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# Weekly E-Bulletin

Indian Institute of Export Management

## BUMPER CROP SENDS POTATO PRICES CRASHING IN BENGAL

The price of potato has seen a near 40 per cent year-on-year decline in Bengal mostly because of a bumper crop. Increased flow of stock from Uttar Pradesh and Punjab has also led to weak demand from neighboring consumer States such as Odisha, further contributing to the decline in prices. Production is expected to be nearly 22 per cent higher than last year at 110,000 lakh tonnes (90 lakh tonnes last year), according to trade sources. The Agriculture Ministry, in its first advance estimates for 2016-17, has pegged the output in West Bengal at 84.27 lakh tonnes (see Table).The price of the early variety of tuber is trading at around Rs. 150 per 50-kg at the cold storage levels, while at the farm level, it is even lower at around Rs. 130-140, sources told *Business Line* .Last year, prices varied between Rs. 250 and Rs. 300 for the early variety of tuber. Later, around February 2016, prices fell to around Rs. 160."At present, cold storage owners have more than 150 lakh kg of potato stock with them. With increased flow from Punjab and UP and existence of old stock in local markets, the price of the early variety (of potato) has fallen," a cold storage owner said on condition of anonymity.

**B/L-13/02/17**

## TRADE BODY SEEKS LIFTING OF EXPORT BAN ON PULSES

The India Pulses and Grain Association (IPGA) has submitted a representation to the government, urging it to review and remove the current export ban on pulses in the country as market prices have slipped below the minimum support price (MSP) level amid excess availability. A representation in the form of the request has been sent to Union Commerce Secretary Rita Teaotia seeking a review of the export ban, which was imposed in 2006-07 following severe drought-like conditions.Tur or pigeon pea was sold between Rs. 35,000 and Rs. 47,000 per tonne in Madhya Pradesh, Karnataka and Maharashtra, against the MSP of Rs. 50,500. Moong (gram) traded in the range of Rs. 45,000-50,000 against the MSP of Rs. 52,250.IPGA expects removal of export bans to enable farmers get an additional source of revenue, apart from selling in the domestic market and level out spikes and troughs, besides giving elbow room to the government to manage prices better during shortages.

**B/L-14/02/17**

## VEGOIL IMPORTS DROP 19% IN JANUARY

India's vegetable oil imports have declined by 19 per cent to 1.02 million tonnes (mt) for the month of January 2017 against 1.24 mt in the corresponding month last year.The overall import of vegetable oils during the first three months of current oil year (November 2016 to January 2017) stood at 3,410,008 tonnes compared to 4,016,391 tonnes — down by 15 per cent on year-on-year basis, revealed data compiled by the Solvent Extractors' Association of India (SEA).“Import has reduced due to good kharif crop and thus better domestic availability of edible oils and utilisation of stock. Also, currency crunch due to demonetisation has slowed down the purchases by end consumers affecting the demand and imports,” SEA stated in its statement on Wednesday. So far in the 2016-17 oil year, import of refined oil (RBD Palmolein) increased to 683,125 tonnes (613,546 tonnes) showing a 11 per cent rise, while import of crude oil decreased by 21 per cent to 2,655,119 tonnes (3,383,879 tonnes).Since April 2016, the landed price of RBD Palmolein and CPO have remained more or less the same encouraging larger import of RBD Palmolein at the cost of CPO. The spread between palm oil and soft oil also reduced encouraging larger import of soft oils.

**B/L-15/02/17**

## WHY PLANTATIONS ARE NO ONE'S CUP OF TEA

An engineer by training, Topojit Bagchi of Dibrugarh in upper Assam decided to manage his family's small, century-old tea plantation, Phukan Bari Tea, in the early 1990s.Two decades later, Bagchi owns a packet tea brand that fetches higher returns than auction prices. And he pays a higher-than-mandatory bonus to his workers, with whom he shares an excellent relationship. Yet, he is determined to quit tea in the next ten years, once his children are settled, in careers other than tea. He wants to keep his children away from the tea business."Running a tea plantation is a daily challenge. I am continuing with it because this is the only business I know. There are not many takers for plantations either," he told Business Line. The organised plantation sector has been in trouble for quite some time. A visit to the vast tea plantations in Assam — contributing more than half of the national production — will tell you everyone is suffering from low morale.

**B/L-16/02/17**

## TEA PERKS UP AT KOCHI AUCTIONS

Despite low arrivals, tea prices continued to perk up at Kochi auctions this week. With 93 per cent on offer getting sold in CTC dust, the market appreciated by Rs. 3 to Rs. 5 — and sometimes more, according to quality. About 7,05,000 kg was on offer, and leading blenders were active on good liquoring varieties. Kerala Loose Tea traders improved their offtake, and there was good participation from exporters, said auctioneers Forbes, Ewart & Figgis.

**B/L-17/02/17**

## ONION OUTPUT SEEN DIPPING 6% IN FY17

Horticulture production in the country during 2016-17 is estimated at 287 million tonnes, marginally higher than 286 million tonnes in 2015-16. However, onion output is expected to fall 6 per cent, with overall vegetable production also showing a slight decline. Releasing its first advance estimates here on Friday, the Agriculture Ministry said the decline in onion production seems sharp compared to last year, which was a bumper production year.Final estimates for 2015-16, also released on Friday, put onion production at 209 lakh tonnes, 11 per cent higher than 2014-15."However, as compared to the past five years' average onion production, this (2016-17 estimate) is about 5 per cent higher," the Ministry added.Onion output is also expected to be lower this fiscal due to a decline in acreage to 11.88 lakh hectare in 2016-17, from 13.20 lakh hectare last year.

**B/L-18/02/17**

## EXPORTS FROM SEZS TOUCH RS 2.36 LAKH CR DURING APRIL-SEPTEMBER: COMMERCE MINISTER

Exports from special economic zones (SEZs) have touched Rs 2.36 lakh crore during AprilSeptember period of the current financial year, Parliament was informed. States which have contributed maximum in the exports include Gujarat, Karnataka, Tamil Nadu, Maharashtra, Telengana and Uttar Pradesh. During this period, 16.88 lakh jobs were generated and Rs 4.06 lakh crore were invested, Commerce and Industry Minister said in a written reply to the Lok Sabha. Replying to a separate question, Minister said as per the available data, no import of fireworks has taken place from China or any country during the last three years and the current fiscal (up to September 2016). "However, there have been cases of illegal imports of fireworks. Customs authorities and the DRI have made several seizures of illegally imported foreign origin firecrackers...," Minister added.

## 143 SEZ DEVELOPERS GET MORE TIME FOR PROJECTS: COMMERCE MINISTER

During the last three years and the current fiscal up to January, the Commerce Ministry has granted more time to as many as 143 developers of SEZ (special economic zone) to complete their projects, Parliament was informed. Commerce and Industry Minister said that some SEZs developers have sought additional time for the execution of their projects for various reasons including adverse business climate due to global recession, delay in approvals from statutory bodies and delay in environmental clearance. BoA is a 19-member inter-ministerial body headed by the commerce secretary. These zones are export hubs, outbound shipments which account for about 23 per cent of the country's total exports. They enjoy certain tax and other benefits including exemptions from central sales tax, service tax and exemption from income tax for 15 years. Replying to a separate question, the minister said as many as 141 SEZ which have been approved are yet to be developed. As on December last year, 206 SEZs are operational. Minister informed that the maximum numbers of operational SEZs (units which have started exports) are in Tamil Nadu (36), Telangana (27) followed by Maharashtra (26), Karnataka (25) and Andhra Pradesh (19). Exports from these zones during AprilDecember 2016 stood at Rs 3.58 lakh crore. It was Rs 4.67 lakh crore in 2015-16. Replying to a separate question, Commerce Minister said as per reports available, some exporters are found to have "artificially inflated" their exports to avail financial benefits during the last three years. "The regional office concerned has taken appropriate action under Foreign Trade (Development & Regulation) Act, 1992 as amended including cancelling the duty credit 2 scrips and imposing penalty in such cases," Minister added.

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## COMMERCE MINISTRY ON THE JOB FOR LEATHER SCHEME

Following up on the Budget announcement, the Commerce and Industry Ministry has got down to preparing a draft scheme for the leather and footwear segment -- on the lines of textiles -- to boost manufacturing, exports and job creation. In the Budget 2017-18, Finance Minister announced plans to launch a scheme for the labour-intensive leather and footwear sector. The scheme will be something similar to the package unveiled for the textiles sector in June last year. The Department of Industrial Policy and Promotion "has started preparing the contours of the scheme and would soon send the same to the Expenditure Finance Committee for their views and approval", an official said. The final note will then be sent for consideration of the Union Cabinet. The aim is to implement the scheme from April 1. The scheme may include fiscal and non-fiscal support, besides incentives, for promotion of skill development for the leather sector. Finance Minister said, in his speech, that a special scheme for creating employment in the textiles sector has already been launched and a similar scheme will be implemented for leather and footwear. In June 2016, the government approved a Rs 6,000-crore special package for the textiles and apparel sector. It included a set of reforms, with simplified labour laws and technology upgradation. The leather remains a key focus area under the 'Make in India' initiative of the government. China is giving a tough competition to Indian leather manufacturers in terms of pricing. The government aims to increase the sectoral exports to $ 15 billion by 2020, from the current $ 7 billion.

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## LOTS NEED TO BE DONE TO INCREASE INDIA'S EXPORTS: GOVERNMENT

Admitting that Indian businesses are facing multiple challenges in overseas markets due to the globally competitive environment, Union Heavy Industries and Public Enterprises Minister said a lot needs to be done to boost the country's shipments. The Minister was addressing the export awards ceremony organised by Chemical and Allied Export Promotion Council of India (CAPEXIL). "Unfortunately, since 2014 the export growth overall has not been very conducive although it has picked up over the last five months. Therefore, Govt urges all members of this exporting community (CAPEXIL) to find ways and means of boosting India's exports," Additional Secretary & Financial Advisor in the Ministry of Commerce said. Govt pointed out that in 2015-16, exports from chemical and allied products stood at around $ 14 billion, comprising $ 5 billion worth of mineral and $ 9 billion of non-mineral articles.

## TRADE INFRASTRUCTURE FOR EXPORT SCHEME TO FOCUS ON PROJECTS LIKE CUSTOM POINTS, COLD STORAGES TIES,

the new scheme for creating export infrastructure in states, will primarily focus on projects like customs checkpoints, cold storages at ports and last mile connectivity, a top official said. Finance Minister in the Budget announced a new central scheme Trade Infrastructure for Export Scheme (TIES) to develop export infrastructure in states. “In this scheme, Govt is looking at infrastructure projects like border haats, custom checkpoints, last mile connectivity, cold storage at ports,” the commerce ministry official said. Unlike Assistance to States for Development of Export Infrastructure and Allied Activities (ASIDE) Scheme, which was funded by the centre, the cost of projects under TIES will be equally shared between the Centre and states. However, for north-eastern and the Himalayan region states, the centre will bear 80 per cent of the cost. In this new scheme, the government would not get into areas like road construction, power sub-stations or parking spaces. The commerce ministry has discussed the scheme with the states and they are ready for it, the official added. The government announced TIES as the ASIDE scheme was shifted to states on the recommendations of the 14th Finance Commission. States have time and again raised issues that the export infrastructure should be looked after by the centre. Indian exporters face huge challenges in terms of infrastructure, particularly in states. Inadequate infrastructure pushes their transactions costs, impacting competitiveness of Indian goods in the global markets. Although the government has worked in this area but lot more needs to be done as the exporters are facing tough competition in the world market from smaller economies like Veitnam and Bangladesh. Exporters body FIEO (Federation of Indian Export Organisations) said the scheme will help create modern infrastructure like last mile connectivity to ports, testing labs and certification centres. Recording positive growth for the fourth month in a row, India's exports rose by 5.72 per cent to USD 23.9 billion in December on better performance by petroleum, engineering and pharmaceuticals segments. Besides infrastructure, government is working on several fronts like ways to reduce logistics cost to boost exports. India is aiming to increase its share in the global trade to 3.5 per cent from the current 2 per cent by 2020. Increase in trade helps in creating huge employment opportunities and boost economic growth.

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## PERU FREE TRADE AGREEMENT COULD HELP INDIA DIVERSIFY IN LATAM REGION

The share of India's merchandise exports to Latin America was barely 2.9% of the country's total goods exports in 2015-16, down from 3.7% in the previous fiscal. A proposed comprehensive free trade agreement (FTA) between India and Peru covering goods, services and investments may not only raise India's export volumes to the western South American nation but also the latter's various preferential trade partners. The share of India's merchandise exports to Latin America was barely 2.9% of the country's total goods exports in 2015-16, down from 3.7% in the previous fiscal. Peru has preferential trading arrangement with about 53 countries. Given the fact that nearly 95% of Peru's exports are covered by FTAs, this seems to be viable strategy. In order to implement this strategy, Indian companies have to aggressively integrate with the regional value chains in the Latin American region. This requires resource commitment from companies and a well-laidout plan that would bear fruit only in the long run. India's export basket to Peru is concentrated in goods only from a few sectors such as automobiles, motorcycles, steel items and cotton yarn, among others. An FTA has the potential to accelerate the current pace of exports of these products through tariff cuts, lowering/eliminating non tariff barriers, in addition to bilateral cooperation in other relevant areas. India may consider these sets of products on which it can seek tariff cuts from Peru to gain market access. Peru is also one of the heaviest users of non-tariff measures (NTMs) in the South American region. Simply, reduction of tariffs on export items that attract relatively high instances of NTMs would not raise it exports levels. Appropriate action needs be taken according to the exact nature and rationale of the NTMs, and acquisition of sufficient policy space which would have to be negotiated with Peru to prevent adverse impact on exports due to application of NTMs. For instance, early warning systems, fasttrack resolution mechanisms etc would have to be provisioned within the trade agreement. Among all the NTMs imposed on Indian exports, SPS and TBT measures (commonly known as technical regulations) are the most frequently used ones. They deal with product quality and standards, which countries sometimes impose in the manner that imports become uncompetitive and the domestic industry is protected. Besides product standards, there are other non-tariff issues such as language barriers, interpretation of laws etc that prevent smaller exporters from the entering domestic market by raising the cost of compliance, thereby hurting competitiveness.

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## US MAKES CHANGES IN EXPORT CONTROL LAWS TO BENEFIT INDIA WITH SMOOTHER TECHNOLOGY, ARMS TRANSFER

Recognising India's status as a 'Major Defence Partner', the US has made necessary changes in its export control laws that would benefit India by facilitating smoother transfer of technologies and arms to it. The new rule that makes necessary changes in the export control laws "creates a presumption of approval" for Indian companies seeking to import Commerce Department-controlled military items, except Weapons of Mass Destruction-related goods. The new rule also amends the law so that companies will not need a license at all after becoming a Validated End User (VEU). “Indian and US companies operating in India can seek VEU status for both civil and military manufacturing, and by doing so not need to obtain individual licenses. This makes it far more convenient to build a global supply chain and react quickly to changing market conditions,” explained Benjamin Schwartz, USIBC’s Director for Defence and Aerospace. Over 810 licenses representing some USD 5 billion in trade in the last half decade have been granted for goods covered under this new rule. Most of these licenses being focused on aerospace systems and ground vehicles. Additionally, under the new regulation, Indian companies will not be required by US law to seek approval for the re-export of platforms that contain less than 25 per cent US content. “This is a very favourable policy for Indian companies. The rule will make business substantially easier for Indian companies in the defence sector, especially those partnering with American companies. This gives Indian companies and US companies operating in India the ability to be reactive in real time to meet their supply chain needs,” Schwartz said.

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## REVISITING FTAS TO PROTECT LOCAL PHARMA, MEDICAL DEVICES SECTOR

The government is reviewing and renegotiating existing free trade agreements (FTAs) India has signed with different countries to protect the domestic pharma and medical devices sector, Union Minister said on the sidelines of an international event 'India Pharma 2017'. Minister also said that most of the anomalies in inverted duty structure both in pharma and medical devices sector have been rectified. India is discussing with far Middle East countries and others on this issue, it said. Under FTAs, duty free import of medical devices especially medical electronics are allowed, which is affecting the nascent domestic market. Last year, the government removed concession duty on medical devices and brought import duty on them back to 7.5 per cent. But the concession duty continued for at least 21 medical devices. According to the Association of Indian Medical Device Industry, since many of 21 medical devices are part of FTAs, they are imported at zero duty, affecting the domestic market. The issue was raised during a round-table meeting, with CEOs of medical devices makers, chaired by the

Union Chemicals & Fertilizers Minister at the event. Association has proposed duty on medical components to be kept at 5 per cent from next year and 7.5 per cent thereafter as a 'Make in India' enabler and retain concession duty at 2.5 per cent for now and for next three years. Among others, the Association asked the government to recognise domestic certification 'ISO' and 'ICMED' for medical devices instead of USFDA. The association has also sought preferential market access and preferential pricing for Indian medical devices for Indian public healthcare devices, he said. Among other issues, the medical devices manufacturing firms have also demanded that the government should provide R&D support for high-end technology and handholding, it said.

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## IRAN MAY SOON ISSUE NOTIFICATION TO RESUME BASMATI RICE IMPORT

Iran may soon issue notification to resume Basmati rice imports from India after a 20 member trade delegation visited the country last month. "Government of Iran may soon issue the notification about resumption of issuance of permits for import of rice," commerce and industry ministry said in a release. The delegation met various departments in the Iranian government including Food and Drug Organisation, Governmental Trading Corporation and Trade Promotion Organisation. Meetings were also held with Iran Chamber of Commerce and Rice Importers Association. "The deliberations helped to dispel the negative publicity which appeared in some part of Iran media causing doubts about the health and safety of rice from India," the ministry said. To supplement domestic production of about 2 million MT, Iran imports about 1 million MT of rice every year out of which about 7 lakh MT is exported from India. Iran has been one of the largest importers of Indian basmati rice in recent years. In 2015- 16, however, basmati rice exports from India to Iran almost halved to $571 million from $1.1 billion in the previous financial year. In the first half of this fiscal, basmati rice exports from India to Iran amounted to $356 million.

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## EXPORT OF SOYBEAN MEAL INCREASES BY 446.38 PER CENT

The export of soybean meal and its other value added products during January 2017 is 1,55,164 tons compared to 28,398 tons in January 2016 showing an increase of 446.38% over the same period of last year, according to figures released by Soybean Processors Association of India (SOPA). On a financial year basis, the export during April'2016 to January'2017 is 6,01,294 tons as compared to 3,30,702 tons in the same period of previous year showing an increase of 81.82%. During current oil year, (October – September), total exports during October 2016 to January 2017 is 5,25,562 tons as against 1,29,174 tons last year, showing an increase by 306.86%.

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## HIGHLIGHTS OF SIXTH BIMONTHLY RBI MONETARY POLICY

Policy repo rate unchanged at 6.25%. Economic growth for FY17 lowered to 6.9%; RBI pegs it at 7.4% in 2017—18. Growth is expected to recover sharply in 2017—18. Retail inflation in Q4 likely to be below 5%. Inflation projected in the range of 4—4.5% in the first half of 2017—18 and 4.5—5% in the second half. Upside risks to inflation — rise in crude oil prices, volatility in exchange rate, and fuller effect of the 7th Pay Panel. Global growth projected to pick up modestly in 2017. Global trade remains subdued due to increasing tendency towards protectionist policies. RBI changes policy stance from 'accommodative' to 'neutral' Monetary Policy Committee (MPC) shifts policy stance to neutral keeping in mind transitory effect of demonetisation. Surplus liquidity to fall with progressive remonetisation; abundant liquidity with banks may persist in early 2017—18. High frequency indicators point to subdued activity in services sector, automobile sales, domestic air cargo, railway freight traffic, and cement production. Steel consumption, port traffic, international air freight, foreign tourist arrivals weathered effect of demonetisation. Excluding food and fuel, inflation has been unyielding at 4.9% since September. Makes case for faster resolution of NPAs and hastening recapitalization of banks for lower lending rates. The next meeting of the Monetary Policy Committee on April 5-6.

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## INDIA'S FOREX RESERVES RISE $1.6 BILLION: RBI

India's foreign exchange reserves rose $1.6 billion to reach $363.1 billion as on February 3 said the Reserve Bank of India in a statement. The Rupee having appreciated against the dollar over the past week, has caused the RBI to intervene heavily in the forex market and buy dollars in order to shore up its foreign reserves which had partially depleted heavily towards the end of last year, said market sources. This rise comes on the back of small pickups in the foreign exchange reserves over the last few weeks of January and February. According to data from NSDL, foreign investors pumped in Rs 5827 crore into the Indian equities and debt markets over the two weeks of February. RBI TO SET UP SEPARATE ENFORCEMENT DEPARTMENT The Reserve Bank of India will set up enforcement department to effectively monitor banks in case they violate regulations. The RBI said that it has decided to establish a separate Enforcement Department which will start operations from April 1, 2017. Enforcement department will deals with cases of non-compliance with regulations noticed either through the surveillance process or otherwise. "With a view to developing a sound framework and process for enforcement action, it has been decided to establish a separate Enforcement Department," said RBI in a statement. RBI said that regulation, surveillance and enforcement are three important facets of financial sector oversight mechanism. Regulations determine the framework in which financial entities function so that prudence, transparency, and comparability are ensured on the one hand and customer interests are protected on the other. Surveillance is the process through which adherence to the regulations is monitored. Currently, in the Reserve Bank, there is a clear demarcation of the regulatory and surveillance functions which is not the case with enforcement of rules.

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## ECONOMY INDIA WILL BE WORLD'S FASTEST GROWING ECONOMY IN NEXT 5 YEARS: TOP US THINK-TANK

India will be the world's fastest growing economy during the next five years, a top US intelligence think-tank has said while underlining that Pakistan, unable to match India's economic prowess, will seek "other methods" to maintain even a semblance of balance. "Pakistan, unable to match India's economic prowess, will seek other methods to maintain even a semblance of balance," said the report 'Global Trends' of the National Intelligence Council (NIC), which is the center for mid-term And long-term strategic thinking within the US Intelligence Community. "India will be the world's fastest growing economy during the next five years as China's economy cools and growth elsewhere sputters, but internal tensions over inequality and religion will complicate its expansion," the report said. In its report, the National Intelligence Council said that Pakistan will seek to maintain a diverse set of foreign partners, from which it can draw economic and security assistance, and to develop a credible nuclear deterrent by expanding its nuclear arsenal and delivery means, including "battlefield" nuclear weapons and sea-based options. "In its efforts to curtail militancy, Islamabad will also face multiple internal security threats, as well as a gradual degradation of equipment used in these operations, declining financial resources, and a debate over changes needed to reduce the space for extremism," it said. "While violent extremism is unlikely to present an existential threat to Pakistan during this period, it will have negative implications for regional stability," the report said. Pakistan has introduced short-range, "battlefield" nuclear weapons that it has threatened to use against Indian conventional incursions, which lower the threshold for nuclear use, the report said. NIC said India's growing economic power and profile in the region will further complicate calculations, as New Delhi navigates relations with Beijing, Moscow, and Washington to protect its own expanding interests. New Delhi, however, will continue to offer smaller South Asian countries a stake in India's economic growth through development assistance and increased connectivity to India's economy, contributing to India's broader effort to assert its role as the predominant regional power, it added.

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## DEMONETISATION TAKES TOLL ON IIP; OUTPUT SHRINKS 0.4 PER CENT IN DECEMBER

Industrial production contracted in December 2016 due to a sharp decline in production of consumer goods, confirming a demonetisation led contraction in demand. Index of Industrial Production (IIP) was 0.4% lower in December 2016 from the same period a year ago, data released showed. The number was well below the 5.7% growth in November and consensus expectation of around 1% growth in December. The cumulative IIP growth for April-December is 0.3% against 3.2% for the same period in 2015. The Purchasing Managers' Index had suggested subdued manufacturing sentiment both in December 2016 and January 2017. The decline is largely due to consumer goods driven 2% contraction in manufacturing, the largest component of the IIP. Electricity generation was up 6.3% while mining output rose 5.2%. Lack of cash seems to have dented demand for consumer goods, which spilled over to 6.8% decline in production. Within consumer goods, production of durable goods fell 10.3% from a year ago in December 2016 while that of nondurables or the FMCG goods was down 5%. Capital goods were lower by 3% in December 2016, confirming subdued investment sentiment. As many as 17 out of 22 manufacturing sub-sectors reported contraction in December 2016 with office, accounting & computing machinery leading with a 23.9% contraction. The data provide evidence of a softer second half following demonetisation on November 8, 2016. The Economic Survey expects FY2017 growth to be in the range of 6.5% to 6.75% compared with 7.9% in FY2016.

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## WORLD TRADE GROWTH LIKELY AT 1.7% IN 2016: WTO

World trade is likely to post a growth of just 1.7 per cent in 2016, the lowest since the financial crisis, World Trade Organization Director-General has said. In 2017, growth could be in the range of 1.8 per cent to 3.1 per cent, but there were a lot of risks attached, WTO Chief said addressing the industry and policy makers in New Delhi. On India's quest for a permanent solution to the problem of food procurement subsidies at the next WTO Ministerial Meet in Buenos Aires, the DG said a pact could be reached only when the G33 group of developing countries, including India, revises its proposal. The DG further said India has to get other members interested in its proposal for trade facilitation in services to make it gain traction. Issues such as investments and e-commerce would be discussed at the WTO, but whether they are discussed amongst a small group or entire membership depended on the interest the discussions generated. Not mentioning any particular country, the DG said countries have to realize that jobs are not lost because of trade rules but due to advanced technology. "Eight out of ten jobs are lost because of technology advancement and not due to faulty trade rules," DG WTO said.

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## INDIA TO SEND TEAM TO WTO TO PUSH NEGOTIATIONS ON FOOD SECURITY, SERVICES

India will soon send a team to the World Trade Organization (WTO) to push negotiations in the areas of food security and trade facilitation in services so that movement in both areas takes place before the Ministerial Meeting in Buenos Aires in December. “Govt will submit a formal proposal on trade facilitation in services in a few days. Following this India will send a team to Geneva to work with our Ambassador's (to the WTO) office to ensure that discussions are taken up at various stages on the matter. Commerce Minister has said the WTO DG that whatever stage the talks on services are in, it should move towards being a part of the agenda in Buenos Aires," Commerce & Industry Minister said at a press conference following her talks with WTO DG. The Minister also said the DG that India cannot support negotiations in investments as well as e-commerce. India floated a concept note on trade facilitation in services in November proposing measures such as clarity in work permits and visas, simplification in rules of temporary stay, rationalization of taxes, fees and charges and sorting out social security contribution issues for short-term workers, among others. WTO Chief, in an interaction with the Indian industry, policy makers and the media, pointed out that for negotiations on trade facilitation in services pact to gain traction, India had to get other members interested in it. "Whenever a new proposal is introduced there is suspicion in the mind of members. India has to give the necessary clarifications and gain support," WTO Chief said at the seminar. "India is required by India's Constitution and Parliamentary Act for supporting Indian farmers in years of drought and feeding our people. Indian mechanism for procurement is public and open. India cannot be asked by the WTO to stop the programme because India may has breached some limit," Commerce Minister said. Speaking to industry representatives, WTO Chief said at the WTO, issues such as investments and e-commerce would be discussed among amongst a small group or entire membership depending on the interest the discussions generated.

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# BANGLADESH'S GARMENT EXPORTS UP 3.05 PER CENT Y-O-Y

Bangladesh's export earnings for the first seven months of fiscal 2016-17 went up 4.36 per cent compared to a year earlier. And receipts from garment exports, which typically account for 80 per cent of export receipts, were up 3.05 per cent year-on-year and 4.65 per cent month-on-month.

The country's garment exports to the US, the country's single largest export destination, declined 1.49 per cent during the January-November period of 2016. Garment exports to the UK, the third largest destination, declined 5.19 per cent in the first six months of the fiscal year. The jute and jute goods sector was one of the top performers during the July-January period, with shipments rising 14.05 per cent year-on-year. Shipments of leather and leather goods grew well during the seven-month period, up 12.18 per cent year-on-year. Furniture exports soared 23.37 per cent and pharmaceuticals 8.51 per cent.

Home textile exports increased 1.42 per cent and plastic products 45.74 per cent on the back of a ten per cent cash incentive on shipments. Among the poor performers, frozen and live fishes exports declined 0.80 per cent. Exports of petroleum byproducts declined 28.24 per cent.

Bangladesh has set an apparel export target of 50 billion dollars by 2021. But to achieve this more than 12.25 per cent export growth is needed every year.

Fashionating world

# Industry body revises soybean meal export estimates to 18 lakh tonne from 10 lakh tonne

The Soybean Processors Association of India (SOPA) has revised upwards the estimated export of soybean meal from 10 lakh tonnes to 18 lakh tonnes and the domestic use (feed) from 42 lakh tonnes to 46 lakh tonnes owing to favorable conditions for export and lower prices of soybean meal in India.

According to top officials of SOPA, the local prices are good and the feed industry has changed the formulations from 15 % to 22-25 % because prices are low. Therefore, domestic use (feed) has been revised upwards by the association. This time there has been a bumper crop and prices in the domestic market are reasonable because of this.

According to the latest Supply & Disposal report of the Association, the carry over stock of soybean from last year is around 4.41 lakh tonnes while the total production is to the tune of 114.91 lakh tonnes, taking the total carry forward to 119.32 lakh tonnes. Of these, nearly 12 lakh tonnes has been retained for sowing, 1.50 lakh tonnes is meant for direct consumption, and some 90 lakh tonnes for crushing.

Significantly, the total carryover of soybean meal from the previous year is around 0.48 lakh tonnes and the total production is around 73.48 lakh tonnes.

While the 18 lakh tonnes is meant for export, domestic consumption of soybean meal (food) is around 6 lakh tonnes while 46 lakh tonnes is meant for domestic consumption of feed.

According to Davish Jain, president, SOPA, some exports are happening to Pakistan although the LC is awaited and exports are also expected to Bangladesh. With the extension of the SAFTA (South Asia Free Trade Trade Area) agreement, India stands to gain a lion's share of the export market in SAARC nations, Jain said.

India gets a 10% duty concession in Pakistan and 6% duty concession in Bangladesh which gives us the edge over other nations, he said. Although there is some resistance from local crushers here, this should not be a major obstacle since as part of the SAARC agreement; the notification should be implemented as per understanding.

India majorly exports to Japan, Western Europe and France. Jain said these countries are showing a preference towards India because we are non-GMO. Pakistan and Bangladesh are recent markets where India is exporting Soybean meal.

Earlier, a national-level delegation to represent soybean processors, farmers, exporters and brokers visited Japan, Vietnam, Indonesia, Philippines and Thailand to attract foreign buyers of soybean crop.

In the last couple of years, Indian exports had fallen drastically due to disparity in prices in the international market. This year the crop looks good and there is every possibility that we can enter the market with competitive prices and the added advantage of being non-genetically modified (GM) crops, SOPA officials said.

In the domestic market as well, soybean meal prices are reasonable and the feed industry has now begun to increase the volume of soybean meal since this is the best form of protein. Domestic prices are currently in the range of R23,000 to R24,000 per tonne.

Soybean production in the country is expected to touch 114.91 lakh tonnes in 2016 as against 70 lakh tonnes a year back because of good weather and rains, SOPA has said.

The total availability in the country in 2016 is expected to remain at 119.32 lakh tonnes including the carry over stock of 4.41 lakh tonnes from the previous year. Last year was an exceptionally bad year due to poor rains and weather. But this year everything was favorable which led to a rise in soybean production, senior officials of the association said.

**Financial Express**

## Useful links

http://apeda.gov.in/

The Agricultural and Processed Food Products Export Development Authority (APEDA) was established by the Government of India under the Agricultural and Processed Food Products Export Development Authority Act passed by the Parliament in December, 1985.

APEDA is mandated with the responsibility of export promotion and development of the following scheduled products:

- Fruits, Vegetables and their Products.
- Meat and Meat Products.
- Poultry and Poultry Products.
- Dairy Products.
- Confectionery, Biscuits and Bakery Products.
- Honey, Jaggery and Sugar Products.
- Cocoa and its products, chocolates of all kinds.
- Alcoholic and Non-Alcoholic Beverages.
- Cereal and Cereal Products.
- Groundnuts, Peanuts and Walnuts.
- Pickles, Papads and Chutneys.
- Guar Gum.
- Floriculture and Floriculture Products.
- Herbal and Medicinal Plants.

In addition to this, APEDA has been entrusted with the responsibility to monitor import of sugar.

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