the tribals, who follow an organic approach in which they emphasise management practices involving substantial use of organic manures, green manuring and organic pest management practices.
 - **Bababudangiris Arabica coffee**, grown specifically in the birthplace of coffee in India. The region is situated in the central portion of Chikmagalur district.

Selectively hand-picked and processed by natural fermentation, the coffee cup exhibits acidity, mild flavour and striking aroma with a note of chocolate. This coffee is also called 'high grown coffee' as it slowly ripens in the mild climate thereby acquiring a special taste and aroma.

- The GI tag will help in enhancing the visibility of Indian coffee in the world and will also allow growers to get maximum price for their premium coffee.
- **In the year 2018, The Coffee Board had filed the application for the GI Tag for these five varieties.**
- Earlier, the **Monsooned Malabar Robusta Coffee**, a unique specialty coffee of India was given GI certification.

Coffee Stats

- In India, coffee is cultivated in about 4.54 lakh hectares by 3.66 lakh coffee farmers of which 98% are small farmers.
- **The cultivation is mainly done in the Southern States of India:**
 - Karnataka – 54%
 - Kerala – 19%
 - Tamil Nadu – 8%
- It is also grown in non-traditional areas like Andhra Pradesh and Odisha (17.2%) and North East States (1.8%).
- **India is the only country in the world where the entire coffee cultivation is grown under shade, hand-picked and sun dried.**
- India produces some of the best coffee in the world, grown by tribal farmers in the Western and Eastern Ghats, which are the two major biodiversity hotspots in the world.
- Indian coffee is highly valued in the world market and is sold as premium coffee in Europe.

Two main varieties of coffee - grown in India

- **Arabica**
 - This variety of coffee has a delicate flavour and balanced aroma coupled with a sharp and sweet taste.
 - Arabicas are harvested between November to January, and are typically grown on higher altitudes ranging from 600 to 2000 metres in cool, moisture-rich and subtropical weather conditions.
 - It has about half the amount of caffeine compared to Robustas.
- **Robusta**
 - It has a very strong taste, a grainy essence and an aftertaste somewhat similar to that of peanuts.
 - It is harvested from December to February and is grown in hot and humid climate with temperature ranging from 20 degree Celsius to 30 degree Celsius.

- It has twice the level of caffeine compared to Arabica.

The Coffee Board of India

- It is a **statutory organization that was constituted under Section (4) of the Coffee Act, 1942.**
 - It **functions under the administrative control of the Ministry of Commerce and Industry, Government of India.**
 - The Board comprises 33 Members including the Chairperson, who is the Chief Executive and it **functions from Bangalore.**
 - The Board mainly focuses its activities in the areas of research, extension, development, market intelligence, external & internal promotion for coffee.
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Important Facts For Prelims (30th March 2019)

Non-Convertible Debentures

- Debentures are **long-term financial instruments that are issued by companies to borrow money.**
- Some debentures have a feature of convertibility into shares after a certain point of time at the discretion of the debenture holder.
- **The debentures which cannot be converted into shares are called non-convertible debentures (or NCDs).**
- **There are two types of NCDs-secured and unsecured.**
- A secured NCD is backed by the assets of the company. If the company fails to pay the obligation, the investor holding the debenture can claim that through liquidation of those assets. Contrary to this, there is no backing in unsecured NCDs if company defaults.

Venezuela Humanitarian Aid Operation

- The **International Federation of Red Cross and Red Crescent Societies (IFRC)** will channel humanitarian aid to the **crisis-hit Venezuela**, potentially helping ease chronic hunger and disease.
- The first supplies would include **medical equipment, surgical kits and power generators, following two major blackouts.**
- The **country's hyperinflationary crisis** has made food and medicine unaffordable for most citizens, fueling widespread malnutrition, especially among children, and a rise in preventable diseases.

International Federation of Red Cross and Red Crescent Societies

- The **International Federation of Red Cross and Red Crescent Societies (IFRC)** is a global humanitarian organization, which coordinates and directs **international assistance following natural and man-made disasters in non-conflict situations.**
- It was **founded in 1919 in Paris** in the **aftermath of World War I.**
- It is **headquartered in Geneva, Switzerland.**
- It is the **world's largest humanitarian network** which is guided by **seven Fundamental Principles:** Humanity, impartiality, neutrality, independence, voluntary service, universality and unity.

Indian Red Cross Society

- **Established in 1920 under the Indian Red Cross Society Act** and incorporated under Parliament Act XV of 1920.
- **President of India is designated the President of the Indian Red Cross Society and Union Health Minister is the Chairman of the Society.**
- The Indian Red Cross is a **voluntary humanitarian organization** having a network of over 700 branches throughout the country, providing relief in times of disasters/emergencies and promotes health & care of the vulnerable people

Fakim Wildlife Sanctuary

- Recently, a **forest guard at the Fakim Wildlife Sanctuary in Nagaland,** has been awarded **Earth Day Network Star,** for the protection of forests and wild animals in and around Fakim sanctuary.
- The award is given by a **U.S.-based international environment organisation** that engages with green groups in 195 countries.
- The Fakim Wildlife Sanctuary is located **Kiphire district of Nagaland.** It is spread over 642 hectares.
- It was **established in the year 1983,** and it lies along the **international border with Myanmar.**
- Many wildlife animals such as leopards, tigers, wild buffaloes, hoolock gibbons and mithun are found.
- **Hornbill,** the **most popular bird in Nagaland** (It can be noted that **Blyth's Tragopan is the State Bird of Nagaland**) is also abundantly found in the Fakim Wildlife Sanctuary.

DRDO's Bio-Digester

- The Bio-digester technology has been developed by **Defence Research and Development Organisation (DRDO)** for resolving the problems of un-decomposed human waste.
- The bio-digester **consists of a bio-toilet attached with bio-digester tanks** that

converts human faeces into biogas and reusable water.

- It uses **anaerobic microbial inoculum (a material used for inoculation)** to convert faeces into biogas and water that can be used for agriculture and gardening purposes.
- The tanks can be **customised based on the requirements** of the local conditions, and can **operate in temperatures ranging from minus (-) 20 degrees to 50 degrees.**
- The bio-digester tanks are **maintenance-free for the lifetime**, as the **anaerobic microbial inoculum is fed only once.** It feeds on the faecal matter and multiplies by itself.
- The technology is now being **used in the Indian Railways and by the armed forces.**

Defence Research and Development Organisation

- DRDO was **established in 1958** after combining Technical Development Establishment (TDEs) of the Indian Army and the Directorate of Technical Development & Production (DTDP) with the Defence Science Organisation (DSO).
 - DRDO works under the **administrative control of Ministry of Defence, Government of India.**
 - Several major projects for the development of missiles, armaments, light combat aircrafts, radars, electronic warfare systems etc are on hand and significant achievements have already been made in several such technologies.
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