Editor’s Note

New Foreign Trade Policy to give a Boost to E-commerce

Foreign Trade Policy (FTP) 2023 has highlighted measures to extend benefits to e-commerce exports, identifying it as a key thrust sector. The new age policy targets to attain around US$ 200-300 billion in e-commerce exports by 2030, and will soon frame guidelines on the topic. A wide range of outreach and training activities will be taken up to enhance the capacity of artisans, weavers, garment manufacturers, gems, and jewelry designers with a motive to onboard them on e-commerce platforms and promote higher exports. The aim is to highlight the potential of the sector and target the e-commerce exports of $200-300 billion by 2030 from $5-10 billion at present. In simple terms, it means that e-commerce exporters will be eligible for the same benefits as traditional exporters. It provides consolidation of consignments from small exporters as well as opening of warehouses to fulfill ecommerce orders received from the respective platforms.

From the Desk of Industries Commissioner, Gujarat

The Government of Gujarat has been at the forefront of working towards development of the Startup ecosystem in the State. Gujarat is home to 19,000+ registered and 7600+ recognized Startups as per DPIIT, Govt. of India. A vast network of 200+ Incubators/ Educational Institutes of Gujarat are currently supporting Startups in Gujarat.

The State has recognized ‘Nodal Institutes’ in Gujarat’s leading universities and institutions to act as Incubation Centers for nurturing startups in Gujarat. Currently, 46 such Nodal Institutes are recognized by Industries Department for supporting startups.

State has supported more than 350 startups through this network of 46 Nodal Institutes across the state with total assistance of ~INR 55 crore in line with the Government of India’s initiative of Startup India. Government of Gujarat has also set up a ‘Gujarat Young Entrepreneur Venture Fund’ with an overall layout of INR 1,000 crore contribution by Govt. of Gujarat.

As part of the Gujarat Startup Ecosystem, an online collaborative

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Supporting International Trade through Education, Training and Research.
India’s Merchandise Exports Poised for Major Growth

India seems well-positioned to become the fastest growing major economy in 2023 and beyond, with more than 6 per cent growth in 2023 and 2024, on the back of resilient domestic demand despite external headwinds.

As explained in a recent article by two economists of Export-Import Bank of India, as the world economy grapples with uncertainties and slowdown driven by geopolitical tensions and consequent inflationary pressures, emerging market economies are expected to account for around 80 per cent of global growth, with India alone expected to contribute more than 15 per cent, according to recent IMF estimates.

Exports have indeed been the cornerstone of India’s remarkable growth. Having witnessed a y-o-y contraction in merchandise exports of almost 7 per cent during 2020-21, on account of the pandemic-induced crisis, merchandise exports from India had strongly rebounded with a record $422 billion, surpassing the target of $400 billion for 2021-22. This exemplary performance in merchandise exports, reflecting a robust growth of almost 45 per cent when compared to the previous year and a growth of almost 35 per cent, compared to the pre-pandemic level in 2019-20, was actually witnessed while India was grappling with the peak of the second wave of the pandemic during the first quarter of FY22. Much of India’s 9.1 per cent growth for FY22 (revised estimates) could in fact be attributed to the strong performance of exports during the year.

Merchandise exports are expected to continue to drive much of India’s estimated GDP growth of 7 per cent during FY23. Despite a contraction in exports during the last two quarters of the current financial year, Export-Import Bank of India forecasts a record high merchandise exports of over $447 billion during FY23, growing at 6 per cent over the record exports of last year. Concomitantly, non-oil exports are forecast to exceed $350 billion for the full year, driven by exports of electronic goods.

The performance of India’s exports could be shadowed by deepening global energy crisis, tighter global monetary and financial conditions, continued slowdown in select major trade partners and continued uncertainty around the Russia-Ukraine conflict. Nonetheless, exports have and will continue to play a crucial role, directly as well as through several positive externalities, in India’s journey of transformation into an Asian superpower and an important engine of regional and global growth.

An ambitious target of $2 trillion by 2030, as compared to an estimated $750 billion for FY23, has been set by the government. While these targets may seem daunting, achieving these targets may be plausible with concerted efforts from all stakeholders.

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India is emerging as a strong, reliable, and preferred trade partner for countries and has recently signed trade agreements with Mauritius, the UAE, Australia and is in negotiations with the UK, European Union, Canada, Bangladesh, GCC and Israel for signing such agreements.

Immediate integration into global value chains, through manufacturing of quality products at scale is an imperative to seize the opportunity arising out of possible realignment of supply chains away from China. Supported by the Atmanirbhar Bharat Abhiyan and the government’s PLI scheme, India could upscale, digitise and modernise its manufacturing sector to address supply chain constraints to avert future disruptions. Within manufacturing sector, there is need for to shift structurally from low value-added sectors to high value-added sectors, which would necessitate increased spending on R&D, while encouraging adoption of advanced digital technologies.

Areas that exhibit a promising future for India to become an important player in global supply chains could include manufacture of medical devices, high-end mobile phones and tablets, high efficiency solar photovoltaic modules, and advanced chemistry cell batteries, to name a few. These efforts would contribute towards realising the aspiration of India becoming a $5 trillion economy in the near future, which is also more integrated with the global ecosystem than ever before.

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platform has been developed which brings together startups, nodal institutions, incubators, accelerators, government and other stakeholders to help the entrepreneurs turn their ideas into reality.

30 districts out of total 33 districts of Gujarat have at least one DPIIT recognized startup. Owing to the state’s inherent strength of widespread entrepreneurial spirit and support from stakeholders, it has gained a significant spot in the nation by being recognized as “Best Performer” in State’s Startup Ranking consistently for 3 years (2018, 2019, 2021) in a row.
Profile of Philippines

While the Philippines has not yet reached growth rates experienced before 2020, big opportunities exist across sectors. Looking ahead into 2023, the economic forecast for the Philippines remains a moving target. After a record 10 percent contraction in 2020, the country may bounce back in 2023. Asian Development Outlook (ADO) April 2023 forecasts the Philippine economy to grow by 6.0% this year, climbing further by 6.2% in 2024. A recovery in employment and retail trade, sustained expansion in the manufacturing sector, and rising public infrastructure spending will support growth.

Philippines is a member of Asean, a trade bloc of 600 million population, with which India has a Free Trade Agreement. It is also a member of China led RCEP trade agreement. This enables Philippines industries to seek tariff free markets of over a billion people.

India-Philippines bilateral trade presently stands at US $ 1738.99 mln (Exports from India-USD 1287.07mln, India’s imports USD 451.92mln). Existing full potential has not been realized and there is need to further facilitate trade between the two countries especially since both economies are growing and are complementary to each other. Major items of Indian exports are Vehicles, and parts and accessories, pharmaceutical products, Reactors, Boilers, Machinery and Mechanical Appliances; parts thereof, Iron and Steel, Frozen Buffalo Meat & Edible Meat offal, Rubber and Articles thereof, Electrical Machinery and Equipment and parts thereof, TV image and Sound recorders and Reproducers and parts, Rubber and Articles thereof, Oil Seeds and Olea, Fruits, Misc grains, Seeds, Organic Chemicals, Articles of Iron and Steel. There is large potential for export of building materials such as ceramic tiles & fittings, specialty chemicals such as auto parts, building chemicals, pharmaceutical APIs, forging & casting parts such as that used in shipbuilding industry, brass parts, textiles including home textiles. It is also an attractive investment destination for pharma products, auto parts due to prevalence of English language, low labour costs and a large market in Asean & RCEP region.

BUSINESS HANDBOOKS

- EXPORT AND INVESTMENT OPPORTUNITIES IN ECONOMIC COMMUNITY OF WEST AFRICAN STATES (ECOWAS) - 2022
- GLOBAL MARKET FOR FROZEN AND DEHYDRATED FOODS-2022
- EXPORT OPPORTUNITIES IN USA - 2022
- EXPORT OPPORTUNITIES IN AUSTRALIA AND NEW ZEALAND (3RD EDITION 2022)
- EXPORT AND INVESTMENT OPPORTUNITIES IN INDONESIA (3RD EDITION 2022)
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Mundra, a Gateway to Growth: Speedy Multimodes: With its strategic location, steady growth, and capacity-building to facilitate Export Import cargo movements from the world over, Mundra Port is today a key contributor to the country’s economic forward strides. For some like Speedy multimodes CFS, Mundra, operating under a Strategic Alliance Management Operator (SAMO) arrangement with Central Warehousing Corporation (CWC), the spurt in business has led to commensurate effort to enhance efficiencies, reduce turnaround times, and digitalize processes. A number of CFS facilities in the vicinity, give further impetus to trade by providing valuable services to businesses, making Mundra a key gateway to tap into India’s northern hinterland. Contact-less CFS services are also provided through the MY CFS digital portal and app, where customers upload documents, get updates on service requests, and share advance information to enable smoother operations, subsequently adding to the resilience and transparency of business supply chains. As multiple entities in the logistics ecosystem tap into the region’s opportunities, the resulting employment generation and socioeconomic development set Mundra apart as a shining example of progress.

Bahri Line launches Direct service from Ennore to Jeddah, Europe: Bahri Line has launched a new service ex Ennore to Jeddah-Saudi Arabia, Montoir-France, Bremerhaven-Germany and Antwerp-Belgium. The service was launched with the maiden voyage call made by Bahri Yanbu v-FEBY001 from Ennore Port. This new service will be opening up opportunities for Indian customers to access markets in the Middle East and Europe with a regular liner service ex Ennore.

As Bahri Line is one of the largest project cargo vessel operators in the world, connecting Asia, Europe, Africa, North America and South America, it offers regular and reliable direct services to and from India connecting all these continents.

Looking at the growth of the Indian economy and the need to connect the world, Bahri Line plays a strategic role to ensure that its services connect Indian ports to the Major Ports of the globe. The shipping sector is playing a major role in boosting the economy and believes more opportunities and growth are coming to the Indian market. Bahri Line’s major focus is to expand its network globally and offer a multiple-service network to the trade. It plans to offer connections to multiple continents from Indian ports with more RoCon vessels, as per the release.

GUJARAT EXPORT SECTORS

Handicrafts

Gujarat produces a large number of handicrafts & handlooms which have a large potential market in advanced countries. The arid region of Kutch is the richest in the state in terms of cultural heritage. However, there are several other parts of the state which specialize in some form of textile craft or the other. In this article, we have outlined some of the traditional textile crafts of this beautiful state. Mashru fabric is a hand-woven mix of cotton and silk. Mashru silk has the appearance of glistening silk that conveys the soothing feel of cotton. Bright contrasting stripes in vibrant colors are a characteristic of Mashru fabric. The fabric is mainly manufactured in Patan and Mandvi, Gujarat. Mashru fabric has a satin finish and striped ikat weave. Mashru sarees and lehengas are an important part of the bridal trousseau in different communities. Natural vegetable dyes are used to add color to the fabric which makes it attractive for exports.

The Kutch weaving with extra weft creates the distinctive designs with geometric patterns. The characteristic, intricately hand-woven motifs form the identity of the Kutch weaving. Shawls are woven with motifs. They were originally made from local desi wools and were traditionally worn as veils. Artisans continue to design and produce shawls for the local market as their shawls are widely worn throughout Kutch. Over the years, the weavers spread out in large clusters and smaller pockets throughout Kutch. Kutch weaving is known for its incorporation of distinctive traditional motifs and colours in medium to heavyweight textiles. The value of Kutch handlooms lies in the value is created by skilled artisans who weave their tradition and way of life into each piece. Today, the weavers have shifted their offerings to suit the overseas markets.
India's exports up 6% to $447 billion in FY23: India's exports saw a rise of 6% to $447 billion in FY23, up from $442 billion in FY22, Commerce Minister Piyush Goyal said. India’s services exports too have increased by 27.16 per cent to USD 338 billion in 2022-23 as compared to USD 254 billion in 2021-22. He said that the exports of goods and services together scaled “new heights” and has increased by 14 per cent to USD 770 billion in 2022-23 as against 676 billion in 2021-22. “I am delighted to share with you the outstanding export performance for 2022-23 with India’s overall exports scaling new heights at USD 770 billion, registering a 14 per cent growth over the previous year and all-time record growing from USD 500 billion in 2020-21 to USD 676 billion in 2021-22.” India’s services exports too have increased by 27.16 per cent to USD 323 billion in 2022-23 as compared to USD 254 billion in 2021-22.

Tax refund scheme for exports may be extended beyond September: The government is likely to extend the expanded duty remission scheme for exporters beyond the September deadline, providing relief to the pharmaceuticals, steel and chemicals sectors, said officials. The Remission of Duties and Taxes on Exported Products (RoDTEP) scheme was expanded in December last year to include pharmaceuticals, chemicals and select steel products.

Services exports may reach USD 400 bn during 2023-24: SEPC: Buoyed by a significant jump in exports during 2022-23, Services Export Promotion Council (SEPC) on Wednesday said the healthy growth trend will continue and shipments are expected to reach up to USD 400 billion this fiscal. During 2022-23, the country's services exports rose by 42 per cent to USD 322.7 billion from USD 254 billion in 2021-22, according to provisional data from the commerce ministry. The services sector had targeted USD 300 billion but accomplished USD 322 billion. Subject to the final data, we might touch USD 350 billion in 2022-23 and based on the current trend and the continuing growth, our estimate is around USD 375 billion to USD 400 billion for 2023-24,” SEPC Chairman Sunil H Talati told PTI. Sectors that contributed to the services exports growth during the last fiscal include travel, transport, medical, and hospitality, he said. The business services such as engineering, architecture, legal and accounting services as well as research and management consulting services stand to benefit from the opportunities presented by the government initiatives. He also said that as for the key export destinations, India’s service exports have historically been concentrated in North America and Europe, but there is also significant potential for growth in emerging markets such as Asia, Africa, and Latin America.

India will be able to export sugar despite El Nino: Forecasts of the emergence of the El Nino phenomenon, which often is blamed for causing deficient rainfall in India, has made the sugar industry worried about the impact on the output of sugarcane and in turn on the production of sugar. However, Subodh Kumar Singh, joint secretary at the Department of Food and Consumer Affairs, sought to allay the concerns. India’s sugar production next season will be enough to meet the local demand and the country will also be able to export some quantities of the sweetener, despite concerns about the emergence of the El Nino weather pattern, a top government official said.

India sees Apple nearly tripling investment, exports in coming years: US tech giant Apple could double or triple investments in India along with exports in the next few years, a minister said, as the company opened a second store in the big mobile phone market. Apple mainly assembles iPhones in India through contract manufacturers, but has plans to expand into iPads and AirPods.

Indian grape export soars, beats uncertainty and crop loss: Indian grape export to Europe for the 2022-23 season (December to April) has soared despite initial concerns about global freight bottlenecks and two spells of unseasonal rains. Till April 10, India has exported 7,932 containers (each container has 15 tonnes of grapes), up from the 7,626 containers shipped out during the same period last season. Exporters were in for a surprise as demand from European markets picked up right at the start of the season. Maharashtra, the country’s largest producer and exporter of grapes, did not witness any unseasonal rains in the crucial growth months from September to November.

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- India may stand to gain $1 billion revenue from rice exports: Non-basmati rice exports during the April-February period of the 2022-23 fiscal were up nearly three per cent at 16.09 million tonnes (mt), but the shipments were lower in February by nearly six per cent. But the underlying fact is that the Indian government stands to gain good revenue to the tune of a billion dollars in view of the export duty on the shipments as the global market has accepted the duty, besides India’s market share remaining intact. According to data from the Agricultural and Processed Food Products Export Development Authority (APEDA), exports in the first 11 months of the 2022-23 fiscal were up compared with the 15.64 mt shipped out in the same period of 2021-22. In terms of value, exports fetched $5.72 billion, against $5.56 billion in the year-ago period. ‘India will get an additional billion dollar revenue from the exports by imposing duty. With the country enjoying 45 per cent market share, the global rice market has absorbed the impact of the Indian duty,’ said BV Krishna Rao, President, The Rice Exporters Association (TREA).

- Mobile exports top Rs 90K cr in FY23: ICEA: A robust growth in the mobile phone exports was led by strong performance of Apple and Samsung, which got a boost from the production-linked incentive (PLI) scheme for mobile phones. India’s mobile phone exports doubled year-on-year to Rs 90,000 crore in FY23, surpassing the estimated Rs 75,000 crore, the India Cellular and Electronics Association (ICEA) said on Wednesday.

- Trade India in the works to replace minions and march towards $2 trillion export aim: India is looking to establish a single trade body named ‘Trade India’ to promote exports and replace the multiple export promotion councils. Deliberations have already begun to finalize the structure and function of the proposed centralized body that is expected to bridge the gap between the government and the industry and work on a comprehensive roadmap to achieve exports of $2tn by 2030. The new body will also have a mandate to promote export products and markets, identify bottlenecks and explore trade opportunities in untapped markets, while also driving strategy and “Brand India”.

- India’s oilmeal export earnings up by 103% in 2022-23: Export of oilmeals from India witnessed a 103.33 per cent growth in terms of value and 82.58 per cent growth in terms of tonnage during 2022-23. Data available with the Solvent Extractors’ Association (SEA) of India showed that India exported 43.36 lakh tonnes (lt) of oilmeals valued Rs. 11,401.30 crore during 2022-23 against 23.74 lt valued Rs. 5,607.09 crore in 2021-22.

- European Commission brings ethylene oxide under pesticide residue classification: The European Commission has announced that Ethylene Oxide will now be classified as a pesticide and subjected to mandatory testing. This move comes in response to numerous recalls stemming from the substance’s use in recent years. Starting in 2023, European countries will be required to collect and analyze samples of certain foods for the presence of Ethylene Oxide. The substances to be tested for in each year are as follows: dried beans, rye, and rice in 2023, wheat in 2024, barley and oats in 2025, and dried beans, rye, and brown rice once again in 2026. The selection of samples will be done on a random basis.

GUJRAT TRADE NEWS

- Indian cotton exports may plunge to 19-year low: India’s cotton exports will likely decline to a 19-year low this season (October 2022-September 2023) on poor demand for importing nations in view of the economic slowdown in the US and Europe. According to the US Department of Agriculture (USDA) “Cotton: World Markets and Trade,” Indian cotton exports are projected lower by 500,000 bales this month to 1.8 million (US bales of 227.72 kg or 23.05 lakh Indian)

- India’s gem, jewellery exports decline 23.7% to Rs 21,501.96 cr in March: India’s overall gem and jewellery exports grew marginally by 2.48 per cent to Rs 3,00,462.52 crore (USD 37,468.66 million) in 2022-23 due to global challenges like inflation, the Russia-Ukraine war and the lockdown in China for almost six months, GJEPC said on Tuesday. The total gem and jewellery exports during 2021-22 stood at Rs 2,93,193.19 crores (USD 39,331.71 million), the Gem and Jewellery Export Promotion Council (GJEPC) said in a statement. India’s gem and jewellery industry has shown remarkable resilience and perseverance in the face of global challenges. Despite inflation in the US, the Russia-Ukraine war, and the lockdown in China for almost six months, a key market, the industry has managed to put up a commendable performance,” GJEPC chairman Vipul Shah said.
UAE Emerges As Alternative To Rupee Trade With Russia

Recently, the Reserve Bank of India came forward with new trade settlements between India and other countries. It states that can be done in Indian Rupees. As the provision of trades carried out using rupee settlement is gaining slow acceptance, like Russia and India are giving more importance to the route goods operations with the support from United Arab Emirates (UAE). This helps facilitate transactions in currencies. According to the latest reports, the transactions are mostly done in currencies other than dollars, rupees, and roubles. Some members have opened Vostro accounts, but the rupee trading or commerce has not grown or attained attention up to the mark. Until recent times, it has witnessed restricted traction.

5 of India’s top 10 destinations for exports witness contraction in March

A slowdown in demand for Indian goods from five of its top 10 markets—the United States (US), the United Arab Emirates (UAE), Bangladesh, Germany and Hong Kong—resulted in a sharp contraction in exports, at nearly 14 per cent, in March, the latest data released by the commerce and industry ministry showed. This came against the backdrop of geopolitical tensions and fears of recession in several developed economies. India’s top 10 export destinations accounted for 52 per cent of the value of goods shipped in March. Outbound shipments to the US—India’s largest export market for a decade—dropped 5.4 per cent year-on-year to $7.32 billion in March. The second-largest export market, the UAE, which signed a free-trade agreement with India last year, witnessed a 12.6 per cent decline to $2.70 billion. Exports to Bangladesh, Germany, and Hong Kong fell 28 per cent, 24.3 per cent, and 28.4 per cent, respectively, according to the data. Of the top 10 markets, the countries that witnessed growth were the Netherlands (42.2 per cent), Saudi Arabia (18.6 per cent), the UK (17.5 per cent), China (15.86), and Singapore (10.9 per cent). The growth in the value of exports to China could be attributed to the reopening of its economy after months of slowdown in economic activity due to its zero-Covid policy. The commerce and industry ministry data showed that India’s merchandise exports fell 13.9 per cent year-on-year to $38.38 billion in March, as global headwinds such as geopolitical tensions, high inflation, and monetary policy tightening continued to affect external demand. This was the sharpest contraction since May 2020.

On a cumulative basis, three of the top 10 export partners—China, Bangladesh, and Hong Kong—saw a contraction of 27.9 per cent, 27.7 per cent, and 9.9 per cent respectively in the financial year 2022-23.

Write to us

Please write to us at ama@amaindia.org for feedback, suggestions, comments etc. This will help us in tailoring our offering to meet your knowledge needs in international trade.

JAMNAGAR: Participants of the programme on “Export Strategy: Market Selection and Finding Foreign Buyers” conducted at Jamnagar on April 14, 2023. Faculty: Mr. Dhaval Shah

ODHAV: AMA has organised a programme on “How to Find Foreign Buyers for Export” in association with AMC and Rotary Club Sarvam on May 20, 2023. Participants with faculty, Mr. Ankit Majmudar.