2017

Weekly E-Bulletin

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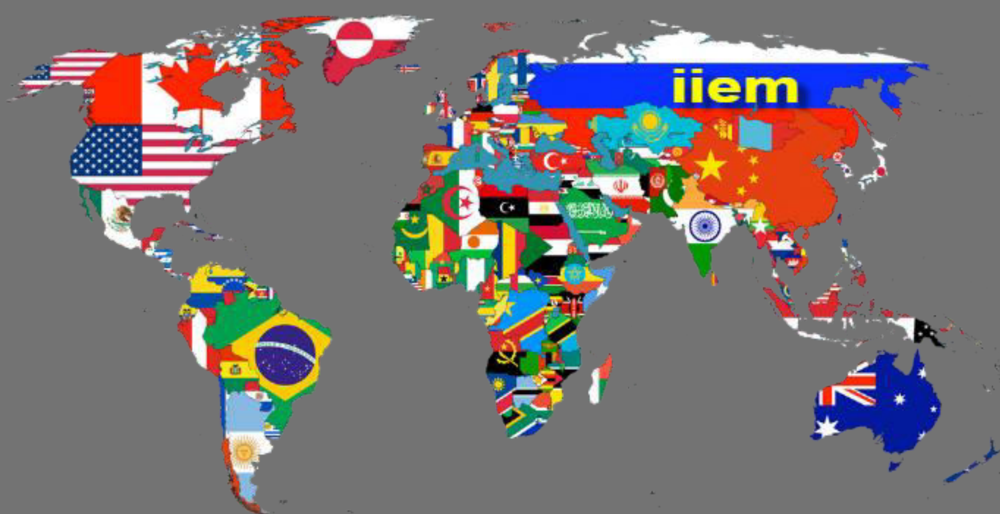
April 2nd week Newsletter



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MCX-ZINC MAY FALL FURTHER, TEST CRUCIAL SUPPORT

The zinc futures contract on the Multi Commodity Exchange (MCX) slumped about 8 per cent in the past week. It is currently trading at around Rs. 166 per kg. The fall in the past week has taken the contract well below the 200-day moving average level of Rs. 169.

The near-term view remains negative, but crucial support levels are coming up, which need a close watch. The current down move can extend to Rs. 161 or Rs. 160 in the coming days. A strong reversal from the Rs. 161- Rs. 160 support zone may ease the downside pressure and take the contract to the 200-day moving average resistance.

A further break above this hurdle can reduce the possibility of a fresh fall and can trigger a rally to Rs. 175 or even Rs. 180. On the other hand, if the contract fails to bounce from Rs. 160, the current downtrend may extend further. The next targets are Rs. 155 and Rs. 150.

B/L-03/04/17

WASHINGTON APPLES EXPECTS TO DOUBLE EXPORTS TO INDIA

Washington Apples produce will flood India from September, with a record import till August 2018, said Rebecca Lyons, International Marketing Director, Washington Apple Commission, a self-governing body of growers and packers. Imports of Washington Apples are likely to double this year to nearly 5.5 million tonnes, she told newspersons.

"We had a bumper harvest last year," she said. Mexico is the top importer of Washington Apples, followed by Canada, Taiwan and India. Last year, 136 million cartons (each being a 20-kg box) of Washington Apples were produced with nearly one-third being 'red premium,' the largest variety produced and exported.

Red Delicious is the variety exported to India, said Lyons. Keith Sunderlal of SCS Group, which represents the Commission in India, said that last year there was a record harvest of apple in India. This, coupled with issues related to import of apples from US (for nearly a month) at domestic ports hit the import of Washington Apples. However, this year, apple harvest in India is going to be subdued, he said. This year, the Commission wants to focus on tier-2 and tier-3 cities of India by increasing branding and creating more awareness about Washington Apples, which are currently available in over 100 cities, he said. **B/L-04/04/17**

TEA BOARD FIXES GREEN LEAF PRICE AT RS. 17/KG

The Tea Board has fixed Rs. 17 a kg as the average price for green leaf to be paid to growers by bought-leaf factories in Nil iris district in April."All bought-leaf factories in nil irises are advised to adhere to this average price while buying green leaf from the farmers. All field officials of Tea Board will ensure that no factory in their jurisdiction pays less than this average price," Tea Board's Factory Advisor Rakish Taurus said. This is the third consecutive month that the average price has been fixed at Rs. 17/kg. This time last year, it was Rs. 14.50 a kg. The highest price in 2016 was Rs. 16.50 in May, which tapered to Rs. 15-15.50 in subsequent months. It has been a meteoric rise since December 2015, when the average price was Rs. 12.50.The average price for green leaf has been fixed high because the tea manufactured with it has been fetching higher prices at the auctions. Since November 2016, the price of black tea at the auctions of Connor Tea Trade Association (CTTA) is ruling above Rs. 100/kg. In the 53 years of CTTA's operations, prices have risen over Rs. 100/kg only on rare occasions. But now it has consistently been above that level for several months. "But bought-leaf factories are facing shortage of green leaf due to drought. Factories are working only five days a week, resulting in lower production and concomitant lower earnings despite the price rise," CTTA Chairman Rajesh Bhojarajan told *Business Line.* "The arrival of tea to the auction has been low because of reduced production. To that extent, farmers' income has also dipped due to lower harvest despite higher average price," he added. **B/L-05/04/17**

SOUTHERN MILLS RELIEVED OVER SUGAR IMPORTS

The sugar industry has welcomed the Centre's calibrated approach to sugar imports — of permitting 5 lakh tonnes of raw sugar, duty-free, through ports in the South and West till June 12.

Given the estimates of overall sugar production and the tight supply situation anticipated, imports are needed. But, this year, the deficit is spread unevenly, with the shortfall much higher in the South, followed by the West. Secondly, while sugar output in the coming season is expected to improve in the West and North, in the South, Tamil Nadu particularly, it will continue to see a drop as it is in the third year of a dry spell. A senior executive in a sugar company said the total production in sugar year 2016-17 (October-September) is pegged at about 203 lakh tonnes.

Taking into account the opening balance of about 77 lakh tonnes as of October 2016, and an estimated annual consumption of about 240 lakh tonnes, the stock at the end of the sugar year will be about 40 lakh tonnes. This is just about two months of domestic requirement . **B/L-06/04/17**

STRONG RUPEE, GLOBAL TRENDS HURT FARM GATE COFFEE PRICES

A strengthening rupee, coupled with a bearish trend in world market, has impacted the farm gate prices of raw coffees, hurting growers' realisations besides slowing down the pace of exports. The prices of Arabica, the mild and premium variety, have dropped by about a tenth from their peak since the beginning of the year till date, tracking the decline in New York terminal.

On the other hand, the price of robust as have dropped by around 8 per cent, largely on account of the strengthening rupee, growers said.

The rupee has strengthened by around 5 per cent since the beginning of the year till date. From around 68 to a dollar in early January, it has moved up to 65 levels. To add to the price woes, the minimum daily wages payable to estate workers have been hiked by around 5 per cent to Rs.277.41.

"The fall in prices has hurt our earnings, while increase in wage payouts will add to our costs," said N Bose Bandanna, a large grower at Suntikoppa, near Medicare. A 50-kg bag of Arabica Parchment that fetched around Rs. 9,700 at the farm gate in January is now priced at Rs. 8,800, while the price for Robusta Cherry has now come down to Rs. 3,500 from Rs. 3,800 in January, he said. **B/L-07/04/17**

SOYAMEAL BOOSTS OILMEAL EXPORTS IN FY17

India's oil meal exports have reported a 22 per cent increase for 2016-17 to 1,865,757 tonnes, against 1,529,115 tonnes last year, driven by soybean meal exports. According to data shared by the Solvent Extractors' Association of India (SEA), the country exported 916,306 tonnes of Soyameal in FY17, up 136 per cent over 387,298 tonnes in FY16.In terms of value, the total earnings from oil meal exports rose 22 per cent to Rs. 3,178 crore (Rs. 2,600 crore).

Notably, the rupee is stronger now. Soyameal exports have been reviving since November, when exports increased nearly three times to 97,750 tonnes, from 31,390 tonnes in the previous month. The provisional figures for March showed Soyameal exports at 107,059 tonnes, while the overall oil meal exports during the month stood at 150,773 tonnes (106,122 tonnes), up 42 per cent.

Among the key destinations for India's oil meal are South Korea, which imported 543,235 tonnes (including 167,760 tonnes of rapeseed meal, 366,805 tonnes of castor meal and 8,670 tonnes of soybean meal), and Vietnam, which imported 328,348 tonnes from India. **B/L-08/04/17**

NEW FIEO PRESIDENT MR GANESH KUMAR GUPTA TARGETS USD 500 BILLION EXPORTS THIS FISCAL (2017-18)

New FIEO President Mr. Gnash Kumar Gupta expects the merchandise exports to be around USD 315 billion and services exports to about USD 185 billion in FY 2017-18. The Federation expects to end the fiscal 2016-17 with an export of about USD 270-275 billion as against USD 262 billion in the previous year, with a growth of around 3-4% for the year in the merchandise sector whereas in services sector FIEO is expecting an export of USD 160 billion in 2016-17. The new FIEO President Mr. G K Gupta is of the view that as we had already touched the USD 300 billion merchandise exports in the past also, we should look at more Aggressively increasing our exports with previous 6 months specially the February exports showing an impressive double digit growth of around 17.5 percent. Mr. Gupta also feels that a greater emphasis needs to be given to exports in the new GST regime with liquidity being the key challenge for the exporters. He also said that in the upcoming mid-term review of the Foreign Trade Policy, there is a need relook at further diversify the product basket focusing more on high-tech products where India's share in global trade is very low, to further compete in the international market. Mr. Gupta, Chairman, Akashi Textiles Pvt. Ltd., and Vijay Silk House Group, Mumbai took over as the new President of the Federation of Indian Export Organisations (FIEO) with effect from April 1, 2017 for a period of two years. Mr. Gupta has worked for the overall growth, development and exports of the Textile Industry for over 4 decades. Mr. Gupta has also earlier held the post of President, Vice President, Regional Chairman (WR), FIEO; Chairman, Textile Committee; Chairman, SRTEPC and Silk Export Promotion Council; Director, ECGC and Member, National Productivity Council. A great votary of aggressive marketing for exports, he has also aggressively taken up many issues of the exports sector and brought it to logical conclusion. The Federation during its 240th Managing Committee Meeting at Chennai on April 1, 2017 also nominated "Parma Shree" Mr. M Rafinesque Ahmed of Farina Group as its new Vice President. Associated with the leather industry for more than 4 decades, Mr. Ahmed has played a crucial role in the overall growth and development of the industry. Before his stint as Vice-President, FIEO, Mr. Ahmed has held several key positions including President and Regional Chairman (SR) of FIEO; President, All Indian Skin and Hide Tanners and Merchants Association; Chairman, Tamil Nadu State Council of FICCI; Chairman, CLE and Chairman, FDDI, Ministry of Commerce & Industry, Government of India.

TRADE DEFICIT WITH CHINA AT $46.7 BN IN APRIL-FEB: GOVERNMENT

India's trade deficit with China was recorded at USD 46.7 billion during the April-February period of the last fiscal, Parliament was informed. Overall trade with China during the 11-month period decreased marginally by 0.87 per cent to USD 64.57 billion, Commerce and Industry Minister informed the Raja Sabah. During this period, India's exports to China grew by 8.69 per cent to USD 8.94 billion while imports from the neighboring nation declined by 2.26 per cent to USD 55.63 billion, resulting in shrinkage of 4.1 per cent in India's trade deficit with China, Minister said in a written reply to a question. Commerce Minister said both sides have signed a Five-Year Development Programme for Economic and Trade Cooperation in order to lay down a medium-term roadmap for promoting balanced and sustainable development of economic and trade relations.

MALAYSIAN PRIME MINISTER PUSHES FOR CONCLUSION OF TRADE DEAL

Malaysian Prime Minister called for the speedy conclusion of a free trade pact between the Association of Southeast Asian Nations (Asian) and six other countries including India, saying the regional partnership becomes all the more relevant after the US pulled out of the Transpacific Partnership (TPP). Indian and Malaysian companies signed preliminary pacts worth about $36 billion in the presence of Malaysian PM and Indian commerce minister. The pacts are aimed at deepening commercial linkages between Asia's third-largest economy and its third-largest trading partner in the fast growing Asian economic grouping. Speaking to Indian industry representatives, Malaysian PM said the Regional Comprehensive Economic Partnership (RCEP) that Asian and six other countries—India, China, Australia, Japan, New Zealand and South Korea—gains importance now that the US led TPP has been abandoned by Washington. The US pulled out of the TPP, a trade agreement among Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam that was stitched together by the US and aimed to ensure decreased dependency of these countries on trade with Asian giant China. RCEP aims to cover goods, services, investments, economic and technical cooperation, competition and intellectual property rights. The talks for the pact started in Phnom Penh in November 2012. RCEP groups together 16 countries and includes more than 3 billion people with a combined GDP of about $17 trillion. The region accounts for about 40% of world trade. Addressing three industry lobby groups in New Delhi, Malaysian PM also invited Indian companies to explore investment opportunities in Malaysia saying it held huge potential in several sectors. Malaysia is currently India's third-largest trading partner in Asian after Singapore and Indonesia. Bilateral trade between Malaysia and India was at $12.8 billion in 2015-16 with the trade balance in favor of Malaysia. Both "prime ministers have expressed their aspiration to see this trade increase to $15 billion in the immediate future," according to a statement issued by the India Malaysia CEOs' Forum that met in New Delhi. "In terms of investment, there has been significant growth... The total investments from Malaysia stood at around $7 billion or more as against total investments of around $2.5

billion from the Indian side," according to the statement.

FREE TRADE PACT WITH UK ONLY AFTER BREXIT: GOVERNMENT

India has indicated to the UK that a free trade agreement (FTA) between the two countries can only happen only after Britain's formal exit from the European Union (EU). Finance Minister said that India is keen on investing in the UK and also welcomed British investment in India's financial sector, but stressed that an FTA is far away. "India will look at it (FTA), more trade arrangements and engagement between the two countries post the UK's exit from the EU," Finance Minister said after the ninth UK-India Economic and Financial Dialogue. Finance Minister met with British Chancellor of the Exchequer, who is on a two-day visit to India to participate in the Dialogue. At the Dialogue, both sides agreed to jointly set up a fund worth £240 million to finance clean energy projects in India. The 'Green Growth Equity Fund' will be a sub fund of the National Investment and Infrastructure Fund (NIIF). Both governments reaffirmed their commitment to invest up to £120 million each in the fund with the goal of raising it to around £500 million. "This is a relationship between equals. Both the countries share a common legal system and a common language of business. India is a major investor in the UK and the UK is one of the top investors here," British Chancellor said. The joint fund aims to leverage private sector investment from the City of London to finance India's infrastructure projects, the statement said. As a result, the UK will be compelled to ease some of the restrictions it has imposed on work permits.

COMMITTED TO CECA REVIEW WITH INDIA, SAYS SINGAPORE

Singapore's Ministry of Trade and Industry has said it is committed to working with India to conclude the second review of their free trade agreement, it was reported. Responding to a query by The Straits Times, the ministry said it had not received official notification from India that the review of the pact, officially dubbed the Comprehensive Economic Cooperation Agreement (CECA), had been put on hold. The report assumes significance as both the sides are facing difficulties in concluding this review. "India has not put the India-Singapore CECA on hold. It continues (to be) in force," a spokesman of India's Commerce Ministry said in response to a query from The Straits Times. Certain issues related to visa and banking, among others, has cropped up during the second review of the pact, which was implemented way back in 2005. Timely reviews are part of these pacts. India's Commerce Secretary had recently said there have been difficulties in concluding this review because of certain "small" issues. Meanwhile, the National Association of Software and Services Companies (Masco) has complained that the movement of Indian software professionals to Singapore had been reduced to a "trickle" since January last year. The body added that the restrictions are hurting software firms, some of which were even looking to relocate out of Singapore. Indian IT companies use Singapore as a gateway to serve clients in the region. All major Indian tech companies have a presence in Singapore. The visa issue has been brewing for over a year now, and Masco has been engaged in a dialogue with authorities in India as well as Singapore to resolve the matter. "This is really not keeping with the overall objectives of the Comprehensive Economic Cooperation Agreement (CECA), which is to encourage economic activities in both directions," Masco said.

INDIA'S ENGINEERING EXPORTS SET TO REVIVE IN FY' 2017-18

The global headwinds which had marred the Indian exports seem to have eased off quite significantly, raising renewed hopes of continuous uplift of engineering overseas dispatches in the new fiscal 2017-18, helped by revival across most of the regions, led by the basic industries of iron and steel, an analysis by the EEPC India indicates. Analyzing the latest trade data of February 2017 which saw over 48 per cent increase in engineering exports despite 1.70% appreciation of rupee against dollar, the apex organization of the engineering sector found that be it European Union, North America, ASEAN, Middle East, or North East Asia, the engineering exports went up across the board to these destinations for the month. Thanks to a huge drop of 52 per cent to Sri Lanka, the South Asia market remained a dampener, though, the analysis noted. For the April-February period of 2016-17, engineering exports aggregated $57.34 billion, growing by 7.34 per cent year on year. While it is too early to set the target for the new fiscal, the growth should be significant, EEPC said. Owing to improved performance in dispatches to Singapore, rising year- on- year by over 700%, the exports of engineering industries to 'ASEAN plus 2' region gave the Indian exporters the maximum value of $1.51 billion in February, 2017. EU too gave a smart rise of 45.54 per cent, rising to $1.26 billion in February over the same last fiscal. Engineering exports to North America gave an increase of over 18.58 per cent at $870 million. So is the case with Middle East and West Asia with over 56 per cent increase at $868 million. Led by China, North East Asia emerged among the top markets for Indian engineering exports rising by 85 per cent at $583 million for the month under review.

AFTER PRIME MINISTER PUSH, JEWELLERS DEVISE STRATEGY TO ACHIEVE $60 BN EXPORT TARGET

For the first time, Indian exporters have prepared a detailed promotion strategy for gems and jewellery, and set an annual target of $60 billion worth of exports, which they expect to achieve in the next five years. The move has come after the Prime Minister's advice on the issue. India's gems and jewellery exports reported a sharp decline in recent years owing to global economic slowdown, especially in Europe and the US. From $43.21 billion in 2011-12, the exports fell to $31.98 billion in 2015-16. The industry, however, estimates a recovery in 2016-17 on a rebound in American and European economies. Thus, Indian exporters estimate $41 billion worth of gross gems and jewellery exports for FY'17. In a recent address, Prime Minister had asked exporters to prepare a strategy for the next five years and start working in that direction. Following his advice, India's apex jewellery export promotion body, the Gems and Jewellery Export Promotion Council (GJEPC), has prepared a detailed road map. The draft strategy, however, is likely to be submitted to the Prime Minister's Office (PMO) in three weeks. The revision in export strategy assumes significance, as the industry contributes nearly 13 per cent to India's overall merchandise exports and employs around one million skilled and unskilled workers. The trend in jewellery exports directly impacts employment and business environment in this sector. "Apart from generic promotion, we would focus on hand-crafted jewellery and value addition to achieve the target," said chairman, GJEPC. In a significant change in India's approach, jewellery exporters are planning to focus on value addition for better realization. Data compiled by the GJEPC showed Indian diamond processing units have been shipping out polished stone pieces in a large quantity. Thus, cut and polished diamonds contribute between 40 and 50 per cent to India's overall annual gems and jewellery exports. In its revised strategy, Indian diamond exporters are planning to reduce exports of cut and polished diamond pieces and focus on the shipment value-added products. I.e. studded jewellery. Exports of stone-studded jewellery are likely to fetch 10-15 per cent higher realization than cut and polished diamond and gold jewellery separately. "Apart from the Middle East, European and American markets are reviving, which is a good sign to achieve higher growth. So, we are aiming higher exports through value addition, brand promotion and re-orientation of rough diamond import strategy through its auction sale in India in the bourses like Bharat Diamond Bourse and other such bourses across the country. So, 50 per cent growth in gems and jewellery export is achievable in five years," said GJEPC. In yet another change, Indian jewellery manufacturers are primarily shipping out unbranded products to overseas importers, who, in turn, tag these products with their own brand and charge premiums from customers. Indian jewelers plan to shift from unbranded to branded jewellery for higher value addition and premiums forthwith. Jewellery exporters have also decided to spend Rs 20 crore per annum on generic promotion. So, for the next five years, Indian jewellery manufacturers and exporter are looking to spend Rs 100 crore on promotion of branded jewellery in the overseas markets.

IMPORTING WHEAT FROM NORTH COSTLIER THAN IMPORTING FROM AUSTRALIA FOR SOUTH INDIA: COMMERCE MINISTER

Union Minister of State for Commerce and Industry said that for a South Indian state, importing wheat from North India is more costly than importing the same from Australia. Talking to the members of Young FICCI Ladies Organization (YFLO) in Hyderabad, Minister said that the Goods and Services Tax (GST) will actually make Indian goods cheaper for Indian customers rather than importing them. Minister also expressed satisfaction over the support from various political parties and other stakeholders in passage the Bill.

HORTICULTURE EXPORTS JUMP IN APRFEB

India is stepping up horticulture (fruit and vegetables) exports with improvements in quality and a focus on a market-specific approach. The data compiled by the Agricultural and Processed Food Products Export Development Authority (Aped) show India's exports of fresh fruit have jumped 20.95 per cent in volumes and 17.4 per cent in value during the period between April 2016 and February 2017. This shows a sharp reversal in trends until last year, when importers overseas were monitoring the quality of horticulture products from India. Many buyers in the European Union and West Asia had suspended imports of fruit and vegetables from India on grounds of quality. Horticulture has a 10 per cent share in India's Agri and processed food exports recorded by Aped. "India has become quality-conscious. Indian horticulture products like fruit and vegetables were not allowed in a number of countries earlier. For example, grapes and mangoes from India were not exported to the European countries. But, market access has been provided now. Most importantly, Indian exporters are focusing on organic products, which have greater demand overseas and also fetch higher realisations. All these have helped India perform well. Still, India is nowhere near its potential and we can look forward to a big jump in horticulture exports," said Director-General and Chief Executive Officer, Federation of Indian Export Organisations (FIEO). India's exports of fresh vegetables declined to 699,600.34 tonnes in 2015-16 from 953,731.22 tonnes in 2013-14. India's exports of cereals have declined or witnessed marginal growth with shipments of basmati rice falling by a marginal 3.4 per cent in volumes and over 14 per cent in value in the period between April and February. Exports of non-basmati rice, however, rose by a marginal 2.2 per cent and 4.94 per cent in volume and value terms, respectively.

PARLIAMENT PASSES FOUR BILLS TO PAVE WAY FOR GST ROLLOUT

Parliament passed four legislations to pave the way for roll out of the historic Goods and Services Tax (GST) from the target date of July 1. The Central GST Bill, 2017; The Integrated GST Bill, 2017; The GST (Compensation to States) Bill, 2017; and The Union Territory GST Bill, 2017 were returned by the Raja Sabah after negation of a host of amendments moved by the Opposition parties. The Look Sabah had passed these bills on March 29. All the states will now have to pass the States GST Bill after which the new indirect tax regime can be rolled out. Replying to about 8-hour-long debate, Finance Minister insisted that the GST, which will usher in a uniform indirect tax regime in the country, will not lead to inflation as apprehended by some sections. The rates are to be discussed by the GST Council on May 18—19. Finance Minister said Once the new regime is implemented, the harassment of businesses by different authorities will end and India will be having one rate for one commodity throughout the country. The powerful GST Council, comprising Centre and States, has recommended a four—tier tax structure —— 5, 12, 18 and 28 per cent. On top of the highest slab, a cess will be imposed on luxury and demerit goods to compensate the states for revenue loss in the first five years of GST implementation. With implementation of the GST, revenue of the Centre, the states and the industry and trade must benefit, Finance Minister added.

CENTRE'S TAX COLLECTIONS RAISE 18 PER CENT IN FY' 17

Direct tax collections in fiscal 2016-17 stood at 8.47 lakh crore, 14.2 per cent more than the net collections last year. Indirect tax collections

(Central Excise, service tax and Customs) in FY17 came in at 8.63 lakh crore, 22 per cent more than the actual revenue receipts in 2015-16. The total tax revenue target in the revised estimates for 2016-17, for both direct and indirect taxes was 16.97 lakh crore, a Finance Ministry statement said, adding that this was higher than the government's budgeted estimate of 16.25 lakh crore for the fiscal. The tax income to the government stood at 17.10 lakh crore, beating the revised target of last year by 18 per cent. In terms of gross revenue collections, the growth in corporate tax was 13.1 per cent and in personal income tax (including securities transaction tax), 18.4 per cent. However, after adjusting for refunds, the net growth in corporate tax collections stood at 6.7 per cent and personal income-tax, 21 per cent. Refunds amounting to 1.62 lakh crore were issued during April-March 2017, 32.6 per cent higher than those issued in 2015-16. As regards Central Excise, net tax collections rose to 3.83 lakh crore in 2016-17 from 2.86 lakh crore in the previous financial year, a growth of 33.9 per cent. Net service tax collections in FY17 rose 20.2 per cent to 2.54 lakh crore from 2.11 lakh crore in FY16. Net Customs duty collections in FY17 came in at 2.26 lakh crore against 2.10 lakh crore in FY16, registering a growth of 7.4 per cent.

INDIA'S GROWTH TO ACCELERATE TO 7.4% IN 2017-18: ADB

Shrugging off the impact of demonetisation, the Indian economy is estimated to grow by 7.4 per cent in 2017-18 and 7.6 per cent in the next fiscal. "The impact of the demonetisation of high value banknotes is dissipating as the replacement banknotes enter circulation," said the Asian Development Bank (ADB) in its Asian Development Outlook, 2017 that was released. The economy is estimated to have grown by 7.1 per cent last fiscal. The ADB report said that stronger consumption and fiscal reforms are also expected to improve business confidence and investment prospects in the country. It also expects inflation to raise this fiscal from 4.7 per cent in 2016. It has pegged inflation at 5.2

per cent in 2017-18 and 5.4 per cent in 2018-19. "In India, the sub-region's largest economy, growth is expected to pick up to 7.4 per cent in fiscal year (2017-18) and 7.6 per cent in 2018- 19, following the 7.1 per cent registered last FY," it said. With regard to China, the report said, the overall output is expected to slow to 6.5 per cent in 2017 and 6.2 per cent in 2018, down from 2016's 6.7 per cent. Efforts of the Chinese government to maintain financial and fiscal stability would continue to be a modest drag on growth going forward, it said, adding the continued structural reform would help in maintain growth in the government's target range. Over the last few years, India has taken a host of economic reforms initiative, including the Goods and Services Tax (GST) and liberalization of the FDI regime, with a view to improve business climate and promote growth. The GST is expected to roll out from July. The report further said that South Asia would remain the fastest growing of all sub regions, with growth reaching 7 per cent in 2017 and 7.2 per cent in 2018. Commenting on the future prospects, it said that in two-thirds of economies in developing Asia, the growth is being supported by higher external demand, rebounding global commodity prices, and domestic reforms, making the region the largest single contributor to global growth at 60 per cent.

INDIA JUMPS 12 SPOTS IN WEF'S GLOBAL TRAVEL & TOURISM RANKING

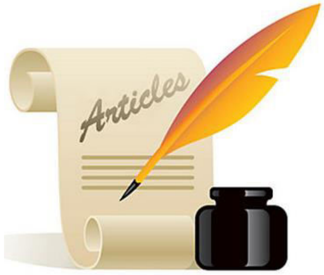
India has jumped 12 places to 40th rank globally in travel and tourism competitiveness list by World Economic Forum (WEF). India is one of the countries that improved the most as it gained 12 places in Asia, but lagged behind its other Asian peers like Japan and China which were ranked way ahead at 4th and 13th place, respectively. Spain is ranked at the top in the list. "India continues to enrich its cultural resources, protecting more cultural sites and intangible expressions through UNESCO World Heritage lists, and via a greater digital presence," WEF said in its Global Travel and Tourism Competitiveness Report 2017. Some of the factors that helped India climb up the ladder include international openness through strong policies such as implementing visa on arrival and e-visas, and improvements in the country's ground transport infrastructure which benefited the travel and tourism sector in the country, it added. India has seen continued growth in international arrivals over the past 15 years, reaching the 8 million mark in 2015, WEF said, adding the country's vast cultural and natural resources, and its price competitiveness advantage also attracted international tourists. The report, however, noted that though health conditions are improving, they remain "inadequate". Similarly, ICT readiness, security concerns and human resources are improving, but remain "weak". "While further improvements are needed across these dimensions, India is taking small but important steps in the right direction," WEF said, adding that the Indian travel and tourism sector presents significant opportunities that are yet to be reaped, especially in the provision of tourist service infrastructure, and in terms of additional accommodation capacity and entertainment facilities. In the global ranking Spain, France and Germany were ranked at the top three positions, making them the most tourism friendly economies. Traditional strong travel and tourism destinations, including Japan (4th), the United Kingdom (5th), the United States (6th), Australia (7th), Italy (8th), Canada (9th) and Switzerland (10th), have also made it to the top 10. The report ranks 136 countries across 14 dimensions, revealing how well countries could deliver sustainable economic and societal benefits through their travel and tourism sector.

WTO SETS UP PANEL TO RESOLVE INDIAJAPAN STEEL DISPUTE

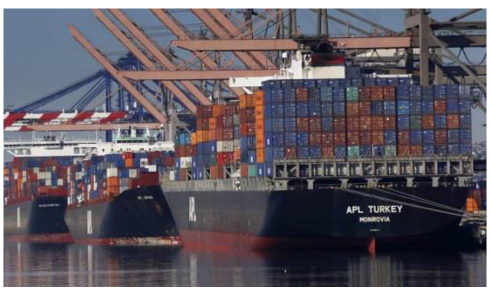
The WTO has set up a panel to resolve the dispute between Japan and India over imposition of safeguard import duty on iron and steel products. As both the sides failed to resolve the issue in the bilateral consultation process, Japan had sought formation of dispute resolution panel. "The dispute settlement body of the WTO has agreed to establish the panel," an official said. Japan in December dragged India to the WTO against certain measures taken by New Delhi on imports of iron and steel products. Japan, which is the second largest steel producer in the world, had alleged that duties imposed on steel imports by India violate WTO trade norms. In September 2015, India imposed provisional safeguard duty of 20 per cent on import of certain categories of steel with a view to protect domestic producers. Later in November last year, the government slapped the final duty. The dispute assumes significance as India and Japan implemented a comprehensive free trade agreement in 2011. It gave easy access to Japan in the Indian steel market. Indian industry has time and again demanded to take out the steel sector from the pact. But it can happen only after both the sides agree to do the same. The bilateral trade between the countries stood at USD 14.51 billion in 2015—16. Trade is highly in favor of Japan. After the Japan's first request for the panel was blocked by India at a meeting March 21, Japan has submitted its second request for a panel to determine whether India's decision to impose a safeguard measure on imports of iron and steel products violate WTO rules. India in its reply had stated that it was disappointed as Japan was insisting on the panel despite its sincere efforts to resolve the matter in consultations. India has said that the measures in question were completely consistent with WTO rules and justified by special circumstances.

INTERNATIONAL CHAMBER OF COMMERCE PUSHES FOR ECOMMERCE AGENDA AT WTO

A key global business lobby group has petitioned the World Trade Organization (WTO) to begin talks to open up cross-border digital trade for small and medium companies and allow them to sell their products across borders through ecommerce. The International Chamber of Commerce has proposed the WTO "to give active consideration" to launch talks on a holistic package of trade disciplines, rules and assistance to boost MSME ecommerce, something that India has been opposing vehemently. The lobby group has said the time may be right to consider whether WTO disciplines should be upgraded in support of digital trade. Even the G-20 has linked development with ecommerce and called for full participation of SMEs in developing countries and less developed economies to benefit from online trade. The chamber has further recommended that any new WTO package should also encompass capacity building resources for developing economies, including targeted assistance to ensure that MSMEs can get online and expand their business through ecommerce. It is not content but the timing of the report that has raised eyebrows. Though the report was finalised in September, it has been made public eight months later. It is being seen as preparing the ground for including ecommerce disciplines in the upcoming ministerial of the WTO agenda in December.



CALIFORNIA EXPORTS CONTINUE TO 'DEFY CONVENTIONAL EXPECTATIONS'



California's merchandise export trade continued its hot start to the year, with an 11 percent year-over-year gain in February, according to Beacon Economics.

The Los Angeles-based research and consulting firm said California businesses shipped merchandise valued at $13.46 billion in February, up from $12.13 billion in February 2016.

An 11 percent annual gain also was reported in January.

"The numbers continue to defy conventional expectations that a strong dollar would discourage exports," said Jock O'Connell, Beacon's international trade adviser.

Rising risks on export front may dent fortunes of steel players

There have lately been talks of steel prices being hiked by Rs 1,000-2,000 a tonne, and these sound encouraging. On a positive note, steel manufacturers have also started reporting strong production numbers.

Tata Steel's provisional numbers, for instance, show saleable steel production is up 17 per cent to 11.34 million tonnes (MT) in FY17 and a 22 per cent growth to 3.11 MT in March 2017 quarter.

JSW Steel, too, has reported an impressive trend with 15.8 per cent growth in production to 15.8 MT in

FY17 and 28 per cent growth to 4.10 MT in March quarter.
These have helped the share price of steel companies' trade firm on the bourses. However, there are reasons to be cautious.

The growth for steel players in FY17 was led by the tide turning favourable. The curbs on cheap imports, especially from China, helped increase domestic demand. Simultaneously, exports from India picked up in the second half helped by rising international steel prices.

Growing exports and better product mix helped Indian steel companies during the second half at a time when domestic demand was soft.

Tata Steel reported its highest ever annual automotive sales of 1.54 MT, up 9 per cent year-on-year in FY17, as its overall exports sales grew to 7 per cent of total volumes versus just two per cent in the previous year. JSW Steel, too, saw its flat products' production grow 25 per cent in last quarter and 16 per cent in the month of March.
Long product production during March quarter grew just seven per cent but declined four per cent in the month of March. The long products are used in construction sector and demand still remains weak as is visible from data. The flat steel is used by automobile and consumer durables industry as also for exports.

However, there are headwinds for exports. The strengthening of rupee (up over four per cent) is one reason that may pose risks to export growth.
Secondly, exports from China play an important role and analysts at Emkay Global say that despite all the noise about Chinese steel capacity cuts, steel production in China continues to grow as actions are being taken on the capacities, which are already idle.

In this backdrop, and with domestic demand weak, sustainability of price hikes is being looked at with scepticism. Analysts say that January price hikes of about Rs 3,000 a tonne had to be rolled back step-by-step till mid-February. On fresh talks of hikes, analysts at ICICI Securities had said that price increases in March are more of noise than reality. The increase, which the producers are trying to push through for April 2017, are quite ambitious, given the high level of inventory in the system.

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Useful links

http://coconutboard.nic.in/

Coconut Development Board is a statutory body established by the Government of India for the integrated development of coconut production and utilization in the country with focus on productivity increase and product diversification. The Board which came into existence on 12th January 1981, functions under the administrative control of the Ministry of Agriculture, Government of India, with its **Headquarters at Kochi** in Kerala and **Regional Offices** at **Bangalore** in Karnataka, **Chennai** in Tamil Nadu and **Guwahati** in Assam. There are six **State Centres** situated at **Bhubaneswar** in Orissa, **Calcutta** in West Bengal, **Patna** in Bihar, **Thane** in Maharashtra, **Hyderabad** in Andhra Pradesh and **Port Blair** in the Union Territory of Andaman & Nicobar Islands. The Board has 9 Demonstration cum Seed Production (DSP) Farms in different locations of the country and now 7 farms are maintained. A Market Development cum Information Centre has established in Delhi. The Board has set up a Technology Development Centre at Vazhakulam near Aluva in Kerala.

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Indian Institute of Export Management