INDIAN IMPORTERS
CHAMBERS OF COMMERCE
AND INDUSTRY
IICCI
Together We Progress

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Monthly Newsletter

1. TRADE

A) ONGC VIDESH TO PUMP $150 M IN COLOMBIA, KAZAKHSTAN & B'DESH

ONGC Videsh, the overseas arm of the state-run Oil and Natural Gas Corp, plans to invest $150 million in exploration this fiscal year to drill more wells in Colombia, where it just made a commercial discovery, as well as in Kazakhstan and Bangladesh. ONGC Videsh, which operates the CPO-5 block of Colombia, has made a commercial discovery in its exploration well Mariposa-1.ONGC has participating interest in a total of six blocks in Colombia. This includes a producing block whose current output is 35,000 barrels per day. NGC has also accelerated its exploratory efforts in Kazakhstan and Bangladesh. Drilling has begun in the Kazakhstan block in the Caspian Sea while preparations are on to drill the first well in Bangladesh. Videsh plans to make a total capital spending of $1 billion in 2017-18 in exploration, development and production across all its projects. ONGC Videsh's production jumped 40% in 2016-17 mainly on 26% stake acquisition in Russia's prolific Vankor fields.The output is expected to rise further 15% in the current fiscal year to 14.35 million tonnes of oil equivalent (mtoe). The company has also entered Namibia's oil and gas sector with a purchase of 30% interest from Tullow Oil in the African country's three oil blocks.

2. FDI

A) AMAZON, TWO OTHERS GET NOD FOR FDI IN FOOD RETAIL

The government has approved three foreign direct investment proposals in food retail, including that of ecommerce major Amazon. FDI proposals of Amazon Retail, and online grocery service providers Grofers and Supermarket Groceries Supplies have been approved by the department of industrial policy and promotion (DIPP). The total proposed investment is more than Rs 3,750 crore, led by Amazon that plans to invest Rs 3,500 crore. Supermarket Grocery Supplies has proposed foreign investments of Rs 105 crore while Grofers has sought to bring in $25 million, or about Rs 160 crore, in FDI. The government has allowed 100% FDI in food retail, making way for companies such as Amazon to sell locally manufactured food items both on online and offline platforms. All such proposals are subject to government approval.

B) COLOUR OF FDI INFLOWS IS TURNING BROWN

Record FDI flows into India now have a distinctly regional flavour. Asia's richer neighbourhoods have begun rivalling Anglo-American investors of late in building factories in the continent's third-largest economy. The share of Asia in the total FDI has more than doubled in the past four financial years. It has averaged about 28% a year between FY14 and FY17. The 10 Asian countries included in the analysis are Singapore, South Korea, Hong Kong, China, Malaysia, Indonesia, Thailand, Philippines, Taiwan and Sri Lanka. Asia's share in Indian FDI was always about 5-10% . It is now 25-30%, and the biggest contributions are pouring in from South Korea, Taiwan, China, and Japan.

3. ECONOMY

A) **GDP GROWTH TO AVERAGE AT 7.4% OVER 2017, 2018**

India's growth momentum will get stronger with revival in private investment cycle and real GDP growth is expected to average at about 7.4% over 2017 and 2018, says a Deutsche Bank report. It said the global economy post the 2008 global financial crisis (GFC) has adjusted to a new-normal of low-growth low- inflation environment, and India's growth achievement should therefore be judged taking this structural shift into consideration. According to the global financial services major, the country's growth momentum will only get stronger as private investment cycle starts reviving gradually, along with continuation of strong private consumption. The medium-term outlook for the country looks "exceedingly positive" driven by supportive population dynamics, steadily rising aspirational middle class and a reforms oriented government, it said. It termed India as one of fastest growing economies in the world. India lost the tag of the fastest growing major economy to China in the March quarter with a GDP growth of 6.1%, which pulled down the 2016-17 expansion to 7.1%.

4. PAN INDIA

A) CUSTOMS SEEK TO PUT EXPORTS IN CRUISE MODE

Cargo to bypass inspectors, to sport RFID chip from Oct

Keen to reduce inspector raj from movement of India's exports, the customs department is devising a plan that will allow goods to move from factory to ships without any checks. From October, consignments would not be required to be sealed in the presence of inspectors. Instead they will sport an RFID chip with details of the consignment that can be accessed by a reader. This would enable cargo to move expeditiously and prevent unnecessary hold ups at ports bringing down transaction cost of exporters and also chances of corruption. The latest move is also in line with the rollout of goods and services tax (GST) that allows seamless flow of information about company and its business to tax authorities, thus eliminating the need of the presence of inspectors during sealing.

5. GOVERNMENT CIRCULARS AND POLICIES

A) BAN ON EXPORT OF ABOVE 22-CARAT GOLD PRODUCTS

The government has banned exports of gold jewellery, medallions and other articles above 22-carat purity in a bid to check round tripping of the precious metal. In a notification, the Directorate General of Foreign Trade (DGFT) has said certain provisions of the foreign trade policy (2015-20) are "amended to allow export of gold jewellery (plain or studded) and articles containing gold of 8 carats and above up to a maximum limit of 22 carats only from domestic tariff area and export-oriented units, electronics hardware technology parks, software technology parks and bio technology parks". This means that export of gold jewellery, medallions and other articles of the precious metal above 22 carat purity is not permitted by any exporter, including from these parks, which are meant for sector-specific shipments. The DGFT also stated that only those exporters can avail of incentives who are shipping gold jewellery and other articles containing gold of 8 carats and up to a maximum limit of 22 carats and not beyond. The decision came at a time when Indian gold jewellery traders have raised concerns over a surge in gold imports from South Korea. Gold import from South Korea jumped to USD 338.6 million during July 1 and August 3 this year. The import in 2016-17 stood at 470.46 million. Under the free trade pact between India and South Korea, basic Customs duty on gold was eliminated. Further, the 12.5 % countervailing duty on gold imports has been subsumed in the Goods and Services Tax (GST) Accordingly, imports now attract only 3 per cent integrated GST. India is the world's second-biggest gold consumer after China. The imports mainly take care of demand by the jewellery industry.

B) INDIA IMPOSES ANTI-DUMPING DUTY ON TEMPERED GLASS FROM CHINA

India has imposed anti-dumping duty on tempered glass, used mostly to protect touch screen mobile devices, from China for five years to protect the domestic industry from below cost imports. The duty, ranging between $2.85 and $136.21 per tonne, has been levied on textured toughened (tempered) coated and uncoated glass. Investigations by the Directorate General of Anti-Dumping and Allied Duties had found that the tempered glass has been exported to India from China below its associated normal value and that the domestic industry has suffered material injury which was caused by the dumped imports of the goods from China. Earlier this month anti-dumping duty was in force on 93 products which were imported from China. These products fall in the broad groups of chemicals and petrochemicals, products of steel and other metals, fibres and yarn, machinery items, rubber or plastic products, electric and electronic items and consumer goods, among others. Apart from protecting domestic industry, the anti-dumping levy will also help curb India’s alarming trade deficit with China. India’s imports from China grew 2.13% to $61.70 billion in 2015-16, but dropped almost 0.7% to $61.28 billion in the subsequent year.

6. GLOBAL BUZZ

A) INDIA TOP TOURISM SOURCE MARKET FOR SRI LANKA

India has been Sri Lanka's top source for tourist arrivals during the month of May followed by China. The top five tourist arrival sources were India, China, the UK, Germany and France which accounted for 51.4% of total tourist arrivals during this period. The cumulative tourist arrivals had grown by 4.8% to 887,093 during the first five months of 2017 compared to the corresponding period in 2016. On a cumulative basis, earnings from tourism increased by 4.8% to USD 1,521.9 million during the first five months of 2017. Sri Lanka, known for its verdant natural beauty, is growing as a tourist destination for all seasons.

7. IICCI NETWORKS

A) CHENNAI

Chamber established its offices in Chennai to look after Andhra Pradesh, Telangana, Tamil Naidu, Karnataka & Kerala. Details are given below:-

Contact Person:- Mohd. Shashad
Address:- 1D, Chaithanya
Fair Home, 37/10, Dr Ambedkar Salai
Kodambakkam, Chennai – 24
Tel :- 044 24836465, M# 9884084000
Email:-info@pendamarketing.com

B) BANGLADESH

Independent Chamber established in Bangladesh. Details are given:-

Contact Person:- Mohd. Nasir Uddin – Vice President
Address:- House # 467 (Rahman's Park)
Road # 13 (Akbar Sobahan Road)
Block –F, Basundhara, Dhaka 1229, Bangladesh
Cell: + 8801716130636, +8801956488373
Website : www.iiccibdlimited.com

C) EU WEBSITE

Launch of IICCI EU website www.indianimporterschambers.eu

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