



11 May – 17 May 2024

Trade Updates

India eyes new export markets as trade with traditional partners declines

The ministry of commerce is working on a plan to diversify its export destinations, and ship goods such as electronics goods, drugs, engineering goods, and food products to new markets, as trade with India's traditional partners such as the US and Europe declines amid geopolitical realignment prompted by regional conflicts. The government sees significant export potential in regions such as Saudi Arabia, France, Vietnam, the Netherlands, Mexico, and Ethiopia, two people aware of the development said.

<https://www.livemint.com/economy/india-eyes-new-export-markets-as-trade-with-traditional-partners-declines-11715319625044.html>

India's imports from FTA partners up 38% during 2019-24 fiscal years: GTRI

India's imports of goods from countries with which it has a free trade agreement like the UAE, South Korea and Australia grew about 38 per cent during 2019-24 fiscal years to \$187.92 billion, according to think tank GTRI.

<https://www.thehindubusinessline.com/economy/indias-imports-from-fta-partners-up-38-during-2019-24-fiscal-years-gtri/article68170260.ece>

India's merchandise exports may grow to \$500-510 bn in FY25: FIEO

Merchandise exports from India may grow to \$500-510 billion in the current financial year (FY25) after witnessing a 3 per cent contraction in the last financial year (FY24), Federation of Indian Export Organisations (FIEO), the apex body for exporters, said on Thursday. Services exports could be worth \$390-400 billion, pushing the country's total exports to around \$890-910 billion, FIEO President Ashwani Kumar told reporters. This will be driven by sectors such as engineering, and advertising services, among others.

https://www.business-standard.com/economy/news/india-s-merchandise-exports-may-grow-to-500-510-bn-in-fy25-fieo-124051601306_1.html

Exports up 1% in April, yet trade gap widens

India's goods exports grew 1.06% on-year to \$34.99 billion in April, while the trade deficit widened to a four-month high driven by ballooning gold imports, official data released Wednesday showed. Trade deficit rose to \$19.1 billion from \$15.6 billion in March. Imports increased 10.3% on-year to \$54.1 billion in the first month of FY25. Gold imports in April more-than-doubled to \$3.11 billion from \$1.53 billion the previous month. Officials said purchases by the central bank, final consumer, and jewellers had pushed up gold imports.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/exports-up-1-in-april-yet-trade-gap-widens/articleshow/110157086.cms>

China overtakes US to become India's top trading partner in FY24

China has emerged as India's largest trading partner in the FY 2023-24 with \$118.4 billion two-way commerce, narrowly edging past the US, according to the data of economic think tank GTRI. The bilateral trade between India and the US stood at \$118.3 billion in 2023-24. Washington was the top trading partner of New Delhi

during 2021-22 and 2022-23. According to the report, India's exports to China rose by 8.7 per cent to \$16.67 billion in the last fiscal.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/china-overtakes-us-to-become-indias-top-trading-partner-in-fy-2023-24/articleshow/110049223.cms>

Free Trade Agreements

Next round of talks for India-ATIGA FTA to start in Jakarta on 29 July

The next round of talks for a free trade agreement (FTA) with the 10-nation bloc of Southeast Asian nations—Asean—is scheduled to be held in July to review the existing deal with India, a senior government official said on Sunday. A delegation from Southeast Asian nations, including high-ranking officials, will meet on 29-31 July in Jakarta, Indonesia, the official said, asking not to be named.

<https://www.livemint.com/news/india/next-round-of-talks-for-india-atiga-fta-to-start-in-jakarta-on-29-july-11715513948743.html>

Significant forward movement in India-UK FTA

Negotiators for the India-UK free trade agreement have made substantial progress and the work is on to resolve pending issues as early as possible, a senior official said Wednesday. Officials from both sides had met last month in London and chapterwise textual negotiations are nearly closed and schedules on goods and services are in an advanced stage of negotiations, he said. “Work is in progress on resolving pending issues.” The India-UK FTA has 26 chapters or policy areas and the schedules in FTA deal with tariffs which each side will impose on goods from other countries under the agreement.

<https://www.financialexpress.com/business/industry-significant-forward-movement-in-india-uk-fta-3489796/>

Bilateral Trade

After long wait, India inks Chabahar port's 10-year deal with Iran

India and Iran on Monday signed a 10-year long-term bilateral contract for the operation of Chabahar Port, a vital cog in India's trade plans with central Asia and parts of Europe, the union ministry of ports, shipping, and waterways announced. Under the agreement – signed between India Port Global Limited (IPGL) and the Ports and Maritime Organization (PMO) of Iran – India will develop the strategic port for 10 years. “The Chabahar Port, located on Iran's southwestern coast, has easy access to India's west coast.

https://www.business-standard.com/economy/news/after-long-wait-india-inks-chabahar-port-s-10-year-deal-with-iran-124051301357_1.html

India to extend budgetary support of \$50 million to Maldives

India on Monday decided to continue its budgetary support to the Maldives government with the rollover of a \$50 million treasury bill for another year. This follows the Maldivian government's special request made during Foreign Minister Moosa Zameer's visit here last week. The State Bank of India has subscribed for one more year to the \$50 million Government Treasury Bill, issued by the Ministry of Finance of Maldives, upon maturity of the previous subscription, the High Commission of India in Male said in a statement.

<https://economictimes.indiatimes.com/news/economy/finance/india-to-extend-budgetary-support-of-50-million-to-maldives/articleshow/110085310.cms>

UK tightens scrutiny of all Indian spice imports amid contamination claims

Britain's food watchdog has applied extra control measures on all spice imports from India, it said on Wednesday, becoming the first to ramp up scrutiny of all Indian spices after contamination allegations against two brands sparked concerns among global food regulators. Hong Kong last month suspended sales of three spice blends produced by MDH and one by Everest, saying they contained high levels of a cancer-causing pesticide ethylene oxide.

https://www.business-standard.com/industry/news/uk-tightens-scrutiny-of-all-indian-spice-imports-amid-contamination-claims-124051600576_1.html

Sectoral Updates

Cotton exports estimated to rise 27% to 2.8 mn bales in 2023-24 season: CAI

The Cotton Association of India (CAI) on Saturday estimated cotton exports to rise about 27 per cent to 28 lakh bales during 2023-24 crop year ending September. In 2022-23 crop season (October-September), cotton exports were at 22 lakh bales, CAI said. One bale is equal to 170 kilogram. "The demand for Indian cotton went up as the prices ruled 8-10 per cent lower than the international prices during December 2023 till March 2024. Our cotton is mainly exported to countries like Bangladesh, China and Vietnam," CAI President Atul Ganatra told PTI.

https://www.business-standard.com/industry/news/cotton-exports-estimated-to-rise-27-to-2-8-mn-bales-in-2023-24-season-cai-124051100483_1.html

Govt to give focused attention to promote textiles' exports, says secy

The government will accord focused attention to promote India's textiles exports, which declined for the second year in a row in 2023-24, Textiles Secretary Rachna Shah said. The government has set an ambitious target to achieve \$ 100 billion export for textile products by 2030. The cumulative exports of textiles and apparel from India during April 2023-March 2024 registered a de-growth of 3.24 per cent at \$ 34.4 billion, as compared to \$ 35.5 billion in April 2022-March 2023. In 2021-22, outward shipments of textiles and apparel were recorded at over \$ 41 billion.

https://www.business-standard.com/industry/news/govt-to-give-focused-attention-to-promote-textiles-exports-says-secy-124051200107_1.html

India's rice exports dip 27% in FY24 to 16.35 mt on shipment curbs

India's rice exports during the financial 2023-24 saw a 27 per cent decline in volume and 6.5 per cent dip in dollar value, largely on fall in shipments of non-basmati rice. The Government curbed exports of non-basmati rice during the year to ensure higher domestic supplies and contain rising foodgrains price.

<https://www.thehindubusinessline.com/economy/agri-business/indias-rice-exports-dip-27-in-fy24-to-1635-mt-on-shipment-curbs/article68179210.ece>

Govt may consider lifting curbs on rice exports

Given the huge surplus of rice stocks and the forecast of an 'above normal' monsoon that will likely boost paddy sowing in the kharif season, the government may need to look at lifting the restrictions on rice exports imposed last year. Sources told FE that the government will assess the sowing of kharif paddy—expected to commence next month—before taking a call on removing curbs on shipments. "We need to look at lifting restrictions on rice shipments as kharif crop prospects look bright," an official said.

<https://www.financialexpress.com/policy/economy-govt-may-consider-lifting-curbs-on-rice-exports-3485291/>

Soyameal exports up 8.8% at 15.23 lakh tonnes during October-April

Exports of soyabean meal has picked up on higher demand from countries such as Bangladesh and Iran among others. Shipments were up by around 8.8 per cent during the October-April period of oil year 2023-24 at around 15.23 lakh tonnes over same period last year's 14 lakh tonnes, as per the latest estimates by the Soyabean Processors Association of India (SOPA). Production of soyabean meal registered a marginal growth during the period, while domestic off-take was muted from both food and animal feed sectors.

<https://www.thehindubusinessline.com/economy/agri-business/soyameal-exports-up-88-at-1523-lakh-tonnes-during-october-april/article68171377.ece>

India's hair, groundnut oil exports witness surprise surge

Since the COVID-19 pandemic in 2020, the Indian government has pursued the "China Plus One" strategy to attract global giants like Apple and Samsung to manufacture in India. While the emphasis has been on boosting smartphone and high-value product exports, Indian exports have experienced notably faster growth in other segments, which may not necessarily be high-end. For instance, the export of unworked human hair has surged from \$34.5 million in 2018-19 (the pre-Covid year) to almost \$180 million last year - a jump of over five times - albeit on a smaller base.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/indias-hair-groundnut-oil-exports-witness-surprise-surge/articleshow/110074076.cms>

Indian small car exports thrive as domestic demand shifts to SUVs

Smaller Made in India cars from Maruti Suzuki, Hyundai, Kia, Citroen, Volkswagen, Honda, Nissan and Renault are finding markets abroad as domestic demand turns to SUVs and large, feature-packed vehicles, the Times of India reported. The small car segment, which once dominated India's passenger vehicle (PV) market, now holds less than 30 per cent of the total market share, as SUV trends have impacted the sales of compact cars and sedans in recent years.

https://www.business-standard.com/industry/auto/indian-small-car-exports-thrive-as-domestic-demand-shifts-to-suvs-124051500616_1.html

Services exports must go beyond IT

Despite India's significant 20 per cent share in global IT exports, its share in other crucial services sectors is limited. This article explores the lesser-known aspects of India's services exports, underscoring the untapped potential outside the IT industry.

<https://www.thehindubusinessline.com/opinion/services-exports-must-go-beyond-it/article68175677.ece>

Gems, jewellery export down 11% in April on global turbulence

Gem and jewellery exports were down 11 per cent last month to \$2.07 billion (₹17,307 crore) against \$2.34 billion (₹19,198.4 crore) in the same period last year, largely due to global economic uncertainties and geopolitical concerns. However, import of gem and jewellery was up four per cent at \$1.89 billion (\$1.82 billion), according to the Gem and Jewellery Export Promotion Council. Amid weak demand, cut and polished diamond exports declined 17 per cent to \$1.15 billion (\$1.39 billion).

<https://www.thehindubusinessline.com/markets/commodities/gems-jewellery-export-down-11-in-april-on-global-turbulence/article68182985.ece>

India's diesel shipments to Europe slip 20% as US, Gulf supplies rise

India's diesel exports to Europe fell by a fifth sequentially in April as rising competition from US and Gulf suppliers amid softening demand in the continent weakened margins on the fuel. Diesel exports to Europe declined to 210,000 barrels per day (bpd) in April from 262,000 bpd in March, according to energy cargo tracker Vortexa. Europe consumes more than 40% of India's diesel exports. India's overall diesel exports fell 9% to 517,000 bpd in April from 567,000 bpd in March. Exports to Asia, however, rose 33% to 69,000 bpd in April from 52,000 bpd in March.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/indias-diesel-shipments-to-europe-slip-20-as-us-gulf-supplies-rise/articleshow/110093758.cms>

Lower crude oil prices likely to tilt imports towards Iraq and UAE

Industry sources have said that crude oil purchases in the first quarter (April-June) of 2024-25 would remain tilted towards Russia if Brent crude prices remain above \$81 per barrel, officials at state-owned refiners said. However, it may swing towards crude from Iraq and the United Arab Emirates (UAE) if prices fall beyond that level, even if for a few days, they added. On Wednesday, crude oil prices fell to a two-month low of Rs 79.87 per barrel due to low demand growth predicted by the International Energy Agency.

https://www.business-standard.com/economy/news/lower-crude-oil-prices-likely-to-tilt-imports-towards-iraq-and-uae-124051601347_1.html

India's coal import surges 8% to 268 MT in FY24 due to rise in power demand

India's coal import rose by 7.7 per cent to 268.24 million tonne (MT) in FY24 driven by softness in seaborne prices and likelihood of increase in power demand during summer. The country's coal import was 249.06 MT in FY23, according to data compiled by B2B e-commerce company mjunction services. Coal import in March FY24 also rose to 23.96 MT, over 21.12 MT in the corresponding month of the previous fiscal.

https://www.business-standard.com/industry/news/india-s-coal-import-surges-8-to-268-mt-in-fy24-due-to-rise-in-power-demand-124051200141_1.html

Edible oil imports declined 1st half of oil year

The imports of edible oils – palm, soybean and sunflower – declined by 12% to 7.14 million tonne (MT) in the first six months of the 2023-24 oil year (November-October) compared to the same period last oil year.

According to BV Mehta, executive director, the Solvent Extractors' Association of India (SEA), the lower lower imports in the current oil year so far are due to bumper domestic crops of mustard and soybean. "The total

import of edible oil is expected to decline in the current oil year compared to record imports of more than 16 MT in the 2022-23 oil year," Mehta told FE.

<https://www.financialexpress.com/policy/economy-edible-oil-imports-declined-1st-half-of-oil-year-3487901/>

State Updates

Odisha FPOs tap global markets with first export of mangoes, vegetables

In a significant boost to farm exports from Odisha, Farmer Producer Organisations (FPOs) in the state have marked their foray into the global markets with the first commercial shipment of fresh mangoes and vegetables. This feat was made possible through a strategic collaboration between the Agricultural and Processed Food Products Export Development Authority (APEDA), the state Directorate of Horticulture and Palladium which is the technical support unit for the 'Promotion and Stabilisation of Farmer Producer Organisations (PSFPO)' project.

https://www.business-standard.com/industry/news/odisha-fpos-tap-global-markets-with-first-export-of-mangoes-vegetables-124051600820_1.html

Other Key Coverage

Govt working to help exporters deal with countervailing duty cases

The government is working on a verification system to help exporters deal with countervailing duty cases on domestic products over the RODTEP scheme, an official said. The exercise is important as countervailing or anti-subsidy duties were imposed on certain domestic units by the US and European Union (EU). The products which were investigated by these countries involved reimbursement of levies like electricity duty, VAT on fuel or APMC taxes under the Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP).

https://www.business-standard.com/industry/news/govt-working-to-help-exporters-deal-with-countervailing-duty-cases-124051301212_1.html

Industry asked to name items from areas where India can be self-reliant

India has asked local industry to draw up a list of products from sectors in which the country is attempting to become self-reliant and has concerns about offering tariff concessions under its proposed free trade agreement (FTA) talks with the five-member Eurasian Economic Union (EAEU). Engineering goods, electronics and agriculture are expected to benefit from the agreement and the government asked the industry to identify restrictions, if any, that they face in the five members of the EAEU including Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/industry-asked-to-name-items-from-areas-where-india-can-be-self-reliant/articleshow/110019299.cms>

Govt to handhold exporters for defending RoDTEP benefits

The government is working out a mechanism to help exporters handle the investigations by importing countries on support extended to them under the Remission of Duties and Taxes on Exported Products (RoDTEP) that sometimes leads to the imposition of countervailing duties. The US investigators have visited exporting units in the past to verify whether the benefit given under RoDTEP is in proportion to the taxes on inputs. In many cases the exporters have not been able to fully establish the link because of some gaps in the documentation.

<https://www.financialexpress.com/business/industry-govt-to-handhold-exporters-for-defending-rodtep-benefits-3486498/>

Compliance plays a big part in helping Indian MSMEs grow exports

Micro, small and medium enterprises (MSMEs) play a critical role in shaping India's economy by contributing over 29% to the GDP and 50% of exports. However, say industry experts, India's MSMEs have far higher potential and should work towards understanding global market demand and compliances to become competitive in exports. The compliance levels of Indian MSMEs in terms of export vary depending on various factors, says Farida Dholkawala, Partner, Desai & Diwanji.

<https://economictimes.indiatimes.com/small-biz/sme-sector/compliance-plays-a-big-part-in-helping-indian-msmes-grow-its-exports/articleshow/110164887.cms?from=mdr>

Plan to put in place SOP for negotiations on trade pacts

India plans to put in place a standard operating procedure (SOP) for negotiating its free trade agreements and address new disciplines such as labour, environment, gender and indigenous peoples. The commerce and industry ministry will meet former negotiators and experts over a two-day Chintan Shivir to discuss India's strategy and SOPs on its FTAs and address measures such as the Carbon Border Adjustment Mechanism, critical minerals and Artificial Intelligence in trade negotiations.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/plan-to-put-in-place-sop-for-negotiations-on-trade-pacts/articleshow/110155108.cms>

Several steps taken to prevent EtO contamination in spices exported from India: Official

India has taken several steps to prevent EtO (ethylene oxide), a carcinogenic chemical, contamination in spices exported from India, a senior government official said on Wednesday. The steps were taken following the reports on recall of products from two Indian spice brands in Singapore and Hong Kong due to presence of EtO residue in certain spices of Indian brands MDH and Everest. "The Spices Board has taken steps to ensure the safety and quality of Indian spice exports to these regions," Additional Secretary in the Commerce Ministry Amardeep Singh Bhatia told reporters here.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/several-steps-taken-to-prevent-eto-contamination-in-spices-exported-from-india-official/articleshow/110153628.cms>

Indian exporters hopeful of gaining from US-China tariff war

Indian exporters are hopeful that the US decision to impose penal tariffs on certain Chinese imports may result in opportunities for them as they could step in to meet some of the supply gap. This would be more so if Beijing retaliates, and it turns into a full-blown tariff war.

<https://www.thehindubusinessline.com/economy/indian-exporters-hopeful-of-gaining-from-us-china-tariff-war/article68183468.ece>

India's strong institutional mechanism to prevent potential dumping of Chinese goods: Official

India has a strong institutional mechanism to prevent any potential dumping of goods from China following the US' decision to increase tariffs on key imports such as electric vehicles, an official said Wednesday, adding that Washington's decision indicates that "no country is willing to put all their eggs in one basket post the Covid-19 pandemic". The US on Tuesday announced plans to slap new tariffs on Chinese EVs, advanced batteries, solar cells, steel, aluminium and medical equipment.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-has-strong-institutional-mechanism-to-prevent-dumping-of-goods-from-china-official/articleshow/110153072.cms>

Increasing FTAs key strategy for enhancing financial services exports: DFS Secy

Financial Services Secretary Vivek Joshi on Wednesday said increasing Free Trade Agreements (FTAs) would be a key strategy for enhancing India's financial services exports. Inaugurating a workshop on financial services in FTAs here, Joshi highlighted the pivotal role of financial services in India's export strategy. The workshop organised jointly by Department of Financial Services (DFS) and Exim Bank brought together key stakeholders from the government bodies and academia to delve into the intricate dynamics of FTAs and the pivotal role of financial services in the new-age FTAs.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/increasing-ftas-key-strategy-for-enhancing-financial-services-exports-dfs-secy/articleshow/110155138.cms>

Evaluation of infra needs for \$1 tn exports by Aug-Sep: Official

A study to assess required infrastructure and identify main industry clusters for achieving the \$ 1 trillion merchandise exports target by 2030 may be submitted by August-September to the commerce ministry, an official said. The official said that the Asian Development Bank (ADB) is doing that study for the ministry. In 2023-24, India's merchandise exports dipped by over 3 per cent to \$ 437 billion. Imports during the last fiscal dipped by 5.7 per cent to \$ 675.4 billion. By 2030, the ministry is aiming to more than double the country's outbound shipments of goods.

https://www.business-standard.com/industry/news/evaluation-of-infra-needs-for-1-tn-exports-by-aug-sep-official-124051200207_1.html

Notifications by DGFT

Enabling provisions for import of inputs that are subjected to mandatory Quality Control Orders (QCOs) by Advance Authorisation holders, EOU and SEZ - regarding

<https://content.dgft.gov.in/Website/dgftprod/e12459ca-b5a4-488f-bf6b-1f738e77422e/PN%2004%20E%20dated%2010.05.2024%20-%20QCO.pdf>

Applicability of Notification No. 71/2023 dated 11.03.2024 - reg.

<https://content.dgft.gov.in/Website/dgftprod/2fe2dcc1-512b-4125-83e0-b4d4deb743a7/Trade%20Notice%20No.%2003%20dated%2010.05.2024.pdf>