

Foreign trade policy extended by 6 months amid global headwinds

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Days before unveiling of the much-awaited new foreign trade policy (FTP) document, the Centre on Monday announced extension of the existing policy by another six months due to global headwinds.

The government was to unveil the new policy on September 29.

Amit Yadav, additional secretary in the department of commerce, told reporters that the decision was taken after consultations with export promotion councils. It was felt that the time was not ripe to roll out the new policy, especially when the global economy was heading towards a recession, he said.

Yadav also said the government received requests from various quarters that the existing policy should be continued due to prevailing geopolitical tensions, currency volatility, and monetary conditions.

An FTP is an elaborate policy guideline and a strategy to promote export



of goods and services. The existing policy came into force on April 1, 2015, and was valid for five years – till 2020.

The FTP was deferred and the current policy extended from March 2020, as businesses grappled with the disruptions caused by the Covid-19 pandemic. Another extension was till September 30, 2022, as the government did not have anything substantial to roll-out in the new policy in the absence of any new incentive scheme.

LONG WAIT

- This is for a second time that the current policy has been extended since its launch in 2015
- The extension comes days before the roll out of a new policy
- Govt says time is not ripe to roll out the new policy
- Cites global headwinds, such as tighter monetary conditions, currency volatility, and Russia-Ukraine conflict

It is learnt that the final decision for an extension was taken after the meeting between Commerce and Industry Minister Piyush Goyal, Commerce Secretary BVR Subrahmanyam, and Officer of Special Duty Sunil Barthwal at the prime minister's office on Monday.

There were also discussions over the need for an incentive scheme for services exports, especially at a time when merchandise exports are slowing down.

Exporters had pointed out that announcing a policy mid-year may not be a prudent decision and it should be rolled out at the beginning of the next financial year.

“The government has always involved all stakeholders in formulating policy. In view of this, it has been decided to extend the Foreign Trade Policy 2015-20, valid till September 30, 2022, for a further period of six months, w.e.f. October 1, 2022,” an official statement from the department of commerce said.

“The postponement of the new FTP is a very prudent decision. The global situation is extremely fluid with countries plaguing with rising inflation and uncertainty due to geopolitical development. Recession is settling in many economies and currencies are bleeding. This is not the time to bring a long-term FTP. It is better to bring the policy when the situation stabilises in six months so that we know where we stand and accordingly draw our strategy to face the new dynamics of global trade,” said Ajay Sahai, director-general and chief