BUSINESS LINE. Dt: 29/08/23

Basmati paddy drops as Centre fixes floor price for export

PRECAUTIONARY MOVE. APEDA will find out whether MEP is high, submit report

Prabhudatta Mishra
New Delhi

The price of Pusa Basmati 1509 paddy, which arrives first in the season due to its shorter duration than other varieties, in Haryana, has declined by ₹300/quintal after the announcement of a minimum export price (MEP), which the rice industry said is on the higher side and needs to be lowered to around $1,000/tonne.

The Government's agri-export promotion body, APEDA, on Monday, implemented the Commerce Ministry's direction by making changes in the online application filing system, after which no export contract is getting registered below $1,200 per tonne, industry sources said.

"There is a need to bring down the MEP based on the past average rate at which basmati rice has been exported," said Atul Garg, CEO and Managing Director of GRM Overséas, a leading exporter of basmati rice. He said there are different varieties of basmati, and each has its own demand in overseas markets. The export price will be known after a month when arrivals of fresh crops pick up.

CONCERNS. There are fears that importers may reduce the quantity if rates exceed what consumers are ready to pay

REALISTIC PRICE

There is an apprehension that buyers abroad may reduce the quantity if rates go beyond the consumers' capacity to pay, an industry official said. The MEP should be $950-1,000 a tonne, which is realistic, said Vijay Setia, a former president of the All India Rice Exporters Association. Setia cited the drop in paddy (Pusa Basmati 1509) prices to ₹3,400/quintal on Monday from ₹3,700/quintal last week because of the sentiments. According to the Agmarknet portal in Tohana mandi of Haryana, the largest basmati-producing State, only 10 tonnes of Pusa 1509 have been recorded during August 1-28. A trade analyst, however, said the MEP will help farmers fetch higher price as it will form the base price.

On the other hand, the Commerce Ministry has directed APEDA to talk to stakeholders and submit a report within a month if there is any need to lower the MEP. According to APEDA data, the average price realised by basmati exporters was $1,048.82/tonne in October 2022, $1,016.29 in November 2022, $998.16/tonne in December 2022, and $1,045.21/tonne in January 2023.

JUSTIFYING MEP

On Sunday, the Commerce Ministry said justified its decision to impose the MEP on the grounds that (non-basmati) white rice, whose shipments were banned from July 20, is being exported under the HS codes of parboiled rice and Basmati rice.

Terming the current MEP too high, the Basmati Rice Farmers and Exporters Development Forum's president, Priyanka Mittal, said there is a value segment of basmati rice that gets exported at $900 per tonne (FOB), which competes directly with Pakistan. As this segment caters to demand in New Zealand, Fiji, and Africa, it will be impacted by the high MEP, she said.

BUSINESS STANDARD Dt:- 29/08/23

UTTAR PRADESH

Doubling silk produce on cards to lift exports

VIRENDRA SINGH RAWAT
Lucknow, 28 August

The Uttar Pradesh government is planning to double silk production to more than 700 tonnes in the near future in a bid to boost manufacturing and export of premium textile apparels in the state.

The government's plan also includes setting up silk clusters and research institutes to promote silk production to boost rural income, especially among the young sericulturists.

Based on recent study by a Karnataka-based institute, the state decided to allocate silk production districts for mulberry, eri, and tussar varieties depending upon the future potential. UP produces all the three major silk varieties — mulberry, eri, and tussar. Mulberry silk is produced across 44 districts.

According to UP Silk Department Director Sunil Kumar Verma, although silk is produced in 57 districts, almost 90 per cent of the state's silk production comes from 30 districts. Despite the good quality of cocoons, UP's share in domestic silk production is about 10 per cent of the national tally of 35,000 tonnes.

The government provides 75 per cent and 90 per cent subsidy to general category and SC/ST category silk producers, respectively. It will now focus on these 30 districts. The centres under the remaining 27 districts would be run under the public private partnership model.

The state's plan also includes setting up silk clusters and research institutes to increase production and boost income

While UP is a prominent silk production and marketing hub with an estimated annual trade of ₹5,000 crore, the state currently produces roughly 10 per cent of its annual requirement of 3,500 tonnes. The rest of the raw and finished silk is imported from states, such as Karnataka and Jharkhand. India is the world's largest silk producing country after China. Among the three major varieties of silk produced in 2020-21, mulberry accounted for 70 per cent, eri 20 per cent and tussar 8 per cent. India exports raw silk, natural silk yarn, fabrics, readymade garments, silk waste and handloom products of silk fabric. During 2021-22, the country's silk and silk products shipments were valued at $250 million.

Business Line Dt: 30/08/23

European Commission plans CBAM workshops for exporters

Abhishek Law
Amiti Sen
New Delhi

The European Commission will organse six online webinars to help Indian exporters understand the reporting regulations under the Carbon Border Adjustment Mechanism (CBAM) rules, according to an e-mail sent out by one of the Ministries.

The webinars will cover the general features of the mechanism as well as the specifics of each of the six affected carbon-intensive sectors — iron and steel, aluminium, cement, fertilizers, electricity and hydrogen.

Exporters across these sectors have reportedly been asked by the Indian government "to register and participate in [these] webinars" and workshops, according to the e-mail. The e-mail, a copy of which is with *businessline*, is addressed to several stakeholders, who are likely to be impacted once the CBAM takes effect. The e-mail also states that these online workshops will be held between September and October, where participants "will have the possibility to ask questions" and these "will be answered live".

All webinars will be recorded and uploaded on the Customs and Tax EU Learning Portal.

The European Commission adopted the rules governing the implementation of the CBAM during its transitional phase, which starts on October 1, "and runs until the end of 2025". In the transitional phase, "traders will only have to report on the emissions embedded in their imports, subject to the mechanism without paying any financial adjustment". "This will give adequate time for businesses to prepare in a predictable manner, while also allowing for the definitive methodology to be fine-tuned by 2026," the mail mentioned.

From January 1, 2026, EU importers will have to buy CBAM certificates, corresponding to the embedded emissions above the EU-ETS benchmark levels.

Penal taxes under CBAM are to be levied from 2026 on entities that do not meet the CBAM requirements. Steel and aluminium exports are supposed to be among the worst-hit sectors once the CBAM reporting mechanism coming into effect.

The idea behind the transition phase of CBAM is to ensure that all affected industries are made aware of the reporting obligations and allowed to familiarise themselves with the system, a senior EU official told *businessline*.

"The EC is working with several countries, including India, to minimise administrative burden on the sectors covered under CBAM and ensure their smooth functioning," said the official. It was unlikely that MSMEs would get affected, as sectors such as steel and aluminium, that have been identified as carbon intensive under CBAM, mostly have large players, the official added.

The Economic Times. Dt: 30/08/23

Steel Exports Dip 33% on Weak Demand, China Competition

High domestic sales to compensate for dip in exports, keep prices stable: experts

Nikita Periwal & Nehal Chaliawala

Mumbai: Tepid demand around the world and increasing competition from China have resulted in India's steel exports falling by a third, but local producers will have a limited impact given robust sales in the domestic markets, experts said.

Domestic demand will also help in keeping the price of the alloy stable in the country, they said. China's steel exports, including to India, have seen a sharp jump in recent months. Its shipments to India, for instance, hit a multi-year high in the June quarter.

Chinese mills are reported to be undercutting other steel producers in terms of prices.

This, in turn, has had an impact on exports by Indian steel companies, with countries in the Middle East and Vietnam buying more steel from China.

India exported 780,000 tonnes of finished steel and billets a month on average between January and July, as against an average of 1.08 million tonnes a year earlier, data from market intelligence platform SteelMint show.

Industry watchers, though, say that there will be little impact on the margins of Indian steelmakers despite the fall in exports.

"The margin impact of not having strong exports is not material, because domestic prices are strong, and demand is strong enough to sustain this," said an analyst with a leading Mumbai-based brokerage, who did not wish to be named.

"India is the only bright spot in the world in terms of demand — there is no demand in China, US or the European region," he said.

One senior executive at a leading steel company backed this view. They said despite the dip in exports, local production between January and July increased, supported by higher consumption of steel in India.

"The first six months' data (January-June) reveal a rise in both the production and consumption of steel in India while exports volume has declined. This underscores the fact that Indian steel mills have always prioritised meeting domestic market requirements as part of their endeavours to accelerate India's growth journey before considering exports," said Ranjan Dhar, senior vice-president and chief marketing officer at steelmaker AM/NS India.

"Meanwhile, there was a significant increase in exports by China into global markets which resulted in intensifying competition," he said.

The World Steel Association sees demand for steel in India increasing 7.3% in 2023, significantly higher than the 2.3% demand growth it anticipates globally.

While there are some concerns of pressures on local prices of steel due to rising cheaper imports from China, experts say that the robust domestic demand, especially in the run-up to the general elections in 2024, will keep prices stable.

"We haven't seen any major correction in prices in August, and this is because of strong demand. We expect prices to remain stable, and correction seems to be a bit difficult from here," said another analyst with a Mumbai brokerage.

Business Line. Dt:- 31/08/23

Steel mills seek curbs on Chinese imports

Abhishek Law
New Delhi

As India turned a net importer of steel in July, primarily on account of a fall in exports and the continued pressure of lower priced offerings, Indian mills have sought the Steel Ministry's intervention to impose restrictions on offerings from China, while seeking reciprocal trade benefit clauses in FTAs with countries such as Japan and South Korea.

India imported 5,87,000 tonnes of steel in July, against exports of 5,13,000 tonnes in the month.

In a letter to the Ministry (a copy of which is with *businessline*), one of the largest domestic steel makers has asked for temporary suspension of concessions on import tariff offered under the Preferential Trade Agreement — Asia-Pacific Trade Agreement (APTA) — covering iron and steel products.

It has also argued that imports under the PLI scheme for steel and steel products should be discouraged; and the Basic Custom Duty should be raised to a minimum of 15 per cent (for all steel products under the PLI scheme). Concessional tariffs under all existing and ensuing FTAs under the PLI scheme need to be withdrawn.

PLI items include coated and plated steel products, high-strength steel, specialty rails, alloy steel products and electrical steel that are used in sectors like automobile, defence and power.

The industry has also called for a CVD investigation against the Chinese steel industry. "Channelise imports of all non-prime steels and steel products, along with all products not complying with the quality control order, through select ports to facilitate a thorough testing and inspection," a steel exporter said, requesting anonymity.

THE CHINA FACTOR

Steel mills have argued that China is exporting at lower than its cost price. Back of the envelope calculations suggest that Chinese export prices in July (export-FOB of HR Coil) stood at $550/tonne. Taking out local freight and clearing, handling charges and VAT, the mill price works out to $465 per tonne. Against an ex-mill price of $465/tonne, the average median cost is $502/tonne. "This means the export price of Chinese mills was below cost by $37/tonne or 7 per cent lower than the production cost," an exporter said.

Further, China exports steel under FTA to various South-East Asian countries, which could get re-exported to India. Coming in through FTA countries, there is a duty arbitrage, too.

The industry has also called for Rules of Origin for all existing FTAs to be "revised to Melted and Poured" steel for products. "Indo-Japan and Indo-Korea FTAs to be made reciprocal in terms of steel trade," the exporter said.

The Economic Times. Dt:- 01/09/23

Iran's Oil Exports Surge in Aug Even With Final Wk Dip

Bloomberg

Iran's oil exports ballooned in August, even though they didn't maintain the pace set in the first part of the month.

The increase in Iranian shipments to the highest this year comes in the same month that key OPEC+ producers Saudi Arabia and Russia kept a lid on their own oil exports in a bid to tighten the market.

1.85

MILLION BARRELS PER DAY WAS THE SHIPMENT OF IRANIAN CRUDE IN AUGUST

Shipments of Iranian crude and condensate climbed to 1.85 million barrels a day in August, according to TankerTrackers.com Inc., which provides data on oil cargoes to governments, insurers and other institutions.

That represents a pullback from the first 20 days of August, when exports topped 2 million barrels a day. Figures for the earlier period were likely inflated by sales of barrels in storage, according to TankerTrackers's co-founder Samir Madani.

Iran has been steadily ramping up its oil shipments this year, finding buyers for its discounted supplies in Asia. The country's production is now at the highest level since a ban on its exports kicked in five years ago, with US officials privately acknowledging they've gradually relaxed enforcement on some of the measures.

The latest figures cover the first 30 days of August. TankerTrackers studies images from satellites and collates data manually, meaning it doesn't rely on Automatic Identification System, or AIS, signals.

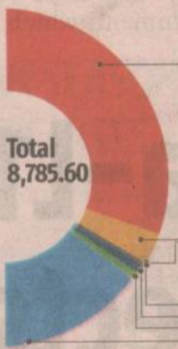
Business Standard. Dt:- 04/09/23

Laptop import curbs may be a talking point for Biden

UNDER RESTRICTION CLOUD

(FY23 values in $ mn)

India has imposed restrictions on these items effective November 1



Source: Department of Commerce

US President Joe Biden will be in India from September 7 to 10 for G20 Summit

SHREYA NANDI & SOURABH LELE

New Delhi, 3 September

During his New Delhi visit to attend the G20 Leaders' Summit later this week, US President Joe Biden might discuss with Prime Minister Narendra Modi the issue of India's import restrictions on laptops and other electronic products, people aware of the matter said.

Biden will be in India from September 7 to 10, and his bilateral meeting with Modi is scheduled for the second day of his visit.

India had last month cited 'security risks to citizens' as the main reason for its decision to impose import restrictions on several electronic items, including laptops, tablets, personal computers, and servers, from November 1.

Curbing Chinese imports and pushing local manufacturing could also be among reasons.

United States Trade Representative Katherine Tai, too, had last month raised this issue with Commerce and Industry Minister Piyush Goyal during the G20 Trade and Investment Ministerial. She had said stakeholders needed an opportunity to review and provide inputs to make sure that the policy, if implemented, did not have an adverse impact on US exports to India.

While imports of IT hardware products from the US have a relatively small share compared to India's imports from the rest of the world, a lion's share of these imports comes from China. However, major American personal computer and server makers, such as Apple, Dell, HP, and Cisco, are concerned because they serve the Indian market via a large manufacturing base in China and Southeast Asian countries.

Over the past few decades, tech companies have developed complex and interwoven global supply chains. Turn to Page 3

The Economic Times. Dt: 04/09/23

Share of Russia Crude in Oil Imports Falls to 34% in Aug

Analysts say imports down due to maintenance work at Indian refineries

Sanjeev.Choudhary
@timesgroup.com

New Delhi: Russia's share in India's crude oil imports fell to 34% in August from 42% in July as state-run refiners sharply reduced imports from Russia. Supplies from Russia fell 23% month-on-month to 1.47 million barrels per day (mbd) in August, even as India's overall crude imports fell 5% to 4.35 mbd, according to energy cargo tracker Vortexa. Russia's seaborne crude exports to China, however, increased to 1.4 mbd in August from 1.3 mbd in July.

Indian state refiners took 8,52,000 barrels per day of Russian oil in August, 30% less than in July while private sector refiners' intake of 6,17,000 barrels per day was 13% lower than in July.

Imports from Russia fell due to the planned maintenance work at some refineries in India as well as a reduction in the availability of Russian supplies, analysts said. "There is no indication that Russia's crude exports will see a rebound in the near term, which means that India's imports of Russian crude will likely remain subdued," said Serena Huang, analyst at Vortexa.

Russian exports are shrinking as the country is focused on slashing crude production and meeting its increased domestic fuel demand, an industry executive said.

The key beneficiary of a drop in Russian supplies to India was Saudi Arabia, which exported 820,000 barrels per day to Indian refiners in August, 70% more than in July.

This boosted Saudi Arabia's share in the Indian crude market to 19% in August from 11% in July. The share of other top suppliers barely changed, with Iraq at 20%, the UAE at 6% and the US at 5%.

"Russian Urals discounts to dated Brent have narrowed in recent weeks as a result of lower supplies, which has likely dampened the appetite of Indian refiners as well," Huang said. Urals, the flagship Russian grade, comprised 73% of Russian supplies imported by India in August, lower than 83% in July. The Urals had mostly traded below the G7-imposed price cap of $60 per barrel but has breached the cap in recent weeks. Urals is trading around $69 per barrel while the international benchmark Brent is around $88.

FINANCIAL EXPRESS. Dt: 04/09/23.

Import of Russian oil hits 7-month low in August

PRESS TRUST OF INDIA
New Delhi, September 3

INDIA'S IMPORT OF cheap Russian oil plunged to lowest in seven months in August as monsoon rains dampened demand, industry data showed.

The world's third largest oil consumer reduced imports from Russia for a third consecutive month in August. It took 1.46 million barrels a day from Russia in August, down from 1.91 million barrels purchased in the previous month, according to data from energy cargo tracker Vortexa. Indian refiners also cut imports from Iraq, another top supplier, to 866,000 barrels per day from 891,000 bpd. Some of those volumes were replaced by a short-surge in imports from Saudi Arabia, which jumped to 820,000 bpd from 484,000 bpd in July, the data showed.

From a market share of less than 1% in India's import basket before the start of the Russia-Ukraine conflict in February last year, Russia's share in India's imports hit a peak of about 2 million bpd in May, as refiners vied for heavily discounted shipments. Following Moscow's invasion of Ukraine in February last year, Russian oil was sanctioned and shunned by European buyers and some in Asia, such as Japan. This led to Russian Urals crude being traded at a discount to Brent crude (the global benchmark). The discount on Russian Urals grade has however narrowed from levels of around $30 a barrel in the middle of last year to less than $10 per barrel.

Indian refiners, who convert crude oil extracted from below ground into finished products such as petrol and diesel, are now the biggest buyers of Russian oil as Chinese imports have maxed out due to a massive electrification of vehicles and demand issues in a shaky economy.

Indian refiners ramped up purchases from less than 2% of their entire buys in pre-Ukraine war times to 33% to capture the discounted oil.