INDIA'S TRADE NEWS AND VIEWS

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The Centre for WTO Studies was set up by the Department of Commerce, Government of India in 1999. The intent was to create an independent think tank with interest in trade in general and the WTO in particular. The Centre has been a part of the Indian Institute of Foreign Trade since November 2002. The Centre provides research and analytical support, and allied inputs to the Government for WTO and other trade negotiations. The Centre also has its own body of publications, and conducts outreach and capacity building programmes by organizing seminars, workshops, and subject specific meetings to disseminate its work, create awareness on recent trade topics and build consensus between stakeholders and policy makers.

India to submit services trade plan to WTO

The Hindu

New Delhi, June 7, 2016: India will soon submit a formal proposal before the World Trade Organisation (WTO) on a Trade Facilitation Agreement (TFA) in services.

The objective of the proposed TFA in Services is to ease the flow of global services trade, including temporary movement of software, accounting, medical and consulting professionals as well as similar skilled workers.

Commerce Minister Nirmala Sitharaman had shared the idea of a global services trade facilitation pact with WTO Director General Roberto Azevedo and trade ministers from 25 other WTO member countries, at a meeting held on the sidelines of the recently-concluded Organisation for Economic Co-operation and Development (OECD) ministerial council meeting in Paris.

Big breakthrough

"The WTO DG and most of the trade ministers welcomed the idea. The DG wanted India to formally submit a proposal. This is big breakthrough as the idea has now been accepted at the multilateral level. We will submit our proposal at the earliest," Ms. Sitharaman told reporters.

"Once we have a TFA in services at the WTO-level, it will even pave the way for better negotiations on services at the bilateral and regional Free Trade Agreement negotiations," she said. In the formal proposal, India is likely to push for a clear distinction between temporary movement of professionals and (permanent) migration.

This is important because India is strong in terms of skilled white-collared workers and professionals from streams like IT, medical and para-medical services, and architecture.Therefore, their easier movement to other countries for short-term projects has been high on its agenda.

A global pact on services trade facilitation will also help in providing greater clarity in case of disputes arising out of visa-related restrictions, the Minister said.

Visa fees

India and the US are currently engaged in a dispute at the WTO level after Washington increased visa fees for H-1B and L-1 categories which are extensively used by Indian IT companies. “We want services to be recognised at the WTO level as a tradeable item, and hence there should be a framework that will give clarity on definitions and how services disputes can be addressed,” Ms. Sitharaman said.

Meanwhile, countries including China are pushing for a ‘TFA in Investment’ at the WTO level,but that proposal has not received much support, sources said, adding that several developed countries also wanted discussions at the WTO level on e-commerce and global value chains.

India and several other countries have already ratified a ‘TFA in Goods’ for easier movement (including release and clearance) of goods across borders.

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India soon to place trade facilitation agreement bid before WTO

The Indian Express

New Delhi, June 8, 2016: India will soon place a formal proposal on trade facilitation agreement (TFA) in services before the World Trade Organization (WTO) for the first time, commerce and industry minister Nirmala Sitharaman said on Tuesday.

The move is aimed at developing a broader framework governing global services trade, just like a TFA in goods. A TFA in services would focus on issues like liberalised visa regime, long-term visas for business community and freer movement of professionals for the greater benefit of both India and the world, among others. It could also focus on all issues concerning the services sector within the WTO framework, which could also include dispute settlement mechanism in such trade.

Although India has been seeking the TFA in services since the December 2015 WTO ministerial conference in Nairobi, this will be for the first time that the country will formally put up such a proposal at the multilateral trade body.

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Japan may seek WTO help to resolve India steel tariff dispute

The Economic Times

June 8, 2016: Japan said it may ask the World Trade Organization (WTO) to help resolve a dispute related to India's "safeguard" tariffs on the import of hot-rolled steel.

India has extended its safeguard import taxes on some steel products until March 2018, in a bid to stop cheap overseas purchases from flooding its market and bolster the domestic steel sector.

Japan will make repeated requests to the Indian competent authority to ensure the consistency of their measures with the WTO agreements, the Japanese Ministry of Economy, Trade and Industry said in a report.

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India's fisheries subsidies may be targeted at WTO

Business Line

June 2, 2016: Subsidies given to small and marginal fishermen in India could next be targeted by developed nations at the World Trade Organisation (WTO) as attempts by members to cherry-pick issues at the multilateral trade forum continue.

"We are apprehensive of attempts being made at the WTO by some members to push negotiations on fisheries subsidies ahead of other issues. The livelihood of a large number of our fishermen is dependent on the small subsidies we give them for items, such as their boats, which we do not want to be affected," a government official told BusinessLine.

The Centre is concerned about a recent observation made by the chairman of the negotiations group on rules stating that WTO members had expressed a 'clear interest' in getting results on fisheries subsidies at the organisation's 11the ministerial conference in 2017.

Members, including New Zealand, Iceland, Colombia, Norway, Uruguay and Pakistan, are most aggressively pushing for an early pact on fisheries subsidies at the WTO. Some other members such as the EU, the US, Canada and Chile, too, are in favour of an agreement.

"India has been saying for long that fisheries subsidies should not be singled out and we will keep opposing it," the official said. Other issues that are part of the rules negotiations include anti-dumping, subsidies and countervailing measures and regional trade agreements.

While India and many other developing countries have been emphasising that all issues that are part of the ongoing Doha Round of negotiations of the WTO, including market access for industrial and agricultural goods, special measures for protection against import surges and pending issues from the earlier rounds to be addressed simultaneously, members have started carving out small pacts.

The trade facilitation pact agreed to in the Bali Ministerial Meeting in December 2013 and the agreement on doing away with all export subsidies in the farm sector reached at the Nairobi Ministerial last December were the result of efforts made by powerful members, such as the US and the EU, to push their areas of interest.

"India was made to agree to do away with all kinds of export subsidies in agriculture by 2023, while it got nothing tangible in return. If it is not careful, the same thing could happen in the case of fishery subsidies," a Delhi-based trade expert said.

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India warned against pitfalls in ASEAN trade agreement

Vidya-Krishnan, The Hindu

June 15, 2016 : As talks for a Regional Comprehensive Economic Partnership (RCEP) — a regional trade agreement among the 10 ASEAN countries — continue in Auckland, Médecins Sans Frontières (MSF) has warned India that it will no more remain 'the pharmacy of the developing world' if the proposals in the pact are adopted.

MSF Access Campaign and other civil society organisations are pushing for the removal of harmful intellectual property provisions that could potentially increase drug costs by creating new monopolies and delaying the entry of affordable generics in the market.

"Unless negotiators remove harmful provisions from RCEP, this trade deal is set to follow the dangerous path of the U.S.-led Trans-Pacific Partnership agreement, which is recognised globally as the worst trade deal ever for access to medicines. We appeal to India's IP negotiators in particular, to stand by the promises made last week by Health Minister J.P. Nadda at the UN High Level Meeting on HIV/AIDS that 'India is committed to maintaining TRIPS flexibilities to ensure access to affordable medicines. These laws are extremely harmful for countries like India that export drugs" said Leena Menghaney, South Asia Head of MSF's Access Campaign. A leaked copy of the intellectual property text being discussed at the RCEP negotiations shows Japan and South Korea have made several "alarming" proposals that go beyond the World Trade Organization's Agreement on Trade-Related Aspects of Intellectual Property Rights.

Two of the most worrying are the demands for 'Data Exclusivity' and 'Patent Term Extensions' — both intellectual property obligations that Least Developing Countries are exempted from till 2033. Data exclusivity is a form of legal monopoly protection for a drug, over and above the patent protections. "This is given expressly to compensate for the investment made during clinical trials. It implied that regulators cannot approve a similar drug with similar data for the next five years, delaying the entry of generic, affordable versions," said Prof. Shamnad Basheer, an expert in IP Law and a visiting professor at the National Law School of India University in Bengaluru.

Patent term extensions are given to compensate the company for delays in processing patent applications. "A company gets a 20-year patent monopoly on a drug from the date that the application is filed. Sometimes processing these applications takes time and the companies get only 13 years instead of 20. A patent term extension will give another five-year monopoly to the innovator company, again delaying the entry of generic drugs in the market," Mr. Basheer added.

For India, agreeing to data exclusivity will mean amending the Drugs & Cosmetics Act (FDA law) so that the Indian Drug Regulatory Authority (DRA) is prohibited from registering a more affordable version of a medicine as long as the exclusivity lasts over the clinical trial data.

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Govt asks industry to suggest appropriate tariff rates for APEC talks

The Economic times

New Delhi, June 1, 2016**:** Asking industry to suggest an appropriate tariff structrure which the government can pursue at Asia-Pacific Economic Cooperation negotiations, a senior Commerce Ministry official today said neither a very high, nor zero duties, are good for the economy.

Arvind Mehta, Additional Secretary in the Ministry of Commerce and Industry, said India understands that high tariffs are not favorable but at the same time zero tariffs would also hurt the economy.

He urged the industry to "recommend appropriate tariff rates that the government could propose at the Asia-Pacific Economic Cooperation (APEC) membership negotiations".

APEC members include Australia, Canada, China and Japan.

Mehta was speaking at a stakeholder' consultation on 'India and APEC: Issues and Options' organised by industry body Ficci and the Centre for WTO Studies.

Quoting the additional secretary, the chamber said in a statement that the APEC member countries were creating a narrative that India should take certain policy measures to signal its commitment to APEC's vision and improve its chances for APEC accession.

"The narrative may require India to make binding concessions for securing APEC membership. Therefore, it was necessary that industry voiced its opinion with respect to their expectations and apprehensions from India's membership at APEC," he said.

India has indicated its willingness to be a member of APEC earlier as well and was re-engaging in the issue but the government needed the industry's views on how competitiveness, trade facilitation, ease of doing business would be further enhanced to meet the APEC standards, he added.

Abhijit Das, Head of the Centre for WTO Studies, said India should consider joining APEC only if it is confident of undertaking reforms in all areas of activities of APEC.

Speaking at the event, Ficci Secretary General A Didar Singh said India has shown an inclination towards joining APEC and this could greatly benefit the industry.

The voluntary and non-binding APEC partnership would allow India to forge free trade agreements and strengthen its supply chain, he said.

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South Asian nations seek help from India to set up trade portals

By Kirtika Suneja, The Economic Times

New Delhi, 13 June, 2016: India's trade portal has become a source of inspiration for its neighbours, some of which have sought help from the country to set up similar online platforms.

Nepal, Bhutan and Sri Lanka have evinced interest in adopting the best practices of indiantradeportal. in, which makes available comprehensive regulatory and business information through a single window to promote international trade.

"Our South Asian neighbours like our trade portal and want to learn more about sharing information on rules of origin, duties and incentives with exporters," said Ajay Sahai, director general of the Federation of Indian Export Organisations, which maintains the portal.

He said that while Nepal and Bhutan are working on setting up their own portals on similar lines, Sri Lanka is still in the process of examining such a platform and making it sustainable.

Officials said a high-level meeting is set to take place in Colombo in August to discuss trade portals in Asia. In South Asia, only India and Bangladesh have trade portals at present. Besides providing information, the trade portals being set up in Nepal and Bhutan will also benefit India since many consignments headed for the two neighbours are routed from the country.

"India is a transit route for consignments going to Bhutan and Nepal, which are landlocked countries. So it is imp ortant to have information in a transparent manner," said Sachin Chaturvedi, director general of the external affairs ministry's think tank, Research and Information System for Developing Countries (RIS)

"Also, their trade portals will help in setting up a common documentation system that is required for implementing the trade facilitation agreement," he said.

He said India should graciously support and reach out to the South Asian countries since it will improve its own cross-border trade.

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India, US to expand economic relation, break down trade barriers

The Economic Times

Washington, June 8, 2016: India and the US today vowed to expand economic relation between the two nations and explore new opportunities to break down barriers to facilitate movement of goods and services.

The leaders of the two countries resolved to pursue US- India Totalisation Agreement and enhance engagement on intellectual property rights with a view to promote innovation and creativity.

"In order to substantially increase bilateral trade, they (leaders) pledged to explore new opportunities to break down barriers to the movement of goods and services, and support deeper integration into global supply chains, thereby creating jobs and generating prosperity in both economies," said the joint statement issued after a meeting between Indian Prime Minister Narendra Modi and US President Barack Obama.

They look forward to the second annual Strategic and Commercial Dialogu ue in India later this year to identify concrete steps in this regard, it added.

Highlighting the strong and expanding economic relations between the US and India, the leaders committed to support sustainable, inclusive, and robust economic growth, and common efforts to stimulate consumer demand, job creation, skill development and innovation.

It was decided to continue discussion later this year on the US-India Totalisation Agreement.

The 'Totalisation Agreement' seeks to do away with double taxation of income with respect to social security taxes. Under this agreement, professionals of both the countries would be exempted from social security taxes when they go to work for a short period in the other country.

The two leaders also committed to make concrete progress on IPR issues by working to enhance bilateral cooperation among the drivers of innovation and creativity.

They also commended the increased engagement on trade and investment issues under the Trade Policy Forum (TPF) and encouraged substantive results for the next TPF later this year.

The leaders also welcomed the engagement of the US' private sector companies in India's Smart City programme.

The leaders resolved to facilitate greater movement of professionals, investors and business travellers, students, and exchange visitors between their countries to enhance people-to-people contact as well as their economic and technological partnership.

On the MoU for Development of an International Expedited Traveller Initiative (also known as Global Entry Programme) the statement said efforts will be made for entry of India into the said programme within three months

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India, EFTA meet to resume trade agreement talks

Kirtika Suneja, The Economic times

NEW DELHI,10 Jun, 2016: Days after Prime Minister Narendra Modi affirmed India's readiness to resume free trade agreement (FTA) talks with European Free Trade Association (EFTA), the two sides met on Friday to resolve major outstanding issues for an early resumption of negotiations and concluding a balanced agreement in a time-bound manner

"We had a stock taking meeting with them which went off very well... Our data is three years old and we will work on that. We will meet again after stakeholder meetings here," said an official in the know.

The India-EFTA Trade & Economic Partnership Agreement (TEPA) negotiations had started in October, 2008. So far, 13 rounds of negotiations have been held at the level of chief negotiators. The last round of negotiations was held in November, 2013 and thereafter the negotiations had remained suspended.

While the agreement is to have chapters on trade in goods & services, investment, IPR, competition, government procurement, among others, talks were stuck on IPR related issues such as data safety.

"We will try to work in the contours already decided for the agreement," the official said

EFTA is limited to four countries - Switzerland, Norway, Iceland and Liechtenstein. These countries are not part of the European Union (EU) with which India is negotiating a separate trade agreement called the

India-EU Broad-based Trade and Investment Agreement or BTIA.

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India's exports dip in value, but volumes up; hope floats on demand

Banikinkar-Pattanayak, The Financial Express

June 6, 2016: India's merchandise exports may have suffered for a second straight year in 2015-16 in value terms, but volumes of outbound shipments rose in most cases, suggesting the contraction in export value was driven more by a global commodity price crash than by a slowdown in overseas demand, showed a report by the directorate general of foreign trade (DGFT).

Commodities — including organic and inorganic chemicals, cotton yarn, basmati rice, base metals, dyes, paint, varnish and allied products — recorded growth in volume terms in 2015-16 (in the range of 3.8% to over 47%) even though their export value contracted from a year before (See the chart).

The DGFT report is based on an analysis of 168 principal commodities — excluding petroleum and bullion products — for which data are available in both value and volume terms. The value analysis in the report is in rupee terms.

This mirrored the phenomenon after the global financial crisis, when exports value suffered to a lower extent but volume growth remained almost stable (in 2009-10). In good years, though (for instance, 2010-11, when export grew nearly 40% in dollar terms), the rise in export value was driven by a broad-based and an even sharper rise in volumes, a senior commerce ministry official told FE.

Interestingly, certain items — value-added ones such as drug formulations, biologicals, bulk drugs, drug intermediaries and also items like spices, coffee, unmanufactured tobacco — managed to beat the global crash in commodity prices, as export value of these products rose in the last fiscal even when volumes shrank (in the range of 1.2-44.8%).

Global commodity prices plunged 28% in 2015-16 from a year before, driven by a sharp 40% crash in prices of oil, 20% in industrial metals and 7.5% in gold, according to a report by Yes Bank.

So, the maximum impact of the commodity crash was reflected in oil export value, which makes up for roughly 20% of the country's total outbound shipments.

Consequently, roughly 55% of the $48-billion fall in India's exports in the last fiscal was caused by lower petroleum exports.

So while the country's overall exports plunged almost 16% in dollar term and 10% in rupee term, excluding oil, the exports dropped just 8.7% in dollar terms and just 2.1% in rupee terms.

Export of both goods and services, in real term, dropped 5.2% in 2015-16, compared with a 1.7% rise in the previous year, showed the latest GDP data.

According to the DGFT report, yet another category of items showed a rise in exports in both value and volume terms, defying a demand slowdown. These commodities include plastic raw materials, agro chemicals, cotton (including waste), sugar, tea, cereal preparations and ayush & herbal products.

Taking note of a slowdown in China and financial market volatility, the World Trade Organization in April trimmed its 2016 global trade growth forecast by 1.1 percentage points. It predicted that global trade would rise 2.8% in 2016, lower than its previous forecast of 3.9% announced in September last year. This will be the fifth straight year of trade growth below 3%, which is also much lower than the average annual expansion of 5% since 1990, according to the WTO data.

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Anti-dumping duty imposed on import of chemical from US, China

The Economic Times

June 5, 2016: Anti-dumping duty of $0.277- 0.404 per kilogram has been imposed on a compound, used in the pharmaceutical industry, imported from the us and China to protect domestic makers from cheap shipments.

The Central Board of Excise and Customs (CBEC) has imposed definitive anti-dumping on import of Methyl Acetoacetate from the two countries for five years.

The duty has been slapped following recommendation by the Directorate General of Anti-dumping and Allied Duties (DGAD).

The DGAD, after an investigation into the imports, said in its final findings that the chemical has been exported to India from the two countries below normal values and the domestic industry has suffered material injury.

"The material injury has been caused by the dumped imports of subject goods from the subject countries," it said, while recommending the levy on imports of the chemical "in order to remove injury to the domestic industry."

In January last year, DGAD had initiated a probe to ascertain if the chemical was being dumped in the country. The probe followed a petition by Laxmi Organic Industries.

Methyl Acetoacetate is used in industries like pharmaceuticals, agrochemicals and polymers, among others.

WTO member countries are allowed to apply anti-dumping measures on imports of a product if the exporting company ships the product at a price lower than the price it normally charges in its home market and the dumped imports cause or threaten to cause injury to the domestic industry.

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Centre to evolve norms to enhance product quality

T.T. Ram Mohan, The Hindu

New Delhi, June 8, 2016: The Commerce Ministry will soon bring out a five-year ‘National Standards Strategy Paper’ to weed out substandard products from the domestic market and boost India’s exports of high quality goods.

An inter-ministerial panel is already working on identifying goods that do not conform to safety, security, environment and health standards, ministry sources said. They said the government is mulling improving regulations to ensure that India moves gradually towards adoption of more mandatory standards (also called technical regulations) that are harmonised with international standards.

Standards conclave

The move comes in the backdrop of the ministry preparing to organise a ‘Standards Conclave’ on June 23 and 24 in collaboration with industry body CII, Bureau of Indian Standards and National Accreditation Board for Certification Bodies in the national capital. Soon, Regional Standard Conclaves will also be held in cities across India.

“A strong standards and regulatory framework would help domestic industry in becoming competitive in the world as well as domestic market. This would help in increasing the exports by measuring up to standards and conformity assessment procedures both in quantitative terms and also getting higher value exports,” according to a note prepared for the conclave.

The ministry said a good standards regime shall fulfil the vision of Prime Minister Narendra Modi for ‘zero defect, zero effect (meaning, environment-friendly)’ and ‘Make In India’ campaigns.

It would also help prevent flooding of domestic market with unsafe/sub-standard imports which adversely affect consumers and domestic industry, according to the note. The conclave will aim to identify gaps in India’s regime so that they are brought in harmony with international standards. It will also seek inputs from state governments and the industry in this regard. “It is essential that India develops a coordinated national response to meet the challenges of the World Trade Organisation regime in standards and conformity assessment,” the a note said.prepared for the conclave stated.

Trade agreements

Citing mega-regional free trade agreements, including Trans Pacific Partnership (TPP) and Trans-Atlantic Trade and Investment Partnership (TTIP) that are promoting high standards for global trade, the note said “it is therefore important to anticipate the future scenario on standards and technical regulations in the context of TPP and TTIP. The note also said, “The strategy of having different standards for domestic market and export market has not worked anywhere. We cannot compartmentalise quality consciousness. It has to be right from the bottom. “To grow India’s export, Indian manufacturers should comply with international best practices and standards and create an ecosystem of conformity.”

The conclave will also have discussions on higher standards for services.

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CEA panel may favour recast of FTAs to boost exports

Deepshikha Sikarwar, The Economic Times

New Delhi, 14 June, 2016: A panel headed by chief economic advisor Arvind Subramanian could suggest that India renegotiates its free trade agreements because these pacts appear to have boosted imports more than exports.

Officials said the panel is expected to shortly finalise its recommendations, which will come in handy as India negotiates the Regional Comprehensive Economic Partnership that will have China as a member.

"The report will be finalised soon," said one of the officials, who did not wish to be identified. The country needs to have a more focused approach to maximise advantages of free trade agreements or FTAs, another official said.

Subramanian, a former IMF economist who was associated with the multilateral General Agreement on Tariffs and Trade (GATT), was tasked with reviewing India's overall trade engagement, with a special focus on FTAs. The panel's inputs will be crucial when some lost ground.

It had further said, "No matter what India ultimately decides, one thing is clear. Analytical and other preparatory work must begin in earnest to prepare India for a mega-regional world."

There has been a growing feeling in some sections in the government that the country may not have gained as much in services, its area of strength, and given awa much in goods, hurting its manufacturing sector. The departments of economic affairs and revenue have in the past expressed concerns that these trading agreements have ended up boosting imports.

The revenue department had also pointed out that the rules of origin framework allowed third country imports without substantial value addition under the FTAs. The Department of Economic Affairs had separately asked the Indian Institute of Management to study the impact of FTAs after the May 2013 currency crisis highlighted the country's vulnerability on account of widened current account deficit.

India had suspended gold jewellery imports under the India-Thailand early harvest scheme after third country goods found entry into India at lower duty in violation of the rules of origin under the agreement.

A Japanese consumer durable manufacturer announced setting up of a manufacturing facility after a Directorate of Revenue Intelligence investigation caught it violating India-Asean FTA rules of origin to route goods manufactured in another country and forced it to cough up duty for the past period..

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Steel ministry to seek extension of floor price on imports

The Economic Times

New Delhi, June 9, 2016: Steel ministry will seek to extend a floor price on steel imports beyond August, a senior official said, as the country looks to keep up its protectionist barriers to stem the tide of cheap foreign products.

NEW DELHI imposed the minimum import price (MIP) on 173 steel products in February, helping cut inbound shipments last month to their lowest level in at least 14 months. The MIP expires in August.

The steel ministry will call for the extension of MIP for as long products are being dumped in India , the official, who declined to be named as he was not authorised to speak to media, told Reuters.

India is the world 's third-largest steel producer with a total installed capacity of 110 million tonnes. But the industry says its margins have been squeezed due to cheap imports from China , as well as Russia, Japan and South Korea.

To shield domestic mills, India in March extended safeguard import taxes on some steel products until 2018 and has begun probing the possible dumping of cheap steel from China, Japan and South Korea.

Last month it also imposed a provisional anti-dumping duty on seamless tubes and pipes imported from China.

Countries including Japan, Taiwan, Canada and Australia have accused India of restrictive trade practices with the country's steel import policies drawing wide criticism at the World Trade Organization (WTO).

A spokesman for the steel ministry said it was premature to discuss floor prices while the trade ministry, which decides whether MIP remains beyond August, was not immediately available for comment.

Recommendations that follow detailed investigations are generally accepted by the trade ministry.

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Food Ministry proposes 25% duty on sugar export

The Hindu

New Delhi, June 10, 2016: The Food Ministry has proposed imposing 25 per cent duty on export of sugar to ensure sufficient supply in the domestic market, Minister of Food and Public Distribution Ram Vilas Paswan has said.

International prices of sugar are rising and therefore traders may increase the export of sugar to make profit, Paswan said.

"To keep the export of sugar in control, it is proposed to levy 25 per cent customs duty on export of sugar," Paswan said in a series of tweets.

This move will ensure sufficient availability of sugar in the domestic market and prices will be under control, he added.

According to trade sources, sugar exports have become viable now as global prices have increased by 50 per cent in the last three months due to disruption in supply from Brazil.

As demand and supply of sugar in India are at par, the government does not want any export from the country.

The country has exported 1.4 million tonnes so far in the 2015-16 marketing year (October-September).

Retail sugar prices last month had crossed Rs. 40 per kg due to an 11 per cent fall in domestic sugar output in the ongoing 2015-16 season.

Sugar production in India, the world's second largest producer is estimated to be about 25 million tonnes in 2015-16, as against 28.3 mt last year.

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Iron ore exports face curbs as govt looks to protect crisis hit steel makers

Surya Sarathi Ray, The Financial Express

New Delhi, June 4, 2016: In what appeared to show its intent to impose fresh curbs on iron ore exports in the interest of domestic steel makers, the government has placed the policy regime for the mineral under a comprehensive review. “We will set up a committee, as per the direction of the NITI Aayog, to look into the iron ore issue. It would be discussed threadbare in the coming weeks. We want the interest of the steel industry to be protected first and it should get iron ore at affordable prices,” a senior steel ministry official told FE on condition of anonymity.

Riding on robust Chinese demand, India’s iron ore production and exports had peaked at 218.5 million tonnes (mt) and 117.4 mt, respectively, in 2009-10. Both production and exports have since declined due to a crackdown on illegal mining and curbs placed on exports, while demand from China has also waned during the period.

While a 5% export duty on iron ore fines had existed for long, it was raised to 20% in March 2011 and further to 30% in December 2011. Following a series of representations from the iron ore industry, especially producers in Goa, the export tax was reduced to 10% for ore below 58% iron content in the last Budget.

The government’s latest move is despite local steel makers already enjoying substantial protection from imports in the form of import duties on all items as well as anti-dumping duties and minimum import price for select products.

The Economic Survey had said further protection would impact downstream industries. Stating that the domestic steel industry, with higher borrowing and raw material costs and lower productivity, is at a comparative disadvantage and appreciating the measures taken to curb surging imports of steel, the survey noted: “Any further safeguards will impact downstream industries as steel is used as an input in different industries like basic metal and non-metal products, machineries, transport, construction and consumer goods.”

“It is estimated that for a 10% increase in steel prices due to a hike in anti-dumping or import duties, the cost of production of basic metal and non-metal products will increase by 5.4%. Besides, cost of production in construction sector will go up by 1.7%, machinery by 1.3%, transport by 0.7% and the consumer goods sector by 0.4%,” it said.

While primary steel makers have reported decline in profitability over the pasty year, public-sector SAIL reported heavy losses. With the help of the MIP and the dumping duties which put a lid on cheaper imports, the steel makers have of late started to look up.

The steel ministry official quoted above did not spell out the likely steps to be taken to ensure “adequate supply” of iron ore in the domestic market but sources said options available are either raising export duties or putting a cap on outward shipments of the mineral.

Iron ore exports gradually fell to 97.66 mt in 2010-11 to 61.74 mt in 2011-12 and then plunged to 18.37 mt in 2012-13, 14.42 mt in 2013-14 and further to 6.12 mt in 2014-15.

The steel industry, according to industry sources, had been under tremendous pressure till the import tariffs were raised owing to weak demand, subdued prices and large-scale imports from surplus countries such and China, Japan and South Korea.

JSW Steel's commercial director Jayant Acharya said, "The availability of iron ore and the right pricing is always a problem being faced by the domestic steel industry. That is why we resorted to imports."

However, the Federation of Indian Mineral Industries' secretary general RK Sharma, said: "With 183.51 mt surplus iron ore at the end of the last fiscal, the question of inadequacy does not arise at all. Where are the exports? It has come down to 5.32 mt in 2015-16 compared with 117.37 mt in 2009-10."

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Onion exports climb 33 pc to Rs 2,362 cr in Apr-Feb

The Economic Times

New Delhi, June 13, 2016: India's onion exports went up 33 per cent to Rs 2,362 crore in the first 11 months of 2015-16 on higher realization of sales.

Onion exports stood at 9,80,566 tonnes during the 11 months of 2015-16 as against 9,70,442 tonnes in the same period of the previous financial year, according to data compiled by the National Horticultural Research and Development Foundation (NHRDF).

In value terms, the exports increased to Rs 2,362 crore from Rs 1,771 crore in the year-ago period on the back of higher sales realisation, the data showed.

The average price realisation worked out to Rs 28,215 per tonne in 2015-16 as against Rs 18,507 for the whole of 2014-15.

Last year, the government had hiked the minimum export price (MEP) to USD 425 per tonne in June and then to USD 700 per tonne in August after prices skyrocketed on lower output due to unseasonal rains.

On December 25 last year, the government had scrapped the onion MEP to push exports as domestic prices crashed. MEP is the rate below which no trader is allowed to export.

India had exported 10,86,072 tonnes of onion for Rs 2,010 crore in 2014-15.

Onion output stood at 189 lakh tonnes in 2014-15 crop year (July-June). In the 2015-16 crop year, production is estimated at 206 lakh tonnes.

Maharashtra, Karnataka and Madhya Pradesh are the top three onion-producing states in the country.

Onion prices are currently ruling at Rs 20-25 per kg in the retail market of the national capital.

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