

## Context

Recently, the Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles launched the Foreign Trade Policy (FTP) 2023.

# FOREIGN TRADE POLICY (FTP) 2023

## About Foreign Trade Policy (2023)

- It is based on continuity of time-tested schemes facilitating exports as well as a document which is nimble and responsive to the requirements of trade.
- The new FTP aims to boost the internationalization of trade in rupees by allowing international trade settlement in India's currency.
- It is based on principles of 'trust' and 'partnership' with exporters.

## What are the pillars of the FTP?

Incentive to Remission

Export promotion through collaboration: Exporters, States, Districts, Indian Missions, Ease of doing business, reduction in transaction cost and e-initiatives.

Emerging Areas: E-Commerce Developing Districts as Export Hubs and streamlining SCOMET policy.

## Important features of FTP

The policy emphasizes export promotion and development, moving away from an incentive regime to a regime which is facilitating, based on technology interface and principles of collaboration.

Towns of Export Excellence will have priority access to export promotion funds under the Market Access Initiative (MAI) scheme.

Promoting Export from the District would promote exports at the district level and accelerate the development of the grassroots trade ecosystem.

E-commerce exports are a promising category that requires distinct policy interventions from traditional offline trade.

Facilitation under Advance authorization Scheme.

Amnesty Scheme is intended to provide relief to exporters who have been unable to meet their obligations under EPCG and Advance Authorizations, and who are burdened by high duty and interest costs associated with pending cases.

## Future of Foreign Trade Policy

- The Foreign Trade Policy 2023-28 is designed to be adaptable and responsive to the changing trade environment.
- It emphasizes wider engagement with states and districts to promote grassroots exports, streamlining e-commerce exports, setting sector-specific targets to achieve the one trillion-dollar merchandise export goal by 2030.
- In creating a consultative mechanism to resolve trade issues, working towards making
- Indian Rupees a global currency, and restructuring the Department of Commerce for future readiness.

## What are the issues in implementing the new FTP

- The new FTP does not take into account the structural changes in the global export order post.
- India needs to ensure that all its export promotion schemes comply with WTO rules.
- Implementation of the new FTP will require coordination between stakeholders.
- The global trade environment is constantly evolving, with geopolitical tensions and protectionist measures posing exporters.

## Significance of the new FTP

- Ecommerce exports
- MSMEs and towns of excellence
- Shift from incentives to remissions
- Compliance with WTO rules

## Closing remarks

- The policy emphasizes the importance of e-commerce exports, manufacturing, and decentralized export promotion.

- The key highlights of India's Foreign Trade Policy 2023-28 include initiatives to simplify the approval process, reduce transaction costs, and promote international trade.