



Indian Importers Chambers of Commerce & Industry

Together we progress

Dated: 01st February 2016

Volume 1 / S.No.10

MONTHLY NEWSLETTER

1. TRADE NEWS

A) EXPORT DUTY ON IRON ORE PELLETS SCRAPPED

Government has reduced the export duty on iron ore pellets to zero from 5%, a move that will make the commodity more competitive amid subdued demand and weakening prices. The government in 2014 had levied a 5% export duty on iron ore pellets, which are value-added products of leftover material or low grade iron ore and are used in steel-making.

B) INDIA'S COAL IMPORTS FALL

India's coal imports fall, as the world's third-biggest buyer of the fuel expands domestic mines to boost output and expand power generation. India shipped in 12.35 million tonnes of coal last month, a 34.3% decline from the same month a year ago. Imports slipped due to a jump in production by state-run Coal India (COAL.NS), the world's biggest miner of the fuel that is opening one new mine a month as the government fast-tracks environmental clearances.

C) CHINA ALLOWS RBI IN FOREX MARKET

China has allowed the Reserve Bank of India (RBI) and five other international financial institutions to participate in the country's inter-bank foreign exchange market. Continuing to open up its currency market to foreign entities, the second batch of foreign central banks and similar institutions have now been allowed after they completed the registration process with the China Foreign Exchange Trading System. Apart from RBI, the Bank of Korea, the Monetary Authority of Singapore, the Bank Indonesia, the Bank of Thailand, the Bank for International Settlement and the International Finance Corporation have been allowed into the Chinese inter-bank FX market.

D) INDIA'S TEA EXPORTS TO PAKISTAN UP 42%

India's tea exports to Pakistan have increased by 42% to Rs 116.12 crore on account of rise in volumes and price of the beverage. The overall total exports have also risen by 6% to Rs 2,746.04 crore in the April-November period of the 2015-16 from Rs 2,590.08 crore in the year ago period. The exports to Pakistan stood at Rs 81.61 crore in the first eight months of the last fiscal. In volume terms also, the outward shipments increased to the neighboring nation from 9.65 million kg to 11.85 million kg. The

total tea exported from India in the period under review also rose to 141.07 million kg from 129.82 million kg. India is the world's second-biggest tea producer and also one of its largest consumer.

E) **INDIAN TRADE DEFICIT WITH CHINA RISES TO \$45 BILLION MARK**

India's trade deficit with China has risen to a whopping \$45 billion, with bilateral trade remaining far below the ambitious \$100 billion-mark set for 2015 by the two countries. Bilateral trade was \$71.63 billion for 2015. Indian exports to China fell by over 18% last year and were pegged at \$13.38 billion. China exported goods worth \$58.25 billion in the same period. The latest figures revealed the nature of imbalance in bilateral trade – while India mostly exports raw materials to China, the latter ships back finished goods. Significant Chinese investment is expected in 2016, with the figure being pegged at around \$3 billion.

F) **VEGETABLE OILS IMPORT UP 24%**

India's vegetable oil imports rose 24% last month to 14.18 lakh tonnes on sharp jump in shipments of RBD palmolein, owing to low global prices. India imports palm oil mainly from Indonesia and Malaysia and a small quantity of crude soft oils, including soyabean oil from Latin America. Sunflower oil is imported from Ukraine and Russia.

G) **GOVT HIKES IMPORT DUTY ON CERTAIN MEDICAL DEVICES**

To provide impetus to domestic medical devices sector, the government has increased import duty on certain specified equipment to 7.5% from 5% earlier. Simultaneously, the exemption from additional customs duty (SAD) on these medical devices has also been withdrawn, and they will now attract 4% SAD. The concessional basic customs duty on hospital equipment for use in hospitals run by government or registered societies, and certain assistive devices, rehabilitation aids and other goods for disabled will however continue.

H) **INDIA EYES \$300MN GARMENT-TEXTILE INDUSTRIAL PARK NEAR HO CHI MINH CITY**

India is planning to establish a US\$300 million industrial park specializing in garment and textile material production near the southern Vietnamese economic hub of Ho Chi Minh City. The new industrial park will focus on producing products related to textile and fabric materials. Although Vietnam is one of the leading countries in exporting garments, it is dependent on other nations – mostly China – for its textile input. Vietnam imported more than \$440 million worth of textile products from India during the financial year ending March 2014, with the main items being polyester viscose and synthetic fabric, polyester wool fabric, and polyester filament yarn. India's exports of synthetic fiber to Vietnam went up from \$36 million in 2009 to \$89.09 million last year, an increase of 146%. The cooperation between India and Vietnam will bring mutual benefits: a new export market for India and an ample material supply for Vietnam. If the industrial park in the south of Vietnam is established and developed effectively, Synthetic and Rayon Textiles Export Promotion Council of India (SRTEPC) will consider another one with the same operational model in the north.

I) **DOMESTIC TYRE COMPANIES SEEK PROTECTION AGAINST DUMPING FROM CHINA**

Domestic tyre manufacturers have called for imposition of anti-dumping duty and hiking of customs duty on cheap bus and truck radials from China. In order to cut imports from China, the domestic industry wants strict adherence to Bureau of Indian Standards (BIS) mark on tyre products, especially

those made by Chinese companies. As a corrective measure, customs duty on tyres need to be increased from 10% to 30%. Currently tyres can be imported at much lower duties under various trade agreements. On the other hand, Chinese government continues to provide multiple direct and indirect subsidies to push exports. Therefore, import prices from China continue to be much lower than from other countries. Besides, huge surplus capacities in China are abetting dumping of tyres in India.

J) **COCA COLA TO ENTER DAIRY DRINKS SEGMENT IN INDIA WITH VIO BRAND**

Beverages major Coca Cola announced its foray into value-added dairy drinks segment in the Indian market with Vio brand. The company, which will introduce two flavours under Vio, has tied up with Reliance Retail as part of pilot launch to make the brand available exclusively across the latter's 500 stores. Vio will be available in 'Kesar Treat' and 'Almond Delight' variants, priced at Rs 25 per 200 ml pack. Vio will be rolled out across modern retail stores in India on February 3 and later on will move into traditional distribution chain.

2. **FDI**

A) **FDI INTO INDIA UP 75% IN 2015**

Foreign Direct Investment flows into India nearly doubled in 2015 while the US emerged as the top host country for FDI last year. India's FDI investment increased from USD 33.9 billion to USD 59.4 billion which marks a 75%. Asia remained the largest FDI recipient region in the world, surpassing half a trillion US dollars and accounting for one-third of the global FDI flows. The US bounced back as the top host country for FDI in 2015 with FDI worth USD 384 billion, followed by Hong Kong (USD 163 billion), China (USD 136 billion), Netherlands (USD 90 billion), the UK (USD 68 billion), Singapore (USD 65 billion), India (USD 59 billion), Brazil (USD 56 billion), Canada (USD 45 billion) and France (USD 44 billion) as the top 10 FDI host economies of the world. FDI flows to the developed countries bounced back sharply reaching their second highest level ever at USD 936 billion. In Africa, Latin America as well as transition economies there was a decline in FDI last year partly because of stumbling commodity prices and regional instability.

B) **GOLDMAN SACHS TO ACQUIRE 50% STAKE IN WHITE GOODS MAKER AMBER FOR NEARLY \$60M**

Global investment firm Goldman Sachs Group Inc. is set to invest about Rs.400 crore in Amber Enterprises Pvt. Ltd., one of the largest original equipment manufacturers (OEMs) of consumer durables in India. Amber manufactures air conditioners, microwaves, components for refrigerators and other consumer durables for companies such as LG Electronics India Pvt. Ltd, Panasonic Corp., Philips India Ltd, Whirlpool of India Ltd, Videocon Industries Ltd, Godrej Industries Ltd, Blue Star Ltd and Voltas Ltd.

C) **SOFTBANK INVESTS RS 100 CRORE MORE IN HOUSING.COM**

Japan-based SoftBank has invested an additional Rs 100 crore in Housing.com to drive the growth of the realty portal. The company did not disclose the SoftBank's increase in stake after the fresh infusion of Rs 100 crore. SoftBank had over 30% stake in the portal. Softbank is one of the world's largest and most successful investors. Housing.com has established a focused strategy on buying and selling homes, the largest and most lucrative segment of the real estate market.

3. ECONOMY

A) INDIAN ECONOMY TO OUTSHINE CHINA'S IN 2016; TO CLOCK 7.7% GROWTH

India will be a "star performer" among emerging market economies and is expected to clock 7.7% growth in 2016, which outshone China for the second consecutive year. According to the global consultancy firm Pricewaterhouse Cooper, of the emerging economies, only India is expected to grow faster in 2016. Among the seven emerging economies (China, India, Brazil, Mexico, Russia, Indonesia and Turkey), India will be a "star performer", while the Brazilian and Russian economies will contract and China will slow down.

B) INDIA INC BORROWED 10% LESS FROM FOREIGN MARKETS IN 2015

India Inc raised \$3.16 billion from overseas markets in November 2015, down 9.5% from a year ago. Of the total borrowings, by way of external commercial borrowings and foreign currency convertible bonds, \$2.11 billion was raised through the approval process while \$1.05 billion came through automatic route.

4. NEWS

A) INDIA TOPS REMITTANCE RECEIPTS GLOBALLY WITH \$72.2 BILLION

Total remittance flows to India touched a staggering \$72.2 billion in 2015, making it the highest recipient worldwide. China ranks second, with remittance flows expected to touch \$63.9 billion, followed by the Philippines (\$29.7 billion), Mexico (\$25.7 billion) and France (\$24.6 billion). Migrants from India are largely concentrated in the United Arab Emirates (2.3 million), followed by the US (2.1 million), Saudi Arabia (2 million) and Pakistan (1.4 million). These four countries along with Kuwait and Qatar account for roughly 69% of total remittance flows into India. The United Arab Emirates leads the pack with transfers through this corridor touch approximately \$13.2 billion in 2015. It is followed closely by the US (\$11.5 billion), Saudi Arabia (\$11 billion), Pakistan (\$4.9 billion), Kuwait (\$4.8 billion), and Qatar (\$4.2 billion).

B) INDIA LARGEST RECIPIENT OF LOANS FROM WORLD BANK FOR 70 YEARS

India is the largest recipient of loans from the World Bank, amounting to \$102.1 billion, between 1945 and 2015, according to the Bank's lending report. India's loans from the World Bank stand at \$104 billion as on December 31, 2015. The World Bank has disbursed \$73 billion, with India repaying \$37 billion. The World Bank has been lending funds to India for rural and urban development projects related to transport, water and irrigation, health, power and agriculture. India is followed by Brazil (\$58.8 billion) China (\$55.6 billion) Mexico (\$54 billion) Indonesia (\$50.5 billion) Turkey (\$38 billion) Argentina (\$30.6 billion) Pakistan (\$27.7 billion) Bangladesh (\$23.5 billion) Colombia (\$21.7 billion). These are the top ten World Bank borrowers between 1945 and 2015.

C) INDIA HAS LARGEST DIASPORA POPULATION IN WORLD

India's diaspora population is the largest in the world with 16 million people from India living outside their country in 2015. India is followed by Mexico and Russia. In 2015, Mexico's diaspora population stood at 12 million. Other countries with large diasporas included Russia, China, Bangladesh, Pakistan and Ukraine.

D) **INDIA 2ND LARGEST FRUIT PRODUCER IN WORLD**

Fruit production has surged impressively, making India the second largest global producer behind China. Grapes occupy the premier position in exports with 107.3 thousand tonnes valued at Rs 1,086 crore in 2014-15. Other fruits which attained significant position in exports are banana and mango. India is second in the list of major fruit producing countries ahead of the US, Brazil, Spain, Mexico, Italy, Indonesia, the Philippines and Turkey. China tops the list of fruit production with 154.364 million tonnes (MT) in 2013 followed by India (82.631 MT), Brazil (37.774 MT), USA (26.986 MT), Spain (17.699 MT), Mexico (17.553 MT), Italy (16.371 MT) and Indonesia (16.003 MT). Surprisingly, despite being weak, India's productivity is better than China and Spain's.

E) **MANDARIN CROWD INDIA'S CITRUS BASKET**

Mandarin orange is most common among citrus fruits grown in India, occupying nearly 40% of the total area under citrus cultivation. The most important commercial citrus species in India are the mandarin, sweet orange and acid lime sharing 41%, 23% and 23% respectively of all citrus fruits produced in the country. The citrus industry in India is the third largest fruit industry after mango and banana. India ranks 9th among top orange producing countries contributing 3% to the world's total orange production. Only 1.72% of the country's production is exported.

F) **JAPANESE AGENCY TO LEND RS 4,000 CRORE FOR TWO NORTHEAST HIGHWAY PROJECTS**

The Japan International Cooperation Agency (JICA) has pledged a loan for around Rs 4,000 crore for two major highways projects in Mizoram and Meghalaya. The first project in Mizoram is to improve 380km of NH-54 between Aizwal and Tuipang. The second project is improvement of 40km of NH-51 between Tura and Dalu in Meghalaya. India is also seeking a loan from Asian Development Bank for the Imphal-Moreh road, which will improve transport network in the region.

G) **NATURAL RUBBER IMPORTS ONLY VIA CHENNAI AND MUMBAI PORTS**

To restrict cheap imports of natural rubber of all varieties/forms, the government today allowed inbound shipments of the commodity through only two sea ports of Chennai and Nhava Sheva. The move is aimed at discouraging imports of natural rubber.

H) **INDIA RANKED 22ND AMONG WORLD'S BEST COUNTRIES**

India was ranked 22nd on an inaugural list of the world's best countries and is topped by Germany. Apart from Germany being in the first position, other countries in the top five are Canada (2), the UK (3), the US (4) and Sweden (5). China is ranked 17th on the list, which ranked 60 countries on the basis of sustainability, adventure, cultural influence, entrepreneurship and economic influence.

I) **MOU SIGNED WITH FRENCH AGENCY FOR DEVELOPMENT OF CHANDIGARH AS SMART CITY**

The UT Administration has signed a memorandum of understanding (MoU) with France for development of Chandigarh as a smart city. The French government will provide technical assistance on urban development. Experts in the fields of urban transport, water and waste treatment, solar energy, urban planning, architecture and heritage will assist the city with their smart city development

plans. France had committed to helping three Indian cities — Chandigarh, Nagpur and Puducherry — in being developed into smart cities.

J) **INDIA TO BUILD SATELLITE TRACKING STATION IN VIETNAM**

India will set up a satellite tracking and imaging centre in southern Vietnam that will give Hanoi access to pictures from Indian earth observation satellites that cover the region, including China and the South China Sea. The move, which could irritate Beijing, deepens ties between India and Vietnam. The state-run Indian Space Research Organisation (ISRO) will fund and set up the satellite tracking and data reception centre in Ho Chi Minh City to monitor Indian satellite launches, the Indian officials said. Indian media put the cost at around \$23 million. The tracking station will be the first such foreign facility in Vietnam.

5. IMPORTANT ACTIVITIES

Sr. No.	Date	Activities
1.	5 th January 2016	Meeting in Slovenia embassy with Mr. Boris Jelovsek, Minister Plenipotentiary to discuss economic matters
2.	5 th January 2016	Members attended Piano concerts at Indian International Center, New Delhi organized by Italian Culture. The musician is a famous Italian, Mr. Gabriele Carcano.
3.	7 th January 2016	Chinese footwear company dealing in finished footwear, leather and shoe fitment visited IICCI office
4.	8 th – 9 th January 2016	IICCI Executive, Mr. Hargovind Singh with Chinese delegation to Agra to visit various shoe manufacturers for finalization of export orders
5.	11 th January 2016	Meeting with India China Economic Council (ICEC) to discuss cooperation with regard to Chinese trade fair.
6.	13 th January 2016	President, Vice Presidents attended Interactive Session on doing business with SAARC countries at FIEO, Niryat Bhawan, New Delhi followed by lunch.
7.	14 th January 2016	President and members attended China Year celebrated with Huangmei Opera at Sirifort Auditorium, Khel Gaon Road, New Delhi
8.	15 th January 2016	President, Vice President and other members attended dinner for India South Korean Business Conclave at Ambassador residence
9.	20 th January 2016	Members attended Session on branding products for International Market at FIEO, Niryat Bhawan, New Delhi followed by high tea.
10.	21 st January 2016	President & Vice President attended reception of India Canada Business Council at Taj Mahal Hotel
11.	22 nd January 2016	Members attended 9 th Beinnial International conference of Indian Ports, Shipping and Logistic
12.	23 rd – 24 th January 2016	President, Vice President visited Chandigarh chapter to discuss the New Year plan 2016. Meeting was presided by Mr. A S Bindra, President, Punjab Chapter and was attended by our Vice President, Mr. Vikram Bansal,

		Ambala Chapter and Mr. Raj Kumar Bhatia, Resident Director, Chandigarh chapter and other members
13.	28 th January 2016	President, Vice President met H.E. Ambassador of Slovenia, H.E. Jozef Drofenik to discuss investment proposals and joint ventures.
14.	28 th January 2016	Dinner hosted by President at his residence for Mr. Bindhu Jha, MLA and spouse Special Envoy for International Trade, Government of Manitoba, Canada
15.	29 th January 2016	President and Vice President attended dinner organized by Indo Nippon Golf Club Chief Guest, H.E. Ambassador of Japan at Assocham House, Chanakyapuri, New Delhi
16.	30 th January 2016	President & Mr. Bindhu Jha, MLA, Special Envoy for International Trade, Government of Manitoba, Canada attended international discussion and G2B session organized by Russian Federation at Taj Palace Hotel at 11am onwards
17.	30 th January 2016	President and other members attended Vietnam Lunar New Year Party "TET" at embassy of Vietnam, Chanakyapuri, New Delhi
18.	30 th January 2016	President met business delegation of Russian regions at the embassy, Chanakyapuri, New Delhi followed by dinner

6. GOVERNMENT CIRCULARS AND POLICIES

A) FASSI ISSUES NEW RULES FOR IMPORTS

India's food regulator has issued new rules for importing products, seeking to address concerns over the entry of sub-standard items and simplify the process by setting shelf-life norms and relaxing labeling guidelines. No food article will be allowed unless it has 60% of its shelf life remaining when it is cleared from customs, according to the new rules. Companies must register with the Directorate General of Foreign Trade and possess a valid import-export code, apart from an FBO license to import food. This is a new clause in the regulations. Importers will be allowed to affix a single, non-detachable sticker to rectify labeling errors related to the name and address of the importer, the FSSAI logo and license number and the symbols for non-vegetarian and vegetarian food items. The earlier rules didn't allow such errors to be corrected.

B) GOVERNMENT LIKELY TO CAP TRADING MARGIN ON DRUGS AT 35%

Drug prices may come down sharply in the coming days as government is likely to cap the trading margin on medicines at 35%. Chemists and wholesalers are charging margins as high as 2000-3000% in some medicines. Therefore, there is a huge difference between the costing of medicine to retailer and its selling price.

7. FOREIGN NEWS

A) GLOBAL FOOD PRICES DOWN BY 19% IN 2015

International food prices dipped by 19% in the last year, the fourth consecutive annual fall, due to substantial decline in dairy, sugar and vegetable oil prices. The maximum fall was witnessed in dairy prices, which fell by 28.5% compared to 2014, marking its lowest since 2009. Sugar prices, which were down by 21% from 2014 levels. Vegetable oil prices also came down last year by 19% in comparison to 2014 prices, while cereal prices fell by 15.4% in 2015. Abundant supplies in the face of a timid world demand and an appreciating US dollar are the main reasons for the general weakness that has dominated food prices in 2015 .

B) CHINESE TOURISTS SPEND \$229B IN 2015

China's position as one of the top global sources of tourists, in terms of both number of trips and money spent during international travel. By the start of November 2015, the top five favorite destinations for Chinese travelers were South Korea (representing a traveler increase of 112% since 2011), Thailand (up 263%), Hong Kong (up 37%), Japan (up 157%) and Taiwan (up 54%). Europe remains the most popular destination for Chinese travelling outside of Asia, showing an increase of 97% in the number of air and overnight visits in the last four years. This is followed by North America (up 151%) and the Middle East (up 177%). Africa remains the destination least visited by Chinese tourists.

C) RASGAS TO EXPORT LNG TO BANGLADESH

Qatar has appointed RasGas Company Limited (RasGas) for exporting liquefied natural gas (LNG) to Bangladesh. Bangladesh's state-run Petrobangla has signed a deal with Qatar's RasGas in Doha to facilitate import of LNG. RasGas is one of the world's premier integrated LNG enterprises.

D) IRAN MAKES OIL SLIP BELOW \$28

Oil is flowing like milk & honey in the US, with the Iran tap being opened. So plentiful is the supply that in North Dakota buyers need to be paid to take a particular type of oil. Iran is beginning efforts to boost production and exports by 500,000 barrels a day now that sanctions have been lifted. Oil is plentiful and cheap in the U.S. Flint Hills Resources LLC, the refining arm of billionaire brothers Charles and David Koch's industrial empire, said it offered to pay \$1.50 a barrel Friday for North Dakota Sour, a high-sulfur grade of crude.

C) CHINA POSTS SLOWEST ECONOMIC GROWTH IN 25 YEARS

For the first time in 25 years, China's economy grew at its slowest pace at 6.9% in 2015, sparking global concerns over the health of the world's second largest economy. The growth rate, released by China's the National Bureau of Statistics (NBS) today, moderated to 6.85% for the fourth quarter, the lowest quarterly rate since the global financial crisis in 2009, and 6.9% for 2015. As per the new data, China's GDP reached 67.67 trillion yuan (about \$ 10.3 trillion) in 2015, with the service sector accounting for 50.5%, the first time the ratio exceeded 50% overtaking the manufacturing.

D) **EGYPT : SHIPPING LANE AT EAST PORT SAID TO OPERATE IN FEB**

The under-construction shipping lane at East Port Said Port will be inaugurated in February. Around 90% of the construction works have been completed. Digging the new 9.5 kilometer-long shipping lane aims to facilitate international trade maritime navigation. The lane is projected to increase the number of crossing containers from 3.4 million to 4 million over one year. The new shipping lane is parallel to East Port Said entrance and aims to allow vessels to navigate simultaneously in both directions and reduces the waiting time for international vessels passing from and to the main Suez Canal and the Mediterranean Sea.

8. **INTERESTING FACTS**

A) **BROWN IS THE NEW WHITE**

Raw sugar, which is brown, needs to be marketed as a better alternative to white sugar. The latter is chemically treated with sulphuric acid, and the various processes involved make it an avoidable processed food item. In sharp contrast, brown (raw) sugar is a natural product.

B) **BANANA IS NOT A FRUIT BUT A HERB**

Banana is the world's largest herb belonging to the family of lily and orchids. There are almost a thousand varieties of bananas, but the most popular is the yellow banana known as the Cavendish banana. With over 150 countries producing bananas, they are one of the world's most popular herbs.

INDIAN IMPORTERS CHAMBERS OF COMMERCE & INDUSTRY

F-5, HAUZ KHAS ENCLAVE, NEW DELHI 110016

PH: + 91 11 26963660, 41655142

www.indianimportersassociation.com