INDIA'S TRADE NEWS AND VIEWS
8 May to 22 May 2014

Exports up 5.26% in April; trade deficit falls to $10.1 billion
This is the first piece of good news for the economy in the new financial year. India's exports grew 5.26% in dollars terms in April 2014 from a year ago, reversing two months of decline…

Exporters in a tizzy as rupee hits 10-month high
Exporters are keeping their fingers crossed as the rupee strengthened to a 10-month high of 59.50 to a dollar on Monday, before closing at 60.05, threatening to make a big dent in their earnings…

RBI extends loan tenure for exporters to 10 years
The Reserve Bank of India (RBI) on Wednesday said exporters can now get long-term advances for up to 10 years to service export contracts, easing earlier rules that only allowed advances of up to one year…

Relook at trade pacts to boost manufacturing on cards
Keen to spur domestic manufacturing, the new government is expected to take a relook at country's trading arrangements…

Indian drug makers to benefit as US expedites generic clearances
Indian drug makers, slammed for months in the US over issues related to quality and intellectual property rights, might soon get to breathe easy…

India needs to modify IPR regime to attract FDI: EU
India needs to modify its Intellectual Property Rights (IPR) regime and fast-track legal system to attract foreign investments, a report said Wednesday…

Sops for raw sugar exports cut by Rs1,000 a tonne
The Centre has cut the incentive for raw sugar exports by over Rs1,000 a tonne to Rs2,277, drawing protests from millers…

Onion exports jump 25% in 2013-14 on higher unit value
Backed by a spurt in unit value realisation, India's onion exports surged in value terms by more than 25% to Rs 2,877 crore in the 2013-14 fiscal, even as volumes registered tepid growth…

Coir exports touch high of Rs 1,476 cr on China consumption
Exports of coir and coir products from the country in the last fiscal touched an all-time high of Rs1,476 crore, largely due to robust consumption from China…

Tobacco exports top Rs 6,000-cr mark
The Indian tobacco sector has achieved yet another milestone surpassing last year's record in terms of both quantity and value…

Gems & jewellery exports dip by 1.2% in FY 2014
Gems and jewellery exports fell by a marginal 1.21% to Rs 2.10 lakh crore in 2013-14 due to sluggish shipment of gold ornaments, medallion and coins, industry body GJEPC said…

RBI eases gold import norms
The Reserve Bank of India has allowed "star trading houses" and private jewellery exporters, which had been barred from importing gold since July 2013, to resume imports, with immediate effect…

Impressive start: Apparel exports grow 14% in April
Apparel exports have begun the fiscal with an encouraging growth pattern. In the first month of April, exports grew 14.33% to $1.3 billion as compared to $1.1 billion in the same month in 2013…

Natural rubber imports shoot up 84% in April
Imports of natural rubber rose 84% to 26,445 tonne in April on account of lower prices in international markets and drop in domestic production…

Dumping duty on Chinese nylon tyre cord fabric to continue

The Finance Ministry has extended by one more year the validity of anti-dumping duty on nylon tyre cord fabric imports from China…

India may back solar duties after probe says US, China dumped

India may recommend duties on US and Chinese solar imports after finding evidence of dumping, broadening a global trade dispute in the $130 billion market…

WTO talks: Don't harp only on fishery sops, says India

India has said that negotiations on tightening fishery subsidies at the World Trade Organization (WTO) pushed by the European Union, New Zealand and Chile should take place only after there is substantial progress in the areas of agriculture, industrial goods and services…

Sharma thanks USTR, WTO and IMF chiefs for supporting India

Commerce and Industry Minister Anand Sharma has written farewell letters to United States Trade Representative and chiefs of WTO and IMF thanking them for extending support to India…

Centre for WTO Studies, 7th Floor, IIFT Bhawan, B-21, Qutab Institutional Area, New Delhi - 110016
Tel: 91-11-26965124, 26965300, 26966360 Ext-725,710 Fax: 91-11-26853956 Email: cws@iift.ac.in
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.

Exports up 5.26% in April; trade deficit falls to $10.1 billion

Economic Times

New Delhi, 10 May 2014: This is the first piece of good news for the economy in the new financial year. India's exports grew 5.26% in dollars terms in April 2014 from a year ago, reversing two months of decline. Imports declined 15% in dollar terms, clearly indicating that industrial recovery remained elusive. The combined effect of higher exports and contraction in imports helped shrink the trade deficit to $10.1 billion in April compared with $17.7 billion a year ago.

The data raises hopes that the improvement in the current account deficit in the last financial year will continue in the new year. Exports were valued at $25.6 billion in April while India's imports were worth $35.7 billion, according to data released on Friday by the commerce and industry ministry. Exports had contracted 3.2% in March.

"The new Foreign Trade Policy should initiate measures for competitive manufacturing in the country both for augmenting exports and substituting imports," M Rafeeque Ahmed, president of the Federation of Indian Export Organisations, said in a statement, urging the government to set a target of $750 billion in exports in by 2019.

India's exports in FY13 amounted to $312 billion.

Non-oil imports in April were estimated at $22.7 billion, 21.5% down from a year ago. This is an indication of the strength of the Indian economy, and the contraction indicates that the expected industrial economic recovery has not materialized. India's current account deficit is expected to improve to around 2% of GDP in FY14 from an all-time high 4.8% of GDP in FY13.

The low trade deficit in April and rise in exports raises hopes that the current account deficit will remain comfortable, though it could rise from last year if the economy recovers and import curbs on gold are lifted.

"Trade deficit will tend to deteriorate further, but it is not a big concern," said Madan Sabnavis, chief economist, CARE Ratings.

In absolute terms, exports were lowest in five months, but traditionally April is a weak month, which makes the year-on-year comparison more relevant.

The recovery in exports was led by engineering goods, overseas sales of which rose 21.25% to $5.75 billion. The drugs and pharmaceuticals sector picked up the growth pace in April with a rise of 10.41%. Man-made yarn and fabrics (11.74%) and readymade garments (14.33%) also contributed to the recovery in exports. Gems and jewellery exports contracted 8.1%.Gold imports were down 74% in April to $1.76 billion from $6.78 billion last year. Silver imports were down 26.5% to $468 million. Imports of iron and steel, machinery, electrical and non-electrical, transport equipment and project goods all contracted 6% to 38%, indicating that investments were not picking up.

[Back to top]

Exporters in a tizzy as rupee hits 10-month high
Amiti Sen, Business Line (The Hindu)

New Delhi, 12 May 2014: Exporters are keeping their fingers crossed as the rupee strengthened to a 10-month high of 59.50 to a dollar on Monday, before closing at 60.05, threatening to make a big dent in their earnings.

Most exporters fear that a further rise in rupee value could affect their competitiveness in the global market, leading to a fall in volumes. They want the Reserve Bank of India to intervene by buying dollars.

Competitiveness hit

“The dollar falling below Rs 60 will certainly hit competitiveness of Indian products in a tough global market, especially since the Chinese have established a competitive edge by calibrating their currency to their advantage,” said Anupam Shah of the Engineering Exports Promotion Council.

Export rise

Exports posted a growth of 5.26 per cent in April this year to $25.63 billion after two months of decline as demand in both the US and the European Union picked up. A rising rupee could neutralise the gains. It is the rupee’s high volatility, not so much its strengthening, that is hurting exporters, says Tilakraj Manaktala, President, Delhi Exporters Association.

Volatility hurts

“While exporters will suffer if the rupee becomes too strong, they also face pressure if it becomes very weak, as buyers start seeking discounts. It is in the interest of the nation if rupee fluctuation is in the range of 5-7 per cent,” Manaktala said. “Exporters can manage if the rupee is between 60 and 62/dollar. The present situation is indeed a cause of concern for us. It would be difficult to cope if it increases further,” he added.

Seafood woes

Seafood exporters also fear a drop in volumes this fiscal due to the strengthening rupee. With demand from the US, a primary buyer of shrimps from India, already low due to exceptionally harsh winters early this year, the rise in rupee value can make matters worse, officials from the Seafood Exporters Association of India said recently. Both Manaktala and Shah feel it is time for RBI to intervene. “While exports, especially of engineering goods, have done well in the first month of the fiscal, the RBI must ensure that the rupee does not become too strong by hot money pursuits in the stock market. This is the right time for RBI to buy dollars and build forex reserves," Shah said.

[Back to top]

RBI extends loan tenure for exporters to 10 years
Financial Express

Mumbai, 22 May 2014: The Reserve Bank of India (RBI) on Wednesday said exporters can now get long-term advances for up to 10 years to service export contracts, easing earlier rules that only allowed advances of up to one year.

Such advances can only be made to exporters with a ‘satisfactory’ track record of three years and the payments adjusted against future exports, the RBI notified on Wednesday.

Interest rates, if any, cannot exceed 200 bps over Libor. Exporters receiving such advances cannot use the funds to repay rupee loans categorised as NPAs. Banks may, in turn, offer guarantees and stand by letters of credit, if required, the RBI notification said.

The central bank also warned against double financing for working capital for execution of export orders. In addition, exporters who receive loans of $100 million or above need to report the transaction immediately to the central bank.

[Back to top]

Relook at trade pacts to boost manufacturing on cards
Deepshikha Sikarwar, Economic Times

New Delhi, 21 May 2014: Keen to spur domestic manufacturing, the new government is expected to take a relook at country's trading arrangements. The finance ministry will pitch for correction in tariff structures within the free trade agreements with other countries that have undermined domestic manufacturing.

"There is a need to spur manufacturing. A group is looking at the tariff structure in respect to the trading arrangements," said a ministry official. The idea in the trading arrangement should be to promote value addition and manufacturing in the country and so tariffs should be lower on imports of raw materials and inputs and higher on processed and final goods, the official said.

Contrary to this principle, a number of agreements did the opposite, the official said. The comprehensive study would suggest a course correction by emphasizing removal of inverted duty structure to remove the cost disadvantage of Indian manufacturing. The revenue department has also expressed reservations on India signing a Regional Comprehensive Economic Partnership (RCEP) that includes China as well, said another official with the ministry.

India has signed free trade pact with about 20 countries including Japan, Korea, ASEAN nations, Sri Lanka and Nepal, while it is negotiating market opening pacts with Australia, Canada, New Zealand and the European Union. A course correction is also seen to serve twin objectives, discouraging imports that have posed a challenge to the external sector and boosting domestic manufacturing. India's industrial sector has emerged as a big worry for the policymakers keen to create jobs.

Industrial production remained almost flat in 2013-14, declining 0.1 per cent compared with an expansion of 1.1 per cent in 2012-13, mainly on account of a drop in output in manufacturing, especially capital goods. The new government led by Narendra Modi is expected to give a big push to manufacturing sector led growth. The finance ministry has readied a detailed plan outlining key action points required in each area to improve the business sentiment, spur growth, contain inflation and maintain price stability in the long-term, boost infrastructure, deepen financial sector and rationalize the regime for foreign investment.

Market reforms paving the way for free movement of farm goods, open market sales and deeper forward markets to enable price discovery of agri goods. In infrastructure sector, the focus is on energising the public-private partnership model by bidding out projects after clearances and completion of acquisition at least 80 per cent of land required for projects.

[Back to top]

Indian drug makers to benefit as US expedites generic clearances
Sushmi Dey, Business Standard

New Delhi, 12 May 2014: Indian drug makers, slammed for months in the US over issues related to quality and intellectual property rights, might soon get to breathe easy. Companies seeking approval for their generic drugs in the US may expect a significant lowering of review period by regulator from October onwards.

“The majority of GDUFA (Generic Drug User Fee Amendments) performance goals do not begin until Fiscal Year 2015. At that time, there will be a specified goal of reviewing Abbreviated New Drug Applications in 15 months,” a spokesperson of US Food and Drug Administration (US FDA) said, adding the move does not guarantee an approval action.

The US Federal government’s fiscal year begins on October 1 and ends on September 30.

Gradually, the regulator will also move to a 10-month review clock in fiscal year 2017. Currently, the regulator takes around three years to review ANDAs, industry officials say.

This is expected to translate into major gains for domestic drug makers like Sun Pharma, Lupin, Glemark, Dr Reddy's Laboratories, Cadila Healthcare and Torrent Pharma, which have a significant presence in that country's $30-billion generic drug market.

"Faster approvals will help companies bring in more products to the market. October onwards, we are certainly expecting more launches in the US," a senior executive of a domestic pharmaceutical company, asking not to be named, told Business Standard.

The move comes in the wake of increased focus on the US' Patient Protection and Affordable Care Act, popularly called Obamacare, which aims to lower healthcare spending in America. International reports suggest prices of medicines, including those of generics, have risen significantly in the past year.

According to a survey by America's National Community Pharmacists Association, prices of some of the medicines spiked more than 1,000 per cent in 2013.

The US Food and Drug Administration's (US FDA's) proposed move to fast-track clearances to generic drug applications from October is aimed at bringing in more products to the market, so that more competition governs prices, says sources and industry officials in the know of the latest developments.

However, foreign generic drug makers like Teva, Mylan and Sandoz, which already have a considerable presence in the American market with extensive product pipelines across segments, are likely to face competition with other generic players entering early and vying for larger market share.

"Early penetration of more generic players will also allow faster price erosion. That will help bring down healthcare cost in favour of Obamacare, but might hurt existing players' interests," the senior executive said.

Indian companies, which account for 10-12 per cent of the total US generic market, will also benefit from the move because these companies have been paying hefty fees to the regulator since 2012 while applying for generic drug approvals there. However, instead of expediting approvals, US FDA prolonged the clearance time for applications to be filed before 2017. This disappointed generic drug makers, which planned to launch products during the patent cliff.

"Delays in product approvals, coupled with fees for filing of ANDAs (abbreviated new drug applications) have been a major concern for the past few years. Our revenue growth was stalled because of these delays, while our cost rose substantially because of fees," a senior management official from another pharma company explained.

During US FDA Commissioner Margaret Hamburg's visit to India earlier this year, representatives from domestic companies like Sun Pharma, Ranbaxy, Cadila Health and Torrent Pharma had also raised the issue of delay in product approvals hurting their revenues.

Also, generic drug makers were concerned that once they applied for approvals, their products were vulnerable to potential patent infringement litigation, which might add to their cost, while sales of these products were yet to take off.

Given that India is the largest foreign supplier of generic medicines to the US, which in turn is the biggest market for domestic companies, faster generic drug approvals will help both sides.

Industry estimates show, major domestic drug makers like Sun Pharma, Lupin, Glenmark, Dr Reddy's and Cadila Health annually file 15-20 generic drug applications each. Even smaller companies like Torrent Pharma and Alembic file five to 10 ANDAs every year.

This story is a slightly modified version of the one that appeared in the print edition.

[Back to top]

India needs to modify IPR regime to attract FDI: EU
PTI

New Delhi, 7 May 2014: India needs to modify its Intellectual Property Rights (IPR) regime and fast-track legal system to attract foreign investments, a report said Wednesday. "India must sort out some contours of its IPR regime. The legal system must be fast-tracked and the use of compulsory licensing (CL) for essential pharmaceutical drugs must be the exception and not the norm," it suggested. The report has been released by the Europe India Chamber of Commerce (EICC) and European Business and Technology Centre (EBTC) in co-operation with the European Business Group.

The US industry too has raised concerns over India's IPR laws particularly in the pharmaceuticals sector. However, Indian government has maintained that its IPR laws are in compliance with WTO norms and rules.

The report also said that over the last two years, Indian Government has taken several steps to remove FDI barriers in a range of sectors but "it calls for swift implementation" of those measures. It said: "Modalities such as land acquisition, revenue sharing and others must be discussed and debated by the states and the Centre before a formal policy decision is taken."

"Many EU companies find out that the actual market scenario in India is distinctly different from their original understanding." Reforms also need to be initiated in trade facilitation and export promotion, it added.

"Companies that invest in India need to have lot of patience and deep pockets to sustain cash flow uncertainties. They should focus on the potential and not the short-term challenges," EICC's Research Head Adith Charlie said.

Further, it claimed that European companies had spent USD 198 billion in India during the last 10 years.

"In the same period, Japanese and US firms channelised USD 138 billion and USD 50.7 billion respectively into their India units. This gives EU enterprises the distinction of being the largest inbound investor into India," it said. EU firms have spent USD 118 billion on 2,566 greenfield (new) projects and also acquired interests in 1,442 companies for USD 80 billion.

"Tactical Greenfield investments, landmark acquisitions and steadfast dedication through uncertain economic cycles have been the key ingredients of the success enjoyed by European companies in India," it said quoting EICC Secretary General Sunil Prasad.

The study found that despite the challenges facing the Indian economy, EU firms are optimistic about the next 5 years.

"The common consensus is that the next government would usher in a fresh round of growth," Prasad added.

The report titled 'European Companies in India: Reigniting Economic Growth', said that EU companies collectively provide direct employment to 1.5 million Indians. Of this, about 562,335 new jobs were added in the last 10 years alone through the greenfield route, the report added.

"To ensure continued high levels of FDI, essential to India's future economic growth, government and industry alike must engage in novel thinking and disciplined implementation - only then will the so urgently required paradigm shift happen," EBTC Director Poul Jensen said.

It said that huge potential is there in sectors such as education, energy, food processing, life sciences, advanced engineering and infrastructure.

Meanwhile, Ambassador of EU Delegation to India Joao Cravinho said in the report's foreword: "The sheer scale, diversity, and regulatory and tax complexity of India can be overwhelming for a foreign company.

"Companies have to be patient and committed to experience sustainable growth in the country over the longer term."

He added that the EU is committed to strengthening trade relations with India and "we are confident that the conclusion of the EU/India Broad-based Bilateral Trade and Investment agreement is possible in the near future".

The total India-EU bilateral trade was USD 94.43 billion during April-February, 2012-13. It was USD 109.86 billion for the entire 2011-12 fiscal.

[Back to top]

Sops for raw sugar exports cut by Rs 1,000 a tonne
Business Line (The Hindu)

Chennai, 13 May 2014: The Centre has cut the incentive for raw sugar exports by over Rs 1,000 a tonne to Rs 2,277, drawing protests from millers.

In a notification issued last week, the Centre reduced the incentive from Rs 3,300, aimed at encouraging exports of raw sugar in order to overcome glut in the domestic market. While fixing the incentive at Rs3,300, the Food and Consumers Affairs Minister KV Thomas had said that the facility would initially be extended for two months (February and March) and then, it would be recalculated every two months taking into account the average exchange rate of the rupee.

According to the notification, the revised incentive will be valid till May 31.

Mills disappointed

Expressing surprise over the move, Indian Sugar Mills Association Director-General Abinash Verma, in a letter to the Food Secretary, said that the industry is disappointed over the cut in the incentive rate.

Pointing out to the Gazette notification issued on February 28, Verma said the average exchange rate of rupee was to be calculated based on the dollar price during the seven days preceding April 1.

When the incentive was approved by the Government, the rupee traded at 62.44 against the dollar. Since then, the rupee has gained and ruled at 60.32 in the last week of March. Therefore, the rate should have been Rs 3,800 and not Rs 2,277, Verma said.

“Since there is no other criteria prescribed in the Gazette Notification of February 28, there cannot be any other position whatsoever than to either retain the original rate of Rs 3,300 or to increase it. Therefore, the notification of May 7, reducing the incentive rate is not as per the law prescribed by the Ministry,” the ISMA official said in the letter.

Based on the notification, exporters and buyers from other countries had entered into sugar deals in the belief that the incentive of Rs 3,300 a tonne holds for raw sugar exports. But a sudden change in the Government’s stand without any notice was in contravention to the provisions of the February 28 notification. It has created confusion in the market and millers were feeling betrayed. The Government’s action to cut the incentive was wrong especially when there was sugar surplus, which need to be exported.

In a quandry

Sugar prices have dropped in the last one month and continue to rule below the cost of production, Verma said, adding that cane arrears to farmers have surged to over Rs 12,000 crore.

The ISMA official wondered how the Government arrived at the figure of Rs 2,277 and sought to know the reason for the cut in the incentive.

“What will happen to sugar mills which have dispatched or exported sugar after April 1 considering the Gazette Notification of February28, which is the only rule or order of the Government in public domain till now, and have done so on the clear understanding that the incentive rate would be Rs 3,300/tonne. Who will compensate the losses to these sugar mills?,” asked Verma.

On April 20, PTI, quoting official sources, said that the Government had decided to continue the incentive for raw sugar exports at Rs 3,300 a tonne during April-May.

Surging stocks

Some four lakh tonnes of sugar were expected to be exported during April-May with some consignments already reaching the destination or on the way.

The issue has also figured at the World Trade Organisation with countries such as Australia questioning the move to offer incentives for exports. However, India has held firm and said that there was no going back on its commitment to encourage raw sugar exports. The Government came up with the incentive to cut production of white sugar. White sugar stocks in the country have been on the rise.

At the beginning of the current sugar year (October-September 2013-14), stocks were 8.8 million tonnes. Sugar output in the on-going year is expected to be 23.8 million tonnes, according to industry estimates, against a domestic demand of 22 million tonnes. The stocks are expected to go up and to combat a glut situation. The Cabinet cleared the Food Ministry’s proposal to allow exports of raw sugar.

[Back to top]

Onion exports jump 25% in 2013-14 on higher unit value
PTI

New Delhi, 13 May 2014: Backed by a spurt in unit value realisation, India's onion exports surged in value terms by more than 25% to Rs 2,877 crore in the 2013-14 fiscal, even as volumes registered tepid growth. The country's total onion exports had stood at Rs 2,294 crore in the 2012-13 fiscal.

However, in volume terms, exports fell by 25.46% to 13.58 lakh tonne during financial year 2013-14 as against 18.22 lakh tonne in the previous year.

“Exports in value terms rose in 2013-14 primarily on account of increase in unit value realisation," said a senior official of the cooperative firm Nafed (National Agricultural Cooperative Marketing Federation of India).

According to Nafed data, the unit value realisation improved by 68% to Rs 21,183 per tonne from Rs 12,590 per tonne in the review period.

Onion shipments picked up since December 2013 after the government lowered the minimum export price (MEP) to $150 a tonne from $350 a tonne.

The government had imposed MEP on onion in September 2013, after which it was raised several times to curb exports and boost domestic supplies as retail prices had shot up as high as Rs 100 per kg in many parts of the country. The government had to even import onion to control price rise. With improved domestic supplies and crash in wholesale rates, the Centre had later done away with the MEP to boost exports.

India's onion production is estimated to be higher by 13% at 189.8 lakh tonne in the 2013-14 crop year (July-June), from Rs 168 lakh tonne a year ago.

[Back to top]

Coir exports touch high of Rs 1,476 cr on China consumption
Financial Express

Kochi, 13 May 2014: Exports of coir and coir products from the country in the last fiscal touched an all-time high of Rs 1,476 crore, largely due to robust consumption from China, officials of the state-run Coir Board said. India is the largest exporter of coir products such as mats, matting and rugs in the world. During 2012-13, export realisation stood at Rs 1,116 crore with 32% growth year-on-year. During 2013-14, exports of coir products stood at 5,37,040 tonne as against 4,29,501 tonne in the previous year. The increase was 25%.

Coir fibre, yarn, tufted coir matting, geotextiles and coir pith have shown an increase in exports,G Balachandran, chairman of Coir Board, said. “Coir handloom mats recorded a negative growth of 6.38%. Coir rugs and carpets also recorded negative growth of 2.11% in quantity and 20.54% in value,” he added.

Export of coir pith has gone up progressively and reached an all-time record of Rs 342 crore during 2013-14. However, export of coir pith from Kerala was nil. Export of coir fibre to China has also increased progressively. The value has reached Rs 329 crore by recording 59% growth in export of coir fibre from the previous year.

Coir is witnessing stiff competition from other mechanised products like PVC tufted mats. These substitute products are getting cheaper due to mechanised production while handloom products are getting relatively costly because of the labour involved. Traditional items of export like handloom mats and rugs are seen declining in both volume and value during the last few years.

China tops the list in export of coir from India. During 2013-14, 24.42% of the total export of coir from India was to China. In the preceding years, the US was top in the list. During 2013-14, 1,92,110 tonne of coir fibre valued at Rs 360.50 crore was exported to China, which is 36% in quantity and 24.42% in value of the total exports.

Balachandran expressed concern over the export of coir fibre to China in large scale. He said the state government has to take immediate steps to send value-added products to China instead of exporting raw material. He expressed concern that there is a possibility that China will try to make value-added products with the fibre imported from India, and then re-export those items to India and other countries.

[Back to top]

Tobacco exports top Rs 6,000-cr mark
Business Line (The Hindu)

Hyderabad, 20 May 2014: The Indian tobacco sector has achieved yet another milestone surpassing last year's record in terms of both quantity and value. In the financial year 2013-14, 2.64 lakh tonnes of tobacco and tobacco products worth Rs 6,059 crore were exported. Of this, the contribution of un-manufactured tobacco to volumes was 2.34 lakh tonnes at Rs 4,842 crore. The country exported 29,534 tonnes of tobacco products valued at Rs 1,217 crore.

Exports to Western Europe dominated with 34 per cent, followed by Eastern Europe (14%), the Gulf (11%), South and South East Asia (20%), Africa (13%), and North and South Americas (8%).

FCV shipments

Similarly, the Flue Cured Virginia (FCV) tobacco exports have also surpassed the previous record of 1.74 lakh tonnes (clocked during 2009-10) to reach 1.80 lakh tonnes.

FCV tobacco exports earned Rs 4,086 crore. In dollar terms, this is valued at $ 675 million, the Tobacco Board said here in a statement on Tuesday. Exports of FCV tobacco during 2013-14 have increased by 2 per cent, 28 per cent and 15 per cent in quantity, rupee and dollar terms respectively compared with the exports made during the last year.

Export markets

Major destinations for Indian un-manufactured tobacco during the period are Belgium, Egypt, Russia, Korea, the Philippines, the US, the UAE, Netherlands, Germany, Yemen, Nepal and Poland.

[Back to top]

Gems & jewellery exports dip by 1.2% in FY 2014
PTI

New Delhi, 13 May 2014: Gems and jewellery exports fell by a marginal 1.21% to Rs 2.10 lakh crore in 2013-14 due to sluggish shipment of gold ornaments, medallion and coins, industry body GJEPC said. India had exported Rs 2.12 lakh crore worth of gems and jewellery in the previous year.

"We could not export much of gold jewellery in 2013-14 because of the government curbs on gold imports", Gems and Jewellery Export Promotion Council Chairman Vipul Shah said. He said GJEPC has sought relaxation in gold import duty to ensure adequate supply of the metal and help meet export demands for jewellery, he said.

To check high current account deficit, the government had hiked import duty on gold to 10% and made it mandatory for traders to export 20% of the imported gold.

According to the latest data of GJEPC, gold jewellery exports fell to Rs 47,716 crore in 2013-14 from Rs 71,295 crore in the year-ago period. Similarly, shipments of gold medallion and coins fell to Rs 19,203 crore from Rs 28,490 crore and exports of coloured gems stones declined marginally to Rs 3,136 crore from Rs 3,543 crore in the review period.

Exports of cut and polished diamonds improved to Rs 1.18 lakh crore in 2013-14 as against Rs 94,741 crore in the previous year. Silver jewellery exports increased to Rs 8,798 crore from Rs 5,028 crore, while sale of pearl in overseas markets rose to Rs 61.41 crore from Rs 26 crore in the review period. Exports of synthetic stones also improved to Rs 481.64 crore in 2013-14 from Rs 282.71 crore in the previous year.

The US, Europe, the UAE and Hong Kong accounted for the maximum share of gems and jewellery exports.

[Back to top]

RBI eases gold import norms

Business Line (The Hindu)

Mumbai, 21 May 2014: The Reserve Bank of India has allowed "star trading houses" and private jewellery exporters, which had been barred from importing gold since July 2013, to resume imports, with immediate effect.

In a statement. the central bank said import of the first lot of gold by trading houses under the so called “80:20 scheme” would be based on the highest monthly import during any of the last 24 months before import restrictions were imposed in August 2013. However, the import quantity has been capped at 2,000 kg.

Also, under the modified guidelines for import of gold, the RBI said the star/premier trading houses should have imported gold prior to the introduction of the 20:80 scheme.

The RBI had imposed gold import curbs to counter a steep rise in the current account deficit. Also, the gold import duty was raised last year to 10 per cent from 4 percent and the Government mandated that 20 per cent of imported gold had to be exported, under the 80:20 rule.

On Wednesday, the central bank also allowed banks to lend gold to domestic jewellery makers from the 80 per cent quota. Hitherto, banks could make gold available for domestic use only to entities engaged in the jewellery business/bullion dealers and to banks authorised to administer the Gold Deposit Scheme against full up-front payment.

In other words, supply of gold in any form to domestic users other than against full upfront payment was not permitted.

Under the modified guidelines for import of gold, the RBI said the star/premier trading houses should have imported gold prior to the introduction of the 80:20 scheme.

[Back to top]

Impressive start: Apparel exports grow 14% in April
Financial Express

Chennai, 13 May 2014: Apparel exports have begun the fiscal with an encouraging growth pattern. In the first month of April, exports grew 14.33% to $1.3 billion as compared to $1.1 billion in the same month in 2013, the Apparel Exports Promotion Council (AEPC) has said.

Virender Uppal, chairman of AEPC, said in a statement: "India is currently the seventh largest apparel exporter in the world with a market of 3.2%. China, Bangladesh and Vietnam are the other large developing suppliers in the global market who have been able to make it bigger by easier import policies."

A number of factors such as stringent labour laws, compliance issues, availability of MMF (man-made fibre) and blended garments, short production cycles to capture markets for all seasons, simplification of export procedures so as to reduce transaction cost and time, mitigating power cost disadvantage, high export credit and tariff disadvantage in major markets have inhibited growth and are responsible for the performance in the last fiscal, despite the best push made by the industry, he observed.

Appreciating the role of garment exporters, Uppal said: "The Indian garment manufacturing sector has the highest potential and it needs to increase competitiveness to generate more employment and boost apparel exports. This can only be achieved by enabling a facilitative business environment, given its critical role in fostering growth in manufacturing. The need is to simplify the regulatory system and ensure fair competition among players."

According to him, the central government should help the industry in reducing the cost of inputs, ensure availability of raw material and affordable credit for the industry. "The AEPC has been aggressively advocating for such measures from time to time, including easier import of fabrics of consistent quality standards at competitive prices," he added.

The AEPC raised a number of issues related to procedural simplifications for smoothing out trade which can be done without much financial implications or changes in policy. The council is hopeful that the new government will pay attention to exporters' demands and will come up with an industry-friendly foreign trade policy soon.

[Back to top]

Natural rubber imports shoot up 84% in April
PTI

New Delhi, 20 May 2014: Imports of natural rubber rose 84% to 26,445 tonne in April on account of lower prices in international markets and drop in domestic production.

According to the Rubber Board data, India's natural rubber imports stood at 14,396 tonne in the same month last year. Natural rubber imports in FY 2013-14 increased by 49% to 3.24 lakh tonne from 2.17 lakh tonne in 2012-13.

Imports increased despite the Centre raising import duty on natural rubber to Rs 30 per kg or 20%, whichever is lower, in December last year. The basic customs duty on natural rubber earlier stood at Rs 20 a kg or 20% whichever was lower.

"Imports have gone up as prices of both block rubber and sheet rubber in the international market are lower as compared to domestic prices," a senior rubber board official said.

The gap between international and domestic prices of block rubber is Rs 30-35 per kg, while that of sheet rubber is Rs 17-18 per kg. About 95% of rubber imported is used by tyre manufacturers and India imports a big chunk from Vietnam and Indonesia.

Meanwhile, the production of natural rubber dropped 4% to 51,000 tonne in April 2014 as against 53,000 tonne in the same month last year. The consumption, however, fell marginally to 81,500 tonne in the month from 82,980 tonne in April 2013, the data showed.

Rubber exports declined to 28 tonne in April this year as compared to 1,538 tonne in the same month a year ago.

[Back to top]

Dumping duty on Chinese nylon tyre cord fabric to continue
K. R. Srivats, Business Line (The Hindu)

New Delhi, 20 May 2014: The Finance Ministry has extended by one more year the validity of anti-dumping duty on nylon tyre cord fabric imports from China. The anti-dumping duty, which was earlier valid until April 28 this year, will now be applicable until April 28 next year, the revenue department has said.

NTCF finds application in different kinds of automotive tyres such as bus and truck tyres, two-wheeler tyres, cycle tyres and light commercial vehicle tyres.

This fabric is used for reinforcement of tyres.

This revenue department move follows the Designated Authority in the Commerce Ministry initiating a sunset review on anti-dumping duty imposed on NTCF imports from China.

The Association of Synthetic Fibre Industry on behalf of two of its member companies—SRF Ltd and Century Enka – had filed a petition requesting sunset review by the Designated Authority in the Commerce Ministry.

[Back to top]

India may back solar duties after probe says US, China dumped
Natalie Obiko Pearson, Mint

New York, 14 May 2014: India may recommend duties on US and Chinese solar imports after finding evidence of dumping, broadening a global trade dispute in the $130 billion market.

More than 20 overseas suppliers, including First Solar Inc and Yingli Green Energy Holding Co, sold equipment in India for as little as half the cost as in their home markets and undercut local prices by as much as a third, according to a summary of a 1 1/2 year probe by the Ministry of Commerce & Industry sent to the parties involved on Tuesday and obtained by *Bloomberg News*.

The document indicates the ministry will recommend duties on imports from the US, China, Taiwan and Malaysia, said Jagdish Agarwal, spokesman for the Solar Independent Power Producers Association, which opposes tariffs.

If Asia’s third-biggest solar market imposes duties, it would escalate a protectionist trend that’s threatening the viability of projects as they compete against conventional power sources. The US applied tariffs as high as 250% on Chinese products in 2012, and the European Union followed with its own measures a year later. Australia on Wednesday announced a dumping probe.

India, which had virtually no solar power in 2010, has built $10 billion worth of projects and driven down the cost of generation by half, making it cheaper today than grid power in Delhi and Mumbai. Tariffs will derail that trajectory, making solar power more expensive and causing projects to fail, said Vinay Rustagi, joint managing director of Bridge to India Energy Pvt., a New Delhi-based consulting company.

‘Wafer-thin margins’

It will make most large-scale projects, currently developed on wafer-thin margins, unviable, Rustagi said. Developers, who depend on imports for 90% of panels, could back out of projects, government programs may be scrapped, and India could set itself back two years on its goal to make solar competitive with conventional power, he said.

Tuesday’s document was the first indication of which side India’s government is favoring since the start of the probe in November 2012. The dispute pits local panel and cell makers against project developers and overseas manufacturers.

We disagree that we have dumped imports, Tempe, Arizona-based First Solar, the largest US panel-maker, said in an e-mailed statement. The preliminary decision by the Indian authorities, if upheld, would make serving the Indian market very difficult.

The ministry has until 22 May to decide whether to impose duties before the case expires. Any tariffs it proposes could take six months to implement and may be scrapped by a new government, said Bridge to India’s Rustagi.

Results in national elections will be announced in two days. Narendra Modi, the frontrunner who pioneered India’s first incentives for large-scale solar power, has called for a clean- energy revolution during the campaign.

Inferior quality

The document upheld many of the arguments submitted by domestic makers Indosolar Ltd., Websol Energy System Ltd and Jupiter Solar Power Ltd, concluding that the domestic industry suffered material injury due to dumped imports.

The ministry dismissed arguments by the opposing side that Indian products are inferior in quality. Opponents including China Sunergy Co,Canadian Solar Inc, JA Solar Holdings Co. cited World Trade Organization rules, which say an anti-dumping probe can’t be initiated if the producers supporting the application account for less than 25% of national production. Indosolar, Websol and Jupiter account for just 12% of production, according to the opponents’ submissions.

Project dropped

The value of photovoltaic imports into India has reached $2.4 billion since 2010 when the nation started its solar program, according to commerce ministry data. Domestic manufacturers benefited little from that growth, idling 70% of their production capacity after losing orders to foreign competitors.

Duties won't create globally competitive Indian manufacturers because they can't match the scale of Chinese rivals, according to Bridge to India. BlackRock Inc-backed SunEdison Inc dropped a project in India last month on doubts that local producers can meet demand.

The annual production capacity of China's Yingli, the world's biggest panelmaker, dwarfs the largest Indian maker by 10 times, according to data compiled by Bloomberg. If India imposes tariffs, developers would probably look to Singapore and South Korean suppliers instead, said Jenny Chase, head of solar analysis for Bloomberg New Energy Finance in Zurich.

Parties involved in India's anti-dumping probe have until 16 May to respond to the document. Yingli spokeswoman Qing Miao wasn't available when called at her office and didn't respond to an e-mail requesting comment. JA Solar Holdings Co. and Canadian Solar Inc., also among the biggest Chinese exporters to India, didn't respond to inquiries.

Commerce secretary Rajeev Kher and D.P. Mohapatra, a director in the ministry who signed the document, didn't respond to e-mails and phone calls seeking comment.

[Back to top]

WTO talks: Don't harp only on fishery sops, says India
Amiti Sen, Business Line (The Hindu)

New Delhi, 19 May 2014: India has said that negotiations on tightening fishery subsidies at the World Trade Organization (WTO) pushed by the European Union, New Zealand and Chile should take place only after there is substantial progress in the areas of agriculture, industrial goods and services.

Warning against 'cherry-picking' of issues, the Centre said that the proposal to curb such subsidies to clamp down on over-fishing should not be singled out as several other related areas such as anti-dumping are part of the working programme on rules.

In a recent meeting of the WTO's Negotiation Group on Rules, a handful of countries, including the EU, New Zealand, Chile, the US, the Philippines and Australia, said discipline in this area should be central to any Doha Round work programme. They argued that global fish stocks continued to fall while harmful fish subsidies continued to increase.

"There is an ongoing attempt at WTO by developed countries to identify individual issues and try to push for an agreement, completely ignoring the agenda of the Doha Development Round. We have to guard against it," a Commerce Ministry official told *Business Line*.

India has called for exclusion of small and marginal fishermen from the multilateral curbs in the negotiations on fishery subsidies, stating that livelihoods of lakhs of poor families in India depend on fishing.

The Doha Round, launched in 2001 to open up markets in agriculture and industrial goods and services, is in a logjam, but members agreed to deliver on a small package of issues at Bali last year, reviving interest in the round.

In Bali, the developed countries managed to get through an agreement on trade facilitation — a pact to smoothen trade by improving infrastructure and reducing paperwork.

In return, India and some other developing countries were given a reprieve against action on the subsidies given by them to farmers for buying crops for their food security programme. A promise was made that a long-term solution to the issue would be taken on priority-basis after the Bali meeting.

“Although we agreed on a trade facilitation pact, we do not want pacts on individual issues to become a rule. The Doha Round has to be agreed upon in full and the developed countries can’t cherry-pick issues that they want to push. We are also determined to ensure that our problems related to subsidising our food security programme is settled at the earliest,” the official said.

[Back to top]

Sharma thanks USTR, WTO and IMF chiefs for supporting India
PTI

New Delhi, 14 May 2014**:** Commerce and Industry Minister Anand Sharma has written farewell letters to United States Trade Representative and chiefs of WTO and IMF thanking them for extending support to India at multi-lateral forums.

"As I approach the end of my tenure and prepare to demit office by the end of this week, I am writing to convey my deep appreciation for your support and understanding in pursuing our shared vision of a strong economic engagement in a spirit of true partnership," Sharma's letter to United States Trade Representative (USTR) Mike Froman said.

He has written similar letters to International Monetary Fund (IMF) managing director Christine Lagarde, World Trade Organisation (WTO) director general Roberto Azevedo and US Commerce Secretary Penny Pritzker.

"It is a matter of great satisfaction that over the last 5 years, our bilateral trade in goods and services crossed $100 billion even in the backdrop of a weak global economic climate. Indian companies have invested more than $33 billion in FDI in US which has contributed immensely to job creation," he said in letter to Froman.

Sharma said that India has liberalised its FDI policy which is of interest to American companies also.

"I must state that we also need to develop a better perspective of India's Intellectual Property regime both in terms of prevailing policy and its enforcement," the letter said.

The Obama administration has been strongly criticising India's investment climate and IPR laws, especially in the pharmaceutical and solar sectors.

To Pritzker, Sharma said that the coming years will see an intensification of commercial engagements in a spirit of mutual understanding and partnership.

In his letter to Azevedo, Sharma said, "the Bali Conference is indeed a landmark in the short history of the WTO and, I hope, a turning point in the Doha Round...I am sure that while pursuing the post-Bali agenda ... Issues of the Doha Round will remain central in the spirit of the development dimension of the Round to deliver tangible outcomes."

Sharma, in his letter to Lagarde, said, "In the coming years, there will be a greater demand for democratisation of decision making structures of international financial institutions including the IMF.

[Back to top]