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PAKISTAN PUTS MINIMUM EXPORT PRICE AT \$1,050/T AGAINST INDIA'S \$1,200

Basmati Export Floor Price may be Slashed to Counter Pak Move

To ensure traders do not lose out in global markets; local prices crash

**Sutanuka Ghosal
& Shambhavi Anand**

Kolkata | New Delhi: With Pakistan putting the minimum export price (MEP) of basmati at \$1,050 per tonne, India is considering reducing the MEP on basmati rice by \$200-300 from the \$1,200 a tonne so that Indian exporters of the aromatic rice do not lose out in the global markets to the neighbouring nation, trade sources and a government official said.

Also, ahead of the Lok Sabha elections next year, the government would not want to face the wrath of farmers from Punjab, Haryana and Western Uttar Pradesh who are staring at a loss of ₹10,000 per acre due to India fixing the MEP at \$1,200 per tonne. Prices of the newly harvested basmati rice have crashed by ₹400 per quintal after the government announced the minimum export price.

Trade sources said commerce minister Piyush Goyal had a virtual meeting with basmati exporters Monday where it was stressed by the industry representatives to bring down the MEP to \$850 per tonne. "It is likely that the ministry might issue an order by



Wednesday or Thursday on the same," said a member of the All India Rice Exporters Association, who attended the meeting, but did not want to be named.

Industry associations had already met thrice a committee set up by the government and headed by the chairman of the Agricultural and Processed Food Products Export Development Authority (APEDA), and sought a reduction in the MEP.

"While the fi-

nal decision has not been taken, it is under consideration," said a senior official in the government. Several varieties of basmati are grown only for export and not for domestic consumption, said the official, adding that allowing export of such varieties would not have any price impact on the domestic market.

In August, the government prohibited the export of basmati rice below \$1,200 per tonne to prevent potential instances of "illicit" shipment of regular white non-basmati rice disguised as high-quality basmati rice. It also kept sub-\$1,200 contracts in abeyance and asked the APEDA to set up a committee to evaluate and study the matter.

FCDA

Business Line. Dt: 27/09/23

Steel exports could remain under pressure due to global headwinds

Abhishek Law

New Delhi

A steel ministry report has pointed out to continuing "southbound steel prices" in global markets and recessionary pressures in Europe's housing market, thereby raising concerns about continued pressure on exports (steel).

In Europe, the construction sector, particularly the residential sub-segment, is experiencing a slowdown and "is likely to enter recession this year, which affected the sentiment".

Concerns about oversupply are pressuring finished steel prices in the US amid weakened buying in a typically slow part of the year, the report, accessed by *businessline* showed.

The report states that while in China, prices



MAJOR HIKE. Steel majors increased prices by 2-8% across categories like hot-rolled coils, rebars and cold rolled coils

showed a marginal improvement in August compared to the previous month; weak property sector continues to impact construction-related manufacturing and steel demand there. Output cuts did lead to temporary rally in steel prices, but these were short-lived.

Price in India, "eased significantly" in August; and the reason was pegged on "geopolitical issues" and season-

ality-monsoons being a lean period for commodity demand.

Incidentally, India's steel majors increased prices by 2-8 per cent across categories like hot-rolled coils and rebars (used mostly in construction sector), and cold rolled coils beginning September in what is being seen as the first major price hike that was initiated since April.

For April-August, India's steel exports was near flat (rising at over 1 per cent) at 3.01 million tonnes (mt). European nations were the highest buyer of Indian steel accounting for over 40 per cent of the exports for the period under review. Italy was the largest buyer of Indian steel, at 0.67 mt, up 34 per cent y-o-y, followed by Spain with 0.27 mt, up 105 per cent y-o-y, while Belgium saw a 12 per cent decline in purchases to 0.27 mt.

The big Asian export markets for Indian steel mills were Nepal — which bought 0.25 mt witnessing a y-o-y rise of 23 per cent; and UAE — where shipments dropped by 33 per cent y-o-y to 0.2 mt.

Vietnam, one of the largest buyers of Indian steel, is now one of the top five importers (selling to India). Exports (to Vietnam) was less than 0.1 mt.

Business Line. Dt: 27/09/23

Tesla's China exports in crosshairs of EU probe

Bloomberg

One automaker is looming larger than any other in the investigation of electric vehicles flowing into the European Union from China: Tesla Inc.

During the evidence-gathering that precipitated this month's surprise announcement of an EU anti-subsidy probe into Chinese EVs, the US carmaker was among the companies found to have likely

benefited, according to people familiar with the matter.

The aim of the investigation will be to determine whether, and the degree to which, China has subsidised Tesla and domestic manufacturers including BYD Co, SAIC Motor Corp and Nio Inc and to take any necessary countervailing measures to level the playing field for the EU's industry, said the people.

The probe that European Commission President Ursula



von der Leyen made public on September 13 has the potential to reshape the competitive dynamics within the world's second-largest EV market, after China. Both sides have

ample reason to proceed carefully. While the EU risks exposing its manufacturers to potential retaliation, the bloc is the most attractive export destination for Chinese companies rife with excess production capacity.

TESLA EXPANSION

Tesla started exporting Model 3 sedans built at its Shanghai factory in late 2020, less than a year after starting production at its first overseas car plant.

By July 2021, the company referred to the facility as its primary vehicle export hub.

Through the first seven months of 2023, Tesla sold an estimated 93,700 made-in-China vehicles across Western Europe, accounting for roughly 47 per cent of its total deliveries, according to Schmidt Automotive Research. The next biggest exporter of EVs from China to Europe was SAIC's MG, with roughly 57,500 registrations.

Apple and Samsung stand to make most of new import regime

SURAJEET DAS GUPTA

New Delhi, 26 September

Tech giants Apple and Samsung are likely to be the key beneficiaries of the new import management system that is currently being formulated by the Ministry of Electronics and Information Technology (MeitY), experts said.

According to a proposal under discussion, MeitY will give import credits to companies, which will be linked to their performance based on the domestic value of production as well as the value of their exports of electronic items.

The credits can be used by these firms to import their branded laptops, notebooks, tablets and small servers for the Indian market, part of the new "import management regime."

Consequently, Apple and Samsung, which are one of the larger domestic producers of consumer electronics, including phones in India, and also stand among the largest exporters of mobile phones, are likely to benefit from this move, experts said. Apple and Samsung declined to comment.

The move, experts said, could also help firms, which recently announced a significant "Made in India" push.

The company is eyeing \$1 billion in exports and domestic production in the

coming years. It has also applied for the revised Production-Linked Incentive (PLI) scheme for Information Technology (IT) hardware.

In FY23, Samsung exported over \$4.09 billion worth of mobile phones, and its revenues from mobile devices stood at ₹ 55,000 crore in FY 22 in the country. For Apple, their three vendors have exported \$5.3 billion in FY23, and its total production value stood at \$7 billion.

According to data by Canalytics, Apple held a 17.4 per cent share of the tablet (iPad) shipments in Q2 2023, ranked just behind Samsung, which stood at 28.2 per cent.

Both the players do not assemble the products in India (Apple imports it from Vietnam).

Apple's share in the total personal computer (PC) market (which includes tablets as well) was 8.2 per cent in Q2 2023,

making it into the top five behind HP (26.3 per cent), Dell (16.8 per cent) and Acer (16.1 per cent), a study

At present, Samsung's share in the PC market is minuscule, but even making it into the top five, both the companies import their products. For notebooks, the total shipments in the quarter stood at 2.3 million.



Traders Flag Slow Growth of Labour-intensive Exports

FIEO raises concerns with commerce min; Bangladesh, China, Vietnam do better

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New Delhi: Exporters have raised with the government the issue of the pace of growth of labour intensive exports of garments, gems and jewellery, marine products, and plastics, being slower than those from Bangladesh, China and Vietnam in the last three years.

India's goods exports contracted for the seventh straight month in August though the extent of decline eased to 6.86% from double-digit contractions in recent months, to hit a three-month high of \$34.5 billion.

As per an analysis by the Federation of Indian Export Organisations (FIEO) submitted to the commerce and industry ministry, the "most pressing



concern" regarding the negative export growth is the poor performance of labour-intensive sectors.

"An analysis of sector wise export performance for the last five years reveal the troubling pattern that India is experiencing a decline in global market share across labour-intensive sectors," FIEO said in the submission.

As per the analysis, the compound annual growth rate (CAGR) of export of woven garments by India in 2018-22 was 1.12% despite a global trade growth rate of approximately 2%, with Bangladesh and Vietnam growing at 6% and 4%, respectively.

India being the second-largest supplier of made-ups after China has managed a growth

rate of 3.53% as against the global growth at 9%, FIEO said. In the footwear sector, Bangladesh grew to \$1.7 billion from \$1 billion over three years in contrast with India's growth to \$3 billion from around \$2.8 billion, according to the analysis. However, technology-driven sectors, indicate a significant surge in global demand for machinery, auto components, electrical and electronics goods.

Sources said that there is a possibility that goods exports this year may be similar to last year. India's merchandise exports were \$450 billion in FY23.

The apex exporters' body attributed the rise in India's overall exports to a "distinct spike" in export growth of roughly \$40 billion.

FINANCIAL EXPRESS Dt: 27/09/23

Slow global demand hits agri exports

SANDIP DAS
New Delhi, September 26

SLUGGISH GLOBAL DEMAND, coupled with the government restricting cereal exports to improve domestic supplies, has adversely impacted India's farm exports.

Shipments of agricultural items and processed food, which had been resilient in the last few fiscals, dropped by 12.47% on year to \$8.39 billion during the April-July period of the current fiscal.

Cereal exports in the first four months of FY24 dropped by 22% to \$4.12 billion on year because of the ban on white rice exports, shipment duties on parboiled rice and the ban on wheat exports in place since May last year.

In April-July FY23, wheat exports were valued at \$1.23 billion. Since the ban on wheat shipments imposed on May 17, 2022, exports are approved only on a government-to-government basis. In the current fiscal, only 0.3 million tonne

(MT) of wheat shipment has been approved for Nepal in July.

According to the Directorate General of Commercial Intelligence and Statistics, while Basmati rice exports grew 13.19% to \$1.7 billion in the first four months of FY24, non-basmati rice shipments declined marginally by 2.7% to \$2.02 billion on year.

Shipment of Basmati rice is expected to fall during the August-September period, with the government last month imposing a \$1,200 per

tonne minimum export price till October 15.

Officials said non-Basmati rice exports are likely to decline in the next few months as the government had banned shipment of white rice and imposed 20% export tax on parboiled in recent months.

In the current fiscal, the government has approved exports of only 0.92 MT of non-basmati rice so far to countries such as Senegal, Indonesia, Mali, Gambia, Bhutan, Singapore and Mauritius.

Business Line. Dt: 28/09/23

Steel mills want to tap Mexico for exports

Abhishek Law
New Delhi

The Indian Steel Association (ISA) – which includes the largest steel makers such as AMNS India, Tata Steel, JSW, SAIL and JSPL – has sought intervention of Union Minister Jyotiraditya Scindia to explore free trade agreement (FTA) so that Indian mills can tap into Mexico.

The association is also seeking help to see that exports from India to the LatAm market do not face a local levy (import duty in Mexico) thereby making shipments from India turn costlier by 25 per cent.

European nations are amongst the highest exporters of steel there and Indian mills have been trying to tap into it as a part of their entry into new overseas regions.

Incidentally, exports from India are already under stress with there still being a slowdown in offers across key markets such as West Asia and Vietnam.

DUTY ON SHIPMENTS

“In addition, India could explore FTA with Mexico for... committing investments in sustained, structured and bilaterally conducive terms,” it said in a letter addressed to the Minister, and some senior bureaucrats in the Steel Ministry, earlier this month. (*business-line* has reviewed the letter.)

It has also been pointed out that the Latin American nation has imposed a duty on 392 items, of which 92 percent to



EXPLORING OTHER AVENUES. Exports from India are already under stress with slowdown in offers across key markets such as West Asia and Vietnam

steel. Import duties are up from 10 per cent to 25 per cent.

Duty is imposed on items coming in from countries with which Mexico does not have an FTA. Effectively 59 nations, including the European Union nations, are excluded from the duty.

Post the levy, Indian shipments will be adversely hit and turn costlier by 10–25 per cent.

Exports to Mexico (from India) at present continue to be low, just about 0.1 million tonnes (mt). The LatAm nation is a net importer of steel (11 mt of imports versus 5.5 mt of exports), and the entire North American region reported around 54 mt imports in 2022.

Incidentally, the association has pointed out that the Centre had stepped in earlier when the US had imposed similar duties, which were subsequently revoked post intervention by the Ministry. “... ”

Mexico to reinstate import tariff for Indian steel at 10 per cent.... offer an equitable trade treatment to Indian steel exports – at par with Mexico's other FTA countries,” it said in the letter seeking Centre's intervention.

EXPORTS UNDER PRESSURE

Incidentally, Indian steel exports have been under pressure in view of global recessionary headwinds.

Consultancy firm Steel Mint, in a report said, Indian mills have halted hot rolled coil export offers to South East Asia and West Asia due to limited allocations and higher prices in the domestic market. Demand in West Asia and Vietnam is slow.

In addition, Indian HRC export offers to Europe (including EU) remained stable with market participants in the EU postponing restocking until October and are waiting for import quotas.

Business Line Dt: 28/09/23

As stocks pile up, GJEPC asks members to stop importing rough diamonds

Suresh P. Iyengar
Mumbai

The Gem and Jewellery Export Promotion Council (GJEPC) and other leading associations have directed members to halt import of rough diamonds for two months from October 15, amid a steep rise in inventory of polished diamonds due to a sharp fall in exports.

Halting the import of rough diamonds will help the industry balance demand and supply, thereby protecting the value of assets and increasing consumer confidence, according to a statement from the industry bodies.

They have decided to reverse the situation in the first



week of December. Demand for loose polished diamonds and jewellery from large consuming economies such as the US and China has been affected over the last many quarters and fresh orders have slowed down.

The overall export of gems and jewellery dipped 27 per cent in the five months this

fiscal to \$12.06 billion (₹99,293 crore) against \$16.55 billion (₹1,29,234 crore) in the same period last year, according to GJEPC data.

Cut and polished diamond exports declined 30 per cent so far this fiscal to \$7.03 billion (₹57,844 crore) against \$10.08 billion (₹78,693 crore) last year.

Subsequently, inventories of polished diamonds have increased over the past few months and prices have softened.

BENEFITS OF BAN

Mining companies have been flooding rough diamonds into the market despite the fall in demand. Colin Shah, Man-

aging Director, Kama Jewelry, said with the concurrent downtrend in diamond exports for the last several quarters and the softening of prices, the voluntarily ban on diamond imports will help diamond traders to ease their inventories and derive a fair price.

The diamond industry has imposed voluntary bans in the past to bring stability in the overall demand-supply dynamics and foster economic growth of the country through robust exports.

This may have some impact on the Indian diamond polishing business in the short run, but will eventually benefit the industry in the long run, he said.

Import of fertilizers drops, but sales up 10% in April-August

Prabhudatta Mishra

New Delhi

Fertilizer sales during first five months of the current fiscal has surged 10 per cent to 253.06 lakh tonnes (lt) due to higher demand in August following re-sowing of crop at many places. The fertilizer subsidy accordingly has reached ₹98,329.1 crore — 56 per cent of budget estimate for the entire fiscal.

"The sales were lower than the estimate in July and it probably caused a big rush to buy the fertilizers in August. Besides, there could be also advance purchase for rabi season as sales of DAP surged by nearly 50 per cent last month," said an official source. Total demand of fertilizers (except Single Super Phosphates) for the April-August period was earlier pegged at 263.05 lt and the actual sales were 4 per cent lower from it.

According to official data, urea sales were up by 6.5 per

Fertilizer Scenario

Production (lakh tonnes)	April - August	
	2023-24	2022-23
Urea	126.2	116.19
DAP	19.28	17.04
Complex	41.41	36.54
SSP	21.55	23.25
Ammonium Sulphate	2.51	3.05
Total	210.95	196.07
Subsidy (₹ in cr)	Actual (April-Aug)	
	BE	% of BE
Total	98,329.1	56.2
Urea	6,4218.39	49.0
P&K	34,110.71	77.5

cent at 153.98 lt during April-August from the year-ago period, that of DAP by 19.7 per cent to 48.26 lt and complex by 13.3 per cent to 45.46 lt. But MOP purchases recorded a drop of 1 per cent at 5.36 lt.

RE-SOWING OPS

The India Meteorological Department has said the monsoon rain during this month was 14 per cent above normal until

Wednesday, whereas the seasonal precipitation since June 1 was 6 per cent below normal. After the 36 per cent deficit train during August, the surplus this month may help the rabi sowing which will start in October.

Import has dropped by 1 per cent to 70.01 lt during April-August due to a slowdown in urea arrivals from China. However, there was high volume of DAP, MOP purchased.

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Indian Trade to Stop Rough Diamond Imports for 2 Months as Demand Dips

Move to help industry reduce polished stock, protect fin health of trade, save jobs of workers

Sutanuka Ghosal
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Kolkata: The Indian diamond trade has decided to stop imports of rough diamonds from mining companies like De Beers, Alrosa, Rio Tinto, and Dominion for two months from October 15 amid slowing demand for cut and polished diamonds in the US and China.

India cuts and polishes nine out of 10 diamonds available in the world. The decision was taken after more than 100 diamond manufacturers, traders, importers, and exporters from Mumbai and Surat reviewed the situation on Tuesday.

It will help the industry reduce

its polished stock inventory, protect financial health of the trade, and save jobs of nearly two million workers, industry officials said.

"It was assessed that halting imports of rough diamonds will help the industry better manage the balance between demand and supply, thereby protecting the value of assets and increase consumer confidence," said Vipul Shah, chairman of Gem & Jewellery Export Promotion Council (GJEPC).

They will review the situation in the first week of December 2023 and then decide the future course of action, trade insiders said.

Apart from GJEPC, members from Bharat Diamond Bourse, Mumbai Diamond Merchants As-



BCCI

sociation, Surat Diamond Bourse, and Surat Diamond Association participated in the meeting.

The trade had taken similar moves during the Lehman Brothers collapse in 2008 and during the Covid-19 pandemic.

Trade insiders said mining com-

panies generally keep selling rough diamonds they mine to the cutting and polishing industry – also known as 'midstream' – irrespective of the state of demand. This puts the onus on the midstream to keep track of the real demand and transmit their need for supply of rough diamonds to mining companies, they said.

"Taking these dynamics into account, we have already reached out to all the major diamond mining companies, sharing with them the current challenges that are faced by the midstream and requesting them to support the industry with a prudent and responsible approach in their offerings to their respective customer base," Shah said.

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'Technical textiles exports set to grow rapidly in coming years'

Subramani Ra Mancombu
Chennai

India's technical textiles exports are expected to surge by leaps and bounds in the coming years as it has just begun to explore the segment. The Synthetic and Rayon Textiles Export Promotion Council (SRTEPC) Chairman Bhadrash Dodhia has said.

"Among man-made fibres (MMF), technical textiles make up 30 per cent of the total exports. It is just the beginning for India and it will grow sharply," he told *businessline* in an interview.

VEHICLE TO DRIVE MMF
Sportswear, fire retardant, geo-textiles, construction,

agro-tech, industrial tech and home furnishings all use technical textiles with Germany accounting for 60 per cent of technical textiles pie. Technical textiles can be made stronger than steel and used in rockets.

Dodhia said technical textiles can be the vehicle which can drive MMF exports. "Indian textiles exports are cotton-driven. Cotton makes up 60-65 per cent.

This is in reverse to what is happening in the global market where MMF accounts for 70 per cent of total textile demand," he said.

The lower share in the textiles export basket is an opportunity and India could emerge as a "favoured" supplier of MMF, Dodhia said.



Bhadrash Dodhia, Chairman, The Synthetic and Rayon Textiles Export Promotion Council

In the first quarter of the current fiscal, overall exports of technical textiles were \$631 million compared with \$678 million in the same period a year ago, down by 6.9 per cent.

Geotech was the fastest growing segment in the quarter with 88 per cent growth followed by protective textiles with 63 per cent.

The decline in technical textiles was one of the reasons why MMF shipments from the country declined by 14 per cent to \$1,338 million.

Over the past five years, the MMF demand has registered a 10 per cent CAGR after being stagnant during 2014-2018.

KASTURI-LIKE BRAND

The Ministry of Textiles has asked the association to come up with a brand that will represent MMF in the global market. "We are discussing this within our association and working out a plan to come out with a brand like Kasturi

for cotton," Dodhia said. Though crude oil prices determine the prices of MMF products, the rates are not as volatile as cotton. "Price fluctuations in MMF are minimum. And MMF is the only solution for textiles sustainability," the SRTEPC Chairman said.

MMF can be recycled and Prime Minister Narendra Modi wearing a jacket made out of waste plastic bottles has given the sector a new impetus.

The Indian government need not handhold the textile sector, particularly when the PLI scheme has proved to be progressive. However, the sector is looking for a better duty structure to be competitive in the global market.

Low-pressure area to fort

Vinson Kurian
Thiruvananthapuram

The India Meteorological Department (IMD) has said a cyclonic circulation lies over Myanmar and adjoining East-Central Bay of Bengal, which is expected to deepen into a low-pressure area, the last of the 2023 monsoon, over East-Central and adjoining North-East Bay of Bengal by Friday.

Thereafter, it is likely to concentrate into being 'well-marked,' usually the first stage of intensification, during the weekend and move towards North Odisha and adjoining West Bengal coasts.

MONSOON WITHDRAWAL

This is expected to trigger a fresh round of a wet spell over East India and parts of Central and Peninsular India.

The 2023 June-September

season had started to draw from South-West jasthan a little more week later than the dateline. With two months to go, the all-India rain stands at six per cent, recovered in September double-digits earlier.

SQUALLY WEATHER

The IMD had forecast s weather over the Andaman Nicobar Islands on Thursday with wind speeds reaching 45-55 km/hr gusting to 60 hr. Isolated very heavy rain likely over the Islands Saturday and over Odisha Monday and Tuesday.

Light to moderate to widespread to widespread rain, thunderstorms lightning with isolated rain are forecast over Andaman & Nicobar Islands Sunday; over Odisha Friday to Sunday; over

ON A MONTHLY BASIS, IMPORTS WERE UP BY 8%

Russian crude imports jump 80% in Sept on cheaper Urals

ARUNIMA BHARADWAJ
New Delhi, October 1

INDIA'S IMPORT OF crude oil from Russia surged a whopping 80% in September after a marginal drop seen during the summer months.

According to data from energy cargo tracker Vortexa, the share of Urals in India's crude oil imports rose to 1.56 million barrels per day (bpd) in September, compared with 865,000 bpd during the same period last year. On a monthly basis, imports were up by 8% from 1.44 million bpd. Data compiled by commodity research and analysis company Kpler showed that crude imports from Russia rose to 1.8 mn barrels a day in September compared with 977,000 bpd during September 2022. "Indian refiners have been tacitly lamenting about Urals trading at -\$4 per barrel to Brent on a delivered basis, however given the robust pull on Russian crude from China, the differentials on Russian barrels will not be coming down anytime soon. Urals at that price is still \$6 a barrel lower than anything term-supplied from the Middle East," said Viktor Katona, lead crude analysts at Kpler.

Similarly, the share of India's crude imports from Iraq increased

HEATING UP

■ The share of Urals in India's crude oil imports rose to

1.56 mn bpd
in September

■ Share from Iraq also jumped in September due to better pricing than the Saudi Arabian crude

■ India imported 926,000 bpd crude from Iraq in Sept, up 14.6% on year

■ In Sept, Saudi Arabia exported 506,000 bpd of crude oil to India



■ Currently, Russia is the biggest supplier of crude to India followed by Iraq and Saudi Arabia

■ Imports from Saudi have reduced over the years due to the jump in its cost of crude

significantly in September due to better pricing than the Saudi Arabian crude, according to analysts.

In September, the country imported 926,000 bpd crude from Iraq, up 14.6% on year and 8.54% from August, according to data from Vortexa. Kpler analysis showed a similar trend with imports from Iraq touching 916,000 bpd the previous month, compared with 805,000 bpd last year.

Currently, Russia is the biggest supplier of crude to India followed by Iraq and Saudi Arabia. Even though Saudi Arabia still remains one of the

top three suppliers of crude, its share of imports have significantly reduced over the years.

In September, Saudi Arabia exported about 506,000 bpd of crude oil to India, drastically lower than 855,000 bpd in August, according to data from Vortexa. Imports from Saudi Arabia are down by almost 45% from 918,000 bpd in September 2022.

The lower share of imports from Saudi Arabia, which once used to be one of the major exporter of crude to the country, can be attributed to increased costs of Saudi Arabian

crude after the country announced extension of its production cut till December.

"Iraq has been pricing its cargoes below Saudi Arabian prices, like of Basrah Medium is still \$1.8 per barrel cheaper than the similar-quality Arab Medium," said Katona. "That is why Indian refiners have been cutting down on Saudi barrels, however, they understand the political importance of maintaining good relationships with Saudi Aramco and the sub-optimal pricing prompts them to buy the bare minimum," Katona said.

Analysts also believe that India will continue to import crude at its current level in the upcoming winter season given Russia's ban on diesel and gasoline exports continue.

"I think India will stick to its September levels of buying further on, importing 1.8-1.9 million barrel a day," Katona told FE.

However, in value terms, India's total oil imports in August were \$13.20 billion, down 23.7% on year, according to data from the commerce ministry.

"India continues to fulfil its growing crude requirements from across global markets at most optimal price it gets," said Gaurav Moda, partner, energy sector leader from EY India.

Oil trade with Europe adds \$40 bn to exports

MAKESH JAGOTA

New Delhi, October 1

THE RE-ROUTING of oil trade between Russia and Europe through India led to the addition of around \$40 billion to the headline merchandise export numbers over the last two years and any reversal in trend could cause trouble, according to an analysis. To be sure, any reversal may still be some time away as India has successfully warded off international pressure to keep off Russian crude. The biggest worry facing India's exports is the gradual erosion of India's share in the global trade of high-employment generating products, according to the Federation of Indian Export Organisations (FIEO).

India's petroleum products exports were \$94.5 billion in FY23, up from \$25.8 billion in 2020-21. While some of this close to four-fold increase can be attributed to a jump in the prices of crude and growth in demand from traditional destinations, a big part of this increase is also due to the new market of Europe opening up.

A reading of the data shows that much of the petroleum products to Europe are flowing through the Netherlands where Rotterdam port has one of the world's biggest bulk liquid cargo handling capacity. From less than \$2 billion of automotive diesel and aviation fuel in FY20, Netherlands received \$6.5 billion of automotive diesel and

INDIA'S TRADE PICTURE



■ India's petroleum products exports were **\$94.5 billion in FY23, up from \$25.8 billion in 2020-21**

■ Other export markets opening up for India are electronics and smartphones but it continues to slip in traditional sectors

■ In the footwear sector the global trade expanded by 5%, but India's exports have contracted

■ India's growth is also lagging in the pharma sector at 9% while the global market grew by 12%

\$5.7 billion of ATF in 2022-23.

It is now the biggest market for petroleum products from India accounting for 12.86% of sales last financial year. Cheaper crude has also seen the emergence of Brazil, Israel and Togo as major petroleum product destinations. Other export markets opening up for India are electronics and smartphones but it continues to slip in traditional sectors. While exports of \$10 billion of smartphones would result in local value addition of around \$2 billion, in the traditional sector this number would be \$9 billion, according to FIEO. Apparel, knitted garments, marine products, plastics, gems and jewellery sectors have raised concerns due to their modest growth rates ranging from 1% to 2%. The global trade in knitted garments expanded by 6%, whereas

India's growth remained at a mere 2%. Bangladesh recorded significant increase in knitted garment exports by \$10 billion from 2019 to 2022 compared to India's \$200 million growth during the same period.

In woven garments, despite a global trade growth rate of approximately 2%, India's export growth has consistently been below 1% for years, with Bangladesh and Vietnam growing at 6% and 4%, respectively.

India being the second-largest supplier of made-ups after China has managed a growth rate of 3.53% against the global growth at 9% in the footwear sector the global trade expanded by 5%, but India's exports have contracted. Bangladesh's brilliant growth from \$1 billion to \$1.7 billion over three years is in contrast with India's meagre growth.