



25 May – 31 May 2024

Trade Updates

India in trade deficit with 9 of top 10 trading partners in 2023-24: Data

India has recorded a trade deficit, the difference between imports and exports, with nine of its top 10 trading partners, including China, Russia, Singapore, and Korea, in 2023-24, according to official data. The data also showed that the deficit with China, Russia, Korea, and Hong Kong increased in the last fiscal compared to 2022-23, while the trade gap with the UAE, Saudi Arabia, Russia, Indonesia, and Iraq narrowed.

https://www.business-standard.com/economy/news/india-in-trade-deficit-with-9-of-top-10-trading-partners-in-2023-24-data-124052600247_1.html

Free Trade Agreements

India hasn't proposed FTA with Maldives but is open to it: MEA

India has not made any proposal for entering into a Free Trade Agreement (FTA) with the Maldives but will "surely" look at the possibility of the island nation was considering such a pact, said Ministry of External Affairs (MEA) on Thursday. "We have seen some reports about the Maldivian Minister (Economic) speaking about we (India) offering an FTA. We haven't done so. But if Maldives wants to come up with (a proposal)...if they are considering an FTA with us we will surely look into it," said MEA Spokesperson Randhir Jaiswal, replying to a question.

<https://www.thehindubusinessline.com/economy/india-hasnt-proposed-fta-with-maldives-but-is-open-to-it-mea/article68232753.ece>

Election delays over FTA: Finalising the Indo-UK deal will have to await the incoming governments in both nations

With early elections announced in the UK, finalising the ambitious free trade agreement (FTA) between India and the UK — with negotiations over 14 rounds having already taken place since January 2022 — will have to await the incoming governments in both nations. Both India and the UK want an agreement that is balanced and comprehensive and mutually beneficial. Concluding such a deal is not easy.

<https://www.financialexpress.com/opinion/election-delays-over-fta-finalising-the-indo-uk-deal-will-have-to-await-the-incoming-governments-in-both-nations/3505251/>

UAE looking to expand scope of trade under CEPA with India: Official

The United Arab Emirates is looking to expand the scope of trade and services covered under the Comprehensive Economic Partnership Agreement (CEPA) with India to further accelerate bilateral trading volume, a senior UAE official said here on Thursday. India and the UAE signed the historic CEPA on February 18, 2022, to further boost bilateral trade and economic ties. Feryal Ahmadi, the Chief Operating Officer of the Dubai Multi-Commodities Centre (DMCC), said that the UAE is looking at agri-commodity potential and working on adding other sectors including critical minerals under the CEPA.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/uae-looking-to-expand-scope-of-trade-under-cepa-with-india-official/articleshow/110562135.cms>

FTA benefits elude India

A free-trade agreement (FTA) is a pact between countries to make trade easier by reducing tariffs and other barriers on imports from each other. Globally, over 350 FTAs are currently in force. Over the past four years, India has signed FTAs with Mauritius, the UAE, Australia, and the European Free Trade Association, or EFTA, countries (Switzerland, Norway, Iceland, and Liechtenstein). Agreements with the UK and Oman are nearly finalised.

https://www.business-standard.com/opinion/columns/fta-benefits-elude-india-124052801937_1.html

Bilateral Trade

India's engineering exports to Russia surge amid Ukraine conflict but sanctions remain a concern

Russia's ongoing conflict with Ukraine and the resulting international sanctions have significantly impacted India's export landscape. Over the past financial year, India saw a substantial increase in the export of engineering goods, machinery, machine parts, and aircraft spares to Russia, while traditional exports such as pharmaceuticals, tea, coffee, and tobacco either stagnated or declined, reported TOI.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/indias-engineering-exports-to-russia-surge-amid-ukraine-conflict-but-sanctions-remain-a-concern/articleshow/110467494.cms>

Washington ready to discuss preferential trade deal with India: US Ambassador

The US government is ready to hold discussions with India for a preferential trade agreement between the two countries, according to the country's top envoy, who hinted at things starting to gain momentum after a new government takes charge in India. "There's not a huge appetite in Washington for free trade agreements (FTAs). US Ambassador to India Eric M. Garcetti said in an interview.

<https://www.livemint.com/economy/washington-ready-to-discuss-preferential-trade-deal-with-india-us-ambassador-eric-garcetti-11716974753188.html>

India, UK discuss issues pertaining to mobility of healthcare professionals

India and the UK on Tuesday discussed critical issues pertaining to the mobility of healthcare professionals to the UK on the sidelines of the 77th World Health Assembly of WHO in Geneva, an official statement said. The discussions were held during a bilateral meeting between Union Health Secretary Apurva Chandra and Lord Markham, Parliament Under Secretary of State, United Kingdom.

<https://www.thehindubusinessline.com/news/national/india-uk-discuss-issues-pertaining-to-mobility-of-healthcare-professionals/article68227424.ece>

Maldives plans RuPay launch to strengthen ties with India

Maldives has planned to launch India's RuPay service amid soaring ties between the two countries. However, the launch date has not been declared yet. "We are currently engaged in discussions with India to explore avenues for facilitating payments in rupees," the Maldivian minister said. RuPay, a product of the National Payments Corporation of India (NPCI), is the first of its global card payment network in India, with wide acceptance at ATMs, POS devices, and e-commerce websites across India.

<https://www.livemint.com/news/india/maldives-plans-rupay-launch-to-strengthen-ties-with-india-11716526938708.html>

Vietnamese steel, shoes and other imports get stuck in India's quality red tape

More than two dozen Vietnamese companies have been awaiting certification from the Bureau of Indian Standards for several months now, prompting Hanoi to raise the issue with the Indian government multiple times, according to two officials aware of the development. Vietnam's trade ministry has written to New Delhi for expediting BIS certification for 26 companies, stating that the delays are hurting business, according to the officials.

<https://www.livemint.com/industry/manufacturing/vietnamese-steel-shoes-and-other-imports-get-stuck-in-india-s-quality-red-tape-11716812265506.html>

Sectoral Updates

Sugar exports hinge on monsoon, cane sowing as output seen lower in 2024-25

India may allow sugar exports after assessing the final sugarcane sowing and output in the 2024-25 season, as the world's biggest producer after Brazil is expecting a lower sugar output of 30 million tonnes next season, sources said. For the current 2023-24 season ending September, sugar production has reached 31.5 million tonnes so far, with the final output likely to touch 31.8 million tonnes as mills in Tamil Nadu and Karnataka wrap up crushing, the sources added.

https://www.business-standard.com/industry/news/sugar-exports-hinge-on-monsoon-cane-sowing-as-output-seen-lower-in-2024-25-124052801420_1.html

Coffee exports rise 12% to \$1.28 billion in 2023-24 on higher demand

India's coffee exports rose by 12.22 per cent to \$1.28 billion in 2023-24 on higher demand for Robusta coffee in the global markets, according to the commerce ministry data. The country exported coffee worth \$1.14 billion in 2022-23. India is Asia's third-largest producer and exporter of coffee. The country grows Arabica and Robusta varieties. Arabica coffee beans have less caffeine content than the Robusta.

https://www.business-standard.com/industry/news/coffee-exports-rise-12-to-1-28-billion-in-2023-24-on-higher-demand-124052400865_1.html

India's maize exports in FY24 drop to 4-year low at 14.42 lakh tonnes on higher domestic prices

India's maize exports fell to a four-year low in the 2023-24 period, experiencing a 58 percent decline in volume. This drop was due to higher domestic prices and a reduced crop, coupled with increasing demand from ethanol, poultry, and starch manufacturers. The country's maize exports declined to 14.42 lakh tonnes during 2023-24 from the previous year's 34.53 lakh tonnes as per the official data with large buyers such as Bangladesh and Vietnam reducing their off-take and shifting to other cheaper origins.

<https://www.thehindubusinessline.com/economy/agri-business/indias-maize-exports-in-fy24-drop-to-4-year-low-at-1442-lakh-tonnes-on-higher-domestic-prices/article68233030.ece>

Call for removal of basmati export floor price grows

Exporters have sought removal of the minimum export price (MEP) of \$950/tonne for basmati rice to maintain the export momentum this fiscal, taking into account large stocks and bumper harvest forecast. They said prices of the aromatic and long grain have gone down in the domestic as well as global markets, so the government needs to remove the MEP to sustain last year's record export. In FY24, India exported a record 5.24 million tonne (MT) of aromatic rice valued at \$5.83 billion.

<https://www.financialexpress.com/policy/economy-call-for-removal-of-basmati-export-floor-price-grows-3505384/>

Exports of marine products contract 9% to \$7.3 bn in 2023-24 on slow demand

Exports of marine products contracted by 8.74 per cent to \$7.37 billion during 2023-24 due to demand slowdown in key markets of the US and Europe, according to the commerce ministry data. Indian exporters, however, expressed confidence that in 2024-25, marine exports would register a healthy growth as they are getting good orders. The shipments stood at \$8 billion in 2022-23, the data showed.

https://www.business-standard.com/industry/news/exports-of-marine-products-contract-9-to-7-3-bn-in-2023-24-on-slow-demand-124052701207_1.html

US, UK in focus as pharma companies eye \$31 billion exports in FY25

As India seeks \$31 billion in pharmaceutical exports in financial year 2024-25 (FY25), the United Kingdom (UK) and the United States (US) are its top targets. India exported pharmaceutical products worth \$27.9 billion in FY24, growing 9.6 per cent from the year before. Udaya Bhaskar, director general of the Pharmaceutical Exports Promotion Council (Pharmexcil), said the group targets \$1 billion in exports to the UK where demand for affordable generics is rising. "We were in the UK last month for meetings.

https://www.business-standard.com/economy/news/india-eyes-31-bn-pharma-exports-in-fy25-uk-us-to-emerge-as-bright-spots-124053001031_1.html

Defence ministry tightens control on exports, increases equipment oversight

The Ministry of Defence is increasing its oversight of defence equipment manufacturing in India and emphasising strict adherence to end-user certification rules for exports, following reports of defence equipment ending up in unauthorised hands, according to a report by The Economic Times (ET). In recent years, India's defence sector has experienced a significant surge in arms and weapons production for both domestic use and international export.

https://www.business-standard.com/external-affairs-defence-security/news/defence-ministry-tightens-control-on-exports-increases-equipment-oversight-124052800971_1.html

Govt puts new wastage norms for gold, silver jewellery exports on hold

The government on Tuesday put on hold the new norms for permissible wastage amount for gold, silver and platinum content in jewellery exports until July 31, 2024, just a day after the notification after the gems and jewellery industry raised serious concerns on the new standards. The government on Monday notified revised norms related to the permissible amount of wastage and standard input output with regard to the export of gold and silver jewellery.

https://www.business-standard.com/industry/news/govt-puts-new-wastage-norms-for-gold-silver-jewellery-exports-on-hold-124052801945_1.html

Chart Beat: India's tile exports bounce back amid challenges, end FY24 at record

Despite facing setbacks due to increased ocean freight costs and prolonged transit times sparked by the Red Sea crisis, India's tile exports have shown remarkable resilience. After a decline to 41 million square meters (msm) in January 2024 from a peak of 62 msm in August 2023, a tangible turnaround has emerged. March 2024 witnessed a robust 9% month-on-month increase in export volumes.

<https://www.livemint.com/market/mark-to-market/tile-exports-record-fy24-red-sea-crisis-geopolitics-kajaria-ceramics-somany-ceramics-11717128784920.html>

Import duty on wheat may be cut

The government may reduce import duty on wheat after six years to boost domestic supplies so that it would not have to dip into the stocks much for carrying out market intervention programme. Sources said the decision to cut import duty on wheat would be taken up only after June, when the current procurement season officially ends, while a smaller quantity of grain is likely to be allowed to be imported.

<https://www.financialexpress.com/policy/economy-import-duty-on-wheat-may-be-cut-3506446/>

'Silver imports in 4 months surpass all of 2023 due to solar panel demand'

India's silver imports in the first four months of the year have already surpassed the total for all of 2023, on rising demand from the solar panel industry and as investors bet on an outperformance versus gold, government and industry officials told Reuters. Increased imports by the world's biggest silver consumer could support global prices, which are trading near their highest level in more than a decade.

https://www.business-standard.com/markets/commodities/silver-imports-in-4-months-surpass-all-of-2023-due-to-solar-panel-demand-124052901384_1.html

India's robust LNG imports standout in Asia, higher prices concern looms

Asia's imports of liquefied natural gas (LNG) are displaying contrasting dynamics in May, with strength in usually price-sensitive buyers like India, but a softer trend in the developed economies such as Japan and South Korea. The top-importing continent is on track to receive about 23.61 million metric tonnes of the super-chilled fuel this month, according to data compiled by commodity analysts Kpler.

https://www.business-standard.com/economy/news/india-s-robust-lng-imports-standout-in-asia-higher-prices-concern-looms-124052700280_1.html

State Updates

Gems, jewellery and textiles sectors seek sops from Rajasthan govt

The Akhil Bhartiya Trade and Industry Association (Artia), a Rajasthan-based trade body, has expressed concern over the declining exports of gems, jewellery and textiles. It has requested the central and state governments to pay special attention to the issue. The jewellers in Jaipur, which is one of the big markets for gems and jewellery exports, have asked the state and Union governments to provide sops to boost exports.

https://www.business-standard.com/industry/news/gems-jewellery-and-textiles-sectors-seek-sops-from-rajasthan-govt-124052700840_1.html

WTO

Some WTO nations question India's \$48 billion farm input subsidies

Some WTO members, including the US and the UK, have raised questions on India's \$48 billion farm input subsidies for 2022-23, which according to New Delhi has increased due to inflation and rising costs of fertilisers, an official said. The issue was flagged by these members of the World Trade Organisation (WTO) during a meeting of the committee on agriculture on May 23-24.

https://www.business-standard.com/external-affairs-defence-security/news/some-wto-nations-question-india-s-48-billion-farm-input-subsidies-124052701430_1.html

Brazil, EU urge India for timely notifications on sugar subsidies at WTO

A group of WTO member countries, including Brazil, Canada and the European Union, have urged India to submit timely notifications on sugar subsidies in the World Trade Organisation, an official said. The issue came up for discussion during the meeting of the WTO's agriculture committee on May 23-24 in Geneva. These countries are also major sugar exporters like India and they allege that support measures by India distort global sugar trade.

https://www.business-standard.com/external-affairs-defence-security/news/brazil-eu-urge-india-for-timely-notifications-on-sugar-subsidies-at-wto-124052500916_1.html

India opposes US, Australia allegations on its sugar subsidies breaching WTO limits

"New Delhi also countered charges made by the US and Australia on non-inclusion of sugar subsidies in its subsidy notifications at the WTO stating that the government was not involved in the process," a Geneva-based trade official told businessline. The joint counter notification, discussed at an agriculture committee meeting of the WTO last week, however, was "strongly supported" by Brazil, Canada, Costa Rica, Paraguay, New Zealand, the EU, and Guatemala, the official added.

<https://www.thehindubusinessline.com/economy/india-opposes-us-australia-allegations-on-its-sugar-subsidies-breaching-wto-limits/article68220794.ece>

EU carbon tariff: India preps for a fight at WTO

India is considering a challenge against the European Union's Carbon Border Adjustment Mechanism (CBAM) at the World Trade Organization, ET has learnt. CBAM mandates non-EU steel producers to report direct and indirect emissions. New Delhi sees it as a unilateral move that would be detrimental for its iron and steel, cement, aluminium, electricity, and hydrogen sectors, and is eyeing multiple actions to deal with it, officials said.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/eu-carbon-tariff-india-preps-for-a-fight-at-wto/articleshow/110573163.cms>

Other Key Coverage

WIPO treaty a big win for India & global south: Commerce ministry

A treaty on intellectual property, genetic resources and associated traditional knowledge at the World Intellectual Property Organization (WIPO) is a "significant win" for India and the global South, comprising mainly low-income and developing countries, the commerce and industry ministry said on Sunday. The treaty will establish in international law a new disclosure requirement for patent applicants whose inventions are based on genetic resources and associated traditional knowledge.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/wipo-treaty-a-big-win-for-india-global-south-commerce-ministry/articleshow/110444791.cms>

'India should seek easy visa norms for unskilled workers in bilateral pact'

India should seek easy visa norms in bilateral agreements with different countries for its semi and unskilled workers as it would help increase flow of remittances, and higher wages to labourers, trade experts said.

They said easy visa norms will also help contain illegal entry of Indian labourers into developed and rich nations. Normally in a free trade agreement, two trading partners seek greater market access for its skilled professionals. India, too, asks for easy provisions for its IT and other skilled workforce.

https://www.business-standard.com/industry/news/india-should-look-for-easy-visa-norms-for-unskilled-workers-in-bilateral-pact-124052901539_1.html

India's FDI inflows fell 3% to \$44 bn in FY24; manufacturing down 18%

According to the latest data released by the government, foreign direct investment (FDI) equity inflows in India decreased by 3.49 per cent in FY24 to \$44.42 billion. Reduced investments in sectors such as services, computer hardware and software, telecom, auto, and pharma, are being attributed as the primary reasons for the slump. In FY23, FDI equity inflow was recorded at \$46.03 billion.

https://www.business-standard.com/economy/news/india-s-fdi-inflows-drop-3-to-44-b-in-fy24-manufacturing-sector-down-18-124053001043_1.html

Pledged \$2.6 bn sovereign loans to India in 2023: ADB

The Asian Development Bank (ADB) Wednesday said it pledged \$2.6 billion sovereign lending to India in 2023 for projects that sought to bolster urban development, support industrial corridor projects, promote power reforms, build climate resilience, boost horticulture and enhance connectivity. ADB also committed over \$1 billion for private sector projects during the year, it said in a statement.

<https://economictimes.indiatimes.com/news/economy/finance/pledged-2-6-bn-sovereign-loans-to-india-in-2023-ADB/articleshow/110543682.cms>

India major gainer of China+1, exports to soar to \$835 billion by 2030: Nomura

India and Vietnam are gaining the most from the China plus one strategy, which is also expected to unlock new growth opportunities for Asian economies, according to Nomura. India's exports will likely surge to \$835 billion by 2030 from \$431 billion in 2023 with its large domestic market helping attract firms looking for supply chain alternatives to China, Nomura said in a report on Tuesday.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-major-gainer-of-china1-exports-to-soar-to-835-billion-by-2030-nomura/articleshow/110506646.cms>

Red Sea crisis: Government must come to the rescue of MSME exporters

Logistics cost has serious implications on the country's manufacturing sector, export competitiveness and global positioning. The Red Sea route, which is shorter and faster, was the preferred choice for most shipping companies. Ships transporting goods from major Indian ports like Mumbai and JNPT navigated through the Suez Canal into the Mediterranean Sea to reach various European ports depending on their destinations.

<https://www.financialexpress.com/business/sme/red-sea-crisis-government-must-come-to-the-rescue-of-msme-exporters/3501816/>

Notifications by DGFT

Clarification of Para 4.17 of HBP-2023

<https://content.dgft.gov.in/Website/dgftprod/d58bfe6f-e6ba-4d36-a34d-efa473be7c8c/Doc20240531105023.pdf>

Clarification of Para 4.17 of Hand Book of Procedures-2023

<https://content.dgft.gov.in/Website/dgftprod/f5f24bfa-4749-4cf1-b909-d0380576f9ed/Policy%20circular%2003.pdf>

Modification of SION E-125 for export of Shea Stearine

<https://content.dgft.gov.in/Website/dgftprod/8c745025-6ea0-48e7-896f-57f600e07337/SION%20E-125%20English.pdf>

Abeyance of Public Notice No. 05/2024 dated 27.05.2024.

<https://content.dgft.gov.in/Website/dgftprod/0ea3946e-99f5-4274-b6aa-ab842a574949/Public%20Notice%20No%2006%20English%20May%2028,%202024.pdf>

Abeyance of Public Notice No. 05/2024 dated 27.05.2024.

<https://content.dgft.gov.in/Website/dgftprod/56482111-1993-41f7-b0eb-e0526fbe37f3/Trade%20Notice%20no.%2004.pdf>

Amendment in 4.59 of Handbook of Procedures, 2023 and modification in Standard Input Output Norms (SION) M- 1 to M-7 for export of jewellery

<https://content.dgft.gov.in/Website/dgftprod/a133557b-b966-48e8-a0b8-9a8a6425d5c4/Public%20Notice%20No.%2005%20English.pdf>