Basic Chemicals, Cosmetics &
Dyes Export Promotion Council
(Set - up by the Ministry of Commerce & Industry Government of India)

CHEMEXCIL NEWS

Issue June - July 2019

CHEMEXCIL KOLKATA OFFICE INAUGURATION

Mr. Adesh Kumar – Special Commissioner of Revenue Commercial Taxes, W.B. & PRO inaugurated Chemexcil's new regional office at Kolkata on 09-07-2019.

GLIMPSES OF COLOR & SPECHEM AND AGRI VIETNAM EXHIBITION 2019

H.E. Dr Srikar Reddy Hon'ble Consul General of India, Ho Chi Minh City, Vietnam inaugurated at the Color & Spechem and Agri Vietnam Exhibition 2019 on 26th June, 2019 at Ho Chi Minh City, Vietnam

Inauguration of Indian Pavilion at Vietnam Color & SpeChem and Agri Vietnam 2019 with the hands of H.E. Dr Srikar Reddy Consul General of India, Ho Chi Minh City Vietnam

Ribbon Cutting Ceremony at AGRI Vietnam, 2019

Dignitaries at Color & SpeChem and Agri Vietnam 2019

Mr. Ajay Kadakia, Chairman alongwith b H.E. Dr. Srikar Reddy Hon'ble Consul General of India, HCMC, Vietnam and other dignitaries

H.E. Dr Srikar Reddy Hon'ble Consul General of India, Ho Chi Minh City, Vietnam at Council's booth at Color & SpeChem and Agri Vietnam 2019

IN THIS ISSUE

Editorial

Chairman's Desk

Dear Member-exporters,

"I have pleasure to bring to you bi-monthly issue of the CHEMEXCIL Bulletin for the month of June-July-2019.

Hon'ble Minister of Finance Smt. Nirmala Sitharaman, unveiled full Union Budget 2019-2020 in Parliament on July 5, 2019. I welcome the Union Budget 2019-20 wherein the government has provided a budget for all.

Hon'ble Minister of Finance has done well to target the fiscal deficit 10 basis points lower than what was estimated in the interim budget in the backdrop of higher investment requirements. This has been achieved in the backdrop of required momentum to the economy that has been facing several headwinds. A very high reliance has been placed on investments from the private sector.

The focus is on programmers on Village, poor and farmers, women empowerment, renewable green/energy, infrastructure development, boosting FDI, digitization, revival of banking sector, etc. I am glad to know that India is now a $ 2.7 trillion economy and likely to reach $ 5 trillion in the next few years and we are firmly on path to achieve growth soon.

The government has also made efforts to attract more investment – by tweaking foreign direct investment (FDI) rules in sectors such as aviation, insurance, media segments, and single-brand retail; liberalizing some norms for Foreign Portfolio Investors; announcing efforts to deepen the bond market and broaden the equity market (foreign investors are most likely to benefit from both); and moving a category of venture funds from the provisions of the controversial angel tax, a long-standing demand of start-ups.

"The budget delivers on the wish-list of the start-up industry. It's heartening to see the government follow through several pre-budget consultations held with stakeholders, which held out 'angel tax' menace as the major hurdle in the way of unleashing next wave of sizeable investments into this sunrise industry,"

With an eye on the future, the budget also articulated India's intent to become a hub for the manufacturing of new-age products such as Electric Vehicles and batteries and solar equipment by attracting large global technology companies to set up manufacturing facilities here.

The budget backed these up with an emphasis on the infrastructure and construction sectors, both of which have the potential to drive growth and generate jobs.

The higher income tax rates for the super-rich and the fact that the threshold for the lower corporate tax rate of 25% has only been extended to companies with a revenue less than ₹400 crore (the current limit is ₹250 crore) and not all companies may not be to the liking of businessmen, although they will likely find relief in the finance minister's promise to implement "faceless e-assessment" which makes tax assessments and reviews objective and reduces scope for both discretion and corruption.

Almost all the associations and bodies representing commerce and industry welcomed the budget.

Detailed highlights on Union Budget-2019-2020 is already disseminated by council to all members the same is also the part of the bulletin.

It is sad to know that The United States of America (USA) has w. e. f. 5th June 2019 withdrawn India's GSP benefits. These are unilateral, non-reciprocal and non-discriminatory benefits extended by developed countries to developing countries. In the area of economic ties, there are ongoing issues which get resolved mutually from time to time. We view this issue as a part of this regular process and will continue to build on our strong ties with the US, both economic and people-to-people.

"Central Board of Indirect Taxes and Customs (CBIC)" has recently issued important notifications respectively regarding imposition of retaliatory duties on 28 specified goods originating in or exported from USA and preserving the existing MFN rate for all these goods for all countries other than USA & increase the tariff rate of customs duty on lentils, boric acid and laboratory reagents by amending First schedule to the Customs Tariff Act, 1975 under emergency powers under section 8A of the Customs Tariff Act.

I am glad to inform you all that a call center has been set up by the O/o Additional DGFT Mumbai to address doubts/ queries/questions of exporters and importers. Public may reach the call center from 10:00 am to 5:30 pm on all working days. The detailed circular is already sent to all members by council.

Reserve Bank of India (RBI) has issued circular regarding Gold Card Scheme for Exporters. You might be aware that some time back Reserve Bank of India had announced a unique Gold Card Scheme for exporters which provides a credit limit for three years, automatic renewal of limit, additional 20% limit to meet a sudden need of exports on account of additional orders, priority in PCFC etc. This scheme had helped exporters in reducing their compliance time and cost.

Friends I am happy to inform you that council has purchased new officer premises in Kolkata at KRISHNA Building. 8th Floor, Room No. 812,224A, AJC Bose Road, Kolkata - 17 (Opposite La Martiniere for Girls School) the same was inaugurated on 09-07-2019 by Mr. Adesh Kumar – Special Commissioner of Revenue Commercial Taxes, W.B. & PRO.

As an export promotion measure, CHEMEXCIL participated in Color & Spechem and Agri Vietnam Exhibition 2019 organized by the China National Information Centre (CNCIC) and VEAS Co. Ltd. from 26th June to 28th June, 2019 at the Saigon Exhibition and Convention Centre (SECC), Ho Chi Minh City, Vietnam. Three days exhibition attracted from 15 countries like USA, Germany, Italy, India, Netherland, Spain, Russia, Singapore, South Korea, Japan, Thailand, Malaysia, Taiwan, China and Vietnam who had put-up stalls in the entire convention Centre.

Along with Color & Spechem and Agri Vietnam Exhibition in co-ordination with Embassy of India in Bangkok, Thailand had organized a Buyer Seller Meet at Hotel PULLMAN BANGKOK GRANDE SUKHUMVIT, 30 SUKHUMVIT 21 (ASOKE) ROAD, BANGKOK 10110 THAILAND on 1st of July, 2019. Total 27 member-exporters from CHEMEXCIL and around 68 importers / buyers of Chemicals / Dyes and Cosmetic sectors attend the above event.

Council also organized Stakeholder Consultation Meetings on "State and Central Taxes and Levies on export which are not neutralised" in Ahmedabad on 1st July-2019 and in Mumbai on 5th July-2019. The Stakeholder Consultation Meetings aimed at capturing the relevant data to present the case to DGFT for the benefit of the exporters. The meetings were conducted by Mr. Sudhakar Kasture, Director, M/s. Helpline Impex Pvt Ltd

As you are aware, the GST law mandates filing of annual return in FORM GSTR -9 and FORM GSTR-9A. Registered tax payers/ members-exporters, therefore have to file GST Annual Returns for the Financial Year 2017-18 within the due date which is now extended to 31st Aug 2019.

However, members might have some doubts/ queries about the Annual Returns, Audit etc. hence council organized a seminar on "GST recent developments, Annual Return and GST Audit" with experts from M/s. Laxmikumaran & Sridharan (L & S) Attorneys on 26th July 2019 (Friday) at Chemexcil Mumbai office.

Chemexcil will be organizing its 47th Export award function in Mumbai very soon. Chemexcil Export Awards pay tribute to the achievements and contributions export companies have made to the Indian economy. The awards celebrate export excellence through leadership and innovatio. The export award applications were already scrutinized and finalized the awards for the nominated members. Council secretariat will update you all on the date of export award.

Chemical Exports for April-June- 2019 were valued at USD 4.8 billion as compared to period April-June-18 was USD 4.6 Billion registering a growth of 4.5%. Chemical Imports for April-June-2019 were valued at USD 6.175 billion as compared to period April-June-18 was USD 6.311 billion representing a decline of 2.16%.

I hope that you would find this Chemexcil News bulletin informative and useful. The Secretariat looks forward to receiving your valuable feedback and suggestions which help us to improve this bulletin. ”

Ajay Kadakia

Chairman Chemexcil

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Complete Analysis of EPCG Scheme

S N Panigrahi
Consultant & Author

This is a very Beneficial Export Promotion Scheme through which Capital Goods required for Export Production is allowed Duty Free.

Objective

The objective of the EPCG Scheme is to facilitate import of capital goods for producing quality goods and services and enhance India's manufacturing competitiveness.

As per Para 5.01 of Foreign Trade Policy, EPCG Scheme allows import of capital goods (except those specified in negative list in Appendix 5 F) for pre-production, production and post-production at zero customs duty.

Capital goods imported under EPCG Authorisation for physical exports are also exempt from IGST and **Compensation Cessupto 31-03-2020** only

Capital goods for the purpose of the EPCG scheme shall include:

(i) Capital Goods as defined in Chapter 9 including in CKD/SKD condition thereof;

(ii) Computer systems and software which are a part of the Capital Goods being imported;

(iii) Spares, moulds, dies, jigs, fixtures, tools & refractories; and

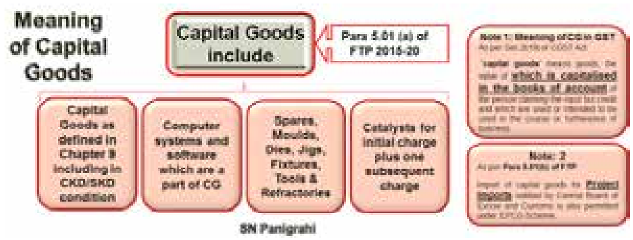
(iv) Catalysts for initial charge plus one subsequent charge.

Import of capital goods for Project Imports notified by Central Board of Excise and Customs is also permitted under EPCG Scheme.

Meaning of Capital Goods:

Para 9.08 of FTP : "Capital Goods" means any plant, machinery, equipment or accessories required for manufacture or production, either directly or indirectly, of goods or for rendering services, including those required for replacement, modernisation, technological up-gradation or expansion. It includes packaging machinery and equipment, refrigeration equipment, power generating sets, machine tools, equipment and instruments for testing, research and development, quality and pollution control.

Capital goods may be for use in manufacturing, mining, agriculture, aquaculture, animal husbandry, floriculture, horticulture, pisciculture, poultry, sericulture and viticulture as well as for use in services sector.

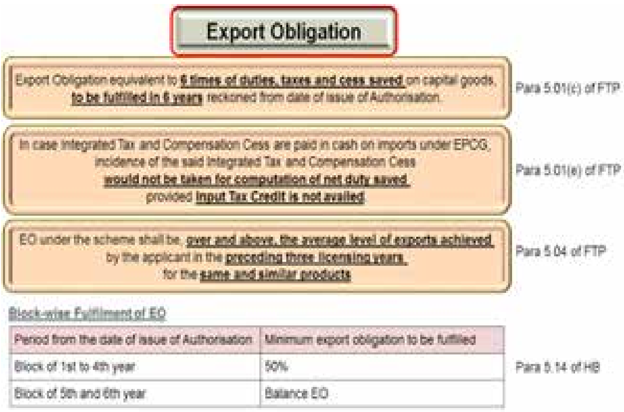


Coverage of EPCG Scheme

- Manufacturer exporters with or without supporting manufacturer(s),
- Merchant exporters tied to supporting manufacturer (s) and service providers.
- Name of supporting manufacturer(s) shall be endorsed on the EPCG Authorisation before installation of the capital goods in the factory / premises of the supporting manufacturer (s).
- Export Promotion Capital Goods (EPCG) Scheme also covers a service provider who is designated / certified as a Common Service Provider (CSP) by the DGFT, Department of Commerce or State Industrial Infrastructural Corporation in a Town of Export Excellence subject to provisions and conditions of Foreign Trade Policy 2015-2020.

Online Submission of EPCG applications - No need to submit physical copy of application & documents at RA Office

- EPCG applications already being filed online. Now upload documents also online. No need to submit physical copy of application & documents at RA Office. With effect from **20th May 2019,** all exporters filing online AA & EPCG applications will, In addition, need to upload supporting documents also as prescribed in ANF/FTP/HBP. With the use of this facility, exporters will not be required to submit hard copy of the AA/EPCG application and its related documents to the DGFT RA.Pl refer to Circular no. 21/2015-20 date -11/03/2019.&Circular No. 23/2015-20; 15/05/2019



Intimation of Blockwise Fulfiment of Export Obligation

As per Para 5.14 of HBP

(b) The Authorisation holder would intimate the Regional Authority on the fulfilment of the export obligation, as well as average exports, within three months of completion of the block, by secured electronic filing using digital signatures.

(c) Where EO of the first block is not fulfilled in terms of the above proportions, except in cases where the EO prescribed for first block is extended by the Regional Authority subject to payment of composition fee of 2% on duty saved amount proportionate to unfulfilled portion of EO pertaining to the block, the Authorization holder shall, within 3 months from the expiry of the block, pay duties of customs (along with applicable interest as notified by DOR) proportionate to duty saved amount on total unfulfilled EO of the first block.

Conditions for Export Obligation

As per Para 5.04 of FTP :

Following conditions shall apply to the fulfilment of EO:-

(a) **EO shall be fulfilled by the authorisation holder through export of goods which are manufactured by** him or his supporting manufacturer / services rendered by him, for which the EPCG authorisation has been granted.

(b) E**O under the scheme shall be, over and above, the average level of exports achieved by the applicant in the preceding three licensing years** for the same and similar products within the overall EO period including extended period, if any; except for categories mentioned in paragraph 5.13(a) of HBP. Such average would be the arithmetic mean of export performance in the preceding three licensing years for same and similar products.

(c) In case of indigenous sourcing of Capital Goods, specific EO shall be 25% less than the EO stipulated in Para 5.01.

(d) **Shipments under Advance Authorisation, DFIA, Drawback scheme or reward schemes under Chapter 3 of FTP; would also count for fulfillment of EO under EPCG Scheme.**

(e) **Export shall be physical export.** However, supplies as specified in paragraph 7.02 (a), (b), (e), (f) & (h) of FTP **(Deemed Exports)** shall also be counted towards fulfillment of export obligation, along with usual benefits available under paragraph 7.03 of FTP.

(f) EO can also be fulfilled by the supply of ITA-I items to DTA, provided realization is in free foreign exchange.

(g) Royalty payments received by the Authorisation holder in freely convertible currency and foreign exchange received for R&D services shall also be counted for discharge under EPCG.

(h) Payment received in rupee terms for such Services as notified in Appendix 5D shall also be counted towards discharge of export obligation under the EPCG scheme.

Export Through A Third Party

(Policy Circular No. 22/2015-20; Dated the 29 March, 2019)

Para 5.10 (c) of HBP (2015-20) (updated as on 5.12.2017) states that :-

"*In case the Authorization Holder wants to export through a third party, export documents viz., shipping bills / Bill of exports etc. shall indicate name of both authorization holder and supporting manufacturer, if any, along with EPCG authorization number. BRC, GR declaration, export order and invoice should be in the name of third party exporter. The goods exported through third party should be manufactured by the EPCG Authorisation Holder or the supporting manufacturer where the capital goods imported under the authorisation have been installed.* **Proceeds realised through normal banking channel from third party exporter's account to the authorisation holder's account on account of such exports only shall be counted towards fulfilment of export obligation."**

(Text in bold is an amendment incorporated in the mid-term review)

3. It is clarified that the amendment to the para 5.10(c) of HBP 2015-20 shall be applicable to third party exports made on or after 05.12.2017. Third party exports which have been made prior to 05.12.2017 will be governed by the provisions of the relevant policy/procedure.

4. Accordingly, in the case of third party exports, an authorisation holder can count till 04.12.2017 the full realised value of the shipping bill towards fulfilment of export obligation subject to counting of exports only once towards the EPCG obligation and maintenance of Average Export Obligation.

5. All the shipments made 05.12.2017 onwards will be counted towards Export Obligation only for the actual payment realised through the normal banking channel from the third party exporter's account to the authorisation holder's account.

Validity for Import

Vide Public Notice No. 47/2015-20; Dated the 16th November, 2018, Para 5.01(d) of FTP was amended to extended Validity period for import from 18 months to 24 months.

Actual User Condition

As per Para 5.03 of FTP, Imported CG shall be subject to Actual User condition **till export obligation is completed and EODC is granted.**

Certificate of Installation of Capital Goods

Public Notice No. 31/2015-20, Dated 29th August, 2018; Dated the 29th August, 2018

Para 5.04(a) of HBP:

Authorization holder shall produce, **within six months** from date of completion of import, to the concerned RA, a certificate from the jurisdictional Customs authority or an independent Chartered Engineer, at the option of the authorisation holder, confirming installation of capital goods at factory / premises of authorization holder or his supporting manufacturer(s).

The RA may allow **one time extension** of the said period for producing the certificate by a **maximum period of 12 months** with a composition **fee of Rs.5000/-**.

Where the authorisation holder opts for independent Chartered Engineer's certificate, he shall send a copy of the certificate to the jurisdictional Customs Authority for intimation/record.

Para 5.04(b) of HBP

In the case of import of spares, the installation certificate shall be submitted by the Authorization holder within a period of three years from the date of import.

Shifting of Capital Goods imported under EPCG Scheme

Public Notice No. 31/2015-20, Dated 29th August, 2018; Dated the 29th August, 2018

Para 5.04(a) of HBP:

The authorization holder shall be permitted to shift capital goods **during the entire export obligation period** to other units mentioned in the IEC and RCMC of the authorization holder subject to production of fresh installation certificate to the **RA concerned within six months of the shifting**.

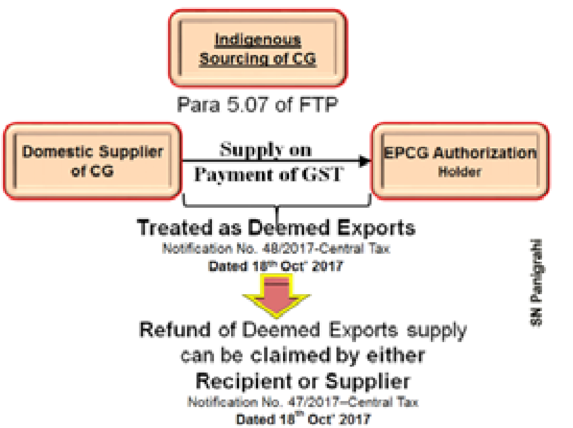
Indigenous Sourcing of CG: Benefits to Domestic Supplier

Para 5.07 of FTP

A person holding an EPCG authorisation may source capital goods from a domestic manufacturer. **Such domestic manufacturer shall be eligible for deemed export** benefits under paragraph 7.03 of FTP and as may be provided under GST Rules under the category of deemed exports.

Such domestic sourcing shall also be permitted from EOUs and these supplies shall be counted for purpose of fulfilment of positive NFE by said EOU as provided in Para 6.09 (a) of FTP.

The Domestic Supplier to EPCG Authorization holder has to Collect and Pay GST and then claim such GST paid as Deemed Export Refund.



Note: ARO facility shall not be available for sourcing of Capital Goods manufactured indigenously

Monitoring of Export Obligation

Para 5.15 of HBP

Authorisation holder shall submit to RA concerned by 30th April of every year, report on fulfilment of export obligation by secured electronic filing using digital signatures/ or hard copy thereof.

Comments :

Though the EPCG Scheme is a beneficial Export Promotion Scheme is most misused scheme, as there is no proper monitoring of Export Obligation. Even after expiry of the authorization no actions are being taken by the Concerned authorities. If the cases are opened up it may turn to be a biggest scam since such defaults are happening in collusion with corrupt officials.

More over the scheme is not WTO Compliant and face any time exit.

Notifications

For more details please see the SlideShare @ the Below Link https://www.slideshare.net/SNPanigrahiPMP/complete-analysis-of-epcg-scheme-by-sn-panigrahi You Tube @ the following Link https://www.youtube.com/watch?v=KhMUA2H6cbM&t=2s

Disclaimer : The views and opinions; thoughts and assumptions; analysis and conclusions expressed in this article are those of the authors and do not necessarily reflect any legal standing.

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Note on Union Budget 2019-20

Union Budget 2019-2020 was presented on July 5, 2019 by Smt. Nirmala Sitharaman, Hon'ble Minister of Finance.

This budget provides impetus to governments programmes on Village, poor and farmers, women empowerment, renewable green/energy, infrastructure development, boosting FDI, digitization, revival of banking sector etc.

Key Highlights/ Indicators of Union Budget 2019-20

- From $1.85 trillion in 2014, the economy has reached $ 2.7 trillion. Likely to reach to reach $ 5 trillion in the next few years
- Fiscal deficit target has been cut from 3.4% to 3.3%.
- Bharat Mala 2.0 to focus on states to build their road networks
- Corporate tax rate of 25 % for all companies with turnover of upto Rs 400 crore per year
- Interchangeability of PAN and AADHAR.
- PSU banks to be infused Rs. 70000 crores to strengthen their lending capacity
- Simplified return form for GST registered businesses in the offing

Small businesses/MSMEs

To extend pension benefit to three crore retail traders with an annual turnover less than Rs 1.5 crore under Pradhan Mantri Karam Yogi Man Dan Scheme

- Centre will create a payment platform for MSMEs for payment of bills
- 100 new clusters will be set up in 2019-20 to enable 50,000 artisans to come into the economic value chain
- To launch mission to integrate traditional artisans and creative persons with global market; to obtain GI/patents for them
- Will set up 10,000 new farmer producer organisations
- To start television programme exclusively for startup
- Proposes to expand self-help groups to all districts; one woman in every SHG to get a loan up to Rs 1 lakh under Mudra Yojana
- Startups who provide details in returns will have no scrutiny in respect of valuation of share premium
- Period of exemption from capital gains from sale of startups extended

DETAILS OF INDIRECT TAXATION PROPOSALS RELATED TO CHEMICALS/ PETROCHEMICALS

Chapter 15

(I) The end use-based exemption on goods, having free fatty acid (FF A) 20% or more, is being withdrawn.

Chapter -27

- The effective rate of Additional Duty of Customs levied on imported **Motor Spirit [Petrol] and High Speed Diesel Oil** [commonly known as Road and Infrastructure Cess] is being increased from Rs. 8 per litre to Rs. 9 per litre. These changes will come into force with immediate effect
- A nominal **BCD of Re. 1 per tonne** is being imposed on imported **Petroleum crude** falling under tariff item 2709 00 00. Presently the tariff item 2709 00 00 is exempt from BCD
- **BCD on Naphtha** falling under heading 2710 is being reduced from 5% to 4%

Chapter 29

- Basic Custom Duty on **Ethylene dichloride (EDC)],** falling under tariff item 29031500 is being reduced from 2% to Nil.
- **Basic Custom Duty on Methyloxirane (Propylene Oxide)**, falling tariff item 29102000 is being reduced from 7.5% to 5%.
- The end use-based exemption on goods falling under sub-heading 291570 is being withdrawn .
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Chapter 38

- The end use-based exemption on goods falling under **oleo-chemicals tariff items 38231100,**

38231200,38231300, 38231900 is being withdrawn.

- S. Nos. 249A and 250A of notification No. 50/2017-Customs dated 30th June, 2017, are being amended so as to include all goods under the tariff items 3822 00 90 and 382499 90 respectively within the ambit of these entries.

Sabka Vishwas Legacy Dispute Resolution Scheme

A dispute resolution cum amnesty scheme called "the Sabka Vishwas Legacy Dispute Resolution Scheme, 2019" is being introduced for resolution and settlement of legacy cases of Central Excise and Service Tax.

The relief under the scheme varies from forty percent to seventy percent of the tax dues for cases other than voluntary disclosure cases, depending on the amount of tax dues involved. The scheme also provides relief from payment of interest and penalty. For voluntary disclosures, the relief is regarding waiver of interest and penalty on payment of full tax dues disclosed. The person discharged under the scheme shall also not be liable for prosecution. The Scheme provides for method of payment of tax dues, arrears and restrictions regarding the manner of payment etc. The Scheme shall become available from a date to be notified. The procedural details and rules regarding the Scheme shall be notified in due course.

Chemexcil Comments:

- The budget stress's social areas, renewal energy, revival banking etc which is laudable.
- The widening of 25% corporate rate to companies upto Rs. 400 crores is also welcome alongwith proposed simplification of IT returns filling system, Dispute Resolution scheme for customs issues etc.
- Announcement of funds for clusters will boost MSME sector.
- However, the indirect tax proposals will adversely impact oleochemical industry as some of the duty exemptions under specific notifications have been withdrawn.
- Further, introduction of cess on petroleum products will increase the cost of production and transportation.

The future of Indian chemical exports

By Pushkar Mukewar

With demand for chemicals rising, Indian exporters look set for bright days ahead. However, a few issues will need to be sorted out to ensure steady growth.

India is a global leader in manufacturing and exporting chemicals. Estimates show that chemical products account for about 10% of the country's export earnings. That covers a wide range of products -- organic and inorganic chemicals, petrochemicals, agri-chemicals, fertilisers, pharmaceuticals, specialty chemicals, plastics, and more. Globally, the demand for chemicals is growing; trade estimates show that demand for chemicals from the Asia-Pacific region alone is likely to go up to 46% in 2020 from 38% in 2008.

For chemical manufacturers and exporters in India, this is a good time to be in business. The Indian chemicals industry is expected to reach $304 billion by 2025. With 50% of this earmarked for exports, this is a key economic area for the country. Global events have had a positive impact on chemicals exports from India. Most important has been China shutting a significant number of chemical plants in a bid to curb air pollution, causing a global shortage of chemicals. India is well-placed to fill the resulting gap, and the country's exports have already gone up significantly, from single-digit growth in 2016-17 to 32% in 2017-18. This growth is also expected to sustain over the next three to four years at least.

However, while the future looks bright for the most part, there are also a few clouds on the horizon. The biggest of these is environmental. The chemicals industry can cause significant pollution of land, air, and water. The release of toxic fumes, contaminated discharge into the water supply, or accidental spillage could have a detrimental impact on the surroundings. Pollution control norms set out by the government are often seen as too restrictive by industry. While we need to have guidelines in place to prevent companies from harming the air and water, they should not stifle growth.

Equally, if Indian companies violate too many green norms in their quest for growth, it is possible that global buyers will shun them -- not to mention the environmental havoc they could cause. Thus, there is a fine line between industrial development and environmental protection, and this is where government and industry should meet halfway.

Another potential minefield for the industry has to do with regulatory pressure from buyers. Buyers in the US or the European Union, for instance, have a set of regulatory guidelines that manufacturers need to adhere to. Some of these norms have proven to be too restrictive for Indian manufacturers in the past. Hence, it is important that the Indian chemicals industry and the government lobby with exporting countries for less restrictive regulations.

As is evident, much of the regulatory pressures have to do with quality, and this is where Indian manufacturing methods sometimes falter. The Indian pharmaceuticals and generic drug formulations business has been under a cloud for a few years now thanks to questionable quality and manufacturing standards detected by the US FDA. The industry needs to do more to meet the quality standards of exporting countries and be transparent about its efforts to meet these standards.

The chemicals industry in India seems set for steady growth, with China slowing down. India can effectively step in and capture much of the world's markets -- all that is needed is some focus on resolving a few key issues. If these are managed effectively, there should be little to stop the chemicals sector from booming.

(The author is Co-founder and Co-CEO of Drip Capital, a US- and India-based fintech company offering collateral-free working capital solutions to SME exporters in emerging markets.)

CHEMEXCIL

EXPORT STRATEGY-TAIWAN

BRIEF OF COUNTRY TAIWAN

Taiwan, officially the Republic of China (ROC), is a state in East Asia. Neighbouring states include the People's Republic of China (PRC) to the west, Japan to the northeast, and the Philippines to the south. The island of Taiwan has an area of 35,808 square kilometres (13,826 sq mi), with mountain ranges dominating the eastern two thirds and plains in the western third, where its highly urbanised population is concentrated. Taipei is the capital and largest metropolitan area. Other major cities include Kaohsiung, Taichung, Tainan and Taoyuan. With 23.5 million inhabitants, Taiwan is among the most densely populated states, and is the most populous state and largest economy that is not a member of the United Nations (UN).

Taiwan has a history that goes back many thousands of years to the earliest evidence of humans existing on the planet. By around the 1700s, the Dutch colonized the island. The Han Chinese and Hakka immigrants from Guangdong and Fujian provinces made it across the Taiwan Straight to also inhabit this small island country.The Spanish tried to inhabit the country also by the 18th century, but this endeavor was not successful. By the late 17th century, a Ming Dynasty loyalist called Koxinga lost mainland China. Instead, he defeated the Dutch to establish a base on the island. The Qing dynasty then conquered him and his efforts, and Qing dynasty influence was integrated into Taiwanese culture. In the First Sino war of 1895, the Empire of Japan conquered the island. The main exports to Japan were rice and sugar. During World War Two, Japanese imperial education systems were started in Taiwan. The Taiwanese became Japanese soldiers during the Second World War.After the Second World War, the ROC, led by the KMT or Kuomintang, took Taiwan. Chiang Kai Shek introduced martial law in Taiwan and ruled Taiwan including the islands on the Taiwan Straight called Kinmen Wuchiu and Matsu. After the Second World War, Taiwan had great economic growth and industrialization. It became known for its economic strength.A democratic period and reforms occurred in the country after the Second World War.The first presidential election was held in 1996. This was also the time of the Taiwan Missile Crisis.In the year 2000, the election ended Kuomintang's status as a ruling group. Democratic processes continued to grow.

Taiwan is an eclectic mix of enterprises and individuals, including governmental officials, farmers, small business owners, and artisans. The working class is one fifth of the population, and the middle class makes up another fifth.

Taiwan had a time period recently of economic reform that uplifted residents to the middle and upper classes.

Many students wear school uniforms. They are comfortable, athletic looking and have a fluorescent colour to them.

The condominiums resemble the average Taiwanese person in that they are vertical, tall, and skinny. Many people take the stairs to get up to their flats. Each apartment is typically quite small, and very expensive.

Most Taiwanese don't like the rain. It rains often; however, walking in a bit of rain is a no no in the culture, even if it is only for a few seconds. This typically has to do with pollution and fears of acid rain on their skin.

Everybody works hard all the time. Kids study so much that they have the world's best math scores. Most people love to work, and they are at their jobs up to 70 hours per week. This is also a high-IQ area of the world.

There are no garbage cans outdoors. Garbage cans are usually kept inside of a house or place of business. The garbage is tossed into a garbage truck when it arrives. These trucks play loud music to indicate their arrival in the streets.

Politeness, honor and respect for elders is of major concern in this culture. People from this country are happy to see their guests.

Most people in Taiwan are Buddhist or Taoist. They love to draw upon the wisdom of nature.Ninety-six percent of adults in Taiwan can read.

(Source: Wikipedia and https://thefactfile.org/ interesting-facts-taiwan/3/)

ECONOMY OF TAIWAN

Taiwan has a dynamic capitalist economy that is driven largely by industrial manufacturing, and especially exports of electronics, machinery, and petrochemicals. This heavy dependence on exports exposes the economy to fluctuations in global demand. Taiwan's diplomatic isolation, low birth rate, rapidly aging population, and increasing competition from China and other Asia Pacific markets are other major long-term challenges.

Following the landmark Economic Cooperation Framework Agreement (ECFA) signed with China in June 2010, Taiwan in July 2013 signed a free trade deal with New Zealand - Taipei's first-ever with a country with which it does not maintain diplomatic relations - and, in November of that year, inked a trade pact with Singapore. However, follow-on components of the ECFA, including a signed agreement on trade in services and negotiations on trade in goods and dispute resolution, have stalled. In early 2014, the government bowed to public demand and proposed a new law governing the oversight of cross-Strait agreements, before any additional deals with China are implemented; the legislature has yet to vote on such legislation, leaving the future of ECFA uncertain. President TSAI since taking office in May 2016 has promoted greater economic integration with South and Southeast Asia through the New Southbound Policy initiative and has also expressed interest in Taiwan joining the Trans-Pacific Partnership as well as bilateral trade deals with partners such as the US. These overtures have likely played a role in increasing Taiwan's total exports, which rose 11% during the first half of 2017, buoyed by strong demand for semiconductors.

Taiwan's total fertility rate of just over one child per woman is among the lowest in the world, raising the prospect of future labor shortages, falling domestic demand, and declining tax revenues. Taiwan's population is aging quickly, with the number of people over 65 expected to account for nearly 20% of the island's total population by 2025.

The island runs a trade surplus with many economies, including China and the US, and its foreign reserves are the world's fifth largest, behind those of China, Japan, Saudi Arabia, and Switzerland. In 2006, China overtook the US to become Taiwan's second-largest source of imports after Japan. China is also the island's number one destination for foreign direct investment. Taiwan since 2009 has gradually loosened rules governing Chinese investment and has also secured greater market access for its investors on the mainland. In August 2012, the Taiwan Central Bank signed a memorandum of understanding (MOU) on cross-Strait currency settlement with its Chinese counterpart. The MOU allows for the direct settlement of Chinese renminbi (RMB) and the New Taiwan dollar across the Strait, which has helped Taiwan develop into a local RMB hub.

Closer economic links with the mainland bring opportunities for Taiwan's economy but also pose challenges as political differences remain unresolved and China's economic growth is slowing. President

TSAI's administration has made little progress on the domestic economic issues that loomed large when she was elected, including concerns about stagnant wages, high housing prices, youth unemployment, job security, and financial security in retirement. TSAI has made more progress on boosting trade with South and Southeast Asia, which may help insulate Taiwan's economy from a fall in mainland demand should China's growth slow in 2018.

GDP (purchasing power parity):$1.189 trillion (2017 est.),$1.156 trillion (2016 est.),$1.14 trillion (2015 est.)

Industries: -Electronics, communications and information technology products, petroleum refining, chemicals, textiles, iron and steel, machinery, cement, food processing, vehicles, consumer products, pharmaceuticals.

Exports: -$349.8 billion (2017 est.),$310.4 billion (2016 est.)

Exports Commodities: **-** semiconductors, petrochemicals, automobile/auto parts, ships, wireless communication equipment, flat display displays, steel, electronics, plastics, and computers.

Imports: -$269 billion (2017 est.),$239.3 billion (2016 est.)

Import Commodities: **-** Oil/petroleum, semiconductors, natural gas, coal, steel, computers, wireless communication equipment, automobiles, fine chemicals, textiles.

(Source: https://www.cia.gov/library/publications/the-world-factbook/geos/tw.html)

CHEMICAL INDUSTRY IN TAIWAN:

Evolution of the chemical industry in Taiwan.

Taiwan's chemical industry, especially petrochemical sector, is a backwards integrated industry, in which the fast-growing downstream business such as plastics or rubber products has supported the growing petrochemical industry since the 1970s.

Taiwan's chemical output, roughly at $150 billion around 2013-2014, has been accounting for almost 1/3 gross production value of Taiwan's manufacturing. Petrochemical output accounts for about 45 percent of the total chemical output. Its ethylene capacity has been around 4.5 million tonnes, ranking on the top ten nations in the world.

However, with the impact of oil price and the competition from Mainland China, Taiwan's chemical out has had a significant decline since 2015.

Areas with growth potential in Taiwan related to the chemical industry.

Taiwan's chemical output has only 3 – 10 percent of added value, which is much lower than the average added value of > 20 percent in the developed countries.

Taiwanese government, therefore, has started the chemical industry upgrading movement since 2011, by integrating the national resources with R&D capabilities from the private sector. Its purpose is to develop the higher value-added chemical products and its applications such as C5 series applied to the elastomers or medical/ consumer products and special grades of existing commodity chemicals such as electronic chemicals applied to the IT industry.

Policies to support an international trade for the chemical industry.

50 percent of Taiwan's chemical output has been for export, in which half goes to Mainland China. FTA agreement in the region is becoming the biggest concern for most chemical companies. The tariff of most countries importing Taiwan's chemical products is normally ranging 5 ~ 7 percent, which almost kills the all the profit of the products. The bilateral free trade agreement, therefore, becomes the target for Taiwanese government's policy.

Taiwan has been aggressively promoting the regional FTA including "Economic Cooperation Framework Agreement, ECFA", "Trans-Pacific Strategic Economic Partnership, TPP" and "ASEAN Framework for Regional Comprehensive Economic Partnership; RCEP".

The new government led by President Tsai further promotes "New South-Forward Policy" trying to reduce the direct impact from Mainland China. The bilateral FTA agreements with ASEAN nations, India, Arabic nations, Turkey and South Africa are therefore becoming the targets of new international trade policy. However, the progress is very slow due to the influence/ pressure from Mainland China.

Mergers & acquisitions landscape for the chemical industry in Taiwan.

Most of Taiwan's chemical manufacturers are the medium and small entrepreneurs, which are in small scale size versus the very big size of the multinational companies. Taiwan is now facing highly competitive threats from the multinational companies who have a highly integrated supply chain. Many of these Taiwanese manufacturers, therefore, have increased the overseas investment size to reach the local markets, especially in China. It could help its integrated business close to the markets to enhance its competitive advantages.

Many of Taiwan's chemical manufacturers are run as a family business, who are conservative especially in M&As or joint ventures. However, many of them are being taken over by the second or even the third generation who are more open to any opportunity that they can reach out to. It is believed that more M&A or joint venture in cooperation with international partners can be expected in the future.

Challenges faced by the chemical industry in Taiwan.

Taiwan chemical business has been facing the issues of environmental protection and industry transformation to the higher value-added business. One end is the strong local protest to build the new chemical plants due to the poor image from the public; another end is that most manufacturers are poor in developing the new technologies for the business transformation to the high value added products.

Furthermore, the Taiwanese government has developed the new industrial policy 5+2, namely "Green Energy", "Asian Silicon Valley", "Defense Industry", "Smart Machinery", "Biomedical Technology" plus "New Agriculture "and" Circular Economy", which will be provided with many incentives by the government. As such, Taiwan's chemical manufacturers have to find the niches under the government's new industrial policy. Otherwise, many of them will be forced to move out from Taiwan in order to survive.

(Source:https://www.worldofchemicals.com/media/focus-on-taiwan-chemical-industry/142.html)

MARKET CHALLENGES-TAIWAN

Taiwan is a sophisticated market in which consumers are plugged into global trends. Products are well represented in the market, as are products from across the region, especially mainland China and other lower-cost producers. Taiwan is a good target market for high-quality, differentiated products and commodity items.

Taiwan is a price-sensitive market, and foreign goods must conform to certain local standards and labeling regulations required for importing products into this market. A local agent or distributor should be able to assist with obtaining the necessary certifications and permits required for importation.

While the intellectual property rights regime has significantly improved in most areas. The Taiwan authorities recently passed an improved trade secrets law which addresses an industry call to strengthen penalties for the theft of trade secrets. Taiwan authorities have outlined plans to devote necessary resources to strengthen IP enforcement and recognized the need for further engagement on intellectual property protection, including in the challenging but critical area of online piracy.

MARKET OPPORTUNITIES

The bilateral relations between India and Taiwan have improved since the 1990s despite both nations not maintaining official diplomatic relations. Indiarecognises only the People's Republic of China (in mainland China) and not the Republic of China's claims of being the legitimate government of Mainland China, Hong Kong, and Macau - a conflict that emerged after the Chinese Civil War (1945–49). However, India's economic &Commercial links as well as people-to-people contacts with Taiwan have expanded in recent years.

According to a 2010 Gallup poll, 21% of Taiwanese people approve of Indian leadership, with 19% disapproving and 60% uncertain

The India-Taiwan Treaty: India's gateway to a knowledge economy

India and Taiwan's bilateral investment treaty presents a great incentive for India to develop its human capital and transition into a knowledge economy. The treaty strengthens relations between India and Taiwan and is in line with India's Act East policy. However, it will be a hard road for India in the making of the changes needed and its partnership with Taiwan will not go unnoticed by China.

A need for change

In December 2018, Taiwan and India signed a new bilateral investment agreement to update the treaty originally signed in 2002. According to Taiwan's Bureau of Foreign Trade, bilateral trade reached USD 6 billion in 2017. Over 106 Taiwanese companies including Foxconn, Gigabyte, and MSI are already present in India.

For India, competition from other regional players has become a major pushing factor to differentiate itself as a knowledge economy. The Philippines, for example, has become a more attractive environment for foreign investment in services, due to the lower cost of labour, the high levels of education within its population, and the widely-spoken English language. The Indian states of Hyderabad and Karnataka are already building the resources to become knowledge centres and help the country make that transition.

For Taiwan, the current trade war between China and the United States has made many Taiwanese companies eager to reduce their exposure to China. Indian government initiatives, such as Make in India, Digital India, Smart Cities, and Start-up India, have been undertaken with the intent to increase India's desirability to foreign investors, making it an attractive destination for Taiwanese business.

Potential friction with China

The investment treaty between the countries aligns with Indian Prime Minister Narendra Modi's Act East Policy which seeks to counter China's rising influence in the Indian Ocean.

India's concerns also extend to China's sphere of influence and territorial expansion in the Indian subcontinent. Through its One Belt One Road (OBOR) Initiative, China is partnering with South Asian countries such as Pakistan, Bangladesh, and Sri Lanka which encircle India. India is cautious about becoming a part of the OBOR initiative itself, in large part because of the China Pakistan Economic Corridor, which runs through territories that, India claims, falls within its borders. Further, India and China are locked in a border dispute in Dokhlam in the southern Himalayan region, which has sparked some critical moments in the past.

India's alignment with Taiwan has the potential to cause tension with China. Since 1949 China has claimed sovereignty over Taiwan and is strongly opposed to any country having separate diplomatic relations with it. China has applied pressure on international companies who list Taiwan separately from China, to protect its claim over the island. In January 2019, China warned India against providing military technology to Taiwan after it was revealed that an Indian firm submitted a proposal to Taiwan to build submarines.

A need for human capital development

India is a huge market that presents a host of profitable opportunities to Taiwanese companies. Indeed, recently Modi's government has made many improvements to India's business environment such as overhauling India's indirect tax structure and consolidating its bankruptcy laws. These and other efforts to improve the business environment has led to a marked improvement in the country's Ease of Doing Business score. Within two years, India jumped 53 positions in the World Bank Doing Business Index landing at the 77th place in 2018.

However, India is classified as a lower middle-income country by the World Bank despite being one of the world's 10 largest economies. One of the major problems is the high levels of inequality which is partly attributed to significant gaps in the level of economic development between states, over-reliance on agriculture, and lack of access to higher education for a large section of the population.

India must address its shortfalls in human capital development, particularly regarding the health and education level of its population. The country ranked 115 out of 157 in the World Bank's 2018 human capital index because of factors including low levels of primary education, high mortality rates, and high rates of child stunting. According to the report, "a child born in India today will be 44 percent as productive when she grows up as she could be if she enjoyed complete education and full health". While India is credited for its high economic growth, much of the growth is concentrated in certain regions of the country, where it mainly benefits people who are already relatively well-off.

Taiwan is one of the global leaders in ICT, and the country has expressed an interest in developing the technology, auto, and electric vehicle sectors in India. To transition into a knowledge economy and avail the opportunities that Taiwanese companies can offer, India needs to focus on increasing higher education opportunities to large sections of its population.

The key indicator to watch in terms of India's ability to reap the benefits of an economic partnership with Taiwan will be whether the government invests in continued human capital development.

(Source: https://globalriskinsights.com/2019/02/the-india-taiwan-treaty-indias-gateway-to-becoming-a-knowledge-economy/)

TAIWAN-FTA INVOLVEMENT

Currently, 14 FTAs. 7-FTA's Signed and In Effect and balance 7 under consultations

1. Free Trade Area of the Asia Pacific:-Proposed/ Under consultation and study
2. Taipei,China-United States Free Trade Agreement:-Proposed/Under consultation and study
3. Philippines-Taipei,ChinaEconomic Cooperation Agreement :-Proposed/Under consultation and study
4. Indonesia-Taipei,China FTA:-Proposed/Under consultation and study
5. India-Taipei,China FTA:-Proposed/Under consultation and study
6. Taipei,China and Dominican Republic Free Trade Agreement:-Negotiations launched
7. **Taipei,China and Guatemala Free Trade Agreement:-Signed and In Effect**
8. **Taipei,China and Panama Free Trade Agreement:-Signed and In Effect**
9. **Taipei,China and Nicaragua Free Trade Agreement:-Signed and In Effect**
10. **Taipei,China and Paraguay Free Trade Agreement:-Signed and In Effect**
11. **Taipei,China-El Salvador-Honduras Free Trade Agreement:-Signed and In Effect**
12. **People's Republic of China-Taipei,China Economic Cooperation Framework Agreement:-Signed and In Effect**
13. **New Zealand-Taipei,China Economic Cooperation Agreement:-Signed and In Effect**
14. **Singapore-Taipei,China FTA:-Signed and In Effect**

(Source:https://aric.adb.org/fta-country)

Taiwan looks to fast-track FTA talks with India, eyes higher tech exports

Taiwan looking for higher tech, precision tools exports; India wants OEMs to set up shop here

With an eye on carving out a larger share of the Indian tech products and precision tools market, Taiwan is looking to fast-track discussions on a trade deal with India.

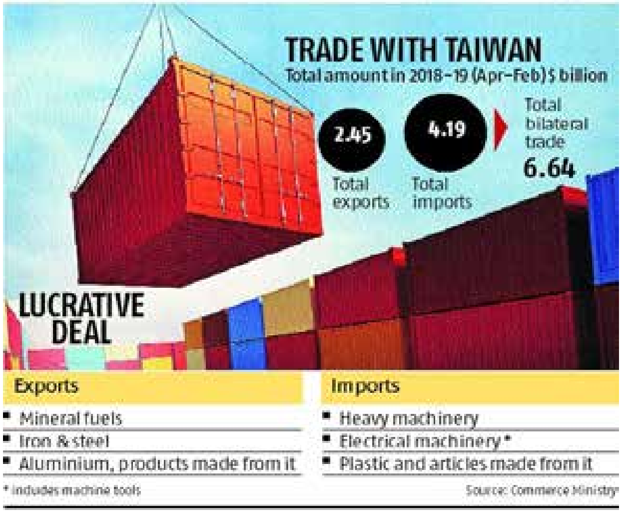
"Talks are on and we expect things to move quickly after the bilateral investment promotion agreement was signed last year. We look forward to the prospects of a free trade agreement (FTA)," James C F Huang, chairman of the Taiwan External Trade Development Council (TAITRA), said, on the sidelines of the Taiwan Expo 2019.

New Delhi had hitherto decided against vigorously pursuing investments from Taiwan because it did not want friction with China, which considers Taiwan its own and has refused to recognise the Taipei-based government over the past 70 years. But the situation has changed, and trade talks are expected to move smoothly, a commerce department official said.

"We have few FTAs due to political difficulties. As a result, our products have to be more competitive and of better quality, as they face high import duties in most countries," Walter M S Yeh, president and chief executive officer of TAITRA, said.

However, the nation is systematically building up trade partnerships, currently with seven FTAs and three preferential trading agreements, one of which is with manufacturing and consumer behemoth China.

China's replacement



While Taiwanese firms specialising in heavy machinery and engineering tools have figured primarily on the list, original equipment manufacturers for electronic devices are also moving in. New Delhi wants these crucial components to be gradually manufactured at home or shipped in from other countries rather than being imported entirely from China.

The largest of these — Foxconn — assembles electronic parts for Apple smartphones at six places and has plans to increase the number of facilities it operates in India and shore up production, the diplomat added.

The country's bilateral trade with India grew almost 10 per cent in the first 11 months of 2018-19 to $6.64 billion, with $2.45 billion worth of exports to the island nation. While total trade has grown in double-digit figures for the last three years, imports remain twice as hefty.

Taiwan's Golden Valley region, home to 1,000 precision machinery manufacturers and 10,000 suppliers, has the highest density of any machine tool industry cluster in the world. The industry is varied across 72 categories, with cutting and grinding tools along with those used for planing, shaping, and boring having the majority share of the market.

Also, many other Taiwanese firms manufacturing networking devices, bicycles, car components, and vehicle electronics are returning from China, where labour costs are rising. Subsequently while the Taiwanese government has launched a 'welcome back' programme, with incentives such as free rent for the first two years, favourable bank loans, and access to tax consultation, a tighter standards regime has dampened their mood.

Investments on the rise

As a result, a cross-section of the manufacturing sector is looking at India to shift facilities. This mood has been hastened by Taipei City's desire to enter the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, which includes large economies like Australia, Canada, Japan, and Singapore, among others.

To this end, a proposal to create special economic zones (SEZs) exclusively for Taiwanese firms is also being explored by both governments, Taiwanese officials added. India already has SEZs for Chinese and Japanese companies. "Many mid-size companies are looking to shift factories to India as market demand is expected to keep on growing. We would do the same if we found a local partner," Berny Sung, business development manager at Sinpro, an equipment manufacturer for the e-vehicles industry, said.

However, existing businesses has a different perspective. "The central government does the job of a facilitator very well but working with state governments remains difficult. Their enthusiasm for new investments in manufacturing does not match their response when on-ground help is required," chairman of Taiwan India Business Association, Theodore M H Huang, said. Huang has visited India 17 times in the past two years and added that registration still takes an unnecessarily long time, while red tape remains an issue.

While he didn't mention the states in question, a senior official hinted most Taiwanese firms preferred were manufacturing hubs in Gujarat, Maharashtra, and

Karnataka. Foreign direct investment from Taiwan crossed $300 million in December 2018.

(*Source: https://www.business-standard.com/article/economy-policy/taiwan-looks-to-fast-track-fta-talks-with-india-eyes-higher-tech-exports-119051601264_1.html*)

TAIWAN–TARIFFS AND REGULATIONS

Tariffs and duty rates are constantly revised and are subject to change without notice.

Two-column tariff based on the Harmonised System. Most duties are ad valorem (per cent), based on the GATT Valuation Code - approximately Cost, Insurance and Freight (CIF) value (Incoterms 1990). Preference is granted to countries having trade agreements or diplomatic relations with Taiwan.

The Ministry of Finance administers customs regulations and procedures in Taiwan. Goods imported are liable to ad valorem duty determined and calculated on the transaction value. Tariff rates vary depending on the product.

Non-tariff barriers

Imports may be affected either under the automatic approval system or the covering licence system. Some applications for Automatic Approval items must be made to authorised banks; other items may be permitted entry without a licence. Applications for covering licence items must be made to the Board of Foreign Trade. Licences are valid for six months.

Permitted imports are classified into two categories:

- **Controlled**: government monopoly controlled items e.g. petroleum, strategic and military supplies and imported items which compete with the produce of emerging domestic industries
- **Permissible**: all other items.

All importers, except those authorised to import on a deferred payment basis, must make a deposit with a foreign exchange bank within 14 days after approval of their import licence. The current rate of deposit is 10 per cent of the CIF value (Incoterms 1990).

Product certification, labelling and packaging

Labelling

Outer containers should bear consignee's and port mark and should also be numbered (according to packing list) unless their contents can be otherwise readily identified.

Labelling regulations are applied to all kinds of packaged foods and pharmaceuticals. If a foreign language is used in the label prepared by the manufacturer in the country of origin, major ingredients, valid date, manufactured date, product name, weight/size, name and address of the importer is required in Chinese. For detailed information regarding labelling regulations, visit the Food and Drug Administration, Ministry of Health and Welfare.

Cigarettes must indicate the date of manufacture and display a generic health warning.

Most textile goods are now subject to mandatory labelling requirements and importers should be contacted for specifics.

Square recycle logos are required to be on recyclable containers, including those which are made from glass, plastic, iron, aluminium, paper and aluminium foil, imported to Taiwan. For plastic containers, triangle recycle logos should be shown.

Packaging

Goods should be securely packed, having due regard to the nature of the goods, means of transport and likely climatic conditions during transit and delivery.

Special certificates

Live animals, animal products, plants and plant products require health certificates issued by an approved authority in the country of origin - two copies required.

Old newspapers require a sanitary certificate - two copies.

Old jute, feather waste, cotton rags etc. require a fumigation certificate - two copies.

Methods of quoting and payment

Quotes in US dollars are preferred, but accepted in any free world currency. There should be by pro-forma invoice and, if for machinery or engineering products, must enclose a catalogue.

Payments usually by letter of credit.

Imports on a collection basis are permitted on documents against payment (D/P) or documents against acceptance (D/A) terms.

CHEMEXCIL'S EXPORT PERFORMANCE

FOR THE YEARS 2016-17, 2017-18 & 2018-19

PANEL	2016-17 (Actual)	2017-18 (Actual)	% over previous year	2018-19 (Provisional)	% over previous year
(32) Dyes & (29) Dye Intermediates	2108.20	2403.85	14.02	2808.67	16.84
(28) Inorganic, (29) Organic & (38) Agro chemicals	7712.75	10677.34	38.44	13555.57	26.96
(33) Cosmetics, (34) Soaps, Toiletries and (33) Essential oils	1566.60	1801.48	14.99	1843.12	2.31
(15) Castor Oil	674.73	1043.99	54.73	883.76	-15.35
TOTAL	12062.28	15926.66	32.04	19091.12	19.87

Source: DGCI&S

CHEMEXCIL'S COMMODITYWISE EXPORTS TO TAIWAN

for the years 2016-17, 2017-18 & 2018-19

PANEL	2016-17 (Actual)	2017-18 (Actual)	% over previous year	2018-19 (Provisional)	% over previous year
(32) Dyes & (29) Dye Intermediates	48.43	50.07	3.39	65.23	30.28
(28) Inorganic, (29) Organic & (38) Agro chemicals	138.14	168.12	21.70	185.73	10.47
(33) Cosmetics, (34) Soaps, Toiletries and (33) Essential oils	7.16	8.34	16.48	6.43	-22.90
(15) Castor Oil	4.05	4.74	17.04	3.38	-28.69
TOTAL	197.78	231.27	16.93	260.77	12.76

Source: DGCI&S

DYE INTERMEDIATES TOP ITEMS EXPORTS TO TAIWAN

Value in USD Million

HSCode	Products	2016-2017	2017-18	2018-19
29041040	VINYL SULPHONE	16.12	14.4	11.88
29222160	H-ACID	3.73	4.58	5.06
29222926	META-PHENYLENE DIAMINE-4 SULPHONIC ACID	0.64	0.22	0.98
29222140	GAMMA ACID	0.38	0.91	0.91
29270090	OTHER DIAZO-AZO OR AZOXY COMPOUNDS	0.5	0.27	0.55
29214522	CLEVES ACID (1 NAPHTHYLAMINE-6 SULPHONIC ACID)	0	0.03	0.16
29224300	ANTHRANILIC ACID AND ITS SALTS	0.18	0.17	0.15
29214390	OTHER TOLUIDINES & THEIR DERIVATIVES; SALTS THEREOF	0.07	0.39	0.16
29214213	DICHLOROANILINE	0.02	0	0.14
29214526	TOBIAS ACID (2-NAPHTHYLAMINE-1-SULPHONIC ACID)	0	0.03	0.14
29214211	PARACHLORO ANILINE	0.13	0.08	0.13
29222924	PHENYL J.ACID (PHENYL-2-AMINO-8-NAPHTHOL- 7 SULPHONIC ACID	0.05	0.09	0.11
29214521	BRONNERS ACID (2-NAPHTHYLAMINE-6, SULPHONIC ACID)	0	0.05	0.09
29214223	DIMETHYL ANILINE	0.09	0.15	0.05
29214226	PARA NITROANILINE	0	0	0.04
	Total	**21.91**	**21.37**	**20.55**

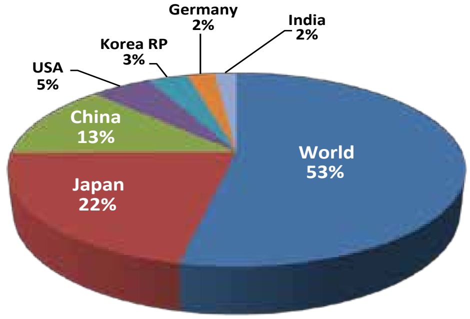
Source: DGCI&S

List of supplying markets for a product imported by Taipei, Chinese
Product: 32 Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring

Imported Value in USD Million

Exporters	2016	2017	2018
World	1306.801	1365.881	1495.569
Japan	568.153	573.686	600.925
China	285.593	304.122	351.267
United States of America	109.916	124.756	143.092
Korea, Republic of	72.213	77.235	94.597
Germany	56.359	64.017	65.511
India	35.947	38.429	51.624

Source : Intracen



INORGANIC CHEMICALS TOP ITEMS EXPORTS TO TAIWAN

Value in USD Million

HSCode	Products	2016-2017-	2017-18	2018-19
28183000	ALUMINIUM HYDROXIDE	2.03	2.21	4.71
28261990	OTHER FLUORIDES	2.99	2.73	2.23
28311020	SODIUM SULPHOXYLATE (INCLUDING SODIUM FORMALDEHYDE SULPHOXYLATE)	1.02	1.69	1.3
28030010	CARBON BLACK	0.98	1.16	1.19
28111990	OTHER INORGANIC ACID	0.13	0.36	0.98
28121300	PHOSPHOROUS TRICHLORIDE	0	0.05	0.57
28311010	SODIUM DITHIONITES (SODIUM HYDROSULPHITE)	0.03	0.84	0.41
28131000	CARBON DI-SULPHIDE	0.45	0.51	0.38
28341010	SODIUM NITRITE	0.11	0.25	0.37
28319020	OTHER SULPHOXYLATES	0.16	0.41	0.33
28220010	COBALT OXIDE	0	0	0.31
28416100	POTASSIUM PERMANGANATE	0.17	0.17	0.29
28191000	CHROMIUM TRIOXIDE	0.02	0.21	0.26
28332990	OTHER SULPHATE N.E.S.	0.07	0.07	0.23
28275110	SODIUM BROMIDE	0	0.1	0.2
	Total	**8.16**	**10.76**	**13.76**

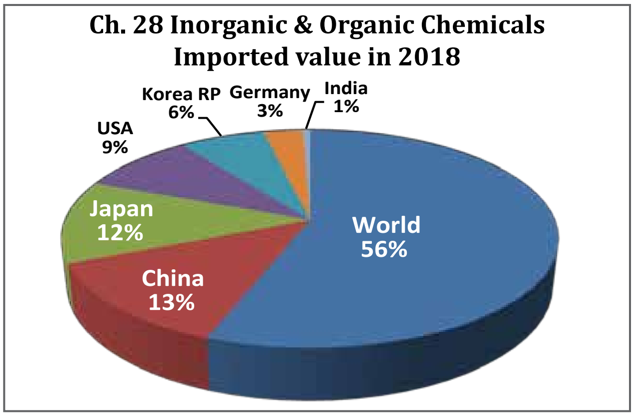
Source: DGCI&S

List of supplying markets for a product imported by Taipei, Chinese
Product: 28 Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, ...

Value in USD Million

Exporters	2016	2017	2018
World	3081.761	3051.749	3032.946
China	777.049	640.697	703.066
Japan	636.711	674.916	667.752
United States of America	538.75	652.937	487.003
Korea, Republic of	334.011	309.979	354.908
Germany	212.142	151.824	166.048
India	17.014	17.664	29.691

Source : Intracen



ORGANIC CHEMICALS TOP ITEMS EXPORTS TO TAIWAN

Value in USD Million

HSCode	Products	2016-2017	2017-18	2018-19
29024100	O-XYLENE	23.68	23.2	45.73
29024300	P-XYLENE	26.41	47.93	25.48
29012400	BUTA-1 3-DIENE AND ISOPRENE	7.89	5.94	20.53
29022000	BENZENE	11.72	18.36	10.79
29053100	ETHYLENE GLYCOL (ETHANEDIOL)	4.96	7.3	8.6
29012100	UNSATURATED ETHYLENE	0	0	5.9
29215990	OTHER AROMATIC POLYAMINES & THEIR DERIVATIVES & SALTS	2.38	2.36	4.08
29333919	OTHER DERIVATIVES OF PYRIDINE	3.07	3.52	3.87
29214190	OTHERS ANILINE AND ITS SALTS	0.72	0.72	3.57
29222190	OTHER AMINOHYDROXY NAPHTHALNE SULPHONIC ACIDS AND THEIR SALTS	2.17	1.76	2.42
29142200	CYCLOHEXANONE AND METHYL CYCLOHEXANONES	0	0	2.42
29153990	OTHER ESTERS OF ACETIC ACID	2.74	2.7	2.23
29319090	OTHER ORGANIC/INORGANIC COMPOUNDS	0.96	1.34	2.09
29163990	OTHER AROMATIC MONOCARBOXYLIC ACIDS THEIR ANHYDRIDES HALIDES PEROXIDES PEROXYACIDS AND THEIR DERIVATIVES	0.14	0.52	1.85
29252990	OTHER IMINES AND THEIR DERIVTVS, SALTS THEREOF	0	0	1.77
	Total	**86.84**	**115.65**	**141.33**

Source: DGCI&S

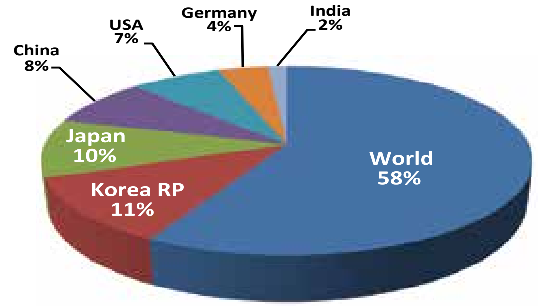
List of supplying markets for a product imported by Taipei, Chinese
Product: 29 Organic chemicals

Imported Value in USD Million

Exporters	2016	2017	2018
World	7376.328	9321.241	10540.767
Korea, Republic of	1082.558	1563.55	2079.885
Japan	1343.256	1604.566	1810.65
China	1107	1319.892	1488.166
United States of America	894.507	893.492	1290.083
Germany	730.174	737.434	709.538
India	181.856	257.65	263.779

Source : Intracen

Ch. 29 Organic Chemicals -Imported value in 2018



AGRO CHEMICALS TOP ITEMS EXPORTS TO TAIWAN

Value in USD Million

HSCode	Products	2016-2017	2017-18	2018-19
38089199	OTHER INSECTICIDE N.E.S.	4.82	6.16	4.66
38089290	OTHER FUNGICIDES	2.6	2.77	3.44
38089910	PESTICIDES NOT ELSEWHERE SPECIFIED OR INCLUDED	2.17	1.77	1.6
38089390	OTHER HERBICIDES ANTI-S-SPROUTING PRODUCTS AND PLANT GROWTH REGULATORS	2.57	1.76	1.07
38089990	OTHER SIMILAR PRODUCTS N.E.S.	1.61	1.49	0.52
38089135	CYPERMETHRIN TECHNICAL GRADE	0.26	0.27	0.47
38089137	SYNTHETIC PYRETHRUM	0.19	0.42	0.32
38089124	MELATHION	0.06	0.12	0.15
38089320	2:4 DICHLOROPHENOXY ACTC ACD & ITS ESTERS	0.11	0.16	0.14
38089250	COPPER OXYCHLORIDE	0	0	0.02
38089111	ALUMINIUM PHOSPHITE (E.G. PHOSTOXIN)	0.03	0.1	0.01
38089400	DISINFECTANTS	0	0	0
	Total	**14.42**	**15.02**	**12.4**

Source: DGCI&S

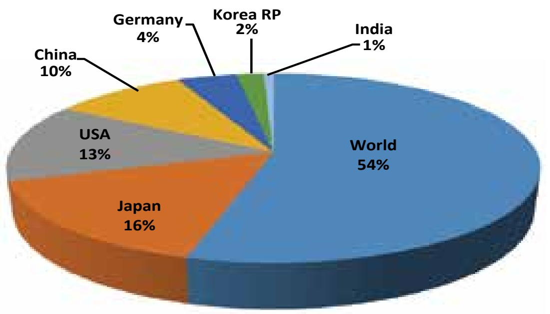
List of supplying markets for a product imported by Taipei, Chinese
Product: 38 Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth ...

Imported value in USD Million

Exporters	2016	2017	2018
World	237.579	273.862	275.281
China	69.956	88.272	104.717
Japan	26.984	27.502	27.978
Viet Nam	17.157	20.867	24.523
United States of America	20.85	20.565	24.342
India	14.559	17.5	18.261
Germany	18.497	18.502	13.316

Source : Intracen

Ch. 38 Agro Chemicals - Imported value in 2018



COSMETICS & TOILETRIES TOP ITEMS EXPORTS TO TAIWAN

Value in USD Million

HSCode	Products	2016-2017	2017-18	2018-19
34011110	MEDICATED SOAP	1.95	3.05	1.99
38099190	OTHER TEXTILE ASSISTANTS	0.87	1	0.73
34021300	NON-IONIC W/N FOR RETAIL SALE	0.42	0.61	0.66
38231900	OTHER INDUSTRIAL MONOCARBOXYLIC FATTY ACID	0.77	0.52	0.49
29157040	HCO FATTY ACID(INCLUDING 12-HYDROXY STEARIC ACID)	0.37	0.6	0.31
33059040	HAIR DYES(NATURAL HERBAL OR SYNTHETICS)	0.26	0.25	0.26
34011190	OTHER TOILET SOAPS (INCLUDING MEDICATED PRODUCTS)	0.45	0.25	0.23
38099170	TEXTILE ASSISTANTS WATER PROOFING AGENTS	0	0	0.24
33061020	DENTIFRICES IN PASTE (TOOTH PASTE)	0.16	0.1	0.11
33049990	OTHER BEAUTY MAKE-UP PREPARATION	0.05	0.09	0.1
29157050	D.C.O. FATTY ACID	0.15	0.22	0.1
34021190	OTHERS (E.G. ALKYL SULPHATES TECH. DODECYL BENZENE-SULPHONATES ETC.)	0.23	0.52	0.1
34029099	OTHER (OTHER PREPARATIONS) NES	0.09	0.01	0.1
33051090	OTHER HAIR SHAMPOOS (NON SPIRITUOUS)	0.05	0.06	0.07
33059090	OTHR PRPNS FOR USE ON HAIR N.E.S.	0	0.05	0.06
	Total	**5.82**	**7.33**	**5.55**

Source: DGCI&S

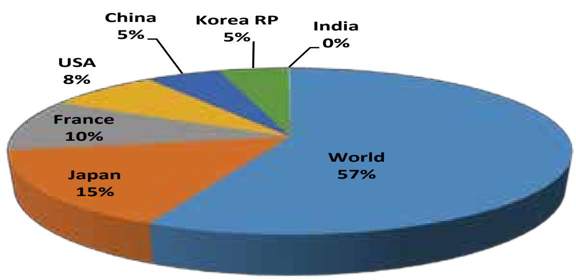
List of supplying markets for a product imported by Taipei, Chinese
Product: 33 Essential oils and resinoids; perfumery, cosmetic or toilet preparations

Imported value in USD Million

Exporters	2016	2017	2018
World	1514.778	1532.518	1697.376
Japan	392.904	405.909	457.518
France	262.265	267.538	297.791
United States of America	237.592	199.454	228.638
China	126.674	134.284	151.075
Korea, Republic of	129.7	130.647	141.138
India	2.798	3.419	2.662

Source : Intracen

Ch. 33 Cosmetics & Essential Oil - Imported value in 2018



ESSENTIAL OILS TOP ITEMS EXPORTS TO TAIWAN

Value in USD Million

HSCode	Products	2016-2017	2017-18	2018-19
33012990	ESSENTIAL OILS OF GERANIUM	0.22	0.2	0.43
33019090	OTHER AQUEOUS SOLUTION OF ESSENTIAL OILS.	0.11	0.07	0.05
33011990	CITRONELLA OIL CEYLON TYPE INCLUDING & CONCETRATE	0.02	0.01	0.01
33012934	PATCHOULI OIL	0	0	0.01
33029019	OTHER MIXTURE OF AROMATIC CHEMICALS AND ESSENTIAL OILS AS PERFUME BASE	0.01	0.02	0.01
33012942	LEMONGRASS OIL	0	0	0.01
33012931	TUBEROSE CONCENTRATES	0	0	0.01
33019060	AQUEOUS DISTILLATES OF ESSENTIAL OILS N.E.S.	0	0	0.01
	Total	**0.36**	**0.3**	**0.54**

Source: DGCI&S

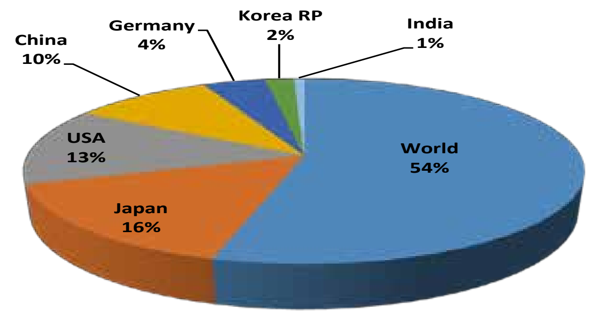
List of supplying markets for a product imported by Taipei, Chinese
Product: 34 Soap, organic surfac e-active agents, washing preparations, lubricating preparations, artificial

Imported value USD Million

Exporters	2016	2017	2018
World	815.541	899.457	970.807
Japan	257.593	278.29	279.51
United States of America	212.375	221.082	238.195
China	101.366	130.06	171.106
Germany	63.352	73.243	75.365
Korea, Republic of	25.176	30.359	34.61
India	12.581	12.731	12.587

Source : Intracen

Ch. 34 Soap - Imported value in 2018



CASTOR OIL TOP ITEMS EXPORTS TO TAIWAN

Value in USD Million

HSCode	Products	2016-2017	2017-18	2018-19
15153090	CASTOR OILANDITS FRCTNS OTHR THN EDBLE GRADE	2.34	2.39	1.97
15162039	OTHER HYDROGENATED CASTOR OIL (OPAL WAX)	1.61	2.28	1.42
15180029	OTHER CASTOR OIL DEHYDRATED	0.1	0.03	0
	Total	**4.05**	**4.7**	**3.39**

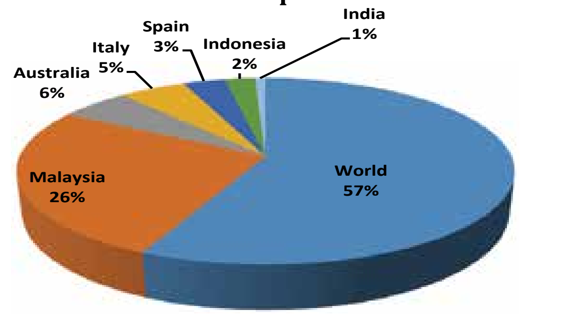
Source: DGCI&S

List of supplying markets for a product imported by Taipei, Chinese
Product: 15 Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ...

Imported value in USD Million

Exporters	2016	2017	2018
World	352.797	391.58	383.346
Malaysia	166.011	182.383	176.507
Australia	38.381	36.042	36.23
Italy	25.664	35.105	34.117
Spain	17.749	21.063	21.43
Indonesia	11.171	13.841	15.362

Ch. 15 Castor Oil - Imported value in 2018



1. CHEMEXCIL'S PARTICIPATION IN COLOR & SPECHEM AND AGRI VIETNAM EXHIBITION 2019

As an export promotion measure, CHEMEXCIL has participated in Color & Spechem and Agri Vietnam Exhibition 2019 organized by the China National Information Centre (CNCIC) and VEAS Co. Ltd. from **26th June to 28th June, 2019** at the Saigon Exhibition and Convention Centre (SECC), **Ho Chi Minh City, Vietnam**.

Color & Spechem and Agri Vietnam exhibition is an gateway to the Coatings, Pigment Ink, Speciality and Agro Chemicals sector of Vietnam.

Three days exhibition attracted from 15 countries like USA, Germany, Italy, India, Netherland, Spain, Russia, Singapore, South Korea, Japan, Thailand, Malaysia, Taiwan, China and Vietnam who had put-up stalls in the entire convention Centre.

The Council had booked an area of 126 sq mt for organising its India Pavilion wherein 22 Indian exporters had showcased their products and promoted Brand India.

CHEMEXCIL's Indian pavilion was inaugurated by H.E. Dr Srikar Reddy Hon'ble Consul General of India, Ho Chi Minh City, Vietnam, along with Mr. Ajay Kadakia Chairman - Chemexcil and Mr. S.G Bharadi Executive Director- Chemexcil. The members-exporters were happy to interact with the visiting dignitaries.

Color & Spechem and Agri Vietnam 2019 exhibition evinced good response with more than 100 visitors to Chemexcil stall / pavilion. These visitors were from local Vietnamese companies and also surrounding countries who were interested in co-operating with Indian companies.

Also, in coordination with CHEMEXCIL, Consulate General of India in HCMC, Vietnam had also organized B2B Meet on CHEMICAL INDUSTRY India and Vietnam at Rex Hotel, Ho Chi Minh City (Sunflower Hall, 1st floor), No.141 Nguyen Hue Street, District 1, Hoc Chi Minh City, Vietnam, on 27th June, 2019.

2. CHEMEXCIL'S PARTICIPATION IN, BUYER SELLER MEET, BANGKOK, THAILAND

Mr. Ajay Kadakia, Chairman - CHEMEXCIL addressing the gathering during Buyer Seller Meet on 1st July, 2019 at Hotel Pullman Bangkok Grande Sukhumvit – Bangkok, Thailand

As an export promotion measure, CHEMEXCIL in co-ordination with Embassy of India in Bangkok, Thailand had organized a Buyer Seller Meet at Hotel PULLMAN BANGKOK GRANDE SUKHUMVIT, 30 SUKHUMVIT 21 (ASOKE) ROAD, BANGKOK 10110 THAILAND on 1st of July, 2019. Total 27 member-exporters from CHEMEXCIL and around 68 importers / buyers of Chemicals / Dyes and Cosmetic sectors attend the above event.

The BSM was inaugurated by H.E. Mrs. Suchitra Durai - Ambassador of the Republic of India to Thailand. The event was also attended by Mrs. Alpana Dubey, Deputy Chief of Mission and Deputy PR to UNESCAP, Mr. Khimisra - Advisor Federation of Thai Industries (FTI) Chemical Club of Thailand (TBC), Ms. Petcharat Eksangkul, Chairperson - Chemical Industry Club - FTI, Mr. Ravi Sehgal - President, India-Thai Chamber of Commerce all of whom had urged the Thai companies to look at a new and fast growing India.

In the above event, the welcome address was given by Mr. Ajay Kadakia, Chairman - CHEMEXCIL. In his address, he introduced CHEMEXCIL and briefed its export performance and promotional activities.

In his inaugural Address, the H.E. Mrs. Suchitra Durai - Ambassador of the Republic of India to Thailand, invited the Thai companies to look at opportunities for further engagement with India. She briefed about the Government of India's initiative 'Make in India' program with the aim to promote manufacturing in India. She delivered that the program includes major new initiatives designed to facilitate investment, foster innovation, protect intellectual property, and build best-in-class manufacturing infrastructure.

Mr. S.G Bharadi, Executive Director - CHEMEXCIL was given detailed PPT presentation about Chemexcil and Indian Chemical Industry with export statistics of all our products and also invite Thailand businessman to come to India in the upcoming CAPINDIA Show from 2nd – 4th December, 2019 at Mumbai, India.

Embassy of India, Bangkok, Thailand had provided tremendous support regarding the telemarketing service for mobilizes Buyers / importers of this event.

For wide publicity of the event, CHEMEXCIL has given an advertisement in local news paper in Thai language in "Krungthep Turakij" newspaper as per the directive of the Embassy.

3. CHEMEXCIL'S STAKEHOLDER CONSULTATION MEETING IN AHMEDABAD

View of Stakeholder Consultation Meeting in Ahmedabad

3.The Embedded State and Central Taxes & Levies on Exports which are not refunded, has always been a cause of concern for Indian Exporters and also impacts their competitiveness. In recent times, the government has come out with RoSCTL for exporters of value-added Textile products which is over and above D.B.K/ MEIS schemes.

To further strengthen case of chemical industry, the council has given an assignment for such a study report on "State and Central Taxes and Levies on export which are not neutralized" to **Mr. Sudhakar Kasture- Director, M/s. Helpline Impex Pvt Ltd, Mumbai.** This report is proposed to be submitted to O/o DGFT for consideration.

As a way forward, the council had organized a stakeholder consultation meeting in Ahmedabad **with leading member-export**ers to understand such "State and Central Taxes and Levies on export which are not neutralised". on 01/07/2019 at GDMA Conference Room, Ahmedabad

This stakeholder consultation meeting was attended by following:

1. ***Shri Bhupendra Patel****- Regional Chairman - Western Region & Member - Dyes & Dye Intermediates Panel*
2. ***Shri. Haresh Bhuta, Hon. Secretary****,* GDMA
3. ***Shri Sudhakar Kasture****, Director, M/s. Helpline Impex Pvt Ltd, Mumbai*
4. ***Shri Deepak Gupta****, Deputy Director- Chemexcil*
5. *Other office bearers of local associations*
6. *RO Ahmedabad Office Staff*
7. *Industry participants (45 nos)*

<u>Highlights</u>

Shri Bhupendra Patel welcomed the dignitaries on the dais and participants of the stakeholder consultation meeting. He briefed on the importance of this study report on "State and Central Taxes and Levies on export which are not neutralized" and requested the industry participants to give full support and data which will add value to the report.

Shri Sudhakar Kasture, Director, M/s. Helpline Impex Pvt Ltd, Mumbai made a detailed presentation on "Refund of State and Central Taxes and Levies on export which are not neutralized". He touched various areas of WTO/ ASCM to explain incentives which are compliant and non-compliant.

Shri Kasture then ran through the questionnaire which was provided to the members and explained all the points so that participants could understand what is needed from them to capture the data which will be used to prepare report for submission to DGFT. Many of the members asked queries on certain expenses/ fees which could be reported as un-refundable. These queries where addressed by Mr. Kasture to the satisfaction of participants. The stakeholder consultation meeting was attended by around **45 industry participants.**

Shri Deepak Gupta also urged the participants to provide their duly filled up questionnaire within 7 days so that their data could be used. Many of the participants also submitted the questionnaire which they had already filled and others assured submission within 7 days.

The session ended with Vote of thanks by **Shri. Haresh Bhuta, Hon. Secretary**, GDMA followed by Hi-Tea.

4. CHEMEXCIL KOLKATA OFFICE INAUGURATION

Mr. Adesh Kumar - Special Commissioner of Revenue Commercial Taxes, W.B. & PRO being welcomed by Mr. S.G Bharadi, Executive Director - CHEMEXCIL during inauguration of Chemexcil's new regional office at Kolkata on 09-07-2019.

Mr. B.B. Pal, Deputy Director General, DGCI&S being welcomed by Mr. S.G Bharadi, Executive Director - CHEMEXCIL during inauguration of Chemexcil's new regional office at Kolkata on 09-07-2019

Mr. Ajay Kadakia, Chairman – CHEMEXCIL and Mr. Adesh Kumar – Special Commissioner of Revenue Commercial Taxes, W.B. & PRO lighting the lamp during the inauguration of Chemexcil's new regional office at Kolkata on 09-07-2019.

5. CHEMEXCIL'S STAKEHOLDER CONSULTATION MEETING IN MUMBAI ON 05/07/2019 REGARDING "STATE AND CENTRAL TAXES AND LEVIES ON EXPORT WHICH ARE NOT NEUTRALISED"

Shri Ajay Kadakia, Chairman- Chemexcil welcoming Shri . Sudhakar Kasture- Director, M/s. Helpline Impex Pvt Ltd, Mumbai during Chemexcil's Stakeholder Consultation Meeting at Chemexcil Conference Room, Mumbai

The Embedded State and Central Taxes & Levies on Exports which are not refunded, has always been a cause of concern for Indian Exporters and also impacts their competitiveness. In recent times, the government has come out with RoSCTL for exporters of value-added Textile products which is in addition to D.B.K/ MEIS.

To further strengthen case of chemical industry, the council has given an assignment for such a study report on "State and Central Taxes and Levies on export which are not neutralized" to **Shri Sudhakar Kasture- Director, M/s. Helpline Impex Pvt Ltd, Mumbai.** This report is proposed to be submitted to O/o DGFT for consideration.

As a way forward, the council had organized a stakeholder consultation meeting at **Chemexcil Conference Room, Mumbai with leading member-export**ers to understand such "State and Central Taxes and Levies on export which are not neutralised". This was the second such meeting after first meeting in Ahmedabad.

This stakeholder consultation meeting was attended by following:

1. ***Shri Ajay Kadakia-*** *Chairman, Chemexcil*
2. ***Shri Abhay Udeshi,*** *Chairman-Castor Oil & Specialty Chemicals Panel, Chemexcil*
3. ***Shri. S.G Bharadi- ED, Chemexcil***
4. ***Shri Sudhakar Kasture****, Director, M/s. Helpline Impex Pvt Ltd, Mumbai*
5. ***Shri Prafulla Walhe****, Deputy Director- Chemexcil*
6. ***Shri Deepak Gupta****, Deputy Director- Chemexcil*
7. *Industry participants (25 nos)*

Highlights

Shri Ajay Kadakia, Chairman welcomed **Shri Sudhakar Kasture** and participants of the stakeholder consultation meeting.

Shri Kasture made a detailed presentation on "Refund of State and Central Taxes and Levies on export which are not neutralized". He touched various areas of WTO/ ASCM to explain incentives which are compliant and non-compliant.

Shri Kasture then ran through the questionnaire which was provided to the members and explained all the points so that participants could understand what is needed from them to capture the data which will be used to prepare report for submission to DGFT.

Many of the members asked queries on certain expenses/ fees whether they could be reported as un-refundable. These queries where duly addressed by Shri Kasture to the satisfaction of participants.

The stakeholder consultation meeting was attended by around 2**5 industry participants.**

Participants where once again urged by the council to provide duly filled up questionnaire within 7 days so that their data could be used. Many of the participants also submitted the questionnaire which they had already filled and others assured submission within 7 days.

The session ended with Vote of thanks and followed by Hi-Tea.

5. Seminar on "GST recent developments, Annual Return and GST Audit" *with M/s. Laxmikumaran & Sridharan (L & S) Attorneys on 26th July 2019 at Chemexcil HO, Mumbai*

Shri S.G Bharadi- ED Chemexcil welcoming Shri Chaitanya Bhatt, Joint Partner, L& S Attorneys during the seminar on "GST recent developments, Annual Return and GST Audit"

This seminar was attended by following:

- <u>Council/ Industry Representatives</u>

1. ***Shri. S.G Bharadi- ED, Chemexcil***
2. ***Shri Prafulla Walhe***, *Deputy Director- Chemexcil*
3. ***Shri Deepak Gupta***, *Deputy Director- Chemexcil*
4. ***Industry participants (26 nos)***

- **<u>From M/s. Laxmikumaran & Sridharan (L & S) Attorneys</u>**

1. *Shri Chaitanya Bhatt, Joint Partner (CA, LLB, B.Com)*
2. *Shri Raj Khona, Senior Associate (CA, B.Com)*

Highlights

Shri S.G Bharadi, ED welcomed the speakers and participants of seminar. He advised them to benefit from the seminar and clear doubts on the subject.

Shri Chaitanya Bhatt made a presentation on recent amendments in GST covering areas impacting exports. He particularly explained areas like reversal of ITC in case of MEIS incentive, treatment of free samples, Cross charging/ ISD in case of multiple units.

Shri Raj Khona ran through the detailed presentation on GST Annual return and reconciliation statement. He explained the categories of exporters who need to file the annual return. He also gave several old examples to explain the topic.

Shri Khona also explained the situations for Audit and gave vital inputs on care to be taken for submitting annual returns as there is no provision for revising the annual returns.

This seminar was attended by around 26 **industry participants.**

Many of the members asked queries on various points which where duly addressed by Shri Bhatt and Shri Khona to the satisfaction of participants.

The session ended with Vote of thanks and followed by Hi-Tea.

CHEMEXCIL SMS Alert service Form

1. Name of the Company:
2. Name of the applicant:
3. IEC Number
4. Chemexcil Membership Number
5. RCMC Number
6. Correspondence address.
7. Mobile Number

I undertake to abide by all terms and conditions for SMS alert facility as may be prescribed from time to time by Chemexcil.

Date Place Signature

FOR OFFICE USE **RCMC No.**

The aforementioned standing instruction/ details have been logged and maintained in the system after verification of company and mobile number in use

Date Name of Concern officer Signature of Authorized person.

Please mail above filled form at membership@chemexcil.gov.in

NEWS ARTICLES

1. Donald Trump terminates preferential trade status for India under GSP.

The US on Friday announced its decision to end preferential tariffs to $5.6 billion of Indian exports from June 5 after determining that it has not assured the US that it will provide "equitable and reasonable access to its markets." "I have determined that India has not assured the US that it will provide equitable and reasonable access to its markets. Accordingly, it is appropriate to terminate India's designation as a beneficiary developing country effective June 5, 2019," US President Donal Trump said in a proclamation on Friday. The US has announced the withdrawal of special duty benefits under the Generalized System of Preferences (GSP) on March 5 And were to come into force from the first week of May. However, Washington decided to postpone the implementation of its decision until May 23, when India gets a new government. US Commerce Secretary Wilbur Ross met former commerce and industry minister Suresh Prabhu met last month wherein the two discussed issues related to ecommerce, data protection and localisation and intellectual property rights. As per a study by the Federation of Indian Export Organisations, India's global merchandise exports for 2018 were $324.7 billion, of which $51.4 billion were to the US. However, only $6.35 billion of exports from India to the US benefited from the GSP scheme. Such exports were covered under 1921 US tariff lines. No exemption to PV cells, washers The US also removed the exemption for India from application of the safeguard measures on crystalline silicon photovoltaic (CSPV) products and large residential washers effective June 5 "I have determined to remove it from the list of developing country WTO Members exempt from application of the safeguard measures on CSPV products and large residential washers," Trump said in the proclamation. In January last year, the US had implemented a safeguard measure on imports of certain CSPV cells and large washers as the individual share of total imports of the product exceeded 3% and imports of all such countries with less than 3% import share collectively accounted for more than 9% of total imports of the product.

(*Source: https://economictimes.indiatimes.com/news/economy/foreign-trade/donald-trump-terminates-preferential-trade-status-for-india-under-gsp/articleshow/69606703.cms dated 1st June 2019)*

2. India to Impose Its Own Tariffs on Some Goods Imported From the U.S.

Move is apparent retaliation for Washington's recent decision to withdraw a key trade privilege

NEW 01DELHI-India will impose higher tariffs on some goods imported from the U.S., according to Indian officials, in an apparent response to a U.S. move earlier this month to remove some special trade benefits that India had enjoyed.

The decision takes effect Sunday, just days ahead of a visit by U.S. Secretary of State Mike Pompeo to New Delhi aimed at boosting U.S.-India ties.

The U.S. and India, while dramatically broadening their overall ties in the past decade, have seen trade tensions grow over the past year after the Trump administration imposed tariffs on some steel and aluminum products last June. The Indian government responded by approving a tariff hike of as much as 120% on the import of 29 U.S. products.

Indian officials delayed implementing their tariffs for a year in hopes the U.S. would reconsider the steel and aluminum tariffs aimed at India.

Then, earlier this month, the Trump administration removed some benefits India had enjoyed under a special trade status with the U.S. That decision added tariffs of as much as 7% on Indian exports of goods such as chemicals, auto parts and tableware. In 2018, those accounted for more than 11%, or $6.3 billion, of India's total exports of goods covered under that trade status, valued at $54.4 billion, according to the Congressional Research Service, a research agency for the U.S. Congress.

That prompted New Delhi to go ahead with the tariffs it had approved last year, affecting about $220 million in trade on products including walnuts, apples, almonds and pulses, the officials said.

"It's not retaliatory. We waited for one year and are simply going ahead now," one of the officials said.

(Source: https://www.wsj.com/articles/india-to-impose-its-own-tariffs-on-some-goods-imported-from-the-u-s-11560517278 dated 14th June 2019)

3. Traders want a major role in policy matters, representation in committees

For a long time, traders' bodies have believed that they have been short changed by the government when it comes to taking their views on policy matters

After helping the Narendra Modi-led National Democratic Allliance (NDA) government secure a massive mandate in the Lok Sabha elections, traders now want a bigger say, especially in retail policy matters.

They also want representation in various committees that the government forms from time to time on issues ranging from e-commerce policy, data localisation, fintech initiatives as well as foreign direct investment (FDI) norms.

For a long time, traders' bodies have believed that they have been short changed by the government when it comes to taking their views on policy matters. Committees that are formed by the government on issues around retail policies and FDI norms have representation from industry bodies, including the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry (Ficci), as well as e-commerce firms such as Paytm, MakeMyTrip, Ola and Cleartrip.

But they rarely have any representation from various trader bodies in the country.

"It is regretted that so far traders were neglected in the representation in different boards and committees of the government. It is strongly demanded that following the principle of participatory governance, traders should be given representation. About seven crore traders are providing employment to 30 crore people and generating an annual turnover of about ~45 trillion. They are an important constituent of the economy and deserve their place in policy making bodies and other forums," said Praveen Khandelwal, national general secretary of the Confederation of All India Traders (CAIT).

The clout that trader bodies such as CAIT and other such organisations such as Swadeshi Jagran Manch (SJM) and Laghu Udyog Bharati has is steadily increasing. Earlier this year, trader bodies were able to convince the government not to extend the deadline for implementation of the new norms in FDI policy on e-commerce.

This came after global giants such as Walmart and Amazon India made multiple pleas to the commerce ministry convincing it to extend the deadline. After the new cabinet was formed and portfolios distributed, it is CAIT representatives who have been able to meet finance minister Nirmala Sitharaman, even before industry leaders as well as companies such as Amazon and Flipkart.

CAIT released a white paper on goods and services tax to the finance minister. On Friday, representatives met Union minister Smriti Irani and gave her a list of problems related to the textiles trade in the country.

Deciding on the composition of a stakeholder meeting or a committee has been a contentious issue for years. Over the past three years, the commerce ministry has increasingly expanded the list of industry bodies, export agencies and think-tanks that are called for inputs regarding policy.

However, during wide ranging discussions on the industry policy, e-commerce policy and those on foreign trade and the micro and small industries sector, acrimony has ensued among various groups on being called to the talks table.

Ministry officials confirmed that there exists no set procedure for selecting stakeholders. "As a result, senior officials use discretionary powers to extend invitation to groups that seem to have the requisite grasp and impact on the sector," one official said.

Smaller trader bodies, with a growing membership base in tier-II and tier-III cities, have repeatedly clashed with Delhi-based national bodies which mostly comprise urban entrepreneurs in the industrial and technology space.

Many of these disputes have been issue based. Weeks before the Budget is set to be tabled, the FICCI has again pushed for allowing liberalised norms for FDI in multi brand retail.

SJM has protested the push. “This move will only help major companies, those who are already flush with cash,” a senior SJM functionary said.

(Source:- https://www.business-standard.com/article/economy-policy/traders-want-a-major-role-in-policy-matters-representation-in-committees-119061500075_1.html dated 15th June)

4. PM Modi hits out at trade protectionism, calls for rulesbased trading system

BISHKEK: Prime Minister Narendra Modi on Friday hit out at unilateralism and trade protectionism, and said that there is a need for a rules-based, anti-discriminatory and all inclusive WTO-centred multilateral trading system, amidst the raging trade war between the US and China.

Addressing the Shanghai Cooperation Organisation (SCO) Summit here, Modi said that unilateralism and protectionism has not benefitted anyone. “We need a rule-based, transparent, anti-discriminatory, open and all inclusive WTOcentred multilateral trading system focused so that the interests of every countries specially the developing ones can be taken care of,” he said. India is committed to make favourable environment for the economic cooperation between the SCO member countries, the Prime Minister said in the presence of Chinese President Xi Jinping.

Prime Minister Modi Thursday said he had an “extremely fruitful” meeting with Xi during which they discussed the full spectrum of bilateral relations and vowed to work together to improve the economic and cultural ties. The meeting on the sidelines of the SCO Summit here is their first interaction after Modi’s re-election following the stunning victory of the BJP in the general elections last month. XI said India and China should uphold free trade, and multilateralism, without directly referring to Beijing’s opposition to US President Donald Trump’s protectionist policies and the ongoing China-US trade war.

China and the US have been in an escalating conflict over trade for the past year. The scope of the battle has expanded in recent months as Washington has tightened trade restrictions on Chinese telecom giant Huawei.

The SCO member states, including India, said that the situation in global politics and economy remains turbulent and tense, and the process of economic globalisation is being hindered by the growing unilateral protectionist policies and other challenges in international trade, according to the Bishkek Declaration of the Shanghai Cooperation Organisation’s Heads of State Council. They stress on the importance of further improving the architecture of global economic governance, and deepening cooperation to build a transparent, predictable and stable environment for the development of trade, economic and investment cooperation through the consistent strengthening of the multilateral trading system based on the rules and regulations of the WTO, and through opposition to the fragmentation of global trade and trade protectionism in all its forms, it said.

They believe that unilateral protectionist actions in violation of the World Trade Organisation (WTO) rules and regulations undermine the multilateral trade system and threaten the world economy and trade, it said. The member states stressed on the importance of further deepening cooperation in order to bring forth an open world economy, consistently strengthen an open, inclusive, transparent, non-discriminatory and rule-based multilateral trading system, maintain the authority and effectiveness of WTO rules, and to prevent any unilateral protectionist actions in international and regional trade.

(Source : https://economictimes.indiatimes.com/news/economy/foreign-trade/pm-modi-hits-out-at-trade-protectionism-calls-for-rules-based-trading-system/articleshow/69790865.cms dated 14th June 2019)

5. India in a tight corner over trade policies

The US has launched a frontal assault on India's tariffs and subsidies, with others joining in. A medium-term strategy is essential

The Modi government's second term in office has begun with the country's foreign trade policy facing multiple challenges. The day the government took office, President Donald Trump announced his decision to withdraw the benefits of Generalised System of Preferences (GSP), effective from June 5.

The US administration has also questioned India's subsidies to both industry and agriculture. Several other countries, including Brazil, Australia have also challenged India's agricultural subsidies, they argue, are inconsistent with the WTO's Agreement on Agriculture (AoA). At the same forum, the European Union (EU) and Japan have questioned the government's decision to increase tariffs on mobile phones.

Finally, India is also under considerable pressure to undertake extensive trade liberalisation via the Regional Comprehensive Economic Partnership (RCEP). This regional trade agreement seeks across-the-board tariff elimination, including agriculture, which is among India's most sensitive sectors. China's presence among the 16 RCEP participating countries has left India's manufacturing industry worried.

The US's removal of India from its GSP-beneficiary list was not unexpected. In early March, President Trump notified to the Congress his decision to remove India from the list of countries, which enjoy duty-free access to the US market in 3,700 products.

President Trump has often argued that US's trade deficit with India must be reduced by "curbing" India's "unfair trading practices". Withdrawal of GSP benefits is, therefore, one further step taken by the US to whittle down India's trade surplus with the US; the first was the increase in tariffs on steel and aluminium in 2018.

The challenge for the new government is to prepare an effective strategy to deal with a resolute US trying to pry open India's market. The US could target sectors with high tariffs; a few in the manufacturing sector and agriculture and allied sectors. During the consultations after India was put on notice in March 2019, the US had demanded that India allow imports of agriculture, milk, and poultry products. It is difficult to perceive how India can relent, given its domestic compulsions.

Retaliatory tariffs

The first response from the new government has already been announced; retaliatory tariffs on 29 products. This list was drawn up after the US imposed tariffs on steel and aluminium. India's expectation was that it was providing room for dialogue by not retaliating. This gesture has clearly not worked, as the Trump administration has relentlessly pressured India, by removing India from its GSP-list, among others. It was, therefore, necessary for India to respond appropriately. India has now put its cards on the table with which it can now negotiate with the US.

The challenges that India faces in the WTO are more formidable since the issues that have been raised could affect several sectors, not the least, agriculture. At stake are three issues: export subsidies for non-agricultural products, agricultural subsidies, and India's recent tariff increases for mobile phones.

In 2018, the US complained to WTO's Dispute Settlement Body (DSB) against India's major export subsidies, namely, Merchandise Exports from India Scheme (MEIS), Export Oriented Units Scheme and support extended to Special Economic Zones. India could use these subsidies so long as its per capita GNP was below $1,000. With India's GNP having exceeded this threshold, export subsidies came under the scanner. The initial response of the government on the issue of export subsidies is forward looking.

The new Commerce and Industry minister gave an unambiguous message in his first meeting of the Board of Trade on June 6, that industry would have to think beyond subsidies and to seek ways of improving efficiency.

Farm subsidies

Several countries have targeted India's agriculture subsidies. They argued that these subsidies are well above the limit set by the AoA, which is 10 per cent of the value of production for every product. The US has questioned subsidies provided to rice and wheat, while Brazil, Australia and Guatemala have gone a step further and have initiated disputes against India's sugarcane subsidies.

Three more countries, Thailand, Costa Rica and the Russian Federation have joined the dispute as third parties. The complainants argue that India has substantially increased production-related subsidies for sugarcane provided by both the Central and State governments and, as a result, the country has breached its commitment to limit sugarcane subsidies.

The complainants also argue that the Central and State governments provide subsidies for exporting sugar, which it cannot under the AoA rules, since these subsidies were notified to the WTO. Thus, the politically sensitive sugarcane faces testing times.

In his 2018-19 Budget Speech, the then Finance Minister announced the government's decision to increase import tariffs on mobile phones to encourage domestic manufacturing. The EU and Japan have challenged this decision, complaining to the DSB that India had agreed not to impose tariffs on these products. Six other countries, Thailand, Canada, China, Chinese Taipei, the US and Singapore, have joined the dispute as third parties. The disputes challenge the government's policy to use import tariffs to not only provide protection to the domestic producers from import competition, but to also indirectly incentivise domestic production.

The most significant of the challenges awaiting the government is the future course of RCEP negotiations. The negotiations were on hold for the past few months as the governments in two of the largest economies, India and Indonesia, were seeking fresh mandates from their electorates. Countries driving the RCEP negotiations have been seeking deep cuts in import tariffs in almost all sectors.

While this is the most immediate challenge from the RCEP, inclusion of areas like e-commerce and investment could bring commitments that conflict with the policies of the government. For instance, India has firmly stated its position on data localisation, which several RPCs (RCEP participating countries) do not support. Also, India has its model investment protection law that is different from the one that is backed by RPCs.

After nearly three decades of its tryst with globalisation, India's trade policy faces formidable challenges.

Most of the challenges stem from structural infirmities in the domestic economy, which require a medium-term perspective. The government must recognise that it has obtained the political mandate to develop such a perspective.

(Source:- https://www.thehindubusinessline.com/opinion/india-in-a-tight-corner-over-trade-policies/article27957269.ece dated 16th June 2019)

6. India is hitting the United States with more tariffs

New Delhi (CNN Business)India just increased tariffs on US exports, dealing another blow to fragile global trade.The tariffs on 28 US products, announced on Saturday by India's Finance Ministry, went into effect Sunday. The goods targeted include American apples - which will be hit with a 70% tariff — as well as almonds, lentils and several chemical products.

India first announced plans to impose new tariffs a year ago in retaliation for increased US import duties on Indian steel and aluminum. But it repeatedly delayed imposing them while the two sides held a series of trade talks.

The Indian government did not specify the value of the goods targeted in its statement, but previously told the World Trade Organization that they were worth around $241 million.

The two countries exchange goods and services worth about $142 billion a year, but the relationship has soured in recent weeks after the Trump administration ended India's participation in a preferential trade program earlier this month. The program exempted Indian goods worth more than $6 billion from US import duties in 2018.

One of President Donald Trump's biggest priorities has been reducing the United States' trade deficits with countries around the world. Last month, his administration increased tariffs to 25% from 10% on $200 billion worth of Chinese goods, and it's threatening to target another $300 billion of exports from the world's second largest economy. Business is warning of damage to the US economy.

India runs a small surplus in goods trade with the United States, exporting around $54 billion to the United States in 2018 and buying about $33 billion worth of American goods, according to US government data.

Trump has repeatedly slammed India's tariffs on products like motorcycles and whiskey, and his decision to revoke trade privileges for India followed complaints from American dairy farmers and medical device manufacturers that tariffs imposed by New Delhi were hurting their exports.

(Source: https://edition.cnn.com/2019/06/15/economy/india-tariffs-us-trump/index.html dated 17th June 2019)

7. How Invest India keeps FDI flowing

Invest India, a joint effort of industry associations, the Centre and State governments to woo foreign investments, has yielded encouraging results. According to the Ministry of Commerce and Industry, the country recorded $60.97 billion FDI inflow in 2017-18, an increase of 69 per cent over 2013-14 when the total FDI inflow was $36.05 billion.

Invest India is currently working with 907 companies, with an indicated investment worth $114 billion and employment of 1,832,551, extending end-to-end facilitation support. Out of these, investments worth $21 billion and 117,252 employments have been realised till February 2019, the Ministry informed the Rajya Sabha.

on the rise

Financial year	Total FDI inflow (in $ billion)
2014 -15	45.15
2015-16	55.56
2016-17	60.22
2017-18	6097

Source : Rajya Sabha question, February 2019
***Provisional**

Invest India was formed in 2009 under Section 25 of the Companies Act 1956 with 49 per cent equity by then Department of Industrial Policy and Promotion, Ministry of Commerce and Industry and 51 per cent shareholding by FICCI. Invest India acts as National Investment Promotion and Facilitation Agency and first point of reference for investors in India.

The current shareholding pattern of Invest India has 51 per cent equity by industry associations (that is, 17 per cent each of FICCI, CII and Nasscom) and the remaining 49 per cent by the Centre and 19 State governments.

" Invest India has responded to 169,230 business requests during the period from September 2014 till date and is actively working with several States to build capacity and strengthen existing Investment Promotion Agencies as well as bring in global best practices in investment targeting, promotion and facilitation areas" the Ministry said in reply to the question asked in the Rajya Sabha.

The Ministry, in another reply, said that to promote FDI, the government has put in place an investor-friendly policy, wherein except for a small negative list, most sectors are open for 100 per cent FDI under the automatic route. The policy on FDI is reviewed on an ongoing basis, to ensure that India remains an attractive and investor-friendly destination.

Policy changes

"Changes are made in the policy after having intensive consultations with stakeholders, including apex industry chambers, associations, representatives of industries/groups and other organisations taking into consideration their views/comments. Further, FDI is largely a matter of private business decisions," the Ministry added.

FDI inflows depend on a host of factors such as the availability of natural resource, market size, infrastructure, political and general investment climate as well as macro-economic stability and investment decision of foreign investors.

(Source:- https://www.thehindubusinessline.com/economy/how-invest-india-keeps-fdi-flowing/article28066617.ece dated 18th June 2019)

8. Commerce Min urges small traders & retailers to come on the GeM platform

New Delhi, June 20 (KNN) Union Minister of Commerce and Industry & Railways, Piyush Goyal urged small traders and retailers to come on the GeM platform which has achieved Rs 25,000 crore turn over.

In a meeting with representatives of associations of kirana stores, traders and retailers here, he said "Government of India will give all support and assistance to small traders and retailers to grow their business."

India will not allow multi-brand retail by foreign companies and on the pretext of B2B no entry will be allowed for multi-brand retail, he added.

While interacting with the representatives in order to engage them for discussions on issues of e-Commerce and explore the strengths and weaknesses of small traders, Minister also looked at the possibilities of small stores, traders and retailers who may benefit from an e-Commerce platform.

Commerce and Industry Minister urged the participants to speak frankly and put before him all their apprehensions and fears so that the Commerce and Industry Ministry and other Government Departments may be able to address them.

Representatives of the associations of kirana stores, traders and retailers discussed the need for a level playing field and the impact of anti-competitive practices like predatory pricing and other discriminatory methods that are being faced by them from foreign competition.

Goyal assured the participants that each and every point made by them will be taken up. He also asserted that predatory pricing will not be allowed and necessary action will be taken against defaulters.

He further said that the aspect of data in the law is being addressed by the Ministry of Electronics and Information Technology (MeitY).

He requested the representatives of associations of kirana stores, traders and retailers to send all suggestions for the draft e-Commerce policy in the next five days without any delay.

The e-Commerce policy will be finalized only after taking into account every suggestion received by the Department for Promotion of Industry and Internal Trade (DPIIT), said the Minister.

In addition, he also requested small retailers, kirana stores to make use of modern technology and avail benefits of Government of India schemes like MUDRA to improve their business, spruce up their shops, improve stocks by storing high quality products and pass on the benefits to people employed by them.

Minister explained that by bringing in greater controls through rules and laws will only help up to a certain point, but for long term gain, short term pain will have to be borne and India cannot remain in isolation and will have to be part of the global value chain in order to become a USD 5 trillion economy.

Minister of State of Commerce and Industry Hardeep Singh Puri and Som Parkash, Minister of State of Commerce and Industry were also present during this interaction.

(Source: https://knnindia.co.in/news/newsdetails/msme/commerce-min-urges-small-traders-retailers-to-come-on-the-gem-platform dated 20th June-2019)

9. Commerce Min asks ECGC to come up with a robust policy on guarantee or insurance for traders

New Delhi, June 22 (KNN) The Union Minister for Commerce, Piyush Goyal asked Export Credit Guarantee Corporation of India (ECGC) to come up with a robust policy on guarantee or insurance for traders and that would help bankers lend exporters at affordable rates.

Addressing members of the Confederation of Indian Industries (CII) here, Goyal said that ECGC can play a role of credit enhancement agency for exporters."

"We are trying to convert the ECGC policy to a credit-enhancing instrument that gives comfort to bankers (in lending to exporters)," he said adding this mechanism can give a confidence to bankers that in case of problem, they would be comfortably compensated.

In addition, he announced that the government is working with the Reserve Bank of India and private banks to reduce lending rates for exporters.

Goyal said the ministry is in dialogue with banks to see ways to extend foreign currency loans to exporters.

There are ways to resolve the problem of inadequate and expensive credit without putting a significant stress to the exchequer, he added.

He said providing subsidies is not a solution to any trade-related issues.

The minister also said the ministry is actively looking at refund of state levies for exporters.

With regard to free-trade agreement, he said, "I would not call" FTA with Asean as the "best of FTAs" as some of the clauses are quite "onerous that do not gave us enough room to engage or recalibrate".

"I have already flagged with the concerned countries the issues that need to be discussed and debated and corrected and our intention to review the FTAs and get back on the drawing board on some of the issues," he added.

(Source: https://knnindia.co.in/news/newsdetails/economy/commerce-min-asks-ecgc-to-come-up-with-a-robust-policy-on-guarantee-or-insurance-for-traders dated 22nd June 2019)

10. China's pollution crackdown to benefit Indian chemical stocks

China has tightened environmental standards, resulting in closure or shifting of capacities. Buyers are seeking other vendors, including Indian firms.

Mumbai: Indian industrial chemical stocks are outperforming the benchmark Sensex this year as some analysts see them benefiting at the expense of

their Chinese counterparts, which face a crackdown on pollution and the threat of U.S. tariffs.

Companies like Atul Ltd., Aarti Industries Ltd., Fine Organic Industries Ltd., Vinati Organics Ltd. have gained 15% to almost 30% so far this year, compared to an 8% advance in the S&P BSE Sensex 30 Index. SRF Ltd., which makes textiles, chemicals, films and plastics, has surged more than 51% in 2019. Additionally, these companies are expanding capacity to meet strong demand at home and abroad, analysts say.

"The opportunity is leading many of our local companies to plough back their entire cash into increasing capacities," said Nav Bhardwaj, a Mumbai-based analyst at Anand Rathi Shares & Stock Brokers Ltd. "We expect the sector to gain advantage from this expansion over the next 3-4 years with an average yearly revenue growth of 12%-15% for top players."

China, which accounts for about 20% of global specialty chemicals revenues, has tightened environmental standards, resulting in the closure or shifting of capacities in 50 chemical manufacturing clusters, rating agency Crisil Ltd. said in a report Tuesday.

This disruption has increased the cost for Chinese companies and is driving global users to seek other vendors, including Indian manufacturers, Crisil said. The rating agency expects Indian manufacturers to increase capital expenditure by 70% to 130 billion rupees ($1.9 billion) through 2020, compared with 75 billion rupees for fiscal years 2017 and 2018.

"Utilization rates of new capacities coming up will remain high over the medium term because of improving environmental compliance and cost competitiveness," said Anuj Sethi, a senior director at Crisil. "As a result, the share of Indian specialty chemicals in the global supply chain is seen rising 100 basis points to 5.2% in fiscal 2022, from 4.2% last fiscal year." – Bloomberg.

(Source: https://theprint.in/economy/chinas-pollution-crackdown-to-benefit-indian-chemical-stocks/252224/ dated 20th June 2019)

11. Why India needs to reform its trade policy

Modi 2.0 has its task cut out with regard to reforming trade policy.

By Geethanjali Nataraj, Gunjas Singh and Shivang Gupta

The Generalized System of Preferences (GSP) is a US trade programme designed to promote economic growth in the developing world by providing preferential duty-free entry for up to 4,800 products from 129 designated beneficiary countries and territories. It is a unilateral and non-reciprocal agreement extended by the US to support a large number of developing countries.

Under this scheme, India was allowed duty concessions on over 3,000 imported products to the US valued at $5.7 billion since 1976, making India the largest beneficiary of GSP. To qualify as a beneficiary developing country (BDC) or a least-developed beneficiary developing country (LDBDC), a country has to meet the required criteria as per 19 USC 2462(b)(2) code, a US law. It includes for a country to not be communist, to support free international trade of vital commodities, to not aid or abet anyone wanted for international terrorism, to ensure worker rights, to abolish child labour and to respect workers' rights.

In March 2019, Donald Trump announced the US's intentions to end India's BDC treatment, following a 60-day notice period. This was put on hold due to general elections in India. With effect from June 5, 2019, India no longer receives preferential treatment as a BDC under GSP. Trump put forward his concerns that as India has not assured the US that it will provide equitable and reasonable access to its markets, it would be appropriate to terminate India's designation as a BDC. In fact, 11 more countries are under review for termination from GSP.

India has been maintaining a trade surplus with the US for quite some time, which has not gone down well with the Trump administration. India's trade surplus in merchandise goods with the US stood at $23 billion at the end of 2017. As per US regulations, a beneficiary country must meet 15 discretionary and mandatory eligibility criteria established by Congress to qualify for GSP. These include providing the US with equitable and reasonable market access, combating child labour, respecting internationally-recognised worker rights, and providing adequate and effective intellectual property rights protection. The US believes that India has failed to provide reasonable access to its markets and hence failed to meet the mandatory criteria, making India ineligible for GSP.

According to a report by the US Chamber of Commerce, India remains a challenging market for intellectual-property-intensive investments, even as the bilateral trade relationship continues to improve. The US is keen on getting reasonable access to Indian markets primarily for its three industries-pharmaceuticals, telecom and the dairy industry. It has expressed concerns over the new Draft Pharmaceutical Policy proposed by the Department of Pharmaceuticals, and India's new telecommunication security requirements.

The US commerce secretary Wilbur Ross during his visit to India in May 2019 to attend the 11th Trade Winds Business Forum and Mission had listed out alleged unfair trade practices by India, including on data localisation, price control on medical devices and the higher tariffs on telecommunication equipment. So while patented medicines are excluded from price controls, the draft policy explicitly reserves the right to issue compulsory licences, which does not go very well with foreign pharma companies. On the other hand, in the telecom sector, high tariffs on imported telecom devices have been due to the new security requirements by India. This raises potential WTO-compliance concerns, which may act as a dangerous precedent for governments that may be inclined to use national security claims to undermine global trade. As far as dairy industry is concerned, India had imposed tariffs on imported dairy products from the US during the AB Vajpayee government as India required that dairy products be derived from animals that have never consumed feeds containing internal organs, blood meal, or tissues of ruminant origin. This criterion is non-negotiable to India and had also rejected the 'labelling solution' of a red-dot sticker on grounds of protecting cultural and religious sentiments of Indians.

In 2018, India's total exports to the US were $51.4 billion, with $6.35 billion in exports under GSP—India gained duty concessions of only $190 million in 2017 under GSP, which is rather a small amount relative to the value of exported goods traded with the US. Products that had GSP benefits of more than 3% are most likely to be hit due to GSP. Major sectors that will be impacted include imitation jewellery, leather industry, pharma, chemical and plastics, and processed agri-goods.

According to the ministry of commerce and industry, exclusion of India from GSP and ending the preferential trade status would have a moderate impact on exports, as the trade concession on exports is a small fraction of the total exported volume.

At the same time, India has argued that GSP benefits are "unilateral and non-reciprocal in nature extended to developing countries" and that it is wrong for the US to use it for its own trade benefits. Despite Trump's decision to stop India's preferential treatment, India will continue building strong ties with the US, both economic and people-to-people. Before this official announcement, India was considering raising import duties on more than 20 US goods, but it wasn't done. Commerce minister Piyush Goyal has said that India accepts the decision gracefully and won't push the US for benefits further. "We will work to make exports more competitive," he said.

Irrespective of GSP, it is imperative that India needs a strong export culture and needs to be more competitive to survive and get greater access to markets across the world. India needs to focus on diversification of exports and look for new countries and innovative products to ensure that its exports do not decline and its trade deficit remains manageable. However, the government did take retaliatory action and the first response from the new government has been announced—retaliatory tariffs on 29 products. This list was drawn up after the US imposed tariffs on steel and aluminium. This is only the beginning of the multiple challenges India is likely to face on the trade policy front. Large-scale trade reforms are the need of the hour and Modi 2.0 has its task cut out with regard to reforming India's trade policy.

(Source: https://www.financialexpress.com/opinion/why-india-needs-to-reform-its-trade-policy/1617750/ dated 25th June 2019)

12. IIFT's Centre for Trade Facilitation & Logistics Working to Boost Performance of 9 Key Trade Sectors on Global Level

(Eds: Disclaimer: The following press release comes to you under an arrangement with Business Wire India. takes no editorial responsibility for the same.) Organisation holds meets, roundtables and workshops with key stakeholders and industry experts on a regular basis to achieve competitiveness New Delhi, Delhi, India – Business Wire India The Centre for Trade Facilitation & Logistics (CTFL), under the aegis of the Indian

Institute of Foreign Trade (IIFT), recently organised a round table meet at the IIFT, New Delhi campus. The meet was attended by heads and representatives from various key sectors along with academicians and logistics experts. The round table meet was chaired by Shri. N. Sivasailam, Special Secretary, Logistics Division, Ministry of Commerce & Industry and Prof. Manoj Pant, Head CTFL & Director IIFT. The CTFL is an institution that was set up at the IIFT Campus in 2018 by the Logistics Division, Ministry of Commerce and Industry, Government of India. CTFL aims at helping India's Trade and Logistics expertise by acting as a forum for collaborations on domestic and international fronts to gain competitiveness at a global level. CTFL is working towards the development of a sector specific Logistics Performance Index (LPI-S). There is no such index at present, the purpose of this index is to serve as a common measure of logistics performance for various industries in India. This measure would help industries of different sectors to pinpoint critical issues in the logistics efficiency and related policy implications which would smoothen the process of movement of goods leading to an increase in the overall national and global trade. An efficient logistics performance can also help resolve the current big issue of trade deficit. CTFL has been given a mandate to work along with nine different sectors and councils to understand and measure their logistics performance. These key sectors include Leather, Electronics, Marine, Apparel, Agriculture, Gems & Jewellery, Chemical, Engineering Goods and Pharmaceuticals. To achieve this objective, different workshops and sector meets have been planned throughout the year to understand the logistics issues faced by the sectors through working with the key stakeholders and industry experts. The purpose of the New Delhi roundtable meeting was to have focussed and meaningful discussions on logistics issues and undertake brainstorming events. During the session, stakeholders of logistics services, academicians and other sector specific experts from the industries interacted with policymakers regarding the various logistics issues and gaps pertaining to their sectors. The main idea was to understand sector specific logistics and development of sector specific logistics performance index. The objective was to then suggest a suitable approach for measurement of sector's logistics performance. The meeting also deliberated CTFL's approach on how the logistics performance can be measured for these select sectors. CTFL also proposed to have interactive meets with respective sector's exporters in different locations to understand the sector logistics problems and jointly propose a solution/ policy for the improvement in logistics competitiveness of the sector and compute the logistics index for the sector. CTFL also regularly organises sector meets to map the value chain of the specific sector, which would aid in identifying the logistic challenges faced by the exporters in these sectors. Since each sector has a unique value chain, the challenges associated with them also vary from industry to industry. Some of these meets have already been conducted, while some have been scheduled for the future. Industry clusters, which have a high concentration of similar and related firms, have been identified to gather relevant information for the development of LPI-S. Visits of the staff to these industry clusters have been helpful in identifying the underlying challenges faced by the exporters. This would provide the required inputs to frame a policy suggesting improvements and evaluate different sectors based on their logistics performance. Through these efforts of organizing workshops and sector meets, CTFL presents a report in collaboration with the sector specific council outlining the framework for calculating LPI-S and remedies to the problems faced in these sectors, which helps in benchmarking best practices within the industry. Speaking about CTFL's initiatives, Prof. Manoj Pant, Director, IIFT said, "This LPI-S index will contribute to improvise the existing government regulations and policies related to the trade procedures which will further promote the exporters of the nine sectors. The approach adopted by CTFL brings together industry, academia, government and other organizations -- national and international -- to work towards diagnosing and recommending solutions to the key challenges in trade facilitations and logistics in the local and global environment." CTFL currently has plans to launch this index for the sectors of India and in future, it will work to extend this productive analysis to present sector-specific logistics performance index worldwide. The work of CFTL is supervised by Prof.

Nitin Seth of the Institute. About IIFT – Indian Institute of Foreign Trade The Indian Institute of Foreign Trade (IIFT) was set up in 1963 by the Government of India as an autonomous organisation to help professionalise the country''s foreign trade management and increase exports by developing human resources, analysing and disseminating data and conducting research. The Institute visualises its future role as a catalyst for new ideas, concepts and skills for the internationalisation of the Indian economy. The primary provider of training and research-based consultancy in the areas of international business, both for the corporate sector, Government and the student's community. An institution with proven capability to continuously upgrade its knowledge base with a view to servicing the requirements of the Government, trade and industry through both sponsored and non-sponsored research and consultancy assignments. The Institute''s portfolio of long-term programmes is diverse, catering to the requirements of aspiring International Business executives and mid-career professionals alike. PWR PWR

(Source: https://www.outlookindia.com/newsscroll/iifts-centre-for-trade-facilitation--logistics-working-to-boost-performance-of-9-key-trade-sectors-on-global-level/1560959 dated 24th June 2019)

13. It's premature to count India out of the RCEP, says Centre

Government officials said it would be "premature" to suggest that India could be cut out of the Regional Comprehensive Economic Partnership (RCEP) being negotiated by 16 countries led by the ASEAN bloc, if it doesn't agree to join it by the year-end.

The officials rejected a suggestion to that effect by Malaysian Prime Minister Mahathir Mohammed, who spoke on the sidelines of the ASEAN summit held in Bangkok on Sunday.

Reiterating that India is "consistently" engaged with RCEP negotiations, which will see a free trade agreement which includes ASEAN countries, China, Japan, South Korea, Australia and New Zealand, Commerce Ministry sources said Indian delegations have a series of meetings planned in the next few weeks to discuss the way forward in RCEP.

Unresolved issues

"India has also shown it is keen for the partnership to work, as seen by our consistent engagement on the issue. There are some issues that need to be ironed out still, but it would be extremely premature to talk about RCEP going ahead without India," said a Commerce Ministry official, who preferred not to be named. In an interview to the CNBC channel, Mr. Mahathir said he would prefer to go ahead with a formulation of 13 countries that are willing to go ahead immediately, and allow outliers India, Australia and New Zealand to join the pact at a future date.

"They [Malaysia] can have their perspective. They are not the full RCEP. We are sure that many other countries do not share this view and want to work with India in RCEP," the official responded.

While Mr. Mahathir's messaging may have been bluntly put, others in the grouping have been nudging India to show progress on RCEP negotiations in time for a proposed final declaration in November this year.

Last year, the government had been able to negotiate for time on RCEP given elections were due to be held in India, Indonesia, Thailand and Australia between March and May this year.

"With the elections done, we expect the pressure to be ratcheted up by ASEAN countries to conclude the negotiations, and India will need to make a choice quite soon," said a diplomat privy to the negotiations.

In their Bangkok declaration on Sunday, ASEAN leaders stated their "strong commitment" to concluding RCEP negotiations, adding that ASEAN partners like India must "prioritise RCEP negotiations and work with ASEAN to conclude the RCEP negotiations within this year."

Last week, Singapore's Minister of Communication & Information and Minister-in-Charge of Trade Relations S. Iswaran said during a visit to Delhi that India must not stay out of the agreement.

"India can ask itself, if it is better off inside such an agreement or outside such an agreement from business and also from a geopolitical point of view... if India is not part of it, I think it will be a loss."

Apart from giving up the first mover's advantage, India, would give up the chance to frame the grouping's rules and investment standards if it fails to join RCEP, say diplomats.

Meanwhile the Chinese government also reached out to the government, sending a delegation led by Vice Minister for Commerce Wang Shouwen for talks with Commerce Secretary Anup Wadhawan earlier this month.

(Source: https://www.thehindu.com/news/national/its-premature-to-count-india-out-of-the-rcep-says-centre/article28129211.ece dated 25th June 2019)

14. Dyestuff for Cotton Market Set Explosive Growth to 2026

Dyes are aromatic and ionizing compounds, which has large affinity towards the substrate applied to. These are of two types namely natural and synthetic dyes. Synthetic dyes use various color modifiers such as methyl and ethyl group in order to alter the color of the dyes, which finds wide applications in various end-use industries such as textile (non-woven), healthcare and personal care. The growing textile industry in Asia Pacific, in turn is expected to boost growth of the dyestuff for cotton market during 2017-2025. China and India are the major manufacturers and exporters of textiles across the world. The Indian textile industry comprises small scale, weaving, finishing, non-integrated spinning and apparel enterprises. Favorable government policies such as tax policy, regulations and labor intensive enterprises coupled with employment opportunity to the ever growing populations is propelling growth of the textile industry. This is expected to boost the market for dyestuff for cotton, as this industry uses large volumes of dyestuff for providing texture to the finished product. For instance, according to India Brand Equity Foundation (IBEF)—a trust established by the Department of Commerce, Ministry of Commerce and Industry, Government of India—the Indian textiles industry, in 2016, at around US$ 108 billion, and is projected to reach US$ 223 billion by 2021.

The growing textile trade activities between Asia Pacific and North America is expected to propel the growth of the non-woven end use industry. However, stringent government regulations in North America in terms of export and import of non-woven textiles is expected to hinder growth of the market for dyestuff for cotton during the forecast period. For instance, in April 7, 2008, The Consumer Product Safety Commission (CPSC) published on March 25, 2008 a final rule amending the 1953 flammability standard for clothing textiles (16 CFR 1610). According to the CPSC, the rule clarifies and modifies definitions and procedures to generally match those already in practice, and therefore should not increase costs of compliance for manufacturers and importers.

The global dyestuff for cotton market size was valued at US$ 2.21 billion (revenue) and 830.7 kilo tons (volume) in 2016 and is expected to expand at a CAGR of 5.7% in terms of revenue and 4.6% in terms of volume during the period 2017 – 2025.

Market Dynamics

Increasing use of dyestuff in the healthcare industry is propelling growth of the market for dyestuff for cotton, due to its various application in medical test and drugs. For instance, fluorescein angiography dyes are used to carry out angiogram test to highlight the arteries. This test is conducted to check the abnormalities in the circulation system and to detect any kind of leakage or abnormal blood vessels, which cannot be seen on X-Ray test. Also, various dyes used in capsules and syrup includes, titanium dioxide, dispersing materials, FD & C dyes and D & C dye which are approved by the U.S. Food and Drug Administration (FDA) in 2015. Among end-use segments, the healthcare industry segment accounted for the largest share in 2016 and the trend is expected to continue during the forecast period.

Multinational players need to tap potential addressable market in the emerging regions with the help of geographical expansion

Major players in the global dyestuff for cotton market include Clariant AG, Kemira, Huntsman Corporation, Sumitomo Chemical Company Ltd., Rockwood Pigments Inc., Arkema SA, BASF SE, DuPont, Lanxess AG and Kiri Industries Ltd among others.

(Source: https://appwebradar.com/dyestuff-for-cotton-market-set-explosive-growth-to-2026/72483/ dated 24th June 2019)

15. Commerce and Industry minister reviews draft National Logistics Policy

(Piyush Goyal directed that all four Ministries must work in coordination with each other to bring down logistics cost of India's GDP.)

PUNE: Union Minister of Commerce and Industry & Railways, Piyush Goyal, reviewed the draft National Logistics Policy and the proposed action plan for implementation of the policy prepared by the Department of Logistics, Ministry of Commerce and Industry. The draft National Logistics Policy has been prepared in consultation with the Ministries of Railways, Road Transport and Highways, Shipping and Civil Aviation. Forty-six Partnering Government Agencies (PGAs) inputs were analysed in detail for consideration in the Policy. Commerce and Industry Minister in his opening remarks urged that all the four Ministries and their departments must leverage existing infrastructure to support each other in the logistics chain. This will not only help in maximizing capacity utilization but also reduce costs he added.

Piyush Goyal directed that all four Ministries must work in coordination with each other so that the 14% logistics cost of India's GDP may be brought down to 9%. In the meeting all aspects of logistics related to railways, civil aviation, shipping and inland waterways, road transport, rope-ways warehousing and cold chain were discussed in detail.

Piyush Goyal exhorted the line Ministries that all efforts must be made for farm produce of food grains, fruits and vegetables to reach from farm to market with minimum wastage of time. He also said that a central scheme for cold chain across the country especially for fruits, vegetables and perishables may be made part of the action plan of the draft logistics policy so that it improves efficiency and reduces the loss in agri produce of farmers. During the review meeting issues relating to rail freight rationalization and freight policy for Dedicated Freight Corridor (DFC), having immediate implications for modal shift,were discussed at length. Commerce and Industry Minister also directed that whenever any new road, railway, airport and shipping port project is being considered the Logistics Department must be a part of consultation process so that holistic planning will be possible, freight movement will be rationalized and passenger experience will improve.

India's logistics sector is highly de-fragmented and the aim is to reduce the logistics cost from the present 14% of GDP to less than 10% by 2022. India's logistics sector is very complex with more than 20 government agencies, 40 PGAs, 37 export promotion councils, 500 certifications, 10000 commodities, 160 billion market size. It also involves 12 million employment base, 200 shipping agencies, 36 logistic services, 129 ICDs, 168 CFSs, 50 IT ecosystems and banks & insurance agencies. Further, 81 authorities and 500 certificates are required for EXIM. As per the Economic Survey 2017-18, the Indian logistics sector provides livelihood to more than 22 million people and improving the sector will facilitate 10 % decrease in indirect logistics cost leading to the growth of 5 to 8% in exports. Further, the Survey estimates that the worth of Indian logistics market would be around USD 215 billion in next two years compared to about USD 160 billion currently.

(Source: https://economictimes.indiatimes.com/news/economy/policy/commerce-and-industry-minister-reviews-draft-national-logistics-policy/articleshow/69972501.cms 27th June 2019)

16. Ties with Japan to get more robust as India aims to become $5T economy, says PM Modi

Noting that Japan has been a partner in India's development for decades, the Prime Minister said Tokyo will have a major role to play in the building of a "new India".

Prime Minister Narendra Modi on Thursday said the bilateral strategic ties between India and Japan will become more robust as India aims to be a $5 trillion economy in the next five years.

"Today there is no such part of India where Japan's projects or investments have not left its mark. Similarly, talent and manpower of India are contributing to strengthening Japan," he told an enthusiastic Indian community, which gave a rousing welcome to the Prime Minister and chanted "Bharat Mata ki jai" and "Jai Shree Ram'.

Modi is currently in Japan to attend the G20 Summit to be held in Osaka from Friday.

Prime Minister Narendra Modi with Japan PM Shinzo Abe (Source: Facebook)

Japanese funds investing in Indian companies is not new. SoftBank is the biggest example with investment in companies like OYO Rooms and Flipkart. Other smaller funds such as the UTEC have invested in successful healthcare technology companies like Tricog and Bugworks Research. Now, with the support of TV Mohandas Pai, Chairman of Aarin Capital, a new Japanese fund called The Indo-Japan Emerging Technology and Innovation AIF is coming to Indian shores.

Last May, the Ministry of Economy, Trade and Industry (METI), the Government of Japan and the Minister of Commerce issued a joint statement initiating a 'Japan-India Startup Initiative', and METI launched the 'Japan-India Startup Hub' at JETRO, Bengaluru, a PSU under METI, to connect Indian startups and Japanese companies.

Rajiv Kumar, Vice-Chairman of NITI Aayog, proposed the idea of a fund to Minister Hiroshige Seko, and to subsequently launch an India-Japan fund of funds. Accordingly, METI, RNAM, Mohandas Pai and RK Mishra (non-resident scholar at Carnegie India) facilitated the participation from India and Japan.

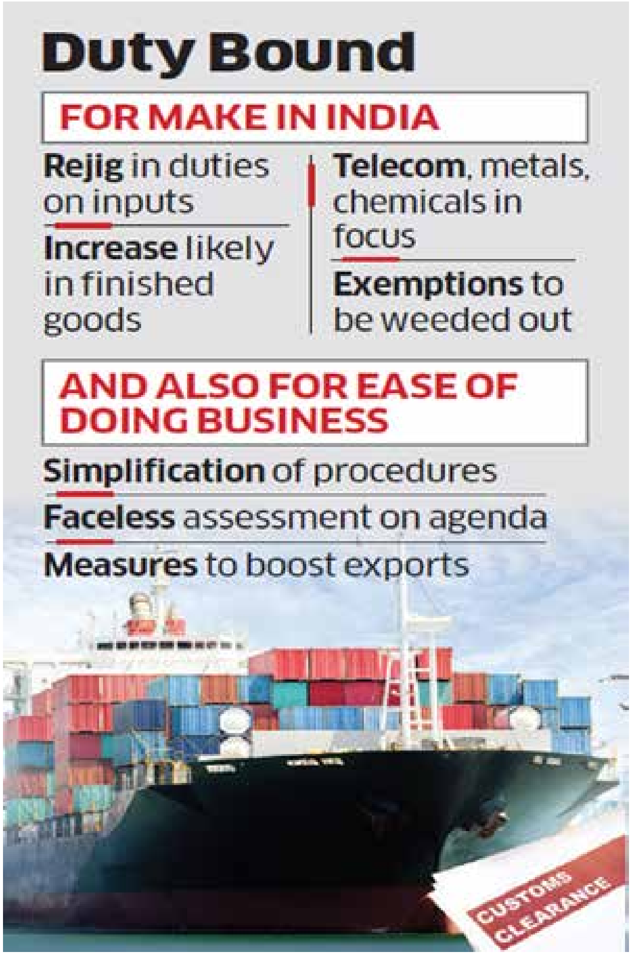
Noting that Japan has been a partner in India's development for decades, the Prime Minister said Tokyo will have a major role to play in the building of a "new India".

"There was a time when we were collaborating in building cars and today we are collaborating in building a bullet train," Modi said.

He said India is planning to explore the space and the possibility of having the country's own space station.

(Source: https://yourstory.com/2019/06/japan-india-g20-modi-investment dated 28th July-2019)

17. Customs regime may be tweaked to boost make in India, exports



NEW DELHI: India is likely to revamp its customs duty regime, weeding out some exemptions and correcting inverted duty structures to give a boost to the government's Make in India manufacturing initiative as well as exports. It is also considering easing of procedures for industry such as anonymous assessments and speedier clearances, while taking steps to curb evasion. Some of these measures could be announced in the budget for FY20 on July 5 as India looks to take advantage of companies wanting to diversify their global production and set up base in the country. "There will be a review in respect of encouraging domestic manufacturing," said a government official. Policymakers are of the view that some exemptions on commodities and other items should be weeded out. Sectors such as telecom, metals, batteries and chemicals for electric vehicles could see changes. The government had earlier imposed and enhanced duties on smartphones and telecom equipment. It is now expected to undertake a comprehensive review that could lead to the reduction of duties on some critical inputs used in the manufacture of phones while raising it on finished products to further encourage domestic manufacture of handsets. Vietnam has been able to woo a number of telecom companies from China and policymakers feel that now may be the right time to offer a conducive tax regime to such investors to set up shop in the country. While a number of companies have established assembly lines, the government wants the entire manufacturing chain to be located in India. Experts say any increase in duties would negate the impact of free trade agreements that levy zero duty on many products. "Realigning exemptions to encourage Make in India is a step in right direction," said Rahul Shukla, executive director, PwC. "However, imports under FTAs (free trade agreements) continue to have an impact on domestic industry." Trade Facilitation Tops Agenda The government is also eyeing simplification of procedures for exporters and importers. The move to anonymous assessment is aimed at greater efficiency and transparency in functioning. Ease of doing business weighs high on the government's agenda. The country jumped 23 points in the World Bank's last ease of doing business ranking to 77 and a push is on to enter the top 50. Single-window clearance has already been put in place for traders. Measures to boost exports, including tax refunds, are also on the anvil. While enhancing facilitation, the government is also looking at tightening some provisions to check tax evasion. "Proposed faceless assessment in customs, hopefully, will increase the processing efficiencies and remove the physical interface and associated hassles," said Shukla. An inverted structure is one in which the import duty on finished goods is lower than that on the materials or parts that go into making such a product, thus acting as a disincentive for local manufacture.

(Source: https://economictimes.indiatimes.com/news/economy/foreign-trade/customs-regime-may-be-tweaked-to-boost-make-in-india-exports/articleshow/69997068.cms dated 29th June-2019)

18.EU, Mercosur Reach Agreement on Trade

Jean-Claude Juncker, president of the European Commission (at the G-20 summit Friday in Osaka, Japan), says the EU's agreement with South American nations signaled a commitment to 'rules-based trade.' PHOTO: LUDOVIC MARIN/AGENCE FRANCE-PRESSE/GETTY IMAGES

The European Union and four South American countries clinched a deal Friday that would create a trade bloc of 780 million people, representing a quarter of the world's economy.

The pact, which caps 20 years of often contentious negotiations, represents a victory for EU leaders who have been defending free trade against a tide of anti-globalization. It also is a win for the conservative presidents of Brazil and Argentina, who have been struggling to open two of Latin America's most closed economies.

The agreement came in Brussels after months of quiet talks gathered momentum with the Mercosur customs union, which also includes Paraguay and Uruguay.

"This is a historical moment," said Jean-Claude Juncker, president of the European Commission, the EU's executive arm. "In the midst of international trade tensions, we are sending today a strong signal with our Mercosur partners that we stand for rules-based trade."

The EU beat its international rivals to slashing duties in and securing greater access to a highly protective South American market. It would eliminate €4 billion ($4.6 billion) in duties for EU companies and merge two, vast regions into a bloc with a total economic output of €19 trillion. The EU's legislature and member states still must approve the pact, however, before its full implementation. There are headwinds over concerns regarding the protection of European standards on the environment and food safety.

The deal would generate opportunities for European exporting powerhouses, from German manufacturers to Greek farmers.

In Brazil and Argentina, Latin America's No. 1 and No. 3 economies, the accord signals an important accomplishment for Brazilian President Jair Bolsonaro and his Argentine counterpart, Mauricio Macri. Both had pledged to boost growth by opening up their countries to foreign trade, but have been struggling with weak economies and low approval ratings. The two countries are rich in mining and agricultural commodities, from soybeans and iron ore to beef and dairy products.

"This is a big win for these guys," said Robert Scott III, a Latin America scholar at Monmouth University in New Jersey.

Mr. Scott said that the agreement would benefit the potent agricultural sectors, strengthening rural support for the Brazilian and Argentine leaders. That could prove advantageous for Mr. Macri, who faces a difficult reelection campaign ahead of October's presidential election in Argentina. "They should love this," Mr. Scott said.

Indeed, at a Nestlé event Friday in an upscale mall in São Paulo, instant-coffee producers popped open bottles of champagne upon hearing news of the agreement in Brussels. "We're very, very happy," said Aguinaldo Lima, an official of a group representing those producers. "We've been waiting for this for years."

The agreement came as Europe has been fighting to uphold the postwar, rules-based international order amid rising challenges. The EU is under pressure from President Trump's tariffs, Britain's exit from the 28-member bloc, China's market-distorting policies, Russian aggression and the rise of antiestablishment movements in Europe. Brussels has responded by redoubling efforts to expand trade links, clinching or enacting deals with Canada, Japan, Mexico, Singapore and Vietnam.

“The international environment helped to convince us that this is a good thing to do, and that we are doing the world a favor,” European Trade Commissioner Cecilia Malmström said in Brussels.

Wide-ranging differences between the EU and Mercosur, especially over politically sensitive agricultural products, crippled previous negotiations during some 40 rounds of talks since 1999. The two blocs resumed talks in October 2016 after a four-year hiatus and accelerated their efforts over the past couple of years. The advances were possible in part because pro-globalization governments had by then taken power from leftist governments in Brazil and Argentina.

Unlike previous efforts, both the EU and Mercosur negotiators refrained from public recriminations or leaking negotiating stances. To maintain momentum despite domestic turbulence-election cycles marked by political polarization in both South America and Europe—officials focused on narrowing differences. Leaders from all sides repeatedly stressed that an agreement was within reach.

Still, in a sign of challenges ahead, EU leaders clashed over details of the deal with Mercosur even as negotiations entered a final phase.

On June 17, four EU leaders led by French President Emmanuel Macron warned in a letter to Mr. Juncker that quotas granted via trade agreements risk destabilizing Europe’s vaunted farming and livestock industries. They also said meat imports would have to align with the EU’s climate goals. The other three signatories represent the EU’s top beef producers—Belgium, Ireland and Poland—which would face stiff competition going up against the Mercosur bloc.

The EU’s powerful agriculture lobby Copa and Cogeca weighed in two days later with an open letter arguing that a deal with Mercosur would go against European environmental, social and economic interests and put local producers at a disadvantage.

“What is at stake here is not just economics,” Copa and Cogeca Secretary General Pekka Pesonen said Friday, calling on EU leaders to kill the deal an hour after it was unveiled.

Greens in the European Parliament and environmental groups have already warned that the deal risked more deforestation of Brazilian rain forests. To prevent a backlash that almost derailed the EU-Canada deal, Brussels clinched a commitment from Mercosur to “effectively implement” the Paris climate agreement and abide by sustainable development goals, including labor rights.

Pushing on the other side are seven countries that include Portugal and Spain, South America’s traditional European partners, as well as the EU’s free-trade champions, Germany and the Netherlands.

“We have to take advantage of the current political momentum in Mercosur countries and not let this window of opportunity close,” they wrote to Mr. Juncker on June 20. “The European Union cannot afford to give way to populist and protectionist arguments about trade policy.”

For Brazil and Argentina, the agreement shows that the Bolsonaro and Macri administrations were ready to work toward a common goal, calming concerns that arose during Brazil’s presidential election last year when Mr. Bolsonaro’s close economic adviser, Paulo Guedes, expressed indifference toward Mercosur. Mr. Guedes is now the economy minister.

“It’s a signal that the partnership is strong,” said Gustavo Rangel, Latin America chief economist for lender ING.

The agreement with the EU offers vast potential for Brazil, an agricultural powerhouse, and its partners. Mercosur countries would export 99,000 tons of beef annually at a 7.5% tariff rate, compared with 40% to 65% duties imposed on most imports into the bloc. In a bid to pacify Mercosur’s demand for a more favorable beef quota, the EU also agreed to import up to 180,000 tons each of poultry and sugar, duty-free.

The announcement in Brussels also comes as Mr. Bolsonaro’s administration is on the verge of winning congressional approval for an ambitious pension reform that could save the country more than $300 billion if approved.

EU and Mercosur already trade almost €90 billion of goods annually, which makes Europe the South American bloc's second-biggest trading partner behind China, according to EU data. Food and live animals make up 34% of Mercosur's exports to the EU, with crude materials accounting for another big chunk at 29%. European exports to the South American bloc are dominated by machinery and transport equipment at 42%, followed by the 26% share of chemicals and related products.

Under the new deal, Mercosur removed levies that reached 35% on EU-made cars, 27% on wines and 14% in pharmaceuticals. EU companies would also be able to compete for public procurement tenders.

"In trade negotiations, we may not get everything we want," said Phil Hogan, the EU agriculture commissioner and one of the chief negotiators. "But in the end, it balances out."

(Source: https://www.wsj.com/articles/eu-mercosur-reach-agreement-on-trade-11561745957 dated 28th June 2019)

19. These are India's top 3 startup hubs after Maharashtra, Karnataka, Delhi; and they aren't Tamil Nadu, Kerala

19,351 startups have been recognized by DPIIT to avail benefits under the Startup India programme launched by PM Narendra Modi in January 2016.

While Maharashtra, Karnataka, and Delhi are home to the highest number of startups recognized by the Department for Promotion of Industry and Internal Trade (DPIIT), Uttar Pradesh (UP), Telangana, and Haryana have come up as the next three biggest startup destinations.

While UP had 1,566 DPIIT recognized startups, Telangana saw 1,080 startups, and Haryana had 1,052 startups so far, according to the statement released by the Ministry of Commerce and Industry on Friday. Some of India's top startup hubs – Gurugram, Hyderabad, and Noida based in these respective states are home to leading startups and technology companies such as Zomato, Paytm, OYO, Mapmygenome, Ozonetel etc. Hyderabad also houses one of India's leading startup incubators - T-Hub.

Maharashtra (3,661), Karnataka (2,847), and Delhi (2,552) had the highest number of DPIIT recognized startups. Mumbai and Bengaluru are among India's top three startup capitals.

Tamil Nadu (1,004), Gujarat (985), Kerala (849), and West Bengal (573) were the bottom four states among the top 10 with the highest number of startups.

In terms of investment received by SEBI registered Alternative Investment Funds (AIF), Karnataka's 75 startups raised Rs 499.85 crores followed by 68 startups in Maharashtra that secured Rs 440.38 crore and Rs 252.94 crore put in 46 startups in Delhi. The information was given by the commerce minister Piyush Goyal in a written reply in the Rajya Sabha on Friday.

19,351 startups have been recognized by DPIIT as on past Monday to avail benefits under the Startup India programme launched by PM Narendra Modi in January 2016.

"The Start-Up India initiative shows commendable progress with 19,351 startups already recognised by the Government We are committed to further boost the start-up ecosystem by reducing regulatory burden and providing easier access to funds & technology," Goyal tweeted.

Goyal in his reply also said that SIDBI has committed Rs 3123.20 crore to 49 AIFs who have invested Rs 1,625.73 crore into 247 startups. The government had set up Rs 10,000 crore Fund of Funds for Startups with DPIIT as its monitoring agency and SIDBI as the operating agency. The minister said that Rs 10,000 crore in total corpus is 'envisaged' to be raised over the 14th and 15th Finance Commission cycles as per how the Startup India progresses and also the availability of funds.

Goyal said that Rs 483.46 crore has been drawn from Fund of Funds for startups.

Get live Stock Prices from BSE and NSE and latest NAV, portfolio of Mutual Funds, calculate your tax by Income

Tax Calculator, know market's Top Gainers, Top Losers & Best Equity Funds. Like us on Facebook and follow us on Twitter.

(Source: https://www.financialexpress.com/industry/sme/these-are-indias-top-3-startup-hubs-after-maharashtra-karnataka-delhi-and-they-arent-tamil-nadu-kerala/1623723/ dated 1st July-2019)

20. Commerce Min hears stakeholder demands for next FTP to boost exports

The current policy will end in March 2020. The new five-year foreign trade policy (2020-25) is expected to be released in September this year

The commerce ministry has sought views of all stakeholders for the formulation of the next foreign trade policy (FTP) which provide guidelines for enhancing exports to push economic growth and create jobs.

"It has been decided to revise the current foreign trade policy (2015-20). Therefore, suggestions/inputs are hereby invited from all the stakeholders for framing the proposed new FTP," the directorate general of foreign trade (DGFT) has said in a notice.

The current policy will end in March 2020. The new five-year foreign trade policy (2020-25) is expected to be released in September this year.

In such a policy, the government announces incentives for both goods and services exporters.

At present, tax benefits are provided under merchandise export from India scheme (MEIS) and services export from India scheme (SEIS).

As these export promotion schemes are challenged by the US in the dispute resolution mechanism of the World Trade Organisation (WTO), the government may consider recasting the incentives to make them in compliance with global trade rules.

Exporters are demanding incentives based on research and development, and product-specific clusters under the new policy.

Former President of Federation of Indian Export Organisations (FIEO) Ganesh Kumar Gupta said that the a new scheme should include refund of indirect taxes like on oil and power, and state levies such as mandi tax.

Assistant Professor and expert on agriculture economics, Chirala Shankar Rao, said that the policy should look at ways to promote agri exports as it holds huge opportunities.

Ludhiana-based exporter S C Ralhan demanded income tax exemption for five years for exporters.

"The current export scenario is not good. In this situation, the government should think extending income tax exemption for at least five years. There is also a need to ensure availability of raw material at international prices for exporters," Ralhan said.

Since 2011-12, India's exports have been hovering at around \$300 billion. During 2018-19, the overseas shipments grew by 9 per cent to \$331 billion.

(Source: https://www.business-standard.com/article/pti-stories/commerce-ministry-seeks-stakeholder-comments-for-next-foreign-trade-policy-119070100553_1.html dated 1st July-2019)

21. India's international trade policy at a crossroads

As an emerging economy that can utilize multiple sources in major power relations, India now stands at a crossroads. It believes that a historical moment has come when China is developing its manufacturing sector, and turbulent trading relations between Beijing and Washington have opened potential markets for other countries.

But US President Donald Trump's doctrine on trade reciprocity may pour water on India's hopes. On economic relations with the US, India is concerned that its economic rise might be scuppered by the Trump administration's obsession with protectionism and unilateralism.

Indian Prime Minister Narendra Modi's government is obliged to protect the country's emerging manufacturing industries from fierce foreign competition and catapult its Make in India campaign to the international stage. But it has also been alarmed by recent trade conflicts and increasing pressure from the US government to ease restrictions on American companies entering the Indian market and lower tariff barriers.

Ahead of the G20 summit in Japan, US Secretary of State Mike Pompeo visited New Delhi. Pompeo said that Washington would consider all policy tools to ensure that India can meet its crude oil needs after being told that New Delhi was hit by debilitating US sanctions on importing Iranian and Venezuelan oil. But such verbal promises mean nothing if no waiver is given to India.

India is an oil buyer with reasonable hope of diversified sources. The US is an emerging energy supplier and also an uninvited world policeman to the market. This has made India-US trading relations much more complicated. Any attempts at forcing India to buy more gas and oil from the US or its allies will be resented by the Indian government because the diversity of crude oil supply is reduced and might increase India's strategic dependence on the US when mutual trust is low.

It is an established policy of the Modi government to deepen strategic cooperation with the US, but the Trump administration is clearly delinking economic issues from strategic cooperation, forcing India to the trade talks table.

India might have to invest a great deal of strategic assets to engage in security cooperation with the US but at the same time make more concessions on trade. The Indian government is gaining little from the relationship and Pompeo's visit didn't offer any concrete measures to ease concerns.

As far as India-China trade relations go, India is wary of the economic prowess of China, which now is a leading country safeguarding free and open trade. While trade conflicts between China and the US attract attention, it was India that filed most anti-dumping cases against China, and most investigations led to anti-dumping duties.

India doesn't have any bilateral or multilateral free trade agreement with China. This has affected many regional policies of New Delhi, for instance its attitude toward the RCEP (Regional Comprehensive Economic Partnership), which, after being signed, will be the largest free trade agreement in the world and bring stability to an otherwise unstable international trading system. The chief concern is that India needs to protect its companies from Chinese competition.

India is also constantly complaining about trade deficit with China and urging it to import more Indian goods. To sum it up, India is neither a solid supporter of free and open trade, nor a net winner in Trump's unilateral attempt to reorganize free trade. India could stand together with China to safeguard multilateralism but its trading relations with China have much scope for improvement.

The good news is that trading issues between India and China are largely handled within existing international principles and both governments are discussing ways to improve trading practices and their trading volume is expected to exceed $100 billion very soon.

(Source: http://www.globaltimes.cn/content/1156379.shtml dated 1st July-2019)

22. Budget 2019: Exporters expect 'China-proof' policy measures from Sitharaman

Exporters seek protection as competition for global market share increases

Till last year, the US dollar-rupee exchange rate had been a major decider on the fate of export firms' earnings. The picture has changed as a tariff war forced exporters to explore new markets. Now, as the competition in global markets have increased, Indian export bodies expect a budget that offers exporters protection from China.

Protectionism increased in recent days with the United States raising tariffs on a number of Indian exports including steel and aluminium. Indian exports are also facing fire from the World Trade Organisation (WTO) as India's Export Incentive Scheme has been questioned by nations like the US, China, and Vietnam, among others.

In the last two quarters, India's merchandise export shipments have declined majorly for ready-made garments, leather, rice, marine products, gems and jewellery, engineering goods (including automotive parts), meat and dairy products. The decline has also hit hard India's service exports, so far considered a strength but seen waning with competition in the IT sector from Southeast Asian countries like Philippines, Malaysia and Vietnam.

The government's plans to incentivise exports, through Merchandise Exports from India Scheme (MEIS) and Services Exports from India Scheme (SEIS) have come under the WTO scrutiny. Also, the US has disputed at the WTO the incentives provided by the government under its Advance Authorization Scheme, which allows duty-free import of inputs to manufacturers of exportable merchandise.

Coming under global pressure, India is likely to withdraw certain export benefits in the upcoming budget, a commerce ministry official said. "As part of the budget exercise, we have to not only relook but also redefine a number of our export incentive schemes," said a commerce ministry official.

According to trade data of the Directorate General of Commercial Intelligence Statistics of commerce ministry, India's export of gems and jewellery, including re-exports, contracted by nearly 14 per cent in May. Exports of agricultural goods dropped 46 per cent during the month compared to last year.

Ready-made garments (including those made of cotton, man-made and other fibres) registered a 23 per cent drop year-on-year. However, India's import of crude oil and gold has increased, posing risk to its outflow of foreign exchange or the capital account deficit.

"Our exports to China have increased by 10 per cent on a year-on-year basis. Last year, we found more markets in China for the exports of basic chemicals, pharma, textiles and processed food," said Ajay Sahai, director general of Federation of Indian Export Organisations (FIEO). This, however, has brought its own share of risks for the Indian exporters.

"Coming under tariff pressure from the US, China has depreciated the Renminbi several times last year. This has hurt Indian exports the most," said Sahai. He added that prompt action will be necessary to protect Indian exports.

Exports of agricultural products, particularly, vegetables have also increased from India with renewed demand from the Kingdom of Saudi Arabia. Saudi Arabia had earlier said that it seeks India's cooperation as a major food sourcing hub for the oil-rich kingdom. The United Arab Emirates also constitutes a large share of India's export of food products.

Meanwhile, as subsidies have come under question, exporters have now sought the government's aid to provide them cheaper loans. "Even Shaktikanta Das, the RBI governor, had said during the policy statement that transmission of the rate reduction by banks is only 40 per cent. This needs to change," said T.G. Bhasin, chairman, Engineering Export Promotion Council (EEPC) of India.

EEPC officials had recently met Commerce & Industries Minister Piyush Goyal during a review of export credit in Mumbai last week. Exporters are also demanding incentives based on research and development, and product-specific clusters under government's new foreign trade policy, likely to be in place from April 2020.

Solar panel manufacturers in India have sought Finance Minister Sitharaman's intervention, in imposing anti-dumping and countervailing duties on Chinese imports of solar panels and other equipments.

Ludhiana-based grain exporter, S.C. Ralhan, said that as incentives are about to be stopped, the government should consider tax holidays for exporters for the next five years. India's exports have remained more or less the same at around \$300 billion (+/- \$40 million). During 2018-19, the exports from India grew by 9 per cent to \$331 billion. Global logistics shipper Maersk also reported an increase in shipments from India.

The global logistics shipper have said in a recent report that while India's shipment continues to grow in 2018-

19, the largest rise has come from exports destined for China, which has grown 10 per cent, according to Jim Snabe, Maersk chairman in the report. With the trade winds blowing hot and cold it remains to be seen whether Sitharaman would be able to balance the rising trade deficit with the Asian dragon.

(Source:- https://www.theweek.in/news/biz-tech/2019/07/01/budget-2019-exporters-expect-china-proof-policy-measures-from-sitharaman.html dated 1st July-2019)

23. India's Trade War Plan: Target Tariffed Product Exports, Offer Incentives for Set Up

A tariff battle on imports worth billions of dollars between the US and China has created immense opportunities for India's exports to both countries.

The import tariffs by the US have affected about 531 Chinese products. The trade in these products is valued at US$30.6 billion. Indian exporters can provide China with at least 203 of the items tariffed by the US, according to a study led by India's Ministry of Commerce. India exported US$22.2 billion worth of these products, but only US $2.4 billion of it went to the US.

Similarly, the study notes that India can export 151 of the 774 American products tariffed by China. The US exports to China are worth US$20.4 billion a year. India exported US$32.8 billion worth of these products, but only US $2.9 billion per annum to China.

The government in India is keen to reduce its trade deficit with China for several years and the prolonged trade war appears to have inspired the Ministry of Commerce to announced these findings.

In the 2018-19 financial year, the trade deficit between India and China stood as US$52 billion – the highest that India has with any of its other trading partners.

Export products in demand

The Commerce Ministry report has identified the following domestic items that can meet increased demand from the US market:

- Industrial valves;
- Vulcanized rubber;
- Radial tires used on buses;
- Carbon or graphite electrodes;
- Sacks and bags of polymers of ethylene; and
- Natural honey.

There is also a strong opportunity for India to export apparel and readymade garments to the US, as India is the only country that can match China in terms of the scale.

According to industry experts, India can also enhance its exports in information and communication technology (ICT) and automotive sector.

Domestic items that can replace US products in China are:

- Copper ores and concentrates;
- Rubber;
- Paper or paperboard;
- Equipment for transmission data in a wired network; and
- Pipes.

In addition to the above items, India can use the opportunity to gain better market access in China on a wide range of agriculture and processed food products.

Incentives for trade war casualties possible

The government of India is reportedly considering ways to incentivize companies moving out of China because of the trade war. The reports suggest that the government would like to mirror policies used in countries like Vietnam and Malaysia.

According to media reports, the Ministry of Trade is considering offering financial incentives, including preferential tax rates and a tax holiday to industries such as electronics, footwear and toys, consumer appliances, and electric vehicles.

While the government may be able to achieve a financial incentive package for businesses seeking to shift their supply chains out of China, adjusting government procurement laws and developing new industrial zone plans appear to be longer term measures to make India a more attractive manufacturing destination.

(Source: https://www.india-briefing.com/news/us-china-trade-war-18974.html/ dated 5th July 2019)

24. MSME Ministry approves three cluster project in the state worth Rs 1423.95 lakhs

Imphal, July 05 2019: In the 50th Steering Committee of Micro & Small Enterprises Cluster Development Programme (MSE-CDP) held on 2nd July 2019 at New Delhi under the Chairmanship of Dr Arun Kumar Panda IAS, Secretary (MSME), Govt of India, the Department of Textiles, Commerce and Industry, Govt of Manipur received final approval of 3 (three) cluster in Manipur namely, Spice and Food Processing Cluster, Churachandpur with project cost of Rs 656.75 Lakhs, Wood Carpentry Cluster, Churachandpur with a project cost of Rs 436.61 Lakhs and Greater Imphal Jewellery Cluster, Imphal East with a project cost of Rs 330.59 Lakhs.

.CArthur Worchuyio IAS, Director (Trade, Commerce and Industries) and G Kahmei OSD (MSME) represented the State Government.

This is the 1st time ever that the Department has received approval for cluster projects in the State from Ministry of MSME.

It will help build infrastructure and machineries which will aid in technology and skill up gradation of the micro entrepreneurs involved in trade.

In the long term, these cluster projects will have increase productivity and generate income and resources for the micro entrepreneurs of the State.

The Indian Institute of Entrepreneurs, Guwahati will be the implementing agency for the 3 (three) clusters.

(Source: http://e-pao.net/GP.asp?src=6..060719.jul19 date 8th July-2019)

25. Govt attempts fresh focus on FTAs, talks with U.S., EU and ASEAN negotiators next week

In 2017, PM Modi and the EU leadership had declared they would restart "talks about the talks", but were unable to break the deadlock, mainly over what baseline will be used to restart the talks.

With fresh focus on resolving its pending talks on trade and dispelling criticism that India has been 'protectionist' and held up Free Trade Agreement (FTA) negotiations, the Modi government will engage in three sets of important trade talks: with the European Union (EU), the United States and ASEAN (Association of Southeast Asian Nations) negotiators this week.

On Friday, sources say, the chief negotiators of the EU and the Commerce Ministry will meet in an effort to restart talks on the Bilateral Trade and Investment Agreement (BTIA), which was suspended in 2013, despite several attempts to restart them.

Next Tuesday, a three-member delegation of ASEAN will visit Delhi to discuss taking negotiations on the Regional Comprehensive Economic Partnership (RCEP) to a conclusion by November. Assistant USTR (United States Trade Representative) Christopher Wilson and Deputy Assistant USTR Brendan Lynch will also be in Delhi next week to restart talks as decided by Prime Minister Narendra Modi and U.S. President Donald Trump when they met on the sidelines of the G20 summit last week in Osaka. They will prep for talks between USTR Robert Lightizer and Commerce Minister Piyush Goyal.

"The EU and India maintain regular contacts between their trade officials, including on issues related to a possible FTA," EU ambassador Tomasz Kozlowski told The Hindu on the informal BTIA talks between the Deputy General for Trade at the European Commission and a joint secretary from the Commerce Ministry.

"They will basically sum up how the situation has changed after the elections, and I think they will find that the ground for restarting [FTA] talks is much more positive," former Indian Ambassador to the EU and author of book India and EU: An Insider's View Bhaswati Mukherjee explained.

Meanwhile, RCEP negotiators visiting Delhi, including ASEAN secretary general Lim Jock Hoi, hope to push India into committing to the Asian FTA by the RCEP summit in November. Last year, Mr. Modi had pushed the deadline to 2019, given the elections in four RCEP countries.

"They will make a first-hand assessment of political commitment of the new Modi government to a substantive conclusion of the RCEP agreement by year-end," said a Ministry of External Affairs official, adding that the ASEAN countries wish to impress a degree of "urgency" on Indian negotiators to complete the deal. Signing the RCEP has been opposed by RSS-affiliated trade unions and industry lobbies worried about the market being flooded by cheaper Chinese goods.

In 2014, the Modi government decided to scrap all its FTA agreements with a view to negotiating new, more equitable ones with various countries, but has yet to close a deal on any one of them as it is accused imposing non tariff barriers on goods and asking for more access for Indian services. Concluding the deals with the EU and RCEP countries would need a slew of changes in India's current trade regime.

"The government has taken several steps to open up the market, in terms of liberalising the FDI rules, etc. But there is a feeling that there is scope to do more in this regard when it comes to trade with other economies," a senior official in the Commerce Ministry said.

Election of trade hardliners in the U.S., Europe

On the other hand, the election of trade hardliners in the U.S., Europe and other countries means that there may be less flexibility on the part of the negotiators visiting India next week. President Trump has also regularly repeated his call for India to cut tariffs, while his government is clamping down on professional visas and immigration.

In 2017, Mr. Modi and the EU leadership had declared they would restart "talks about the talks", but were unable to break the deadlock, mainly over what baseline will be used to restart the negotiations. With elections for the European Parliament and in India over, diplomats suggest that both sides now have a "new political mandate" to take talks forward.

"The EU Parliament has seen more right-wingers who are traditionally hardline on trade, anti-immigration voices being elected, so I would be surprised if they could even give the concessions they have offered in the past," said Ms. Mukherjee.

(Source: https://www.thehindu.com/news/national/govt-attempts-fresh-focus-on-ftas-talks-with-us-eu-and-asean-negotiators-next-week/article28283640.ece dated 4th July-2019)

26. India, US trade talks end in Delhi without major progress: Report

Questions on agricultural commodities, e-commerce, and steel and aluminum, have been put off until Commerce and Industry Minister Piyush Goyal goes to Washington for talks.

U.S. and Indian trade negotiators ended talks on Friday without making major progress on a range of disputes over tariffs and other protectionist measures imposed by both sides that are straining bilateral ties, according to officials with knowledge of the discussions.

Many of the toughest questions on agricultural commodities, e-commerce, and steel and aluminum, have been put off until Commerce and Industry Minister Piyush Goyal goes to Washington for talks with United States Trade Representative Robert Lighthizer next month. The dates for that trip are yet to be settled.

"No breakthrough," said one of the senior Indian officials involved in the talks in New Delhi, which lasted a little over three hours. He declined to make any further comment.

Two other Indian officials said they hoped that some of the issues will be resolved when Goyal goes to Washington. Friday's talks were more about understanding each other's positions in various disputes, they said.

In a short statement issued late on Friday, the Indian government said the countries agreed to continue their discussions for "addressing mutual trade concerns".

The two sides resumed talks after U.S. President Donald Trump and Prime Minister Narendra Modi met on the sidelines of the G20 summit in June and agreed to seek to deepen the two countries' relationship.

Trump said at that summit that there would be a "very big trade deal" with India, though he set no timeline, and has only this week used Twitter to attack what he calls high Indian tariffs on American goods as "no longer acceptable".

Tit-for-tat moves

The U.S. sought the rollback of Indian tariffs imposed on some agricultural products, such as almonds, when the two sides met on Friday, said one of the Indian government sources.

Those tariffs were imposed in response to the Trump administration's decision to remove trade privileges from Indian products under the Generalized System of Preferences. India has asked for those privileges, effectively zero tariffs on a range of Indian products entering the United States, to be reinstated.

India did not commit to any changes to foreign investment rules for foreign e-commerce firms such as Walmart's Flipkart and Amazon, one of the Indian sources said.

The rules have forced the two American companies to rework their business strategies for India. Walmart told the U.S. government privately in January that India's new investment rules for e-commerce were regressive and had the potential to hurt trade ties, Reuters reported on Thursday.

One concern now among Indian policymakers is that the Trump administration may push for a free trade agreement with India that could dent India's competitiveness, lead to a flurry of imports and hurt Modi's "Make in India" plan.

In a recent meeting, Foreign Minister Subrahmanyam Jaishankar told trade ministry officials that "Trump is clearly preparing for a larger game, a larger opening", according to one of the officials aware of the discussions.

(Source: https://www.business-standard.com/article/economy-policy/india-us-trade-talks-end-in-delhi-without-major-progress-report-119071201437_1.html dated 13th July-2019)

27. India's duty hike stirring up a furore

Top commerce ministry officials said the government would have to be careful on future duty hikes as 'increasingly, we are being challenged on this score by our trade partners.

NEW DELHI: India's moves to create protectionist walls to help domestic manufacturers may have to be re-looked at, as India's major trading partners, including the US with which the country is locked in a trade spat, have been objecting to the import duty hike, and have started dragging India to the World Trade Organisation (WTO).

Top commerce ministry officials said the government would have to be careful on future duty hikes as "increasingly, we are being challenged on this score by our trade partners." India has raised import duties on 75 products in the new Budget to give a push to its 'Make in India' programme.

The US officials, who visited India to discuss trade disputes between the two countries, wanted a roll back of duty not only on 28 US imports — on which India slapped higher duty as a retaliation against the US removing duty-free imports to over 2,000 Indian goods - but also on a host of other items such as agriculture goods, dairy products, medical devices, IT and communication items.

In order to bolster the 'Make in India' policy, which seeks to encourage local

manufactures, the government has been slowly raising taxes on steel imports, mobile

handsets and electronics, and their parts.The move to tax electronics goods and their

parts came after policymakers recognised the drain of foreign exchange in buying electronics, which has become the third largest component of India's rising import bill, after gold and oil.

Trade analysts calculate that electronic imports will surpass oil imports by 2020 and could cost an astounding $300 billion by then, if the current growth trends continue.

The way out, they argue, is to increase taxation to progressively force manufacturers such as Apple and Samsung and their suppliers to shift base to India.

However, a round of import duty increases earlier has already created a global furore. The European Union, USA and Japan are among those who have objected before the WTO to India's move to raise customs duties on mobile phones, TVs and projectors.

"We increase duties not only during the Budget, but also later in the year. So, it escapes public notice, but foreign firms impacted by it complain to their home governments who raise it as a dispute," said JNU professor Biswajit Dhar, who is also former director-general of trade think tank RIS.

Indian officials said smartphone-makers were given an opportunity to import components duty-free to start with. Over five years, they were expected to increase the degree of indigenisation to 50 per cent by value. To get them to start making more parts locally, duties on parts have been raised.

However, Japan has already filed a complaint before the WTO claiming that India has imposed higher-than-permitted duties on smartphones, base stations and circuit boards, besides their components.

"The Government of India has continued to adjust the rates of various indirect taxes, including custom duties, in support of policies seeking to foster domestic production and value addition," Japan said, adding that since India launched its 'Make in India' campaign in September 2014, it has "continuously and systematically raised import duties on a wide range of products in various sectors".

A major contention

The European Union, USA and Japan are among those who have objected before the WTO to India's move to raise customs duties on mobile phones, televisions and projectors

During the recent trade talks, the US officials demand a roll back of duty on 28 US imports —on which India raised tariffs - as well as a host of other products

(Source: http://www.newindianexpress.com/business/2019/jul/14/indias-duty-hike-stirring-up-a-furore-2003646.html dated 14th July-2019)

Chemexcil Notice

NOTICE 1

EPC/LIC/US_GSP 03/06/2019

To,
TO ALL THE MEMBERS OF THE COUNCIL

SUBJECT: - Imp. Withdrawal of India's GSP benefits by USA w.e.f 5th June 2019

Dear Members,

This is in continuation of circular dated 06/03/2019 regarding US-GSP withdrawal and its effects thereof.

In this regard, we draw your attention to the below Press Release issued by Ministry of Commerce & Industry dated 06.01.2019 regarding "WITHDRAWAL OF INDIA'S GSP BENEFITS BY USA".

As per press release on PIB, we would like to reproduce/ highlight important points as follows:-

- The United States of America (USA) has w.e.f. 5 June 2019 withdrawn India's GSP benefits.
- These are unilateral, non-reciprocal and non-discriminatory benefits extended by some developed countries to developing countries.
- In the area of economic ties, there are ongoing issues which get resolved mutually from time to time. We view this issue as a part of this regular process and will continue to build on our strong ties with the US, both economic and people-to-people.

For further details and considering the importance of this announcement, members are urged go through this press release using below links and do the needful accordingly-

Withdrawal of India's GSP benefits by USA http://pib.nic.in/PressReleseDetail.aspx?PRID=1573061

Members may also send their feed-back, if any, on our e-mail id's ed@chemexcil.gov.in, deepak.gupta@chemexcil.gov.in & rodelhi@chemexcil.gov.in .

Thanking You

NOTICE 2

EPC/LIC/DGFT 17/06/2019

To,
ALL THE MEMBERS OF THE COUNCIL

Subject:- DGFT, Waiving off the requirement of destruction certificate from excise/custom authorities for the unutilised duty free imported material in case of imports from unregistered sources with pre-import conditions

Dear Members,

We would like to inform you that the O/o Directorate General of Foreign Trade, New Delhi has issued Public Notice No. 11/2015-2020 dated 14 June, 2019 regarding Waiving off the requirement of destruction certificate from excise/ custom authorities for the unutilised duty free imported material in case of imports from unregistered sources with pre-import conditions.

We understand that the existing Para 4.49(g)(i) of HBP 2015-20 which reads as follows has been amended:

The Authorisation holder shall submit documents showing consumption of full imported quantity as per norms. In case, there is shortfall in fulfilment of EO and unutilised imported quantity remains with the authorisation holder, the Authorisation holder shall either submit a certificate from the jurisdictional Central Excise / Customs Authority certifying destruction of the unutilised imported quantity in their presence or proof of re-export of the same to the same supplier in-terms of para 4.43A of HBP 2015-2020.

The amended Para 4.49(g)(i) of HBP 2015-20 to be read as under:-

The Authorisation holder shall submit documents showing consumption of full imported quantity as per norms. In case, there is shortfall in fulfilment of EO and unutilised imported quantity remains with the authorisation holder, the Authorisation holder shall submit a self-declaration along with Chartered Accountant's certificate regarding destruction of the unutilised duty free imported material accompanied by an affidavit-cum-indemnity bond indemnifying the Government for any harm or loss occurring due to diversion of such imported material from unregistered sources into the domestic market that may be detected in future by any authority, or proof of re-export of the same to the same supplier in-terms of para 4.43A of HBP 2015-2020.

With this Public Notice, O/o DGFT HQ has waived off the requirement of destruction certificate from excise/custom authorities for the unutilized duty free imported material from unregistered sources with pre-import condition.

Members(specially importing under AA) are therefore requested to kindly take note and do the needful accordingly. The said PN is available for reference using below link-

http://dgft.gov.in/sites/default/files/Public%20Notice%20No%2011%20date%2014-06-2019%20English.pdf

In case of issues/ feedback, please feel free to write to us on- ed@chemexcil.gov.in & deepak.gupta@chemexcil.gov.in .

Thanking you

NOTICE 3

EPC/LIC/CBIC 17/06/2019

To,
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-CBIC Imposition of retaliatory duties on 28 specified goods originating in or exported from USA and preserving the existing MFN rate for all these goods for all countries other than USA, Increase in the tariff rate of customs duty on lentils, boric acid and laboratory reagents by amending First schedule to the Customs Tariff Act, 1975 under emergency powers under section 8A of the Customs Tariff Act

Dear Members,

We would like to inform you that the "Central Board of Indirect Taxes and Customs (CBIC)" has recently issued important notifications respectively regarding imposition of retaliatory duties on 28 specified goods originating in or exported from USA and preserving the existing MFN rate for all these goods for all countries other than USA & increase the tariff rate of customs duty on lentils, boric acid and laboratory reagents by amending First schedule to the Customs Tariff Act, 1975 under emergency powers under section 8A of the Customs Tariff Act.

The Gist of the said Notifications is provided below for your information-

Notifications

17/2019-Cus, dt. 15-06-2019	View (168 KB)	Seeks to further amend notification No. 50/2017-Customs dated 30.06.2017 **to implement the imposition of retaliatory duties on 28 specified goods originating in or exported from USA and preserving the existing MFN rate for all these goods for all countries other than USA.** The tariff rate for Phosphoric Acid (HS Code 28092010) has been amended in notification No. 50/2017-Customs dated 30.06.2017. http://cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2019/cs-tarr2019/cs17-2019.pdf;jsessionid=DA247352E69566B555A3DF181A3E0DC5
16/2019-Cus ,dt. 15-06-2019	View(252 KB)	Seeks to increase the **tariff rate of customs duty on lentils, boric acid and laboratory reagents** by amending First schedule to the Customs Tariff Act, 1975 under emergency powers under section 8A of the Customs Tariff Act. Boric Acid- Tariff rate 27.5%. http://cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2019/cs-tarr2019/cs16-2019.pdf;jsessionid=7C3B67901065D4D09149B5F0314A520B

Members (specially importers) are requested to take note of above notifications and do the needful accordingly. The said notifications are available for download, using hyperlinks provided therein.

Your comments/ feedback may be sent to us on e-mail id's ed@chemexcil.gov.in , deepak.gupta@chemexcil.gov.in & rodelhi@chemexcil.gov.in .

Thanking You

NOTICE 4

EPC/LIC/CBIC/IGST 18/06/2019

To,
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-GST refunds-mechanism to verify the IGST payments for goods exported out of India in certain cases

Dear Members,

We would like to inform you that the Central Board of Indirect Taxes & Customs (CBIC) has issued circular no. 16/2019- Customs dated 17/06/2019 regarding GST refunds-mechanism to verify the IGST payments for goods exported out of India in certain cases.

As you are aware, the procedure for claiming IGST refunds is fully automated as provided under Instruction 15/2017-Cus dated 09.10.2017.

However, as per CBIC circular, we understand it has come to the notice of the Board that instances of availment of IGST refund using fraudulent ITC claims by some exporters have been observed by various authorities. Exporters have availed ITC on the basis of ineligible documents or fraudulently and utilized that credit for payment of IGST on goods exported out of India. It has also been observed in several cases that there is huge variation between the FOB value declared in the Shipping Bill and the Taxable value declared in GST Return apparently to effect higher IGST pay out leading to encashment of credit.

In view of above, it has been decided by CBIC to verify the IGST payments through the respective GST field formations. The procedure specified in the instruction 15/2017-Cus dated 09.10.2017 stand modified.

The modified procedure as per circular no. 16/2019- Customs dated 17/06/2019 is reproduced as follows for your information:

A. Identification of Suspicious cases: DG (Systems) shall work out the suitable criteria to identify risky exporters at the national level and forward the list of said risky exporters to Risk Management Centre for Customs (RMCC) and respective Chief Commissioners of Central Tax. DG (Systems) shall inform the respective Chief Commissioner of Central Tax about the past IGST refunds granted to such risky exporters (along with details of bank accounts in which such refund has been disbursed).

B. Inserting Alert in the System: RMCC shall insert alerts for all such risky exporters and make 100% examination mandatory of export consignments relating to those risky exporters. Also, alert shall be placed to suspend IGST refunds in such cases.

C. Examination of the export goods: Customs officers shall examine the consignment as per the RMCC alert. In case the outcome of examination tallies with the declaration in the Shipping Bill subject to no other violation of any of provision of the Customs Act, 1962 or other laws being observed, the consignment may be cleared as per the regular practice.

D. Suspension of IGST refunds: Notwithstanding the clearance of the export consignments as per para C above, such Shipping Bills shall be suspended for IGST refund by the Deputy or Assistant Commissioner of Customs dealing with refund at the port of export.

E. Verification by GST formations:

    (i) Chief Commissioner of Central Tax shall get the verification of the IGST refund claims and other related aspects done in accordance with the Standard Operating procedure to be issued by the GST policy wing.

    (ii) The GST formation shall furnish a report to the respective Chief Commissioner of Central Tax within 30 days specifying clearly whether the amount of IGST paid and claimed/ sanctioned as refund was in accordance with the law or not.

    (iii) Chief Commissioner of Central Tax shall compile and forward report of all cases to RMCC and concerned customs port of export within 5 working days thereafter.

F. Action to be taken by customs formations on receipt of verification report from GST formations:

    (i) Cases where no malpractices have been reported on verification: On receipt of verification report from Chief Commissioner of Central Tax informing that the ITC availed by the exporter was in accordance with the GST Law and rules made there under, the Customs officer at the port of export shall proceed to process the IGST refund to the extent verified by the GST Authorities. The detailed advisory in this regard shall be issued by DG(Systems) for the benefit of customs officers handling refunds.

    (ii) Cases where malpractices have been reported on verification: For cases where upon verification, it has been found that the exporter has availed ITC fraudulently or on the basis of ineligible documents and utilized the said ITC for payment of IGST claimed as refund, the customs officer will not process the refund claim.

Members are requested to take note of the same. The circular no. 16/2019- Customs dated 17/06/2019 is available for reference using below link-http://cbic.gov.in/htdocs-cbec/customs/cs-circulars/cs-circulars-2019/Circular-No-16-2019.pdf

Members may also send their feed-back on ed@chemexcil.gov.in, deepak.gupta@chemexcil.gov.in and rodelhi@chemexcil.gov.in .

Thanking You

NOTICE 5

EPC/LIC/DGFT 26/06/2019

To,
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-Call Centre Inaugurated at Additional DGFT Mumbai Office

Dear Members,

As per PIB press release dated 24/06/2019, a call centre has been set up by the O/o Additional DGFT Mumbai to address doubts/queries/questions of exporters and importers. General information about foreign trade policy and international trade may also be asked.

A specially trained dedicated staff is in charge at the call centre. Public may reach the call centre on 022-20820961, 022-20820962, 022-20820963 and 022-20820927 from 10:00 am to 5:30 pm on all working days.

This call centre was inaugurated by Shri Alok Vardhan Chaturvedi, DGFT who had visited the Additional DGFT Mumbai Office recently and reviewed the work. He also chaired a meeting with Regional Chairmen and Directors of several EPC's (including CHEMEXCIL) where various issues faced by the exporters-importers were discussed.

Members are requested to take note of this new facility and benefit from the same. The said press release is available for reference using below link-

Call Centre Inaugurated in Mumbai DGFT

http://164.100.128.143/dgftmumbai/

Members may also send their feed-back on this new facility to us on- ed@chemexcil.gov.in & deepak.gupta@chemexcil.gov.in .

Thanking you

NOTICE 6

EPC/LIC/RBI 05/07/2019

To,
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-RBI, Gold Card Scheme for Exporters

Dear Members,

We would like to inform you that the Reserve Bank of India (RBI) has issued circular no. RBI/2018-19/224 DBR.Dir.BC.No.48/04.02.002/2018-19 dated 27/06/2019 regarding Gold Card Scheme for Exporters.

You might be aware that some time back Reserve Bank of India had announced a unique Gold Card Scheme for exporters which provides a credit limit for three years, automatic renewal of limit, additional 20% limit to meet a sudden need of exports on account of additional orders, priority in PCFC etc. This scheme had helped exporters in reducing their compliance time and cost.

However, we understand that over the years very few Banks are encouraging exporters to obtain this Scheme whereas majority of Banks even deny the existence of such a facility.

This issue was raised by Trade & industry during recent consultations with the Government. Taking cognizance of this issue, RBI vide this Circular dated 27/06/2019 has reiterated that the instructions relating to the Gold Card Scheme for Exporters as contained in Para 8.1.3 of the Master Circular DBR No.DIR.BC.14/04.02.002/2015-16 dated July 01, 2015 shall be strictly implemented and the branch level functionaries be suitably sensitized in this regard.

For the information of members, as per Para 8.1.3 of the Master Circular DBR No.DIR.BC.14/04.02.002/2015-16 dated July 01, 2015 detailed instructions on 'Gold Card Scheme for Exporters' have been given. The salient features of the Scheme are:

8.1.3 Gold Card Scheme for exporters

i. All creditworthy exporters, including those in small and medium sectors, with good track record would be eligible for issue of Gold Card by individual banks as per the criteria to be laid down by the latter.

ii. Gold Card under the Scheme may be issued to all eligible exporters including those in the small and medium sectors who satisfy the laid down conditions.

iii. The scheme will not be applicable for exporters blacklisted by ECGC or having overdue bills in excess of 10% of the previous year's turnover.

iv. Gold Card holder exporters, depending on their track record and credit worthiness, will be granted better terms of credit including rates of interest than those extended to other exporters by the banks.

v. Applications for credit will be processed at norms simpler and under a process faster than for other exporters.

vi. Banks would clearly specify the benefits they would be offering to Gold Card holders.

vii. The charges schedule and fee-structure in respect of services provided by banks to exporters under the Scheme will be relatively lower than those provided to other exporters.

viii. The sanction and renewal of the limits under the Scheme will be based on a simplified procedure to be decided by the banks. Taking into account the anticipated export turnover and track record of the exporter the banks may determine need-based finance with a liberal approach.

ix. 'In-principle' limits will be sanctioned for a period of 3 years with a provision for automatic renewal subject to fulfillment of the terms and conditions of sanction.

x. A stand-by limit of not less than 20 per cent of the assessed limit may be additionally made available to facilitate urgent credit needs for executing sudden orders. In the case of exporters of seasonal commodities, the peak and off-peak levels may be appropriately specified.

xi. In case of unanticipated export orders, norms for inventory may be relaxed, taking into account the size and nature of the export order.

xii. Requests from card holders would be processed quickly by banks within 25 days / 15 days and 7 days for fresh applications / renewal of limits and ad hoc limits, respectively.

xiii. Gold Card holders would be given preference in the matter of granting of packing credit in foreign currency.

xiv. Banks would consider waiver of collaterals and exemption from ECGC guarantee schemes on the basis of card holder's creditworthiness and track record.

xv. The facility of further value addition to their cards through supplementary services like ATM, Internet banking, International debit / credit cards may be decided by the issuing banks.

xvi. The applicable rate of interest to be charged under the Gold Card Scheme will not be more than the general rate for export credit in the respective bank. In keeping with the spirit of the Scheme, banks will endeavor to provide the best rates possible to Gold Card holders on the basis of their rating and past performance.

xvii. Gold Card holders, on the basis of their track record of timely realization of export bills, will be considered for issuance of foreign currency credit cards for meeting urgent payment obligations, etc.

xviii. Banks may ensure that the PCFC requirements of the Gold Card holders are met by giving them priority over non-export borrowers with regard to granting loans out of their FCNR (B) funds, etc.

xix. Banks will consider granting term loans in foreign currency in deserving cases out of their FCNR (B), RFC, etc. funds. (Banks may not grant such loans from their overseas borrowings under the 25 per cent window of overseas borrowings.)

Members are requested to take note of above and benefit from the same. The said RBI circular dated 27/06/2019 is available for download using below link-

https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11605&Mode=0

For any issues, you may also write to us on email id: ed@chemexcil.gov.in, deepak.gupta@chemexcil.gov.in & rodelhi@chemexcil.gov.in .

Thanking you

NOTICE 7

EPC/LIC/EDPMS/EXTENSION 19/07/2019

To,
TO ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-RBI EDPMS, Exemption from provisions of Caution listing extended till 30/09/2019

Dear Members,

As you are aware, caution listing on account of RBI-EDPMS has been a cause of concern as it impacts export shipments, document submission to buyers and also resultant business.

Lastly it was exempted till 30/06/2019, but council had subsequently received inquiries from the members for further extension.

In this regard, we have contacted Foreign Exchange Department, Reserve Bank of India and have been informed that the Exemption from provisions of Caution listing has been further extended till 30/09/2019.

The council has also been advised to impress upon members to ensure that all their shipping bills beyond due date of realization are closed at the earliest possible. Members are therefore requested to utilise this additional time up-to 30/09/2019 to clear such cases, if any.

Persistent issues, if any, however can be highlighted to the council on e-mail id's: ed@chemexcil.gov.in and deepak.gupta@chemexcil.gov.in .

Thanking You

CHEMEXCIL BULLETIN ADVERTISEMENT TARIFF

In ₹

SR. NO.	POSITION OF ADVERTISEMENT	SIZE OF ADVERTISEMENT	RATE OF COLOR ADVERTISEMENT RATE			RATE OF BLACK AND WHITE ADVERTISEMENT		
			AMOUNT	GST @18%	TOTAL AMOUNT	AMOUNT	GST @18%	TOTAL AMOUNT
1	FULL PAGE	18 CM WD X 23.5 CM HT	10500	1890	12390	8625	1552.5	10177.5
2	HALF PAGE (HORIZONTAL)	18 CM WD X 11.5 CM HT	7000	1260	8260	4600	828	5428
3	HALF PAGE (VERTICAL)	8.5 CM X 23.5 CM	7000	1260	8260	4600	828	5428
4	QUARTER PAGE	8.5 CM WD. X 11.5 CM HT.	5000	900	5900	2300	414	2714
5	STRIPS ADVTS	4 CM HT X 18 CM WD	NA	NA	NA	2300	414	2714
6	INSIDE COVER PAGES (FULL PAGE)	18 CM WD X 23.5 CM HT	15000	2700	17700	NA		
7	BACK COVER INSIDE (FULL PAGE)	18 CM WD X 23.5 CM HT	12000	2160	14160	NA		
8	BACK COVER (FULL PAGE)	18 CM WD X 23.5 CM HT	20000	3600	23600	NA		

NOTE

- Rates quoted above are per insertion basis (For single insertion) and not for whole year.
- 10% discount will be extended after 2nd insertion onwards if member would like to continue for all 6-issues of year and for next 2-3 years.
- If member want to publicize the advertisement for whole year we shall issue full amount invoice as per the discounted rate and member shall pay the full amount in advance.
- All payments by Cheque/ Demand Draft/RTGS in advance only to be made in favor of "CHEMEXCIL SBI account No. 10996680725", Payable at Mumbai
- SPECIAL DISCOUNTS can be consider on Series of Advertisements at least 4 insertions
- For Colour advertisements, high resolution images to be sent to us.
- Advertisement material must reach us 7 days before the date of publication
- Positioning of the Advt other than Cover Positions will be at Chemexcil discretion
- Only ColourAdvts will be entertained on Cover Positions.
- No Classified Advertisements will be entertained
- For further details such as series discounts, etc
  please contact on : ed@chemexcil.gov.in;adreach@chemexcil.gov.in

BUYER SELLER MEET, BANGKOK, THAILAND

Mr. Ajay Kadakia, Chairman alongwith H.E. Mrs. Suchitra Durai - Ambassador of the Republic of India to Thailand and other dignitaries

Mr. Ajay Kadakia, Chairman - CHEMEXCIL addressing the gathering during Buyer Seller Meet on 1st July, 2019 at Hotel Pullman Bangkok Grande Sukhumvit - Bangkok, Thailand

Dignitaries at Buyer Seller Meet, Bangkok, Thailand

View of Chemexcil BSM in Bangkok, Thailand on 1st July, 2019

View of Chemexcil BSM in Bangkok, Thailand on 1st July, 2019

Dignitaries at Buyer Seller Meet, Bangkok, Thailand

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