Sixth month running, goods exports down 16% in July; import dip trims trade deficit

BUSINESS LINE dt. 15/8/23

Amiti Sen
New Delhi

India's goods exports fell 15.88 per cent (year-on-year) to \$32.25 billion in July, posting a decline for the sixth straight month, as global headwinds continued to slow demand hitting sectors such as gems & jewellery, petroleum products, engineering goods, and chemicals, per data shared by the Commerce Department.

Imports in July declined 17 per cent to \$52.92 billion narrowing the trade deficit to \$20.67 billion from \$25.43 billion in July 2022, according to quick estimates of trade data.

GLOBAL HEADWINDS

"Globally, headwinds are still there. Most countries are reporting huge declines in exports and imports. We are also part of the global supply chain," Commerce Secretary Sunil Barthwal said.

Exports in April-July fell 14.5 per cent to \$136.22 billion, while imports declined 13.79 per cent to \$213.2 billion.

"Despite the slowdown in global demand and fall in commodity prices, including petroleum, we hope exports of goods and services (this fiscal) will be higher than last year... We are hoping global headwinds will subside," Barthwal said. He also pointed to the higher base effect as exports had hit record highs in the last two fiscals.

FTAs with more countries, especially in Latin America and Africa, should yield positive outcomes, according to EEPC India.

"We expect the current account deficit to widen to \$11-13 billion in Q1 and further to \$15-17 billion in Q2, with the monthly trade deficit likely to remain above the \$20-billion mark the next couple of months," said Aditi Nayar, Chief Economist, ICRA.

Trade during April-July 2023*

(\$ billion)

		Apr-Jul 2023	Apr-Jul 2022
Merchandise	Exports	136.22	159.32
	Imports	213.20	247.31
Services*	Exports	107.93	100.35
	Imports	59.21	59.09
Overall Trade*	Exports	244.15	259.67
	Imports	272.41	306.39
	Trade Balance	-28.26	-46.72

*Merchandise+Services

Business Line Dt: 15/08/23

No plans for import curbs on more electronic products: Govt

SET FOR A DEAL. Only few issues left to be resolved in India-UK FTA talks, says Barthwal

Amiti Sen
New Delhi

The government is currently not examining any proposal to impose licensing restrictions on import of more electronic goods, a senior government official has said.

The Directorate General of Foreign Trade (DGFT) recently announced import restrictions on laptops, tablets and personal computers which are to be implemented from November.

But there are no plans of adding more items to the list at the moment although imports are being monitored for a wide range of products to ensure that there was no undue dependence on any particular country, Commerce Secretary Sunil Barthwal said in an interaction with the media on Monday.

"We are evaluating our position in consultation with other Ministries. But nothing is in the offing now. As and when we feel the need, we have to take a call (on the matter). But currently there is no such move," he said.

UK FTA TALKS

On the India-UK FTA negotiations, that are currently on in New Delhi, Barthwal said that there were only few issues left to be resolved which he hoped would be closed soon.

"The UK team is coming to India during the Trade and Investment Working Group (TIWG) meeting (in Jaipur) and we are hoping that we would be closing those remaining issues," he said.

Out of the total 26 chapters in the proposed FTA, 19 have been closed. Investment is being negotiated as a separate agreement (bilateral investment treaty) between India and the UK.

Sunil Barthwal

India is hopeful that the India UK FTA talks could be concluded soon. "I think there is a good possibility of the UK FTA moving forward. There are a lot of steps before FTA is signed," the Secretary said, adding that Cabinet approval was also required.

One section of the UK team is already in New Delhi while another set of officials would join from August 16. India-UK Minister-level meeting is likely on August 21.

The Commerce Secretary added that India will now consider FTAs with countries where it has a strategic interest in addition to trade interest.

India was interested in countries that could supply critical minerals to help in energy transition process, such as making batteries for electric vehicles. "We are looking at FTAs with smaller countries in terms of securing critical minerals," he said. Countries in South America, like Peru and Chile, had reserves of critical minerals and India is exploring FTAs with both.

The Economic Times. Dt: 15/08/23

BOARD APPROVES SHARE ENTITLEMENT RATIO OF 10:1 FOR HOTELS BUSINESS DEMERGER

ITC Profit Rises, but Export Curbs Hit Revenue

Profit rises to ₹4,902 cr in Q1; cigarettes biz revenue up nearly 11%

Our Bureau

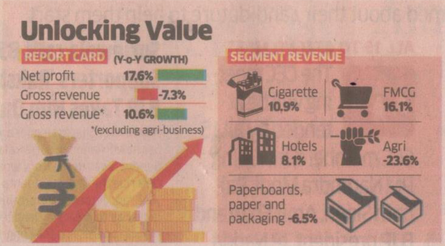
Kolkata: ITC posted a 17.6% jump in its net profit year on year at ₹4,902.7 crore in the first quarter ending June, while the gross revenue for the quarter declined by 7.3% year on year to ₹16,842.9 crore due to government restrictions on wheat exports. It said excluding the agricultural business, there was a 10.6% growth in revenue for the period.

The board of ITC on Monday also approved the demerger share entitlement ratio of 10:1 for the hotel business, whereby for every ten shares held in ITC the shareholders would receive one equity share in the resulting company ITC Hotels. In an investor note, ITC said the share entitlement ratio is a function of the share capital of the two companies and has no bearing on the market capitalization of ITC Hotels. It said ITC Hotels will be listed in about 15 months.

Amnish Aggarwal, head of research at Prabhudas Lilladher, said the share swap ratio is of little significance as shareholders of ITC will get 60% of shares. "So higher the share swap ratio, more will be the number of shares and less will be the price. The major aspect is that the enterprise value of the business is the actual number. In a scenario where ITC would have given a 1:1 swap ratio, while the number of shares would have been higher, value per share would have been very low, may be ₹12-15 as per street estimates," he said.

ITC's non-cigarette FMCG business reported 16.1% growth in segment revenue to ₹5,166 crore

ITC said the shareholders of ITC will hold 100% of the ultimate beneficial economic interest in the hotels business with direct holding of about 60% and indirect holding of about 40% through ITC. It said the demerger would unlock value of the hotels business for existing shareholders of ITC through "independent market-driven valuation of their shares" in ITC Hotels which will be listed.



For the June quarter, ITC's cigarette, hotels and fast moving consumer goods (FMCG) business comprising packaged food, personal care, agarbatti and stationery products grew overall sales.

In the flagship cigarettes business, ITC reported a 10.9% year-on-year jump in net segment revenue and 11.2% growth in segment profit before interest and taxes (PBIT). Analysts said the cigarette business volume continued on a positive trajectory last quarter growing by 9-10%.

ITC's non-cigarette FMCG business reported 16.1% growth in segment revenue to ₹5,166 crore thereby crossing the ₹5,000 crore revenue mark in a quarter for the first time while segment Ebitda (earnings before interest, taxes, depreciation and amortization) margin expanded 325 basis points to 11%. A basis point is 0.01 percentage point. The segment Ebitda was at ₹570 crore.

The company said there was strong growth in staples, biscuits, noodles, beverages, dairy, agarbatti and premium soaps, while the education and stationery products business continued to witness strong traction. ITC said overall input costs remained higher compared to pre-pandemic levels, even as certain commodities witnessed moderation in prices on a high base of the previous year.

ITC said it was the best-ever first quarter for the hotels business with segment revenue growing by 8.1% on a high base while segment PBIT grew by 17% and segment Ebitda by 12.9%. In the agri business, ITC said revenue grew by 31% excluding wheat exports driven by value added agri-products and leaf tobacco, and segment PBIT grew by 25.3%.

It said restrictions imposed on wheat and rice exports by the government in the backdrop of inflationary headwinds and food security concerns weighed on revenue during the quarter. The company's paperboards, paper and packaging segment reflected the impact of subdued demand, sharp reduction in global pulp prices and high base effect with segment revenue declining by 6.5% and segment PBIT declined by 22.9%.

FINANCIAL EXPRESS. Dt:- 15/08/23

Vegetable oil imports up 46%

INDIA'S VEGETABLE OIL imports increased by 46% to 1.7 million tonne in July this year on rise in palm oil shipments, industry body Solvent Extractors Association (SEA) said on Monday.

The country's vegetable oil imports were 1.21 million tonne in the year-ago period, it said.

Similarly, over the first nine months of the 2022-23 oil year (November-October), import of vegetable oils surged by 23% to 12.2 million tonne from 9.97 million tonne in the same period last year.

Vegetable oil imports comprise both edible and non-edible oils. Non-edible oil imports also, rose to 15,999 tonne from 9,069 tonne in the said period. —PTI

Business Line · Dt: 17/08/23

M&M to expand its global presence, doubles passenger vehicle exports in July

Aroosa Ahmed
Mumbai

Automaker Mahindra & Mahindra (M&M) is rapidly expanding its global presence in its passenger and farm equipment segments. The company that showcased its Thar electric vehicle (Thar.e) and Global Pik Up concept in Capetown, South Africa, on August 15, plans to introduce its Global Pik Up in international markets including South Africa, New Zealand, MENA, South and Central America. The company aims to have a double-digit market share in the Pik Up category in its international markets.

"The move with the Global Pik Up is poised to not only reinforce our presence in existing markets, but also pave the way to new frontiers," said Veejay Nakra, President, Automotive Sector, M&M.

Thar.e will be on the company's INGLO electric platform with AWD electric power train and will incorporate 50 per cent recycled PET and uncoated plastics. Thar, in its electric vehicle (EV) version, will be manufactured in the company's Chakan plant which has a capacity of two lakh units. The plant will be used to manufacture EVs at full capacity between 2027 and 2029.

M&M has partnered with Dolby Atmos and Harman Kardon for sound experiences in its battery-EVs. The company has also collaborated with AR Rahman for its new range of born EVs. The EV offering ranges will consist of BE, XUV.e, THAR.e, SCORPIO.e and BOLERO.e.

INCREASED EXPORTS

According to SIAM data, M&Mhas increased its passenger vehicle exports. In July, the company exported 1,348 vehicles compared with 647 vehicles exported in July 2022. The company also increased its passenger vehicle production year on year. In July, M&M manufactured 38,996 vehicles (27,716 vehicles).

In its farm and equipment segments, the company exported 18,000 units in FY23 and plans to double the export volume in three years.

"We have maintained the adventurous spirit and off-roading capability that is quintessentially Thar, but we have crafted a unique identity in the world of electric SUVs. Thar. e is our declaration of an exciting and responsible future," said Pratap Bose, Chief Design Officer, M&M.

Business Line. Dt: 17/08/23

China may step up Indian chilli imports

Vishwanath Kulkarni
KV Kurmanath
Bengaluru/Hyderabad

As floods in parts of China impact production, Indian red chilli exporters expect demand to return from the largest buyer amidst declining stocks in the neighbouring country.

As a result, prices, which had retraced from the high levels in May, are seen rebounding in the weeks ahead.

China, the largest buyer of Indian chillies, had made aggressive purchases till May this year and the demand had slowed down in recent months.

"China's production in some areas has been affected by 30-40 per cent due to floods and it may re-enter the market again. With fresh buying coming up from China and also from Bangladesh, we expect prices to go up by ₹10-20 per kg in the coming weeks," said Sambasiva Rao Velagapudi, Chairman, All India Chilli Exporters Association in Guntur, the largest market-yard for the spices crop.

Rao said chilli stocks in China are down by about 75 per cent. "A month ago, China had 2,000 containers of stocks. Now they are having only 500 containers," Rao said, adding that the low stocks would trigger renewed demand from the neighbouring buyer.

India's chilli exports touched a record high in value during 2022-23 fiscal, exceeding ₹10,444 crore, per Spices Board data.

China had purchased over 1.57 lakh tonnes of Indian chillies valued at over ₹3,408 crore in 2022-23, accounting for about a third of the export value. Chilli is the largest produce in India's spices export basket, accounting for almost a third of the value of overall shipments of ₹31,761 crore.

After hitting a high of ₹220-240 per kg in May, prices of Teja chilli, the pungent variety preferred by Chinese buyers, edged down on slack demand during recent months. Now, prices of Teja chilli are likely to return to the ₹220-245 range, Rao said, adding that another variety Super 10, which has medium pungency, is ruling in the same range. "We are also expecting good demand for Super 10 chilli from Sri Lanka and Malaysia," Rao said.

CURRENT STOCKS

India's current chilli stocks are similar to last year's levels, Rao said, adding that in Guntur and Andhra stocks are estimated at around 60 lakh bags (of 40-kg each). The current stocks in Telangana are at around 27 lakh bags and 30 lakh bags in Karnataka, he added.

Further, Rao said many people who had bought at high prices during March-May may not want to sell now and wait for better prices till November-December. "The market (prices) has been subdued in the last few weeks, with the price of chillis (Teja) hovering around ₹24,000 per quintal. We expect the Chinese buyers to come back in the next few weeks in the wake of depleting stocks. If they come back, we expect the prices to go up by ₹2,000-4,000," Rama Rao, a chilli exporter from Khammam, one of the major chilli trading centres in the country, said.

Another exporter, wishing anonymity, saidthe Chinese stocked chilli by buying big time in May. "If we go by the indications, their stocks plummeted. India being a major chilli producer in the world, we expect them to resume purchases in large quantities in the next few weeks," he said.

Exports turning hot

Financial Year	Quantity (tonnes)	Value (₹ crore)
2022-23	5,16,177	10,444.12
2021-22	5,57,138	8,581.80
2020-21	6,49,815	9,241.26
2019-20	4,96,000	6,710.39
2018-19	4,68,500	5,411.17

Source: Spices Board

Business Standard Dt:- 17/08/23

Exports to UK holding up among top 10 countries

Merchandise exports fell 14.5% to $136.2 billion during April–July period

SHREYA NANDI & ASIT RANJAN MISHRA
New Delhi, 16 August

Among India's top 10 export destinations, India's merchandise exports in the first four months (April-July) of 2023-24 expanded only to the United Kingdom (UK) while shipments to all other major economies contracted amid sluggish global demand.

Overall merchandise exports fell 14.5 per cent to $136.2 billion during the April-July period with outbound shipments contracting for the sixth consecutive month. However, exports to the UK grew at a robust 20.6 per cent to $4.5 billion during the same period, elevating the country to India's fifth largest export destination from eighth position during the same period in FY23. While disaggregated country-wise trade data for July is not available, data for April-June period shows exports of aviation turbine fuel ($324 million), smartphones ($292.5 million) and wallpapers ($147.2 million) drove India's exports to the UK.

Among other top export destinations, outbound shipments to the US (-12.5 per cent), China (-14.9 per cent), Singapore (-13 per cent) and Bangladesh (-36.5 per cent) contracted in double digits. Among India's top 10 sources for merchandise imports, except for Russia (96.3 per cent) and Switzerland (15.8 per cent), inbound shipments from the rest of the countries contracted. While a 171 per cent jump in discounted crude oil imports drove inbound shipments from Russia during April-June period, a 30 per cent jump in gold shipments propelled imports from Switzerland during the same period. India and the UK are currently negotiating a Free Trade Agreement (FTA). Out of the total 26 chapters in the proposed FTA, 19 chapters have been closed. India is hoping to resolve pending issues like the rules of origin, bilateral investment treaty and intellectual property rights, among others, by the end of this month. Next week, key officials from the UK would be visiting India for the Trade and Investment Working Group (TIWG) meeting in Jaipur. Minister of Commerce and Industry Piyush Goyal visited London last month to hold discussions with his counterpart Kemi Badenoch that saw the "closure of several chapters" in the negotiations.

"The ministers identified and focused on low-hanging fruits, which included the closure of several chapters in the negotiations. This pragmatic approach aimed at resolving issues where negotiators had encountered challenges. The visit proved to be critical in overcoming crucial obstacles and charting a path towards an ambitious and mutually beneficial trade deal," according to a statement released by the commerce department.

. India is also negotiating a Trade and Economic Partnership Agreement (TEPA) with the European Free Trade Association (EFTA) states that include Iceland, Liechtenstein, Norway, and Switzerland. Goyal held discussions on the progress of the agreement with a delegation from the European Free Trade Association, led by the Swiss State Secretary for Economic Affairs, Helene Budliger Artieda, in London on July 11 and 12.

Union Minister of State for Commerce and Industry Anupriya Patel last week informed Parliament that FTA negotiations or its review are a long-drawn process and the timeline for completion of such negotiations cannot be predicted since the parties to the negotiations are required to agree to the outcome.

"The Government enters into FTA with its trading partners considering various factors such as leveraging comparative advantages and the market access thereof for Indian products including those from agriculture sector, the trade complementarities, the strategic relationship, promotion of cooperative and collaborative activities as well as the domestic sensitivities. The benefits under FTA in terms of exports or competitive and diversified imports depend on a number of factors including externalities like the domestic industrial growth, domestic consumption trajectory, growth in partner country," Patel had told Rajya Sabha.

AT SNAIL'S PACE

TOP 10 MERCHANDISE EXPORT DESTINATIONS

	Country	Apr-Jul '23	Growth (% YoY)
1	US	24.89	-12.48
2	UAE	10.11	-7.67
3	Netherlands	6.2	0.64
4	China	5.03	-14.89
5	UK	4.51	20.58
6	Singapore	3.73	-13.05
7	Saudi Arabia	3.56	1.13
8	Germany	3.24	-7.69
9	Bangladesh	3.13	-36.51
10	Italy	3.07	-3.45

TOP 10 MERCHANDISE IMPORT SOURCES

	Countries	Apr-Jul '23	Growth (% YoY)
1	China	32.7	-5.35
2	Russia	20.45	96.25
3	USA	14.23	-17.07
4	UAE	13.39	-27.42
5	Saudi Arabia	10.26	-25.59
6	Iraq	8.71	-37.15
7	Indonesia	7.34	-32.84
8	Singapore	6.67	-12.35
9	South Korea	6.53	-2.53
10	Switzerland	6.17	15.75

Source: Commerce department

Business Line. Dt:- 18/08/23

US imports of auto parts face scrutiny under Chinese forced labour law

Reuters

Electric vehicle batteries and other car parts are the latest products under scrutiny as part of Washington's effort to stamp out US links to forced labour in Chinese supply chains, according to a document seen by *Reuters*, agency statistics and sources.

Until now, enforcement of a year-old US law that bans the import of goods made in Xinjiang, China, has focused mainly on solar panels, tomatoes and cotton apparel. But now, components that may include lithium-ion batteries, tyres and major automobile raw materials aluminium and steel are increasingly subject to detentions at the border.

Increased inspection of products destined for auto assembly plants by US Customs and Border Protection (CBP) could signal difficult times ahead for automakers who will need solid proof that their supply chains are free of links to a region where the US believes Chinese authorities have established labour camps for Uyghurs and other Muslim minority groups.

CBP data show 31 automotive and aerospace shipments have been detained under UFLPA since February this year AP

PROBLEMS WITH UFLPA

More than a year of enforcement of the Uyghur Forced Labor Prevention Act (UFLPA) has already stymied development of solar energy projects as detained panel shipments languish in US warehouses. Installations of large solar energy facilities for utilities dropped 31 per cent last year due to constrained panel supplies, according to the US Solar Energy Industries Association trade group, which has said conditions have improved somewhat this year.

"The timing of these changes does not reflect any specific changes in strategy or operations," a CBP spokesperson said in a statement, adding that the list of eight product types was "not exhaustive".

The agency did not specifically respond to questions about increased scrutiny of automotive imports. It said its focus "is where there are high risks in U.S. supply chains."

CBP had listed lithium-ion batteries, tires, "and other automobile components" among the "potential risk areas" it was monitoring. The expanded focus is reflected in CBP data, which shows 31 automotive and aerospace shipments have been detained under UFLPA since February of this year.