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Exporters have high hopes from Budget 2017

Exporters are pinning their hopes high on the Union Budget for 2017-18 for decisive fiscal measures which would act as a stimulus…

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India to put pressure on WTO to focus on food security issues

Amiti Sen, Business Line

New Delhi, January 4, 2017 : India has decided to increase pressure on the World Trade Organisation to expedite negotiations on food security matters to ensure that these are not thrust to the background at the next Ministerial meet in Buenos Aires in December.

Commerce Minister Nirmala Sitharaman has called for a meeting of officials dealing with WTO issues, including the team representing India at the WTO headquarters in Geneva, to come up with a work plan.

“All issues related to food security were ignored at the last Ministerial meet in Nairobi two years ago with the excuse that members held divergent positions. We will have to see to it that in the next Ministerial the same excuse can’t be used,” a Commerce Ministry official said.

According to Sitharaman, who addressed a press conference on Tuesday, the Ministry will carry out a stock-taking exercise of all developments at the WTO post-Nairobi and decide how to move ahead. New Delhi will also have to work out how to ensure the continuation of the on-going Doha round of talks, with several development issues on the agenda, that many want developed countries want scrapped.

“The line to take on new issues such as e-commerce and environment being pushed by rich countries also has to be firmed up,” the official said.

India and other members of the G-33 group of developing countries in agriculture have been trying to push the WTO into starting work on a special safeguard mechanism (SSM) to protect farmers in developing countries and a permanent solution to the public stockholding programme for a while. However, influential members such as the US and the EU, have not shown any interest in speeding up negotiations.

“The Commerce Ministry would strategise on how to go about building pressure at the WTO to ensure that the required number of meetings take place on the issues related to food security and members work towards an agreement in December,” the official said.

India will have to work individually as well as in alliances already formed such as the G-33. “We need to talk to the African group and the smaller nations to get their active support,” the official added.

At the Nairobi Ministerial meet, all members agreed to work on a SSM for developing countries that would enable them to raise import duties on agriculture items in case imports rose steeply or there was a sharp fall in domestic prices. The Nairobi declaration also stated that meetings must be held in an “accelerated time frame” to arrive at a permanent solution to the problem of public stock-holding which is necessary to avoid a situation when such programs get penalised.

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Narendra Modi govt looks to boost access to Latin America, eyes $100 bn in trade

Humma Siddiqui, The Financial Express

New Delhi, January 6, 2017 : In a bid to ease hurdles and open up access to new frontiers, the government aims to enhance connectivity with Latin American (LatAm) countries — a move which will ease the long-standing demand of various nations. Trade volume could easily go up to $100 billion.

Sources in the government told FE, “At the recently concluded India-LAC summit organised by the MEA in Mexico, it was felt that South-South cooperation needs to be more vibrant and effective. Poor connectivity emerged as the biggest hindrance for investors — connectivity would go a long way in enhancing business between India and the LatAm and Caribbean region.”

“Trade and investments are below expectations in the region, while the shipment takes almost 60-90 days. And there are no direct flights,” sources added.

The region offers immense opportunities to Indian companies, especially in sectors such as energy, pharmaceuticals and agri business. Trade between India and Latin America is likely to double in the next five years from the current level of $46 billion, with direct shipping, air connectivity and visa-on-arrival, as well as free trade agreements, as some of the steps being taken to boost trade with the region.

While transportation costs and the lack of familiarity with each other’s markets were previously cited as the big impediments, the government is planning to improve connectivity to the region.

Experts say that the trade volume could easily go up to $ 100 billion if the leaders of both sides blend proactive diplomacy, address issues like enhancing connectivity and leverage multifarious win-win opportunities, especially in areas like energy, agriculture, nutritional processing, textiles, transport and IT & ITES.

Countries in the region, especially those landlocked like Bolivia, recognise that their connectivity too needs to be improved.

Seeking investments in developing Bolivia's massive lithium deposits, which account for 60% of the world's reserves, and keen on selling potassium and urea to India, minister for development planning René Orellana of Bolivia, told FE, "In an effort to improve connectivity, we are planning to improve our own infrastructure in Santa Cruz and creating a big business hub where big planes could land."

Cuba, as pointed out by its ambassador, Oscar I Martínez Cordovés, has embarked on a rapid programme of modernisation and has in place special economic zones and technology.

Nicaragua is seeking Indian collaboration in the renewable energy space, which offers huge capacities for development of this alternate energy source. It is also looking at the Indian companies for mining too.

Countries like Haiti are anxious to see a balanced sharing of resources between the developed North and the developing and least developed countries of the South.

This is critical to pushing development in the growth-starved South, which is in urgent need of education, transfer of knowledge and technology, and use of great capacities in R&D for the socio-economic upliftment of its people.

Today, 60% of the current bilateral trade is in oil, hydrocarbons, minerals and agriculture commodities, but it is now moving into niche areas like pharmaceutical and IT services.

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Government pushing TIES to boost exports

The New Indian express

New Delhi , January 6, 2017 : Underlining the need for synergising efforts between Centre and states to boost the country's exports on sustainable basis, Commerce and Industry Minister Nirmala Sitharaman on Thursday said it is trying to formulate a scheme which could provide financial support and create export infrastructure in states.

"There is an immediate need to synergize our efforts and jointly take appropriate steps to boost India's exports — which is the only sustainable way in today's international trade environment," said the minister.

Since January 2016, the centre has managed to contain trade deficit due to controls on imports, she said. Further, she had also asked states to consider higher allocation of resources for export infrastructure from their increased devolution of funds to which "I expected that at least the ongoing ASIDE projects would be completed by the states. I am still awaiting an affirmative action on this from the states."

"I hope, we can soon succeed in achieving a consensus for the roll out of this scheme - Trade Infrastructure for Export Scheme (TIES)," Sitharaman said, adding so far only 17 states have developed their export strategy aligned with the national policy on trade.

Sitharaman said that the Department of Revenue has promised to refund tax claims of exporters within seven days under the new GST regime.

Exporters have been demanding ab-initio exemption from payment of taxes under the GST regime. In today's meeting, the exporters were assured "that on 90 per cent of the amount of refund, within seven days, the refund will be made and if there is an undue delay, interest will be paid on the amount due." Elaborating on the issue, Commerce Secretary Rita Teaotia said that the remaining 10 per cent will be subject to whatever verification revenue department is required to do.

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Jeera gains aroma on export buying

Business Line

Rajkot, January 5, 2017: Jeera futures traded up on the back of short covering by traders. It gained in physical markets on export demand. Traders said that continuous export demand and tight supply pushed up jeera prices on the spot. Following it, short covering by market participants lifted jeera price up on the futures platform. On the National Commodity and Derivative Exchange, jeera January contract gained by ₹ 60 to ₹ 18,085 a quintal, with an open interest of 3,165 lots. March series increased by ₹ 40 to ₹ 16,690, with an open interest of 2,085 lots. At the Unjha mandi of Gujarat, arrival of the spice was reported at about 1,000 bags and prices increased by ₹ 10 to ₹ 3,200-3,600 per 20 kg. At Rajkot APMC, jeera prices were up by ₹ 5 to ₹ 3,300-3,650 per 20 kg.

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Centre working on scheme to support States in creating export infrastructure

Business Line

New Delhi, January 5, 2017 : The government is working on a scheme to incentivise creation of export infrastructure by States. It will be on the lines of the Assistance to States for Infrastructure Development of Exports (ASIDE) scheme that was discontinued by the Centre in 2015-16, but with different features.

States will also be ranked by the Centre on their logistics performance beginning this year. This could give potential investors an idea of what to expect in terms of logistical support when they take their investment decisions.

"Since almost all the States had expressed their wish for a Central scheme which supports export infrastructure, we have acted on your suggestion and are trying to formulate such a scheme….. I hope we can soon succeed in achieving a consensus for the roll out of this scheme," Commerce and Industry Minister Nirmala Sitharaman said in her speech at the second meeting of Council for Trade Development and Promotion on Thursday.

The Minister was addressing Ministers and senior officials from various States who come together to evolve a common strategy to promote exports.

The proposed scheme would be called Trade Infrastructure for Export Scheme or TIES and would help strengthen the Centre's ties with States, the Minister added.

The ASIDE scheme was given up by the Centre when the States' share in net proceeds of the Union tax revenues was increased to 42 per cent from 32 per cent in line with the 14th Finance Commission's recommendations.

On the issue of ranking States on logistics, Sitharaman said the ranking would be on their logistics readiness. "There can be little progress on trade facilitation unless States are prepared with plans to manage logistics well, create a logistics hub and have trained manpower to handle it," Commerce and Industry Minister Nirmala Sitharaman said addressing a press conference after the meeting.

Most States were interested in the ranking exercise and it would start in the on-going year, the Minister added. Department of Industrial Policy & Promotion (DIPP) Secretary Ramesh Abhishek said that the government was in the process of appointing agencies to work on the parameters for the logistics performance index. "The ranking will be based on the actual performance and not merely on the presence of logistics. It will be based on public feed-back," he said.

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India's spices exports grow 7% in value in first half of FY17

The Economic Times

Kochi, January 05, 2017 : Boosted by large shipments of chilli, nutmeg, mace, cumin and garlic, spices exports from India grew 5 per cent in volume and 7 per cent in value in the first half of 2016-17 from a year ago.

Export of spices rose to 4,37,360 tonnes valued at Rs 8415.97 crore in first half of 2016-17 compared with 4,14,780 tonnes worth Rs 7892.65 crore in the first half of last year.

Chilli became the most exported spice for the six-month period with the shipment of 1,65,000 tonnes, fetching Rs 2307.75 crores.

Garlic exports contributed substantially to the overall growth during the period, after rising 132 per cent in value terms and 55 per cent in quantity.The exports of nutmeg and mace grew by 81 per cent in quantity as compared to last year and saw a 69 per cent increase in value.Cumin exports rose by 49 per cent to 68,600 tonnes, as compared to 45,894 tonnes during the same period in the previous year.

Turmeric,, apart from fennel and celery, also contributed significantly to the total spices exports during April-September 2016. The export of value-added products like curry powder and paste as well as spice oils & oleoresins also increased during the period, according to data released by Spices Board.

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Iran booster shot likely to raise realisation to $800 per tonne from basmati exports this fiscal

Sandip das, The Financial express

New Delhi, January 05, 2017 : After a sluggish beginning in the first half of the current fiscal, realisation from India's basmati rice exports is likely to rise in the next couple of months, with Iran likely to resume rice imports shortly.

Official sources told FE that the realisation from the exports of aromatic and long-grain rice rose to $800 a tonne last month from $750 a tonne prevailing in the last couple of months. A commerce ministry official said that exports realisation could reach $900 a tonne in the next couple of months because of lesser supplies because of lower production and firming up global demands.

Besides, Iran, the biggest exports destination for India's basmati rice, is likely to resume imports of rice shortly. The government is sending a trade delegation to Iran later this month for working out modalities for rice exports. According to official data, in the current fiscal, the volume of basmati rice exports to Iran has been around 4.6 lakh tonne, which was essentially from contracts agreed upon in the previous fiscal. The volume of basmati rice exports to Iran had crossed a million tonne (mt) in in FY15.

"Iran is expected to take a call on resuming rice imports from India shortly," a commerce ministry official said. The official also said that due to lower output of basmati rice this year, the prices have started to appreciate in the last couple of weeks. The sowing of basmati across the key growing areas of Punjab, Haryana, western Uttar Pradesh and Uttarakhand had seen a sharp fall of 25% to 1.57 million hectares in the last kharif season, from close to 2 million hectares reported in 2015, thanks to a fall in realisation from exports.

But exports of aromatic and long-grained basmati rice fell more than 13% during April–October this fiscal.

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Lower coffee crop may spell trouble for exporters

Vishwanath Kulkarni, Business Line

Bengaluru, January 3, 2017: India's coffee shipments in calendar 2016 touched a new high of 3.6 lakh tonnes (lt) boosted by a record domestic output and a surge in re-exports.

Though the shipments grew 17 per cent in volumes over previous year, the growth in dollar term realisations was a little less than 3 per cent on account of volatile prices. In rupee terms, the exports were up eight per cent.

While officials at the State-run Coffee Board are hopeful of sustaining the growth in shipments in the year-ahead, exporters are not too optimistic on account of lower domestic output in the current 2016-17 season and a weak demand from Europe, the main destination for Indian green beans.

Damp prospects

The Board has forecast a nine per cent drop in output at 3.16 lt over previous year's 3.48 lt due to poor rains in Karnataka, the largest producing State.

However, the trade feels that the crop could be lower than the Board's estimates. While the harvest of Arabicas has commenced, the export order books are thin as both exporters and buyers have adopted a wait-and-watch stance.

"The order books are estimated to be 30 per cent lower than normal," said Ramesh Rajah, President, Coffee Exporters Association.

Currency shortage

"We expect the volumes will be down this year on account of lower crop. Also, the prevailing prices are not attractive and the growers are not too enthusiastic to sell coffee," Rajah added.

Meanwhile, the coffee arrivals are yet to pick up. "Besides a delayed crop, the prevailing cash shortage has also hit the harvest as growers are facing problems in paying cash to the migrant workers who come to pick coffee beans," Rajah said.

Shipment stats

In 2016, the total arabica shipments grew 18 per cent to 51,648 tonnes (43,785 tonnes in 2015), while the robusta exports were up by a fifth at 2.01 lt (1.67 lt). The instant coffee shipments, including re-exports, were up 14 per cent at 1.06 lakh tonnes (93,698 tonnes). Re-exports were up 24 per cent at 81,485 tonnes (65,724 tonnes).

Italy was the largest buyer accounting for close to a fourth of Indian coffee shipments, followed by Germany, Russia and Belgium.

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Shrimp exports to South Africa may take a hit over presence of Vibrio cholera bacteria

V Sajeev Kumar, Business Line

Kochi, January 3, 2017 : Seafood exporters and Marine Products Exports Development Authority (Mpeda) is concerned over the inordinate delay in getting permission for the Indian team’s visit to South Africa following the rejection of Vannamei shrimp export consignment.

The matter has been taken up with the South African High Commission delegation led by Mkhululi Mankazana, Minister Counsellor Agriculture Affairs on their visit to Kochi.

The issue of rejection of Vannamei shrimp consignment following the detection of Vibrio cholera in the shipment by National Regulator for Compulsory Specification (NRCS) was brought to the notice of the visiting High Commission delegation.

A Jayathilak, Chairman, Mpeda, told *BusinessLine* that the aim of the Indian team’s visit to South Africa is to study the sampling methodology and procedure adopted by NRCS controlled labs. The visit assumes significance to sort out the issue immediately and prevent the risk of losing India’s export market there. Though South Africa accounts for only 1-2 per cent of Indian shrimp exports, it is an emerging market as far as seafood exports are concerned, he said.

Sources in the seafood sector pointed out that the detention of around 100 containers of shrimp consignment from the country would be worrisome as the industry is passing through a critical phase during the business slowdown era.

The development has added woes to the sector when the European Union also has adopted tougher testing norms for seafood exports from India by enhancing the norms of samplings to 50 per cent from the earlier 10 per cent, the sources in the trade said.

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India, Mercosur step up efforts to expand trade pact

Amiti Sen, Business Line

New Delhi, January 2, 2017 : India and the Mercosur bloc, comprising Brazil, Argentina, Uruguay and Paraguay, have stepped up efforts to expand their preferential trade agreement (PTA) to make greater inroads into the other's market.

The two sides, in a recent meeting, exchanged lists of items where each wants greater market access. "We are at present going through the Mercosur's list of demand. The group wants lower duties in both industrial and agricultural products. We have to weigh our options carefully," a government official told *BusinessLine*.

A PTA is a limited free trade agreement where partner countries reduce import duties on a few identified products for the other. While the PTA between India and Mercosur is presently limited to just 450 products, the two sides have raised their ambitions manifold and are now aiming at providing preferential access to about 3,000 items.

"Going in for an expanded PTA with the Mercosur is in line with India's objective of trading more with Latin America and diversifying its trade beyond the EU and the US," the official said. India's exports to the bloc in 2015-16 were $3.4 billion, while imports were $6.6 billion. This was just a fraction of the country's bilateral trade with the US valued at $68.6 billion and the EU at $115 billion in the same year.

India wants to export processed foods, more engineering goods and a wider range of pharmaceuticals to the Mercosur.

Under the existing agreement signed in 2009 India has brought down duties in the range of 10 per cent to 100 per cent on 452 items. These include meat products, chemicals, raw hides and skins, leather articles, wool, cotton yarn, glass and glassware, iron and steel, machinery and equipments, optical, photographic and cinematographic apparatus.

India has preferential access in the Mercosur for organic chemicals, pharmaceuticals, essential oils, plastics & articles, rubber and rubber products, tools and implements, machinery items, electrical machinery and equipments.

"In the expanded PTA, not only will the number items covered be greater, the margin of preference will be much more," the official added.

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South Korea lifts import tariffs for eggs to ease egg shortage

The Indian Express

Seoul, January 3, 2017 : South Korea's import tariffs on egg products will be cut to zero from Wednesday as part of the government's efforts to ease an egg shortage sparked by the country's worst-ever bird flu epidemic. South Korea's agriculture ministry said on Tuesday the tariff cut will be applied to a total of 98,600 tonnes of eight types of egg products including fresh eggs, liquid egg and egg powder until June 30 and, if necessary, it will consider extending the period.

At present, tariffs of 8 percent to 30 percent are imposed on imported egg products but Korea has not imported fresh eggs since 1999. "Tariffs on imported egg products such as fresh eggs and processed egg products will be lowered," Lee Jun-won, Vice Minister of Agriculture, Food and Rural Affairs, said at a briefing.

"In the case of fresh eggs, even if the government funds air freight costs, considering current local egg prices, still imported egg prices will be higher so it will be difficult to import for the moment but more processed egg products can be brought into Korea," Lee said. The move comes as Asia's fourth-largest economy is grappling with its worst-ever bird flu outbreak. After the first confirmation on Nov. 18, the country has culled a record 30 million birds and raised its bird flu alert to the highest level.

As most of the culled birds are egg-laying chickens, the bird flu outbreak has led to a sharp increase in egg prices due to tightening supplies. The average retail price for 30 eggs has jumped nearly 52 percent since the outbreak started to 8,251 won ($6.85) as of Monday, according to state-run Korea Agro-Fisheries & Food Trade Corp.

Korea's agriculture ministry is in discussions with the United States to clear egg imports and is planning to finalise the negotiations as early as possible, according to the ministry statement. The ministry also said it will simplify import procedures to speed up egg imports and seek to relieve the egg shortage ahead of Lunar New Year holiday in late January.

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Marine exports body bets big on South American markets

V Sajeev Kumar, Business Line

January 2, 2017 : The prospects for seafood exports are looking bright this fiscal after a dip last year, and the Marine Products Export Development Authority (Mpeda) is looking to focus on South American markets such as Argentina, Brazil and Chile to secure more orders. At the request of seafood exporters, the trade body is planning to lead a delegation to these emerging areas. Mpeda Chairman A Jayathilak maintains that the sector will recover well enough from the business dip in 2015-16, which was triggered by currency fluctuations and a decline in sea catch. Seafood exports dwindled to $4.7 billion in 2015-16 from the record level of $5.5 billion in 2014-15. In an interaction, Jayathilak said Mpeda has taken all efforts to increase the utilisation of fishery resources by asking State governments to crack down on indiscriminate fishing and prevention of juvenile catch. Excerpts:

What accounts for the revival in exports in FY16?

Things are looking bright now, with the 9 per cent increase in unit value realisation in 2016-17 to $5.42 this year, against $4.99 last year. Export of high-valued shrimp and the value-added products contributed to the increase in unit value. There has been increased demand for shrimps, squid and cuttlefish from major markets.

We have seen an increase of almost 13 per cent in the export value up to November 2016 compared to the same period last year. In dollar terms, the increase is nearly 9 per cent. However, the volume growth is not very significant, indicating a higher unit value realisation. The US is the largest market for Indian seafood, followed by the South-East Asian countries and the EU.

Why did exports fall last year?

The improvement in world shrimp supply, especially in Thailand and Vietnam, brought down the average unit value of frozen shrimp to $8.28 per kg from $10.38 in 2014-15. The depreciation of the euro, weaker economic conditions in China, devaluation of the Japanese yen were some of the other contributing factors.

Moreover, the decline in capture fishery in India has brought 10.5 per cent less wild caught shrimps in 2015.

What is the share of value-added products in seafood exports?

The capacity of value addition in the sector is just 14 per cent of the total installed processing capacity, which is 23,375 tonnes. Value-added product exports account for only $850 million of total seafood exports: that's just 17 per cent of the export value.

The way forward is to increase the unit value realisation through high-end value-addition — for instance, sashimi-grade shrimp/tuna/freeze dried shrimp, breaded and battered shrimp, canned and retort pouch products.

In 2015-16, India supplied about 35 per cent of the total exported quantity to South-East Asia alone, which was mostly utilised for value-addition.

What are the hurdles in value-addition?

The labour-intensive sector faces several impediments in value addition: it requires a huge amount of capital to improve the skill of the workforce. It requires high-quality standards across the supply chain. The sector lacks adequate incentives to move forward with value-addition. High-end value-addition is seen to offer good returns, but is a risky venture. Besides, the lack of self-belief and role models inhibits exporters from going for value addition.

There is an urgent need to appropriately incentivise capital-intensive projects for high-end value-addition.

Mpeda is preparing a project for availing of funds from the Ministry of Skill Development Entrepreneurship for skill development of labourers in peeling, filleting, cutting, grading, personal hygiene, ingredient mixing, and so on. There should be higher export incentives for high-end value-added products.

Mpeda's schemes should be made at par with the proposal of other government departments like the Ministry of Food Processing and Industry.

How do you propose to overcome the tougher testing norms for seafood exports set by European Union?

The entire industry is flummoxed by the EU's stance on the sampling of marine food products, particularly its increasing the sampling norms to 50 per cent of the consignments at a time when the rejection of consignments to the EU are in decline. Earlier, the sampling norm was about 10 per cent of the consignments.

Over the last five years, rejections have been consistently lower. Since the cost of testing will have to be borne by the exporters, seafood exports from the country will be affected. The matter is being taken up by the government.

The EU is the third-largest market for Indian shrimp exporters, with a share of 20.71 per cent in dollar terms, after the US (28.46 per cent) and South-East Asia (24.59 per cent). Quantity-wise, the EU is the second-largest destination, with a share of 19.70 per cent of the 945,892 tonnes of seafood exported from India in 2015-16.

Have you chalked out an export strategy for coastal States?

Shrimps contribute to nearly 70 per cent of the total export value and it will remain so in the future. Of the total shrimp exports, 75 per cent (worth $2.1 billion) came from aquaculture in 2015-16. However, currently only 11 per cent of the potential area of 1.2 million hectares in coastal States is utilised for aquaculture.

To augment exports, the area under shrimp farming has to be increased, with land allotment in a time-bound manner by the State governments.

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India to nudge Iran to resume Basmati imports

Kirtika Suneja & Madhvi Sally, The Economic Times

New Delhi, January 2, 2017 : India is readying to send a delegation to Iran to protect its big basmati rice market in the face of an aggressive campaign by Pakistan to paint the Indian variety as inferior.

The delegation comprising government officials and exporters will travel to Iran on January 27-29, Mohinder Pal Jindal, president of All India Rice Exporters Association, told ET. He said the industry is hopeful that Iran will lift the ban on imports of basmati rice from India that has been in place for the past four months.

"We have to counter other countries' efforts because our share in Iran's imports has fallen drastically," said a government official, who did not wish to be identified.
Iran has been one of the largest importers of Indian basmati rice in recent years. But in 2015-16, however, basmati rice exports from India to Iran almost halved to $571 million from $1.1 billion in the previous financial year.

In the first half of this fiscal, basmati rice exports from India to Iran amounted to $356 million.

Both India and Pakistan have claimed geographical indication on aromatic long grained basmati rice, saying the variety is unique to the respective countries. Uruguay is another rice exporter to the West Asian country.

Iran has seen a spurt in trading ties with a large number of countries since January last year, when it was freed of economic sanctions imposed by the West for its nuclear programme. "We need to promote exports of basmati rice in Iran especially because other countries are aggressively promoting their varieties of rice," said another official.
India is keen to quell any concerns over quality of its basmati rice even as Iran has strict preshipment quality checks for all imports.

"We need to dispel rumours about basmati rice which are being made by parties with vested interests," said Rajen Sundaresan, executive director, All India Rice Exporters Association. "Iran is a stable but important market for us. They have not opened the permits for imports till now even though this should have happened in November."

Iran has a permit system of imports. However, no major consignments have been shipped from India in the past six months. India is the leading exporter of basmati rice, having shipped 4.05 million tonnes of the aromatic long grain basmati rice worth Rs 22,718.44 crore in 2015-16.

The industry pegs exports to Iran at 1 million tonnes. Satish Goel, managing director of Shree Jagdamba Agrico Exports, which exports 50,000 tonnes of basmati rice to Iran annually, said that the country needs to dispel rumours that Indian rice is plastic. "Our image is being hampered and we need to put things in order," he said.

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Portugal PM wants closer economic ties with India

Business Line

Bengaluru, January 9, 2017 : While Portugal's annual exports to India are worth €1,200 million, India exports to Portugal are only worth €500 million. So it is the right time to boost trade and investment between the two nations, said Portugal Prime Minister António Costa.

Addressing industry bodies such as CII, FICCI and Assocham, Costa, said "The aim of my visit is to review and adapt our relationship to address both present and future challenges. We want to enhance our relationship and extend it to a strategic partnership with ambitious targets in new areas of cooperation."

Talking about tourism, Costa said, "Tourist flows and balance of service between the two countries is also very low. It is this situation that needs to change."

He assured full support to Portuguese and Indian companies keen on investing in each other's countries. "It is well known that Portugal and India have centuries old relationships based on historical, cultural and personal ties but despite that commercial relationship is still quite insignificant."

India and Portugal have complementary economies and can take advantage of being part of different regions and markets. There are great opportunities that can be explored both in terms of trade and investment.

Manuel Caldeira Cabral, Portugal Minister of Economy, said that Portugal is a very open economy and can be the gateway for India to enter the EU market.

"Portugal is also a platform for doing business with Portuguese speaking countries all-around the world particularly in Africa and Latin America. The country witnessed the highest growth rate in the EU in 2016, investment is recovering with a strong base of Foreign Direct Investment (FDI), the country is inviting co-operation in sectors such as science and technology, Infrastructure, renewable energy, startups, agriculture and food processing, water and waste management, tourism, pharmaceuticals, automotive products and defense," he added. Ravi Raghavan, Chairman of CII Karnataka, said there is a strong need for the two nations to build on their historical relationship and transform it.

Portugal and India are very strong in industry verticals such as information technology, pharmaceuticals, automobiles, alternative energy, tourism, agro products, fisheries and a host of other sectors, and he called upon both countries to realize the full potential that a combined effort can bring about."

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Dairy sector to witness robust growth this year: experts

The Hindu

January 8, 2017 : Dairy industry in the country is expected to witness spectacular growth in 2017, according to experts.

During the last 10 years, the annual growth rate in Indian dairy industry is 4.6 per cent as compared to the global growth rate of 2.2 per cent. During this period, per capita consumption of milk in the country was 340 g a day as against 299 g globally, said T.P. Sethumadhavan, Director, Entrepreneurship, Kerala Veterinary and Animal Sciences University.

"India's milk production has touched 155.499 metric tonnes during 2015-16. Consumption is increasing at a faster rate. During this period, Kerala could achieve 72 per cent sustainability in milk production. It has been predicted that Kerala can produce more than 80 per cent of the required milk within the State by the end of 2017," he said.

Experts predict huge demand for dairy products in the country this year. The prices of milk and milk products will increase by more than 10 per cent, which will facilitate more income for dairy farmers. Educated unemployed youths may emerge as entrepreneurs and venture into dairying. The country will witness spectacular growth in dairy processing units, they note.

"By the end of March 2017, the country will have only half the amount of the required milk powder, which will increase the requirement of fluid milk and, in turn, benefit dairy farmers. Milk and milk products are set to cost more as dairy cooperatives such as Amul and Mother Dairy are preparing to increase prices in the coming months and boost the payouts to farmers," Mr. Sethumadhavan said.

"The number of commercial dairying units will increase this year in the urban and peri-urban areas of metros and big cities. These dairies mainly cater to the needs of urban consumers. Since more than 90 per cent of the dairying is at the subsistence level, the emerging trends will increase the county's milk production 20 per cent higher when compared to the previous year," he said.

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India announces $100 million Line of Credit to Kenya

Press Trust of India, Business Line

New Delhi, January 11, 2017 : India today announced a $100-million Line of Credit to Kenya for agricultural mechanisation after talks between Prime Minister Narendra Modi and Kenyan President Uhuru Kenyatta during which they also decided to deepen economic cooperation, identifying expansion of bilateral trade as a "priority".

Asserting that challenges in the maritime domain are a shared concern, Modi said the two sides will also explore opportunities in blue economy.

"We are focussed on quick operationalisation of our defence cooperation. Some of the specific areas of priority would be hydrography, communication networks, anti-piracy, capacity building, exchanges and defence medical cooperation.

"We are also partnering to strengthen our security cooperation and capacities. In this context, we have directed the Joint Working Group to meet early. It would focus on cyber security, counter terrorism, combating drugs, narcotics, human trafficking and money laundering," the Prime Minister said at a joint press event with Kenyatta.

Noting that they reviewed the full range of bilateral relationship, Modi said the two sides will encourage industry and business in both countries to take lead in exploiting opportunities in healthcare, tourism, information technology, agriculture, blue economy and energy.

"The Joint Business Council meeting tomorrow will work to build commercial engagement through specific projects in these areas. To boost trade, we are also cooperating on trade facilitation measures, including standardisation and related areas," he said.

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Kenya woos Indian investors to explore 'enormous' Africa markets

The Economic Times

New Delhi, January 11, 2017 : Asserting that Kenya is a "safe and lucrative" investment destination, its President Uhuru Kenyatta today exhorted Indian businesses to invest there and use the country as a launchpad to explore "enormous" African markets

Addressing a business gathering here, the Kenyan President said the country seeks to sign an agreement with the Indian government "confirming and securing a place for Kenyan pulses in the Indian market for a number of years".

India yesterday announced a Rs 100 million Line of Credit to Kenya for agricultural mechanisation after talks between Prime Minister Narendra Modi and the Kenyan President, during which they also decided to deepen economic cooperation, identifying expansion of bilateral trade as a "priority".

Describing Kenya as a safe country and a very lucrative investment destination, Kenyatta said the two nations are working towards closer collaboration between the Bureau of Indian Standards and the Kenya Bureau of Standards.

"I believe this will eliminate a lot of problems that have existed in the past and also result in greater alignment between our two countries in terms of standardisation, conformity assessment, certification as well as testing.

"This would lead to considerably reducing some of the non-tariff barriers that are currently impeding trade between our two countries. I am confident that once this is done trade flows will see a significant boost".

Stating that opportunity exists for those who are willing to take risk and a chance, Kenyatta said: "India is our second largest source of imports. The balance of trade is currently weighed heavily in India's favour. I would encourage Indian investors to work and cooperate closely with their Kenyan counterparts, especially those in the private sector."

He further said there is a lot of potential for Kenya to increase its exports to India and there also exists a greater potential for Indian companies to invest in Kenya to increase their exports also to the region of Eastern and Central Africa.

"The state visit by the Prime Minister (Modi) to Kenya last year has also given a lot of impetus. I want to encourage Indian companies to invest in Kenya, especially in the following fields -- cotton, textile industry, agri business, fertiliser manufacturing, manufacture of medical equipment, pharmaceuticals, as well as our blue economy," Kenyatta said.

He said the joint business council and joint technical committee would give impetus to bilateral trade relations and enhance cooperation in fields of bilateral investment, infrastructure development, SMEs, agriculture, health, energy as well as entrepreneurship.

"Kenya's position in East and Central Africa is conducive for investors to use Kenya as a launchpad to penetrate the enormous markets of Eastern, Central and Southern Africa. We are making further progress in widening this market which will ultimately provide a market of over 650 million people," Kenyatta said.

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Commerce Ministry starts review of foreign trade policy: Nirmala Sitharaman

The Economic Times

Gandhinagar, January 11, 2017 : The commerce ministry has started the review of the foreign trade policy by consulting all stakeholders to see whether any support is required for certain sectors to further boost exports.

Commerce and Industry Minister Nirmala Sitharaman said the foreign trade policy (FTP) is in the process of a review.

"When it (FTP) was announced in 2015, we had said we will go in for a mid-term review so that if there is any tweaking that has to be done, it will be done," she said here at the Vibrant Gujarat summit.

She said that the exercise of consulting people and taking stakeholders into confidence is on. The ministry is doing this "to see as to where and which sectors need that kind of tweaking in the policy".

Since December 2014, exports fell for 18 months on the trot till May, due to weak global demand. Shipments witnessed growth only in June this year, thereafter again entered the negative zone in July and August.

The outbound shipments are growing from September. But the global situation is still uncertain.

In April 2015, the government unveiled its first five-year Foreign Trade Policy (FTP), aiming to double exports of goods and services to USD 900 billion by 2020. In the FTP (2015-20), the government replaced multiple schemes with Merchandise Exports from India Scheme and Services Exports from India Scheme.

Sitharaman also said that the ministry had requested the states to appoint export commissioners and formulate a policy.

"The strategy behind that is that the states must have, in line with the FTP, but highlighting their own states' strengths," Sitharaman added.

When asked extending extra concessions to US-based iPhone maker Apple to set up manufacturing unit in India, the minister said: "we have not taken a final call" on this.

A team of the US-based iPhone maker Apple will meet a group of senior officials from ministries, including IT and finance, on January 25 to discuss its demands for setting up a manufacturing unit in the country.

The company had sought exemption on the ground that it makes state-of-the-art and cutting-edge technology products for which local sourcing is not possible.

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Local paper industry seeks curb on cheaper imports

The Economic Times

New Delhi, January 12, 2017 : Grappling with high cost of raw materials, the domestic paper industry today urged the government to immediately curb cheaper imports from ASEAN countries by imposing 10-15 per cent safeguard duty.

The industry also demanded that the government should impose 10 per cent special additional customs duty on overseas purchase of paper and paperboard.

At present, imports of paper and paperboard attract 10 per cent customs duty. It has been brought to a zero level to ASEAN countries under the free trade agreement and recently duty-free shipments have been permitted from Korea.

"There is a surge in imports from ASEAN countries, especially from Thailand at zero duty. This is affecting domestic players and we have asked the government to impose a safeguard duty of 10-15 per cent," Indian Paper Manufacturers Association's (IPMA) newly elected President Saurabh Bangur told PTI on the sidelines of 17th annual general meeting here.

The association has also suggested imposing 10 per cent special additional duty on paper imports to restrict cheaper shipments from non-ASEAN countries as well, he said.

IPMA has submitted these recommendations as part of the pre-budget proposal to the government.

Bangur, who is also vice chairman of Kolkata-based Westcoast Paper Mills, said restricting imports are necessary as the domestic paper industry is "struggling to sustain because of high cost of raw material, especially of wood".

The production cost is very high in India when compared with other countries because of higher cost of wood, he said.

"The cost of wood, a main raw material in paper manufacturing, is about USD 100 a tonne in India, while it is only USD 30-40 a tonnes in other countries. So, wood price comprises 50 per cent of the total cost of production of paper in India," he explained.

The production cost is higher considering 3 tonnes of wood required for making 1 tonne of paper, Bangur said adding that besides higher wood price availability of the raw material has also been a constrain to the industry.

Therefore in the long term, IPMA has asked the government to make available some part of the country's degraded forest land for pulpwood plantation under collaborative arrangement, so that the Indian paper industry can access raw materials at competitive rates and and become globally competitive.

"Even providing 10 per cent of degraded forest land for raising pulpwood plantation in collaboration with pulp and paper industry would make available about 2.5 million hectares of productive plantation," it said.

At present, the industry needs about 100 lakh tonnes of wood and more wood will be required to meet growing demand.

Talking about industry concerns at the AGM, J K Paper Vice Chairman and MD Harch Pati Singhania said, "We are at the disadvantage as far as wood cost is concerned. The government has come out with a draft National Agro-Forestry Policy and we as industry needs to work closely with the government."

The perception that it's a "bad industry" as it cuts wood needs to be changed and efforts should be make to ensure the government allows plantation in degraded forest land, he said.

Singhania also urged the industry to improve the economy of scale of paper business so that to earn enough profits and reinvest in capacity expansion and technology upgradation.

India's share in world production of paper is over 3 per cent, with production of about 14 million tonnes per annum.

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Exporters have high hopes from Budget 2017

Sutanuka Ghosal, The Economic Times

Kolkatta, January 12, 2017 : Exporters are pinning their hopes high on the Union Budget for 2017-18 for decisive fiscal measures which would act as a stimulus to revive the economic sentiment that had seen a short-term impact of the demonetization, said chairman of the EEPC India TS Bhasin.

"Budget would be critical to revive investment sentiments followed by introduction of the Goods and Services tax which will further ensure that the entire value chain in the economic activity is integrated and mapped electronically through the GST network," he said.

He said while the "new normal" would lead to some adjustment problems particularly for the small and medium enterprises and especially those dependent on cash for daily operations, the government should invest heavily in digital infrastructure as cash as a percentage of GDP is expected to halve from the present 12% in the next three years or so.

"Different agencies and the public sector entities like the banks and the oil marketing companies along with the Railways and port authorities should take lead in reducing the cost of digital transactions".

But in the long run, Bhasin said the entire direction towards digitalization of the economy and transparency in the government machinery and business paradigm would be beneficial.

"Transparency and the value chain integration should help ensure the ease of doing business and reducing the transaction costs for the domestic industry and those who are engaged in highly competitive export sector," the EEPC India Chairman said.

He said while an uptick in the US economy and in large parts of the European markets is a good news for India, "we must work for getting more and more competitive and stay on top of the situation unfolding from the impending inauguration of Donald Trump and the fall out of the Brexit".

Mr Bhasin hoped that the finance minister Mr Arun Jaitley would unveil a special package for the exporters in the form of both fiscal incentives and procedural de-bottlenecks in the Budget on February 1.

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