

India independence day



The iconic stone chariot at the Vittala Temple complex in Hampi is a major tourist attraction. EMBASSY OF INDIA

Deregulation, reforms key to economic relations

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The new cabinet of Prime Minister Narendra Modi was built on the election pledges of economic growth. There will be a paradigm shift as deregulation, reforms, market access, reciprocity, transparency and equal and fair trade will be sought.



Economic relations

Delays in building electric power plants have severely hampered India's economic independence. Japan's Indecisive policy for export of nuclear power plants has caused low productivity, which has raised alarming social issues of poverty, unemployment and low wages. With less than fifty percent electric power sufficiency, one in two Indians is deprived of electricity. The quadrupling of the Chinese economy over the last 3 decades is caused by the benevolent export of nuclear power plants from Japan. The

political willpower to accept China and reject India as a buyer of nuclear fuel and technology for peaceful purposes is a paradox in bilateral economic relations. India has suffered painful losses to its people by depriving them of electric sewage systems, water purification systems, communications, transportation and industry. Today, half of India's households without electricity depend on candles, kerosene or other primitive sources of light, making life difficult for children to be able to study in the darkness of their homes. Promoting education without electricity is a nightmare. As Japan and China developed their economic models on over 50 percent dependence on nuclear power, it is difficult to see how India can do without it. Our leaders may express great friendship and goodwill, but unless implemented to resolve critical issues with political willpower, there will be economic deadlocks and stalemates.

India has faithfully opened its markets to Japanese consumer goods, including automobiles, electric appliances, white goods, construction machinery

and most other items barring a few strategic defense industries. The result is an annual trade deficit with Japan of \$6 billion, which if left unattended by increased Indian exports or services will quickly swell to a cumulative \$100 billion deficit. Although India is rapidly transforming from a consumer-based to an export-based manufacturing economic model, it is facing uncountable nontrade and trade barriers, which require immediate deregulation, reforms, market access and reciprocity with fair and equal terms.

Information technology

India is a world leader in the development and export of software and information technology. There are 100 companies in IT services that have been established in Japan to provide high-grade, value-added software development at a fraction of Japanese prices. Yet Japan as the world's second largest market in terms of IT outsourcing with IT spending of \$109 billion leaves India a share of less than 1 percent. Of the total, 70 percent is serviced by Japanese companies and 29

percent by other countries. On one hand, the Japanese policy is to increase foreign companies and foreign investment in Japan, and on the other hand, the lack of deregulation to open market access to Indian software companies by orders from government and public bodies is a self-defeating paradox, which can open unwanted trade battles to barter IT for automobiles.

Pharmaceutical industry

Every major Japanese pharmaceutical manufacturer desires to capture the burgeoning share of the domestic Indian market, causing a frenzy of acquisition of Indian manufacturers and distributors at exorbitant prices, resulting in huge valuation losses after acquisition. At a recent Indian pharmaceutical trade fair held in Tokyo, over 100 Indian pharmaceutical manufacturers participated, all repeating the same mantra; "The Japan pharmaceutical industry is closed, heavily regulated and is strongly influenced by the medical lobby that disallows access to Indian imports." If medical equipment imports

from Japan were to be bartered against Indian pharmaceutical exports it would help both Japan and India.

The four major Indian export sectors, which are capable of meeting global standards, are information technology services, pharmaceuticals, fashion (both apparel and jewelry) and food and agriculture. These cover a vast scope of collectively equalizing the chronic trade deficit of \$6 billion. Each of the four with a meager increase in monthly exports of \$125 million could wipe out the trade deficit and open wider supply channels from India with the highest export quality standards at prices far lower than paid to other countries. Neglecting focus on increasing imports from India will induce greater trade friction.

The Indian Commerce and Industry Association was established 94 years ago to serve as an apex body, always striving to increase bilateral trade and investments. On behalf of all members we convey greetings to readers and thank The Japan Times for publishing this article.

Reforms will lead to affordable access to health care for all

CONTINUED FROM PAGE 6

there seems to be a perception that India thrives on copying foreign products. A recent study by Evaluate, a leading independent specialist pharmaceutical consultancy, reports that there is little difference in investment by "innovators" and "generics" and it is just a myth that innovators invest heavily in research while generics don't.

Despite well-publicized claims of the Western world, there seems to be a marked decrease in R&D investments and this trend is expected to continue. When one realizes that almost 50 percent of European pharmaceutical patents are either lying dormant, or filed in order to block competitors, one wonders how innovation is being defined and encouraged. Is it innovation if the effect is stifling further innovation and competition and creating barriers to improvement?

The Indian pharmaceutical industry has clearly demonstrated it has the potential to be a part of the solution for universal access to health care. India's strength is innovating to improve global access to medicines as opposed to developing more and more "me

too" drugs, which have been traditionally defined by the West as innovation. There is now a growing acknowledgment that the existing intellectual property rights (IPR) regime being touted by the West doesn't foster innovation.

As such, the current patent system is itself reeling from the ill effects of patent assertion entities (trolls) that do not produce anything of value but merely hold patents with a view to threatening businesses with infringement actions to obtain licensing revenue. Patents have other flaws that relate to monopoly power, both because it harms consumers who have to pay high prices and because it can hinder improvements and subsequent innovations. Static distortions, too little incentive for original research, and wasteful duplication of research are some of the most serious problems of the patent system. In addition to the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) - compliant patent regimes, which ostensibly promote innovation and discourage copying, the next generation of barriers to competition seems to be set up as global standards. Just as IPR was addressed by the World

Trade Organization in TRIPs, the more recent barriers are likely to be in the form of harmonized regulations. Patent linkage (in Canada and the U.S. for example) denies access to markets on the mere allegation of patent infringement. Despite the U.S. Supreme Court indicating that patent linkage needs to be reconsidered and access to medicines should not be denied on allegations of patent infringement and recent attempts by Italy to introduce a system of patent linkage resulted in a notice from the European Commission asking for the removal of these provisions from Italian law, patent linkage is a real barrier to competition in health care, which is beset with unaffordable drugs.

Data exclusivity extends the term of monopolies enjoyed by patent holders and keeps out competition and innovation without any benefit to society. This concept does not exist in sectors other than pharmaceuticals and there seems to be no real rationale for pharmaceuti-

cals to get special treatment. In fact, data exclusivity raises several ethical and moral issues.

Countries have always been allowed to customize their intellectual property policies and regulations based on their unique local conditions. Some countries are more technologically proficient than others, and this distinction may warrant separate norms in areas of technology that they are strong in. Even where harmonization has been accepted as a concept, like in the European Union for example, it has been implemented in a manner that is sympathetic to the local conditions of individual countries. India's strength and expertise lies in developing drugs that are accessible to patients across the globe. India's stand on IPR regimes acknowledges that diverse countries cannot be forced to a single uniform regulatory system. This principle stand was recently demonstrated during the Ball round of talks on the Trade Facilitation Agreement.



An opening ceremony for the India Pavilion at the Interphex Japan Exhibition 2014 is jointly held by the Ambassador of India Deepa Gopalan Wadhwa (third from left) and Commerce Secretary Rajiv Kher (center) at Tokyo Big Sight on July 2. EMBASSY OF INDIA

In the background of the Trans-Pacific and Trans-Atlantic partnerships being negotiated, India has the opportunity to demonstrate leadership in the global marketplace by pioneering the opposition to using harmonization as a proxy for barriers to competition. While the U.S. and its allies may officially oppose India's view of the IPR regime they have realized that the key to their sustainable development is the ability of government to ensure that

health care is accessible to everyone, not just the rich. The costs of health care have increased significantly causing an alarming number of patients to go off treatment, risk importing counterfeiters or in many cases, declare bankruptcy.

The issue of access to health care in the developing world has, despite efforts by the U.N., The Global Fund, Patients Emergency Plan for Aids Relief and other institutions, not had the impact it should have. There

is a realization, albeit unarticulated, that Indian pharmaceutical companies have the potential to be, like Indian technology companies that averted the Y2K crisis, a key element of the solution to world's health care crisis. Now is a great opportunity for India to demon-

strate leadership in IPR regimes as more and more countries like South Africa and Brazil are following India's example.

With research assistance from Prajna Mohapatra and Anushree Kunhambu

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15th August
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