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

CHEMEXCIL NEWS

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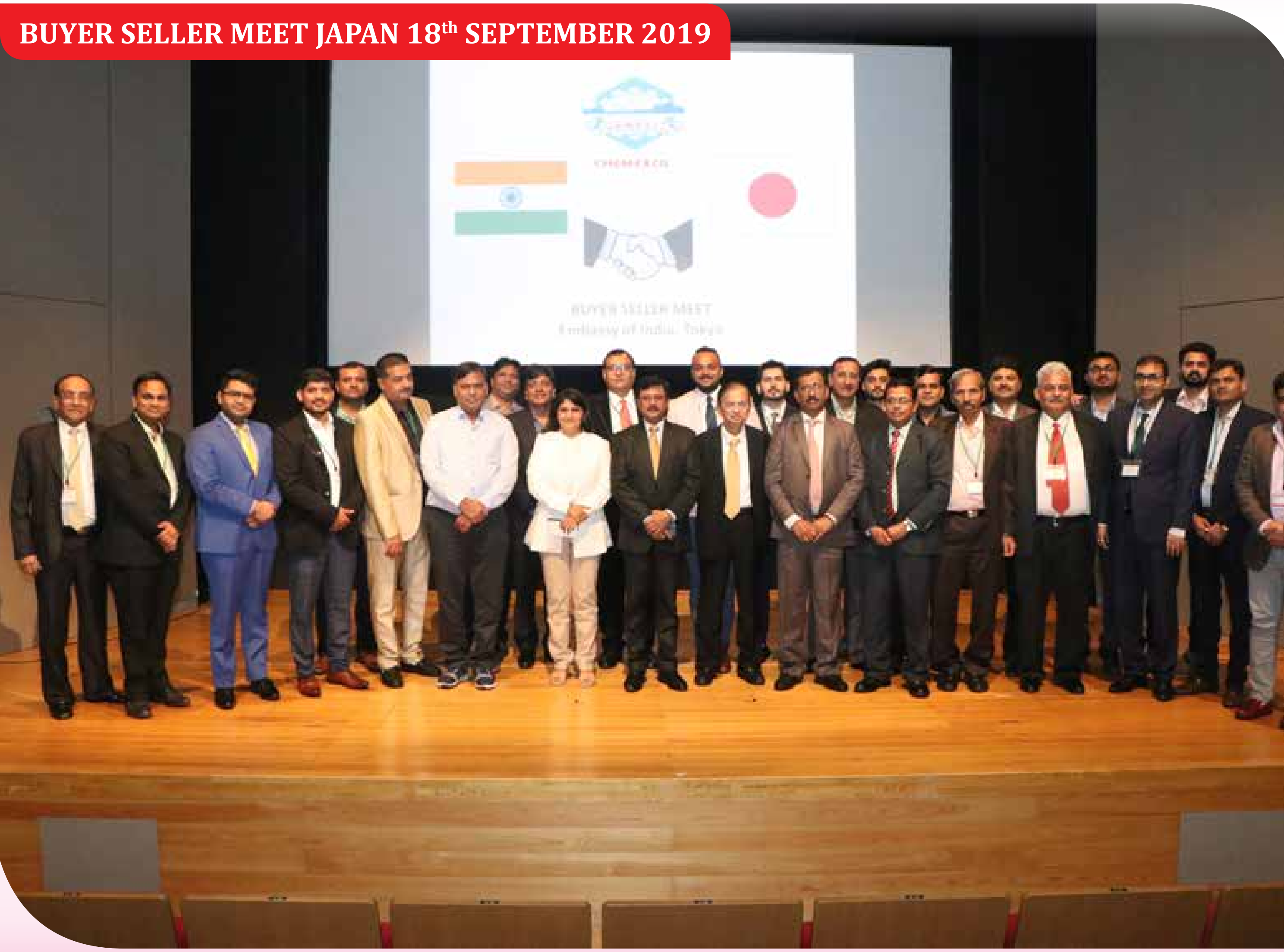
BUYER SELLER MEET JAPAN 18th SEPTEMBER 2019



Group of Indian Delegate at Buyer Seller meet held on 18th September, 2019 at Vivekanand Cultural Center, Embassy of India, Tokio Japan

BUYER SELLER MEET JAPAN 18th SEPTEMBER 2019

H.E. Mr. Sanjay Kumar Verma, Ambassador of India to Japan delivering inaugural speech

From left Mr. Prafulla Walhe Dy. Director Chemexcil, Ms. Mona Khandhar Minister (Economic and Commerce) H.E. Shri Sanjay Kumar Verma, Ambassador, Embassy of India, Japan, Shri Ajay Kadakia, Chairman Chemexcil, Shri S.G. Bharadi, Executive Director, Chemexcil, Shri. Bhupen Bhai Patel Reginal Chairman Chemexcil

Buyer Seller meet in progress

IN THIS ISSUE

Editorial

Chairman's Desk

Dear Member-exporters,

"I take immense pleasure to bring you the bi-monthly issue of the CHEMEXCIL Bulletin for the months of August and September, 2019.

KUDOS to the Prime Minister, Hon'bleShriNarendraModi for his "awe-inspiring" speech to the nation on his government's action on Jammu and Kashmirfor scrapping of Article 370 and for sharing his vision and commitment for the development of the people of Jammu and Kashmir and Ladakh region and urging them "to be a part of this historic journey", while expressing hope and optimism, and assuring them of all-round development,

I hasten to state here and am confident and sure that peace, prosperity and welfare of these regions will now be the topmost priority, and Jammu Kashmir and Ladakhwill soon witness unprecedented growth and development and will create better and lucrative opportunities for people of the regions.

The abrogation of Article 370 will allow children to reap the benefits of Right To Education, Minimum Wages Act, Minority Act, social reservation for the disempowered, corruption-free governance, and will give equal rights to women.

As you must be aware, Jammu Kashmir and Ladakh have the potential to be the biggest tourist hubs of the world and the above confidence-building measures will surely pave way for enhancing the tourism Industry and boosting the economy.

Friends, on a personal note, I am deeply distressed to learn about the premature and tragic demise of Smt. SushmaSwaraj, Former External Affairs Minister on 6th August, 2019 at AIIMS, New Delhi.. Her untimely death has created a null and void, which would be difficult to fill. India has lost a great leader. Sushmaji was a very warm and remarkable person, apart from being a great Statesman.

I am also extremely grieved to hear about the suddenand untimely demise of the Former Union Minister, ShriArunJaitley. Full of life, blessed with a great sense of humour and charisma, he was multi-faceted with impeccable knowledge on India's Constitution, History, Public Policy ,Governance and Administration.

Friends, the government significantly reduced corporate tax rates on 20th September 2019, boosting investor sentiment in the midst of a severe slowdown. Big companies got a relief of close to 10 percentage points in the effective tax rate including cess and surcharge.

After this cut, base corporate tax rate in India has become competitive and will surely help to boost investment. Reduction in corporate tax was a long-pending demand of Indian firms. India is likely to attract investors looking to move out of China.

This might expand the corporate universe as new firms will now be taxed at 15 per cent. But more importantly, lower tax outflow could increase the share of profit making companies in India over time. Tax cuts might also raise their languishing profit margins above 10 per cent. But lower tax collection could affect the government's fiscal glide path.

Friends our honorable Prime Minister Shri Narendra Modi addressed a rally of 50,000 members of the Indian diaspora at Houston's NRG Stadium on September 22 event known **Howdy Modi.**

Honorable Prime Minister Shri Narendra Modi met CEOs of energy sector during Howdy Modi event the CEO's looked excited by India's decision to slash corporate tax. They gave feedback that this decision has sent a positive message in not only India but among global business leaders, this will make India more competitive globally. This event will significantly increase the bilateral ties between India and USA.

CHEMEXCIL has also been sending representations to the Ministry for various schemes to neutralize embedded taxes suffered by Chemical Industry. However, the same has not been accepted by the Government yet. To further strengthen our case, the council has given an assignment for such a study report on "State and Central Taxes and Levies on export which are not neutralised" to M/s. Helpline Impex Pvt Ltd, Mumbai. Accordingly various stakeholder consultation meetings were organized and detailed report was prepared by them which was submitted by council to Department of Commerce and Industry for their kind consideration.

As an export promotion measure, CHEMEXCIL participated in ABG Trade summit at Harrah's Resort Atlantic City, USA on 30th July-2019 to 1st August, 2019 with 15-Indian Agrochemicals Members. We also met H.E. Shri Harsh Vardhan Shringla, The Indian Ambassador to the United States Washington, D.C to discuss future USA trade strategies and delegations to USA.

Chemexcil also participated in 38th Dye+Chem Bangladesh Exhibition' 2019 organized by the by CEMS-Global USA' and "CEMS Bangladesh" from 4th September to 7th September, 2019 at the International Convention City, Bashundhara, Dhaka, Bangladesh with 25-Indian Member Exporters.

Chemexcil organized its first Buyer Seller meet in Taipei Taiwan on 16th September 2019 and in Tokyo, Japan on 18th September 2019 with 30-Indian Exporters the event was grand success.

An Interactive meeting with IIFT Faculty regarding "Chemical Sector Specific Logistics Problems" on 09/08/2019 was organized in Chemexcil HO, Mumbai as well as in Ahmedabad.

The 56th Annual General Meeting of the Council was held on 26th September, 2019 at 5.00 p.m. at the Banquet Hall No.4 of Garware Club House, Churchgate and transacted as per Article 34.2 of the Byelaws of the Council, mainly on a) Annual Report of the Working Committee for the year ended 31st March, 2019, b) Audited Income and Expenditure Accounts for the year ended 31st March, 2019,c) Balance sheet as on 31st March, 2019, d) revision of Membership fee w.e.f. 1st April 2020, e) adoption of amendments proposed in the Byelaws of the Council, all of which were approved in the said AGM. In addition to myself, the said meeting was also attended by Shri Samir Biswas, Jt. Secretary (Chemicals), DCPC, Ministry of Chemicals & Fertilizers, Govt.of India. Prior to the AGM, 3 Seminars were organized in association with M/s. Laxmikumaran & Sridharan (L & S) Attorneys at the same venue from 3.00 pm. to 5.00 p.m. on a) Trade War between US & China (facts) and the prevailing and emerging opportunities for Indian Exporters; b) FTA/PTA culture and the fear factors prevails amongst Indian Manufactures; and c) An overview on RCEP and the blockades,

The total export performance of the items covered under the purview of CHEMEXCIL during the period April-August 2019-20 was USD 7.99 billion as compared to USD 7.74 billion of the corresponding period last year, registering a growth of 3%. Likewise, import of the said items during the period April-August 2019-20 was USD 9.90 billion as compared to USD 10.63 billion of the corresponding period last year, registering a decline of -7%.

I am hopeful and confident that as you browse through this Bulletin, you would find this Chemexcil News Bulletin not only informative and useful, but also a 'eye-opener' for all of us. Meanwhile, the Secretariat keenly and enthusiastically looks forward to receiving your valuable and precious feedback and suggestions which would eventually assist us to incorporate suitable changes and improvements in the Bulletin, in keeping with the well-accepted norms of 'Continuous Change and Development" ”

Ajay Kadakia
Chairman Chemexcil

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Beyond Rules and Agreements: Reading the Tea Leaves

R. V. Anuradha

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'The even, uneven, and complex nature of the ground in the front or on the sides or in the rear should be examined.'

In the rapidly evolving stage of world trade, India needs to redefine its role from one that reacts to events, to one that shapes the same. The challenges to this are many: India is currently facing a spate of disputes at the WTO; its status as a developing country entitled to special and differential treatment is being questioned by a few countries, and; the development agenda for WTO reform on issues ranging from services to agriculture set forth at the Doha Round in 2001, remains unfinished.

Since the 11th Ministerial Conference in 2017, the format for negotiations at the WTO has also changed with the mushrooming of 'joint ministerial grounds'-which are informal groups dedicated to discussions on E-commerce, Investment Facilitation, Domestic Regulation in Services, and micro, small and medium enterprises (MSMEs). India has been sceptical about engaging with such issues, the concern being that when there is unfinished business under the WTO's Doha Agenda, Members cannot divert attention to new issues without a clear mandate.

India needs to develop a clear strategy to address each of these challenges. This article discusses a few options that India could consider in reshaping its vision and role in the world of trade.

1 INTRODUCTION

India has so far been more of rule-taker rather than rule-maker in international economic relations. It is also often perceived as frequently reacting to events, rather than as one that can set out a proactive agenda for international economic relations. It is perhaps time for a rethinking of India's strategy and assess how to harness its strengths. The timing is opportune; the International Monetary Fund (IMF's) World Economic Outlook of 2019 has estimated India to be one of the fastest growing economies, despite a global slowdown due to weakening of trade, investment and manufacturing.[1] The OECD has estimated that although India's economic growth will slow somewhat in 2019–20, it will remain robust, at close to 7.5%.[2] In a scenario where we need to attract and retain investments, and ensure that there is a fair and just system for free flow of goods, services and capital, it is clearly in our self-interest that we assess law of the land and redefine our position in the international economic order, rather than simply react to events around us that are being defined by others.

This, by no means, is an easy task. International economic relations are at a complex and critical juncture, characterized by the uncertainty surrounding the WTO's core function of dispute settlement, the spectre of Brexit, and uncertainty in trade rules resulting from President Trump's unilateral imposition of WTO-incompatible tariffs on imports of steel and aluminium, and the possible application of such tariffs to a wider category of products. At the same time, it is perhaps apt to ask whether the vantage point for viewing this uncertainty is accurate, since it assumes that these developments are a departure from the world of rules of 'free trade'. Should we instead be asking the question – have we ever had a world order where rules of free trade have been truly implemented, or will a more honest appraisal of international economic relations simply reveal a world with varying degrees of protectionism? The varying degrees of protectionism has been a function of a country's assessment of its self- interest, and its status as a global power, at different points of time in the history of international economic relations. If we acknowledge this basic premise, then perhaps there can be a more honest and open discussion on

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[1] International Monitory Fund, World Economic Outlook: Growth Slowdown, Precarious Recovery (Apr. 2019).

[2] OECD, Developments in OECD and Selected Non-Member Countries (Nov. 2018). http://www.oecd.org/eco/outlook/economic-forecast-summary-india-oecd-economic-outlook.pdf.

what is often characterized as a crisis of the WTO, and the nature of remedial measures required to address it.

Let us take the simple example of 'voluntary export restraints' (VERs), which have historically been implemented on products ranging from textiles and footwear to steel, machine tools and automobiles. The US in particular used it extensively in the 1980s with regard to imports of automobiles, steel and aluminium. VERs were phased out during the Uruguay Round negotiations leading up to the creation of the WTO. And now, over twenty-five years later, they are seeing a resurrection in trade agreements and arrangements of the United States: first, South Korea agreed to cut by 30% its steel exports to the US under the renegotiation of its free trade agreement with the US; and second, VERs have been built for automobile exports in the renegotiated US-Canada-Mexico agreement (USMCA). And since the unilateral increase by the US of tariffs on imports of aluminium and steel in early 2018, several WTO Members have accepted the application by the US of quotas on their steel and aluminium exports, to avoid additional tariffs on their products. These agreed limitations on exports bring back the spectre of the VER practice of the 1980s.[3]

The WTO's rules of multilateral trade have often been hailed as bringing greater predictability and fairness to international trade relations. It is certainly true that the WTO did herald a reign of greater degree of transparency and enforceability of trade rules. However, UNCTAD notes in its recent Trade and Development Report, with its ominously worded title 'Power, Platforms and the Free Trade Delusion': '(T)he paradox of twenty-first century globalization is that – despite an endless stream of talk about its flexibility, efficiency and competitiveness – advanced and developing economies are becoming increasingly brittle, sluggish and fractured.'[4] The Report goes on to outline the growing dissatisfaction with the manner in which rules have been formulated and applied, and notes that its most significant beneficiaries have been global businesses whose corporate power has only become more concentrated and enhanced. It also concludes that this is a universal perception and realization across both developed and developing countries.

An article in the Economist newspaper in 2016 noted that '[f]rom Warsaw to Washington the political divide that matters is less and less between left and right, and more and more between open and closed. Debates between tax-cutting conservatives and free-spending social democrats have not gone away. But issues that cross traditional party lines have grown more potent. Welcome immigrants or keep them out? Open up to foreign trade or protect domestic industries? Embrace cultural change, or resist it?'[5]

The current state of affairs has been at least a decade in the making. The year 2008 is often acknowledged as the year when protectionism across countries started increasing, in the aftermath of the financial crisis. The WTO's Report on Status of G20 measures in 2012 noted that 'the politics of trade in some countries seems to be turning inwardlooking'.[6] It documented an increase in government-imposed trade and investment restrictions affected global imports. The Global Trade Alert, an independent survey, titled one of its 2012 updates on trade protections as 'Debacle', and estimated a 36% increase in the number of protectionist measures enacted in 2010 and 2011, and warned that many more were on the anvil.[7]

Clearly, there is a need for a new vision, and a different approach to international economic relations. A rule-based world means greater predictability, certainty and security – both economic and political, for all countries. But how can such rules ensure fairness and achieve the legitimate policy objectives for all? This article does not have the ability to wave a magic wand to provide concrete solutions. Instead, it seeks to raise two key issues for rethinking India's strategy and vision for its place in the global economic order:

[3] See e.g. Geraldo Vidigal, The Return of Voluntary Export Restraints?: *How WTO Law Regulates (and Doesn't Regulate) Bilateral Trade-Restrictive Agreements (20 Sept. 2018), 53 J.*

World Trade 187–210 (2019). SSRN: https://ssrn.com/abstract=3254196.

[4] UNCTAD, Trade and Development Report: Power, Platforms and the Free Trade Delusion (2018).

[5] Drawbridges Up, The Economist (30 July 2016), https://www.economist.com/briefing/2016/07/30/drawbridges-up.

[6] WTO (31 May 2012) *Report on G-20 Trade Measures*.

[7] Centre for Economic & Policy Research (June 2012), 'Debacle: *The 11th GTA Report on Protectionism'.*

(a) *Addressing the evolving power dynamics in the multilateral trading world:* This explains that the series of events facing world trade is not about US's unilateral moves alone; but certain shifts in ideas, visions and positions across countries;

(b) *India's approach on the 'joint informal' groups at the WTO on E-Commerce, Investment Facilitation, Domestic Regulation, etc.:* This raises the question of whether India staying out of the rule-making process in these areas, spells more harm than good.

2 ADDRESSING THE EVOLVING POWER DYNAMICS IN THE MULTILATERAL TRADING WORLD

A significant part of trade policy discourse in the recent past has been dominated by President Trump and his unilateral policies. The US has also blocked the appointment of Appellate Body members, and as a result, there is a real risk of the Appellate Body getting completely dismantled.

And yet at the eleventh WTO Ministerial Conference in December 2017 (MC-11), the biennial meeting of all WTO members, there was no condemnation of the US, or a united front to reinforce multilateralism in a sign of unity. On the contrary, MC-11 simply reinforced further fissures in the multilateral system, with small groups of members issuing joint ministerial statements on issues such as e-commerce, investment facilitation, domestic regulation in services, and MSMEs. This was the first time that a Ministerial Conference, instead of taking discussion on ongoing negotiations forward, had break-out groups of countries endorsing disparate sets of issues. The implicit requiem for the unfinished ongoing negotiations, on issues ranging from agricultural rules, to market access in non-agricultural goods and services, barely aroused any concern. Instead, there was a lauding of the breakout groups, as holding the key to reinvigorate the WTO and multilateral trade. The US, interestingly, has supported only the joint ministerial group on E-commerce. The EU, on the other hand, along with Japan, Canada, Australia, New Zealand and Russia, are proponents of each of the joint ministerial groups on e-commerce, domestic regulations in services, investment facilitation and MSMEs. China was a proponent of all of the joint ministerial groups, except e-commerce, to begin with. However, at the World Economic Forum held in January, 2019, it expressed its support for the WTO negotiations on e-commerce. India has remained out of each of the joint ministerial groups, and thereby not been able to contribute to any of the substantive debates and discussions.

There was another interesting development at MC-11; the ministerial representatives of the US, the EU and Japan had their first trilateral meeting, pursuant to which they issued a joint statement highlighting the need to achieve a 'global level playing field' and to enhance close cooperation to address the serious concerns caused by 'severe excess capacity in key sectors exacerbated by government-financed and supported capacity expansion, unfair competitive conditions caused by large market-distorting subsidies and state-owned enterprises, forced technology transfer, and local content requirements and preferences'.[8] At the same time, this apparent synergy of interests however did not deter the US from imposing its unilateral tariffs on aluminium and steel imports from countries worldwide with an initial respite to the EU, which was subsequently revoked. In response, the EU initiated a WTO dispute,[9] while in parallel, retaliated through its own unilateral trade measures, which resulted in the initiation of a WTO dispute by the US against the EU measures.[10] While Japan has taken a less confrontationist position, in that it has not initiated any WTO dispute or imposed any counter-tariffs as yet, it has nonetheless reserved its rights to impose such countermeasures in a notification at the WTO.[11] Clearly, countries are crossing swords, while shaking hands, and testing the limits of the trade

[8] Joint Ministerial Statement by the United States, Japan and European Union (Buenos Aires, 12 Dec. 2017).

[9] United States – Certain Measures on Steel and Aluminium Products, WTO Doc. WT/DS/548. The Panel was composed on 25 Jan. 2019.

[10] European Union – Additional Duties on Certain Products from the United States, WT/DS559. The Panel was composed on 25 Jan. 2019.

[11] Communication from Japan, Immediate Notification *Under Art. 12.5 of the Agreement On Safeguards to the Council for Trade in Goods of Proposed Suspension of Concessions and other Obligations referred to in para. 2 of Art. 8 of the Agreement on Safeguards*, G/L/1240. G/SG/N/12/JPN/4. 22 May 2018.

rules as they exist.

At the time of its inception at MC-11, the main target of the trilateral statement appeared to be China, whose market economy status has been opposed by each of the countries which were part of the trilateral group. But recent events indicate that a key target is also India.

2.1 Threat of Disputes

A key front on which India has been targeted by the US-EU-Japan trilateral is the spate of disputes initiated against it in the past year. This includes the disputes initiated by the US against India'sexportmeasures,[12] by the EU against tariff treatment of Information Technology products,[13] by Japan against measures relating to iron and steel products,[14] and on tariff treatment of certain information technology goods.[15] Other than these, Brazil, Australia and Guatemala have initiated disputes against India's measures relating to sugar and sugarcane.[16] This has to be, arguably, the maximum number of disputes within a span of eighteen months initiated against India. This has also been accompanied by two instances of unilateral revocation of trade concessions by the US: first in June 2018 wherein the US imposed an increase in tariffs for imports of aluminium and steel, and most recently on 5 June 2019, when it terminated India's status as a GSP[17] beneficiary.

Two fundamental points appear to emerge from these developments: (a) India's rising economic performance is being perceived as a threat, and perhaps, more importantly, an object of the 'trilateral ire' of US, EU and Japan; and (b) India's policies are vulnerable due to the perception that they are not resilient to WTO challenges.

What should India's strategy be? While amicable solutions are always the desirable objective in international relations, India's approach cannot be pegged to this expectation alone. In fact, there is no better example than the US itself that has used a combined strategy of bilateral dialogue, coupled with unilateral action, and most importantly, recourse to the WTO's dispute settlement system to raise its own disputes as a counter-strategy. With respect to disputes which are still at the stage of consultations, a clear assessment needs to be considered on how to effectively use this to arrive at mutual solutions – an aspect India has not used effectively enough at the WTO before. India needs to weigh and balance each of these strategies to assess the appropriate response in each instance.

2.2 Other Challenges at the WTO

In the arena of trade negotiations, the trilateral group (US, EU and Japan) proposed a draft General Council decision on the 'Procedures to Enhance Transparency and Strengthen Notification Requirements Under WTO Agreements'.[18] The proposed decision, purportedly addresses what it describes 'the chronic low level of compliance with existing notification requirements under many WTO agreements,'[19] which is an important objective to be addressed. However, it proposes that this may be done through naming, shaming and administrative censure. The proposal also refers to capacity building and technical assistance for developing countries. A truly cooperative approach should have made this the focus of the proposal through a broader discussion, and not an incidental appendage, and also addressed the practical manner in which these goals can be achieved in the context of each of the WTO Agreements.

India- Export related Measures (DS 541, Panel established 23 July 2018).

[13] India- Tariff Treatment on Certain Goods in the Information and Communication Technology Sector, (DS582 Consultations, 2 Apr. 2019).

[14] India- Tariff Treatment on Certain Goods, (DS584, Consultations 10 May 2019).

[15] India- Certain Measures on Iron and Steel Products (DS518, Panel report under Appeal, Dec. 2018).

[16] India- Measures Concerning Sugar and Sugarcane, (DS579, DS580, DS581, Consultations Feb.-Mar. 2019).

[17] Generalized System of Preferences (GSP) is available for developing countries on a non-discriminatory and non-reciprocal basis under the WTO. The US suspension of GSP therefore clearly violates WTO rules.

[18] Argentina, Costa Rica, European Union, Japan, United States, Proposal to Enhance Transparency and Strengthen Notification Requirements under WTO Agreements, JOB/GC/204/ Add.1; JOB/CTG/14/Add.1 and JOB/GC/204/Add.2; JOB/CTG/14/Add.2 (1 Nov. 2018, revised on 1 Apr. 2019). Australia, Canada, New Zealand and Taiwan have subsequently endorsed the decision.

[19] Ibid.

Related to this is the proposal from the US proposing a fundamental change in the current practice of self-declaration by developing countries that they would qualify as 'developing countries',[20] which argues that the north-south divide is an outdated construct and does not reflect the contemporary realities of development, and seems to suggest that multilateral trading rules apply only to developed countries. India, China and South Africa have responded to this through their detailed submission on the continued relevance of special and differential treatment,[21] and explained that economic growth and progress has not eliminated the development divide.

What should India's strategy be to address this development? At one level, India has acknowledged that the existing provisions on 'special and differential treatment' (S&DT) under WTO Agreements are 'best endeavour' clauses, lack precision, effectiveness, operationality and enforceability and their actual benefits to developing Members have fallen far short of expectation.[22] In fact, a key thrust of the Doha Declaration was on how to better implement and operationalize S&DT provisions. The US has moved away from this core issue, and made it one about who should be entitled to S&DT. The threshold question of who should determine a country's development status is a crucial one, and marshalling data and parameters for assessing the same is important.[23] At the same time, the debate on broad generic principles alone may not be sufficient. Subtle developments across new areas of discussion at the WTO indicate the increasing use of qualifying statements which WTO members can potentially use to qualify their compliance with a provision. For example, the Agreement on Trade Facilitation (TFA), which was concluded in 2013 after several rounds of negotiations, tempers several of its obligations with the qualifying phrase 'to the extent practicable', and this qualifier is available for all countries – both developed and developing. Similarly in the context of the negotiations on domestic regulations, the draft text of the joint informal group suggests that 'resource constraints' can be used by all countries to justify the extent to which they can comply with specific obligations. This, along with the phrase 'to the extent practicable', is available to all countries, irrespective of development status, as a mitigating factor to the implementation of legal obligations.[24]

There are also lessons to be learnt from other international agreements. For example, S&DT as a principle has been witnessing evolution in other international agreements as well. In 1992 when the United Nations Framework on Climate Change (UNFCCC) was arrived at, S&DT manifested as 'common but differentiated responsibilities and respective capabilities' ('CBDR-RC'). The UNFCCC had a definitive linkage on implementation of S&DT when it stated that 'The extent to which developing country Parties will effectively implement their commitments under the Convention will depend on the effective implementation by developed country Parties of their commitments related to financial resources and transfer of technology'.[25]

Unfortunately, this provision was not effectively implemented. Over the course of time, with the evolution of the Paris Agreement under the UNFCCC, the principle of CBDR-RC evolved in a more generic manner as 'common but differentiated responsibilities and respective capabilities, in the light of different national circumstances',[26] and complete silence on the conditioning of a developing country's obligation to the compliance by developed countries of their obligation to financial and technical assistance. The

[20] United States, An Undifferentiated WTO: Self-Declared Development Status Risks Institutional Irrelevance WT/GC/W/757/Rev.1 (14 Feb. 2019), and United States, Draft General Council Decision on Procedures to Strengthen the Negotiating Function of the WTO, WT/GC/W/764 (15 Feb. 2019).

[21] *China, India, South Africa, Venezuela, The Continued Relevance of Special and Differential Treatment in favour of Developing Members to Promote Development and Ensure Inclusiveness, WT/GC/W/765 (18 Feb. 2019).*

[22] *Ibid, para. 1.5.*

[23] *This is the thrust of the joint submission by India and others in the response to the US.*

[24] *Disciplines on Domestic Regulation, WT/MIN(17)/7/Rev.2 (13 Dec. 2017).*

[25] *Art. 4.7, UNFCCC.*

[26] *Paris Agreement, Preamble, Art. 2 and Art. 4.*

agreement also adopts a bottom-up approach to commitments, with each country – whether developed or developing, notifying its contribution to emission reductions in the form of 'intentional nationally determined contributions' (INDCs). While criticized for being soft and not effective enough to address the crisis of climate change, the Paris Agreement continues to hold important lessons from the limited perspective of an alternative architecture to implementing the S&DT principle.

What are the factors that India needs to consider in defining its approach to multilateral trade negotiations? It appears to be fairly clear that there is no singular architect of disruption of multilateral trade rules. The US is solely responsible for the Appellate Body crisis, and India has joined hands with the EU and other members in two important submissions[27] to redeem the situation; the US continues to maintain an inflexible stand. With regard to other issues, however, the alignments of positions among countries are far more complex, and this needs to be recognized. On issues such as S&DT, a deeper assessment of what is specifically at stake, is required, and so is forging coalitions with both developing countries and Least Developed Country (LDCs) to achieve a balanced outcome.

3. THE APPROACH TO THE 'JOINT INFORMAL' GROUPS AT THE WTO ON E-COMMERCE, INVESTMENT FACILITATION, DOMESTIC REGULATION, MSMES

As briefly discussed in Part I above, the WTO's eleventh ministerial conference (MC-11) in December 2017, witnessed small groups of members issuing joint minis India has been sceptical about engaging with such issues, the concern being that when there is unfinished business under the WTO's Doha Development Agenda (which commenced in 2001), on issues ranging from services to agriculture, Members cannot divert attention to new issues without a clear mandate. Both India and South Africa have also highlighted that the plurilateral initiatives represent divisive priorities that would strike at the very roots of 'multilateralism'.[28] A related concern is that in an area such as digital trade where national regulatory frameworks are still evolving, it is perhaps premature to agree on multilateral rules.

These concerns notwithstanding, there is a gradual build up of momentum on these issues, and there is now increasing focus on new approaches to achieving outcomes which are not necessarily based on the traditional WTO norm of 'consensus' based decisions, since not all WTO Members are part of the 'joint groups'. These include a recent World Bank-IMF-WTO article referred to above on 'Reinvigorating Trade,'[29] a 'Joint Communiqué of the Ottawa Ministerial on WTO Reform' issued by a group of thirteen countries comprising of Australia, Brazil, Canada, Chile, European Union, Japan, Kenya, Korea, Mexico, New Zealand, Norway, Singapore and Switzerland,[30] and the Report of a High Level Board of Experts comprising of trade experts from several jurisdictions, titled 'Revitalizing Multilateral Governance at the WTO'.[31] The EU and Canada have separately released their discussion papers on WTO reform.[32] A common theme running across these documents is the need for flexible and open negotiating approaches to addressing the new issues.

Interestingly, the Ottawa Communique also emphasized that 'tackling pending and unfinished business is key to ensuring the relevance of the WTO'. This could potentially form the basis for assessing specific aspects of the unfinished Doha business that need resolution. At the same time, it may not be prudent to insist that unfinished business should be completed before discussions on new areas can proceed. Constructive engagement on issues such as domestic regulations for services, e-commerce, investment facilitation at the WTO is important; not doing so not only runs the risk of fragmented plurilateral outcomes, but also would mean

[27] Communication from the European Union, China and India to the General Council, WT/GC/W/753 (26 Nov. 2018), and Communication from the European Union, China, Canada, India, New Zealand, Norway, Switzerland, Australia, Republic of Korea, Iceland, Singapore and Mexico, to the General Council, WT/GC/W/752 (26 Nov. 2018).

[28] TWN Info Service on WTO and Trade Issues, Third World Network India, South Africa reject attempts to launch talks on e-com, IF (30 Jan. 2019).

[29] IMF, World Bank & WTO, Reinvigorating Trade and Inclusive Growth (IMF Policy Papers, 30 Sept. 2018).

[30] 'Joint Communiqué of the Ottawa Ministerial on WTO Reform' (25 Oct. 2018).

[31] BertelsmannStiftung, Revitalizing Multilateral Governance at the World Trade Organization (Global Economic Dynamics 17 July 2018).

that India would have lost a chance to express its views and interests in these areas of negotiations.

Among these, the issue of domestic regulations is the only area where there are two parallel processes coexisting: the joint informal group which was constituted at MC 11, and discussions at the Working Party on Domestic Regulations (WPDR), which has been in existence at the WTO for close to twenty years now. India, in fact, has been an active participant at the WPDR, and it is the documents refined through discussions at the WPDR that formed the basis for the joint ministerial statement on domestic regulations and its accompanying text at MC

11.[33] The only rationale for the group of countries supporting the joint informal group on domestic regulations and abandoning the WPDR process, appears to have been the need for a faster outcome. There have been suggestions that the outcome of the joint informal groups be incorporated as 'additional commitments' under Article XVIII of the General Agreement on Trade in Services (GATS). This would allow countries flexibility in adopting the content as well as determining the timing of when these disciplines would enter into force for them. Such a plurilateral outcome would however have to be applied on an MFN basis.

To resurrect the WPDR discussions, India introduced an article in November 2018, on domestic regulations focusing only on the supply of services by natural persons. This, however, has not achieved much support at the WPDR. A key question for India is whether it can take the lead in drawing the joint informal group to the WPDR and mainstream the discussions. instead of being confined to the joint informal group members only? The starting point for this is the fact that the WPDR discussions lie at the heart of the development of the text of the joint informal group's text. In fact, there are several synergies (and some significant differences), in India's approach to the Mode 4 text on domestic regulations and the text that was used as the basis for the joint informal group's discussions. In fact, India'sproposal for Trade Facilitation in Services (TFS) initiated in 2017, had also proposed elements which are similar to the administration of substantive and procedural requirements on domestic regulations.[34] The most significant difference between the Mode 4 text proposed by India, and the Domestic Regulation (DR) text of the joint informal group, is with reference to recognition of qualifications of professionals-a key issue of the DR disciplines. This needs wider engagement among WTO members. Bringing the issue back to the formal WTO fold under WPDR for a discussion on inclusion of all relevant elements , while offering countries the flexibility of GATS Article XVIII, could potentially be a win-win outcome for all countries. Can India facilitate this through its intervention?

In the other areas too, such as e-commerce and investment facilitation, India should strongly consider engaging, since being outside of the discussions will only mean that there will be no ability to inform the discussions in any way. The discussions on these issues, and the approaches taken to address them, will have a crucial role to play in whatever shape or form world trade rules survive and evolve. In the area of e-commerce, especially, there is an evolving understanding in countries like the EU, that issues relating to technological power need to be addressed with caution so as not to result in concentration of resources and data in a few technological giants. Engaging in dialogue and discussion to address common concerns, may work in our interest. Not engaging at all and watching as bystanders may only amount to a missed opportunity.

Similarly on the issue of 'investment facilitation', specifically on the Government of India's approach, there is need for further dialogue on the benefits and drawbacks of a multilateral system on investment facilitation, while dealing with investment protection separately in bilateral agreements. India needs to consider and

[32] European Commission, WTO Modernisation (Concept Paper, 29 June 2018).

[33] Joint Ministerial Statement on Services Domestic Regulation at MC-11, WT/MIN(17)61 (13 Dec. 2017) (JMS-DR); Draft Text for Domestic Regulations, WT/MIN(17)/7/ Rev.2 (13 Dec. 2017).

[34] Trade Facilitation Agreement for Services: Submissions by India on Concept Note on Trade Facilitation (S/WPDR/W/55, dated 6 Oct. 2016); Elements Paper (S/WPDR/W/ 57, dated 25 Nov. 2016); Draft Legal Text (S/WPDR/W/58, dated 22 Feb. 2017).

express its views. Not doing so will only mean a case of missed opportunities to shape the dialogue.

4 CONCLUSION

The underlying premise that economic interdependence will lead to peaceful coexistence, is increasingly being put to test as countries are perceiving increased trade and investment itself as a threat to economic sovereignty. Other than the spate of US tariffs purportedly on grounds of 'national security', protectionist measures across the world are increasing. This is coupled with another trend among some countries to enhance the security assessment for any foreign inbound investment, with a focus on issues beyond the traditional military and defence paradigm. Clearly, economic sovereignty is becoming central to any country's self-interest. This assessment of self-interest is not confined to inward looking policies, but on developing a clear strategy for multilateral negotiations as well. India needs to take a proactive role in determining its place in the changing economic scenario.

The developments in the recent past reveal a curious mix:

- Increasing protectionism across countries;
- Unilateral trade actions (e.g. the US's steel and aluminium tariffs);
- Bilateral solutions that are not strictly in compliance with trade rules (e.g.: quotas similar to VERs);
- Raising WTO disputes against unilateral actions and perceived WTO inconsistencies (over forty new disputes have been initiated at the WTO since the beginning of 2018, of which seven are against India);
- Proposals for revamp of WTO rules on compliance with notification and transparency obligations, while also undermining the future of the WTO dispute settlement mechanism (through precipitating the Appellate Body crisis);
- Proposals for newer trade rules, comprising of an interesting mix of binding, non-binding, and partially binding obligations, while making recourse to practicalities of implementation potentially available to all countries, irrespective of developmental status.

It may not be prudent for India to continue perceiving these developments through its lens of the late nineties and early twenty-first century. Despites its many fissures, the world we live in today is increasingly interdependent, and that reality cannot be reversed. Instead, countries are aggressively seeking engagement at different levels, with a mix of new rules, and innovative approaches to trade negotiations. Staying outside of it achieves status quo only for India.

The alternative for proactive engagement does not mean that India needs to agree with the views and discussions as they are currently being shaped; rather, India needs to be assertive in aggressively engaging in ideas and provide a vision for a world that is based on enhanced cooperation and interdependence.

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She has also undertaken studies on trade law and policy for Centre for WTO Studies, the Commonwealth Secretariat, The World Bank, ICRIER, UNCTAD-India and export promotion associations in India."

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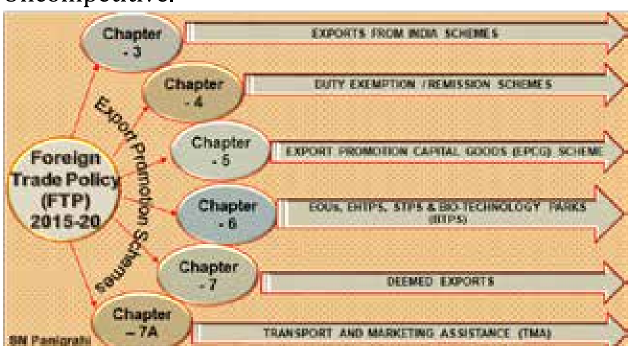
Indian Present Export Promotion Schemes May Disappear: New Schemes Should be in-line with WTO Norms

Foreign Trade Policy 2015-20 and other schemes provide promotional measures to boost India's exports with the objective to offset infrastructural inefficiencies and associated costs involved to provide exporters a level playing field.

At present there are multiple export promotion schemes as per FTP – 2015-20, as shown below, but none of the schemes meets all the genuine requirements of the exporters and completely off-setting various types of hidden costs associated with the Exports. **Exporters are also not fully able to avail all the export benefits entitled to them, because of procedural formalities and ignorance**. Therefore, making Indian Exports Uncompetitive.



There are also uncertainty and confusion over continuity of most of the schemes in view of recent withholding of WTO panel, that India's Export Subsidy Programs Violate WTO Pact, as a result, exporters are unable to plan for the longer period.

US Challenged Indian Export Promotion Schemes in WTO

A WTO Dispute Settlement Panel has upheld a US Complaint that Export Subsidy Program provided by the Indian Government Violated Provisions of the Trade Body's **Subsidies and Countervailing Measures (SCM)** pact. The Ruling, which has been shared with the two parties in the dispute, will be released to all the WTO members around 10th October, 2019.

The three-member dispute settlement panel comprising Jose Antonio S. Buencamino, Leora Blumberg and Serge Panatier has stuck down Indian Export Promotion Schemes on the grounds that India is not entitled to provide such subsidies because its per Capita National Product (GNP) has crossed $ 1,000 per annum.

In 2018, the US complained that India's Export-Related Programs violated Article .1(a) of WTO's Subsidies and Countervailing Measures (SCM) Agreements. Under Article 3.1, Developing Countries with per Capita Gross National Product (GNP) of US$ 1,000 per annum are not entitled to provide Export subsidies that are Contingent upon Export Performance.

US that had claimed that India offered illegal export subsidies and "thousands of Indian companies are receiving benefits totaling over $7 billion annually from these programs".

According to a WTO notification in 2017, India crossed the per-capita GNI threshold for three straight years through 2015 - to $1,178 in 2015 from $1,051 in 2013.

India has maintained that in 2015 it had announced it would discontinue Export Subsidies soon. Subsequently, the government made another announcement in 20017 that it would end the Export Subsidies. Despite these pronouncements, the government has continued with Export Subsidies. India has argued that as countries that were already above $1,000 were given eight years to adjust to the new regime, it should also get similar time to change its exports policy.

After the Panel's Report made public, India will have a month to Challenge the Ruling before an Appellate Body, the Highest Court for Global Trade Disputes. If the Appellate Body upholds the Panel's Ruling, India will be required to Discontinue the Existing Export Promotion Schemes within a mutually-agreed-upon (with the US, in this case) time frame, which is often a year.

WTO Subsidies and Countervailing Measures (SCM)

WTO SCM Agreement contains a definition of the term "**subsidy**". The definition contains three basic elements:

(i) a financial contribution

(ii) by a government or any public body within the territory of a Member

(iii) which confers a benefit.

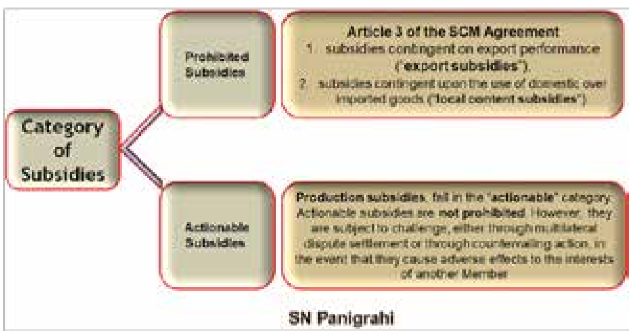
All three of these elements must be satisfied in order for a subsidy to exist.

In order for a financial contribution to be a subsidy, it must be made by or at the direction of a government or any public body within the territory of a Member. Thus, the SCM Agreement applies not only to measures of national governments, but also to measures of sub-national governments and of such public bodies as state-owned companies.

A financial contribution by a government is not a subsidy unless it confers a "benefit.". Article 14 of the SCM Agreement provides some guidance with respect to determining whether certain types of measures confer a benefit.

Categories of Subsidies

The SCM Agreement creates two basic categories of subsidies: those that are prohibited, those that are actionable (i.e., subject to challenge in the WTO or to countervailing measures). All specific subsidies fall into one of these categories.



Prohibited subsidies

Two categories of subsidies are prohibited by Article 3 of the SCM Agreement.

The first category consists of subsidies contingent, in law or in fact, whether wholly or as one of several conditions, on export performance ("**export subsidies**"). A detailed list of export subsidies is annexed to the SCM Agreement.

The second category consists of subsidies contingent, whether solely or as one of several other conditions, upon the use of domestic over imported goods ("**local content subsidies**").

These two categories of subsidies are prohibited because they are designed to directly affect trade and thus are most likely to have adverse effects on the interests of other Members.

Actionable subsidies

Most subsidies, such as production subsidies, fall in the "**actionable**" category. Actionable subsidies are not prohibited. However, they are subject to challenge, either through multilateral dispute settlement or through countervailing action, in the event that they cause adverse effects to the interests of another Member.

There are **three types of adverse effects.**

First, there is **injury to a domestic industry** caused by subsidized imports in the territory of the complaining Member. This is the sole basis for countervailing action.

Second, there is **serious prejudice**. Serious prejudice usually arises as a result of adverse effects (e.g., export displacement) in the market of the subsidizing Member or in a third country market. Thus, unlike injury, it can serve as the basis for a complaint related to harm to a Member's export interests.

Finally, there is **nullification or impairment of benefits** accruing under the GATT 1994. Nullification or impairment arises most typically where the improved market access presumed to flow from a bound tariff reduction is undercut by subsidization.

Countervailing Measures

Part V of the SCM Agreement sets forth certain substantive requirements that must be fulfilled in order to impose a countervailing measure, as well as in-depth procedural requirements regarding the conduct of a countervailing investigation and the imposition and maintenance in place of countervailing measures. A failure to respect either the substantive or procedural requirements of Part V can be taken to dispute settlement and may be the basis for invalidation of the measure.

Substantive rules

A Member may not impose a countervailing measure unless it determines that

1. **there are subsidized imports, injury to a domestic industry, and**
2. **a causal link between the subsidized imports and the injury.**

As previously noted, the existence of a specific subsidy must be determined in accordance with the criteria in Part I of the Agreement.

Continuing with present Export Promotion Schemes, which falls under the term Subsidy, may attract Countervailing measures in the hands of Importing Countries, thereby makes our Export uncompetitive.

US Pressure Tactics:

The ruling comes at an Opportune time for Washington, which is pilling pressure on New Delhi to open the Indian market for Medical Products, particularly Stents and Knee Implants, Dairy Items and other products, as part of an interim trade deal.

US could now use the dispute panel's findings to put moral pressure on India to extract greater market access for the above products.

Export Promotion Schemes that could be Affected

The Programs that could be affected are Export Oriented Units Scheme, Electronic Hardware Technology Parks Scheme, Merchandize Exports from India (MEIS), Export Promotion Capital Goods (EPCG) Scheme, Special Economic Zones (SEZ) and Duty Free Import Authorization (DFIA) Scheme

Testing Time for Many Agriculture Export Schemes

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.

Other Export Promotion Schemes are also being Challenged:

The US and Australia have raised doubts about India's new farm sector support scheme, **Transport and Marketing Assistance (TMA)** announced in March this year, at the World Trade Organization (WTO) saying it was trade distorting and perhaps, inconsistent with global norms. The "**Transport and Marketing Assistance" (TMA)** for specified agriculture products scheme aims to provide assistance for the international component of freight and marketing of agricultural produce which is likely to mitigate disadvantage of higher cost of transportation of export of specified agriculture products due to trans-shipment and to promote brand recognition for Indian agricultural products in the specified overseas markets.

The Scheme would be applicable for a period as specified from time to time. Presently the Scheme would be available for exports effected from 1.3.2019 to 31.03.2020

This is the latest scheme to come under attack along with the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) scheme that has been questioned by New Zealand even though Australia and the European Union have supported it.

New Foreign Trade Policy Should be in-line with WTO Norms

In backdrop of Severe Challenges in WTO, the government is recasting the incentives to make them compliant with global trade rules. **The Commerce Ministry wants to make incentives compliant with WTO trade rules.**

The Commerce Ministry will soon come out with a new foreign trade policy, which provides guidelines and incentives for increasing exports for the next five financial years 2020-25

The Commerce Ministry has also floated a cabinet note for a new export incentives scheme - Rebate of State and Central Taxes and Levies (**RoSCTL**) - that would be compliant with the WTO norms.

The **RoSCTL** scheme is available for exports of garments and made-ups. It would now be proposed to extend it to all exports in a phased manner.

The new scheme would replace the existing MEIS, which was challenged by the US last year in the WTO. It would ensure refund of all un-rebated central and state levies and taxes imposed on inputs that are consumed in exports of all sectors.

Major un-rebated levies are: state VAT/ central excise duty on fuel used in transportation, captive power, farm sector, mandi tax, duty of electricity, stamp duty on export documents, purchases from unregistered dealers, embedded CGST and compensation cess coal used in the production of electricity.

“The thrust of the new foreign trade policy would be to boost exports of goods and services which are bought in large values by the world and where India has strong competitiveness. The launch of the new foreign trade policy will also include the state of art information technology (IT) systems with end-to-end integration with all agencies.

These measures may ease out Export related Procedural Hardships and encourage exports

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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The US-China Trade War – Does It Affect India's Chemical Exporters?

Pushkar Mukewar
Co-founder and Co-CEO, Drip Capital

In recent memory, nations across the world have been getting increasingly protectionist, and this has had a somewhat predictable impact on global trade. Nowhere is this more evident than in the continuing trade hostilities between the United States (US) and China, a trade war that has gone on for 18 months now.

President Donald Trump's administration has come through on its stated objective of protecting US trade interests. In August, the US announced that it would further raise tariffs on specific Chinese imports from the existing 25% to 30%. This would affect some $250 billion of Chinese imports. A further $300 billion of imports is likely to see a tariff hike from 10% to 15%. Some of this increase in tariffs is in retaliation to China increasing tariffs on US imports, which was also a response to an earlier US tariff hike.

This tit-for-tat trade war over the last several months has impacted exporters in both countries. Since the beginning of the cycle of tariff hikes, businesses across industries have suffered losses. Agriculture, textiles, inorganic chemicals, plastics, and cotton are among the sectors that have been hit hardest.

The chemicals industry also appears to have been caught in the crossfire between the two nations. The US tariffs hit $15 billion worth of Chinese plastics and chemical exports, while the Chinese tariffs impact $11 billion of similar products from the US.

Predictably, industry associations in both countries have been lobbying for some rationalization of tariffs and have been strongly pushing their countries to negotiate rather than impose retaliatory tariffs on each other. While there seems to be some progress towards the negotiating table, the tariffs on both sides are still in effect.

While neither the US nor China is likely to win the tariff war, exporters from other countries are rushing to take advantage of these trade hostilities. Take cotton, for instance. Reports show that cotton imports from the US to China fell in the first half of 2019, but imports of cotton from Brazil, Australia and India have increased.

The chemical and plastics industry in India has particularly benefited from the US-China trade war. A report issued by the State Bank of India says that Indian players have tried to fill the gap in both China and the US. However, there's a lot to be done before Indian chemical exporters can take the place of Chinese or North American exporters.

For one, Indian chemical exporters still suffer from a lack of investment in R&D, which is vital to produce value-added goods that will suit US and Chinese markets. Indian exporters also need easy access to credit. The government has put in place several schemes, including the Interest Equalisation Scheme and the Credit Guarantee Trust Fund, to aid exporters.

Access to credit, a focus on R&D with an eye on value addition, and a better understanding of what different markets want can help India's chemical exports make the most of this opportunity. Even without these steps, chemical exports in March still rose 17%. With a little more support and assistance from the government, the industry could easily overtake/replace the bigger powers on the global stage.

On the other hand, Indian chemical exporters need to remember that they cannot rely on trade wars for a sustainable boost. If the US and China do finally negotiate an end to the current trade war, Indian chemical exporters will need to rely on their products and understanding of global markets. Again, some government assistance in the form of know-how and capability-building, help in understanding the intricacies of foreign markets, and some financial aid could go a long way in helping the sector.

Over the last decade, Pushkar Mukewar has worked across a variety of roles and verticals. For the first four years after completing an MBA from the Wharton School at the University of Pennsylvania, he worked as an investor with Indian entrepreneurs, understanding the formula for what makes great companies. The next four years, he has used this knowledge to start and run Drip Capital, where his ultimate vision is to solve all problems faced by SMEs in emerging markets, starting with trade finance. As the Co-founder and Co-CEO of Drip Capital, Pushkar Mukewar's vision is driving the growth story of the company, building positive impact and transformational change in the international trade ecosystem.

EXPORT STRATEGY- INDONESIA

BRIEF OF COUNTRY INDONESIA

Indonesia officially the Republic of Indonesia is a country in Southeast Asia, between the Indian and Pacific oceans. It is the world's largest island country, with more than seventeen thousand islands, the 14th largest by land area and 7th in the combined sea and land area. With over 261 million people, it is the world's 4th most populous country as well as the most populous Muslim-majority country. Java, the world's most populous island is home to more than half of the country's population.

The Dutch began to colonize Indonesia in the early 17th century; Japan occupied the islands from 1942 to 1945. Indonesia declared its independence shortly before Japan's surrender, but it required four years of sometimes brutal fighting, intermittent negotiations, and UN mediation before the Netherlands agreed to transfer sovereignty in 1949. A period of sometimes unruly parliamentary democracy ended in 1957 when President SOEKARNO declared martial law and instituted "Guided Democracy." After an abortive coup in 1965 by alleged communist sympathizers, SOEKARNO was gradually eased from power. From 1967 until 1998, President SUHARTO ruled Indonesia with his "New Order" government. After street protests toppled SUHARTO in 1998, free and fair legislative elections took place in 1999. Indonesia is now the world's third most populous democracy, the world's largest archipelagic state, and the world's largest Muslim-majority nation. Current issues include: alleviating poverty, improving education, preventing terrorism, consolidating democracy after four decades of authoritarianism, implementing economic and financial reforms, stemming corruption, reforming the criminal justice system, addressing climate change, and controlling infectious diseases, particularly those of global and regional importance. In 2005, Indonesia reached a historic peace agreement with armed separatists in Aceh, which led to democratic elections in Aceh in December 2006. Indonesia continues to face low intensity armed resistance in Papua by the separatist Free Papua Movement.

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

ECONOMY OF INDONESIA

Indonesia, the largest economy in Southeast Asia, has seen a slowdown in growth since 2012, mostly due to the end of the commodities export boom. During the global financial crisis, Indonesia outperformed its regional neighbors and joined China and India as the only G20 members posting growth. Indonesia's annual budget deficit is capped at 3% of GDP, and the Government of Indonesia lowered its debt-to-GDP ratio from a peak of 100% shortly after the Asian financial crisis in 1999 to 34% today. In May 2017 Standard & Poor's became the last major ratings agency to upgrade Indonesia's sovereign credit rating to investment grade.

Poverty and unemployment, inadequate infrastructure, corruption, a complex regulatory environment, and unequal resource distribution among its regions are still part of Indonesia's economic landscape. President Joko WIDODO - elected in July 2014 – seeks to develop Indonesia's maritime resources and pursue other infrastructure development, including significantly increasing its electrical power generation capacity. Fuel subsidies were significantly reduced in early 2015, a move which has helped the government redirect its spending to development priorities. Indonesia, with the nine other ASEAN members, will continue to move towards participation in the ASEAN Economic Community, though full implementation of economic integration has not yet materialized.

GDP (purchasing power parity): $3.25 trillion (2017 est.), $3.093 trillion (2016 est.), $2.945 trillion (2015 est.)

Industries: - Petroleum and natural gas, textiles, automotive, electrical appliances, apparel, footwear, mining, cement, medical instruments and appliances, handicrafts, chemical fertilizers, plywood, rubber, processed food, jewelry, and tourism.

Exports: - $168.9 billion (2017 est.), $144.4 billion (2016 est.)

Exports Commodities: - Mineral fuels, animal or vegetable fats (includes palm oil), electrical machinery, rubber, machinery and mechanical appliance parts.

Imports: - $150.1 billion (2017 est.), $129.2 billion (2016 est.)

Import Commodities: - Mineral fuels, boilers, machinery, and mechanical parts, electric machinery, iron and steel, foodstuffs.

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

CHEMICAL INDUSTRY IN INDONESIA:

Indonesia is today one of the top 10 largest manufacturing nations in the world, defined by output. The manufacturing sector employs more than 25 million workers and accounted for ~20% of Indonesia's GDP in 2017, totaling roughly USD 203 billion. The sector has seen 6-7% growth annually for several years and is the backbone of the Indonesian economy. To boost the growth of the manufacturing sector further, the Indonesian government has adopted a number of reforms which include establishing industrial zones and providing tax holidays. It has also made

efforts to reduce cumbersome and stifling bureaucracy. Additionally, the Indonesian government has adopted an Industry 4.0 implementation roadmap. The roadmap aims to improve the flow of goods, empower SMEs, increase foreign investments, strengthen the national digital infrastructure and sharpen the quality of human resources. Implementing the roadmap will generate new opportunities in automation and robotics, IoT, advanced production methods, human machine interface and AI, to name just a few areas.

KEY ACTIVITIES THAT WILL BE PRIORITIZED BY THE GOVERNMENT TO SPEED UP THE IMPLEMENTATION OF INDUSTRY 4.0

There are some measures and initiatives by the Indonesian government which aim to speed up the industry 4.0 implementation. These include funding and subsidies, as well as tax holiday programs. To ensure maximum impact by the roadmap, a wide range of stakeholders are being involved. Leading industry companies, industry associations, tech companies, as well as research and educational organizations are some of the stakeholders being engaged by the government.

As a first step, the government has established a committee with responsibility for the implementation of the different measures in the roadmap. Furthermore, it has been tasked with designing a program for quick wins. The committee consists of several representatives from various government departments, such as ministry of finance, and ministry of trade, but also ministry of energy, and ministry of technology, to name a few. Additionally, members of the Indonesian Chamber of Commerce and Industry (KADIN) as well as the Indonesian Investment Coordinating Board (BKPM) are represented.

PRIORITIZED ACTIVITIES TO EXPEDITE THE IMPLEMENTATION OF INDUSTRY 4.0

1. Enhance domestic raw material processing
2. Redesign industrial zones by building a nationwide industry zoning roadmap
3. Increased involvement in global sustainability

trends such as Electric Vehicles and Renewable Energy.

4. Empower SMEs with new technologies
5. Develop national scale digital infrastructure
6. Engage top global manufacturers to accelerate knowledge transfer
7. Upskill human resources by redesigning education curriculum
8. Collaborate with universities and private sector to establish innovation ecosystems
9. Prepare incentives for technology investments
10. Realign relevant regulation and policies to support the roadmap

Almost 75% of the Indonesian manufacturing output in 2017 came from six main industries.

Indonesia's largest industry is still food and beverage which accounted for almost one-third of the country´s manufacturing output last year. This was followed by an 11% contribution from petroleum related products, around 9% came from the automotive-, chemical- and electronic industry respectively, while the textile and apparel industry accounted for 6% of the total output.

(Source: https://www.business-sweden.se/globalassets/indonesia-industry-4.0.pdf)

MARKET OVERVIEW

Indonesia is Southeast Asia's largest economy with a GDP of USD 1,015 billion in 2017 (USD), ranking 8th in the world based on purchasing power parity, and averaging over 5% growth over the last decade. President Joko Widodo (known as "Jokowi") took office in October 2014 and pledged to improve infrastructure, diversify the economy, and reduce barriers to doing business in Indonesia as a means of increasing economic growth.

Over the past decade Indonesia has enjoyed steady economic growth, though less than needed to pull the country into upper middle-income status. Sound macroeconomic policies, combined with growing domestic demand and high commodity prices, propelled economic expansion in recent years, but protectionist policies, corruption at all levels of government, poor infrastructure, weak rule of law, and labor rigidity continue to pose challenges.

Beginning in September 2015, the Government of Indonesia (GOI) announced a series of economic reform packages to spur its GDP growth and encourage foreign investment. The announced reforms are a positive signal of the Jokowi administration's desire to improve the business climate; however, the implementation and impact of the policy reforms remains limited. Nonetheless, the Indonesian market has many positive attributes. Indonesia has a GDP per capita of $3,876 ($12,380 at PPP according to IMF) that exceeds many of its ASEAN neighbors such the Philippines and Vietnam, and with 262 million people, Indonesia's economy comprises nearly half of ASEAN economic output. Indonesia is a thriving democracy with significant regional autonomy. It is located on one of the world's major trade routes and has extensive natural resource wealth distributed over an area the size of the United States and comprised of 17,508 islands.

The World Bank in 2017 classified 20% of Indonesia's population as middle class and reported that this cohort was responsible for 43% of domestic consumption. In 2017 the number of internet users in Indonesia reached 143 million people or 54% of the population. Indonesians are among the most active users of social media such as Facebook, Twitter and Instagram.

(Source Modified: https://www.export.gov/article?id=Indonesia-Market-Overview)

MARKET CHALLENGES

The business environment in Indonesia is challenging, with Indonesia ranked 72 out of 190 countries in the Ease of Doing Business 2018 report by the World Bank. U.S. firms encounter complex bureaucratic and regulatory requirements which make it time-consuming to enter the market..

Indonesian infrastructure and service networks have not been developed or maintained to keep pace with the growing economy, causing increased transaction costs and inefficiencies that hamper exporters and investors. Non-tariff barriers remain wide-spread and the bureaucracy can still be cumbersome. Laws are often opaque or conflicting. Import licensing procedures and permit requirements, product labeling requirements, preshipment inspection requirements, local content and domestic manufacturing requirements, and quantitative import restrictions impede exports.

Although significant anti-corruption measures have been undertaken by the Indonesian government, corruption remains a concern for many businesses looking to operate within Indonesia. Indonesia ranked 96th on Transparency International's Corruption Perceptions Index 2017. Companies are recommended to have a solid due diligence process in place and should consult on prior to signing with agents and distributors.

Competition from third country firms such as Singapore, USA, China, Japan, Australia, Korea, Russia, France, and other regional players is intense.

(Source Modified : https://www.export.gov/article?id=Indonesia-Market-Challenges)

MARKET OPPORTUNITY

Consumer-related market opportunities continue to lead growth in the world's fourth- largest country, and expansion in the retail, health, education, telecom and financial services sector have boomed in the last few years. The Indonesian consumer is ranked as one of the most confident in the world, and approximately 50% of Indonesia's 262 million citizens are under the age of 30.

Indonesia's aviation market is growing at 20% per year and favors aviation products. Aircraft replacement parts and services is a valuable and significant market. There is also demand for air traffic control and airport logistics services and ground support equipment.

Indonesia's aviation market is predicted to grow 29.6% by 2018 while in 2017 it grew by 20%. With high growth, Indonesia aviation market require infrastructure, training, and components in order to keep their business running. Maintenance, Repair and Overhaul (MRO) in Indonesia is estimated to reach 2 Billion USD per year for the next five years.

A competitive and expanding banking market offers significant opportunities for IT and banking equipment, software and technology providers.

There are opportunities for telecommunication infrastructure such as satellites and ground stations, handheld devices, and also integration devices or Enablers.

Indonesia's under-developed public infrastructure remains a major national challenge and presents opportunities in aviation, rail, ports and land transport, as well as in municipal infrastructure projects such as water supply and wastewater systems.

As the Indonesian military expands its budget, there are opportunities for defense manufacturers to sell a range of military aircraft, vehicles, communications systems, spare parts, and maintenance services. Monitoring and protection of sea-borne traffic for both national security and fisheries enforcement presents new opportunities.

Important opportunities outside of Jakarta remain in energy and electricity transmission services. The Government of Indonesia has announced its intention to increase electricity generation by 35,000 MW by 2019. It is not going to meet that goal but growth in power generation projects, conventional and renewable, and including IPPs, is expected to continue for the next decade.

Telecommunications equipment and services and satellites remain excellent areas for American products and services, which have a comparative advantage technologically.

Emerging opportunities include palm oil, biofuel processing, clean energy and technology to improve local production capacity, and potentially cold storage and fish processing equipment and services.

(Source Modified: https://www.export.gov/article?id=Indonesia-Market-Opportunities)

MARKET ENTRY STRATEGY

Indian companies must visit the Indonesian market in order to properly choose an appropriate agent or distributor in Indonesia. Appointment of a representative requires care, since it is difficult to terminate a bad relationship. Patience, persistence and presence are three key factors for success in Indonesia.

Important factors affecting purchasing decisions in Indonesia are pricing, financing, technical skills, and after-sales service. Firms should be prepared to invest in training for their local staff, from entry-level personnel to experienced managers.

Indonesian non-financial firms often depend on trade financing with nearly 50% of their financing obtained from abroad via loans, bonds, and other credit.

Although it is possible for overseas companies to sell directly to the government and state-owned companies, local agents or distributors are often critical (and at times, required by law) for successful project development and delivery of products or services. Many government tenders are awarded based on the proven track record of providers or long-established relationships between the government agency and an agent or distributor.

(Source Modified: https://www.export.gov/article?id=Indonesia-Market-Entry-Strategy)

TRADE BARRIERS

Agriculture Trade Barriers

Tariffs

In accordance with the WTO Agreement on Agriculture, Indonesia agreed to eliminate non-tariff barriers on agricultural products and replace them with tariffs, but many barriers still remain. In the agricultural sector, 1,341 tariff lines have bindings at or above 40 percent, including the most sensitive and heavily protected sectors.

Domestic agricultural interests pressure the GOI for protection from international competition. Since December 2007, rice imports have been subject to a specific tariff of Rp450 per kilogram. Local agricultural interests also have lobbied the government to increase bound tariff rates on sensitive agricultural products, such as sugar and soybeans. In the case of soybeans, the tariff was increased to five percent in 2013, but this was dropped within a few months following supply shortages and increased prices. Though soybean import tariffs remain at zero, the Ministry of Agriculture has issued a draft regulation that would ban imports during local harvests and potentially increase the import tariff to 19 percent.

There are large differences in how regulations are written and applied. Domestic interests often take advantage of the non-transparency of the legal and judicial systems to undermine regulations to the detriment of foreign parties. New laws on regional autonomy and fiscal decentralization have granted significant powers to provincial and sub-provincial governments. The potential exists that local governments will impose tax or non-tax barriers on inter-regional trade as they seek new sources of local revenue.

Non-Tariff Barriers

The National Food Logistics Agency's (BULOG) main duties are procuring domestic husked paddy rice during the harvest period at the Government Purchasing Price (HPP= Harga Pembelian Pemerintah). BULOG distributes rice during emergencies, natural disasters, and manages government rice reserves as well as managing a distribution benefit program for low-income citizens. BULOG can also import rice to meet the government rice reserve secure level and to maintain price stability if domestic rice production does not meet demand. BULOG continues to be Indonesia's sole authorized importer for corn for feed and non-specialty rice.

Indonesia continues to enforce a ban on imports of poultry parts, which has been in place since 2000. U.S. industry estimates the value of lost exports at $10 million or more per year. The GOI controls imports through the issuance of import permits. Import permits for whole chickens have never been issued. While duck and turkey permits have been issued previously, none have been issued since 2014. Additionally, an Indonesian Ministry of Agriculture regulation states that poultry exports are only permitted from facilities where birds are hand-slaughtered according to halal requirements.

The GOI imposes de facto quantitative restrictions on imports of horticultural products by requiring a Letter of Recommendation ("Surat Rekomendasi Impor") and an Import Permit. In approving requests for such letters the GOI can arbitrarily alter the quantity allowed to enter, raising concerns that Letters of Recommendation and Import Permit are being used to limit imports. Additional restrictions on imports have been imposed by way of harvest period bans and restricting products over six months old from entering the country. Following a May 2018 Trade and Investment Framework Agreement (TIFA) meeting in Jakarta, the Ministry of Agriculture (MOA) announced that it would be reviewing these policies with an eye to ensuring their WTO compliance.

In June 2017, Indonesia's Ministry of Agriculture (MOA) issued Regulation 26/2017 concerning Milk Supply and Circulation, without notice or prior consultation. The regulation is aimed at increasing Indonesia's self-sufficiency for dairy, requiring milk supply chain structures to be either entirely domestic or joined with domestic producers. Specifically, it requires domestic dairy processors to purchase fresh domestic milk (termed "SSDN") from local producers, and authorizes an inter-ministerial team to determine the exact amount of SSDN each domestic processor must purchase annually. MOA 26/2017 also requires that dairy importers enter into "partnership agreements" with domestic producers, and invest in the local dairy sector. MOA issues import recommendations for dairy products based on these "partnership agreements" between a company and local milk producers, and can withhold import recommendation or revoke business licenses if a company fails to comply with MOA 26/2017's provisions.

On July 23, 2015, the Ministry of Finance revised import duties on alcoholic beverages containing ethyl alcohol. This regulation set the import duty at the ad valorem tariff rate of 90 percent for wine, cider, perry, and mead and 150 percent for spirit and liqueurs. (Previously, a tariff was charged at the rate of IDR. 14,000/liters for beer, IDR 55,000/liter for wine, and IDR 125,000/liter for whisky, rum, and other distilled spirits). The Indonesian Ministry of Trade permits registered importers of alcoholic beverages to import duty-paid alcoholic beverage products. Previously, duty-paid and duty-free alcoholic beverages were only imported through a state-owned company, as directed by the Ministry of Trade. The Ministry of Trade regulation states that the companies that import duty paid alcoholic beverages must apply for an imported-alcoholic beverages permit (IT-MB) through the Directorate General of Foreign Trade. To apply for an IT-MB, each importer must obtain an appointment letter from at least 20 manufacturers or brands, and purchase a minimum of 3,000 carton/brand/year. This letter of appointment must be notarized by public notary of the country of origin. The permit is valid for three years and can be extended.

The Indonesian Customs Service uses a schedule of arbitrary "price checks" rather than actual transaction prices on importation documents for assessing duties on food product imports. While Indonesian government officials defend this practice on the basis of combating "under invoicing," they do not publicize the list or the methods used to arrive at those prices. As a result, although most food product import tariffs remain at five percent, the effective level of duties can be much higher. In addition, the USG has received complaints from importers about costly delays in customs processing and requests for unofficial payments to customs officers. The United States will continue to raise its concerns on these issues with the GOI.

Indonesia's Biosafety Commission for Transgenic Products is responsible for implementing regulations for biotechnology and initiating assessments for product approvals. However, it underwent more than a year of inactivity until its reauthorization by the President in late 2014. Indonesian biotechnology policy does not include a unified science-based framework to implement its regulations. Thus, while there are no transgenic seed crops approved for release, and Indonesia does not produce any biotech crops, there are also no trade constraints based on biotechnology content. Several applications for cultivation of biotech crops are currently in the pipe-line, and the opportunity for biotech sugarcane and corn to be commercialized remains, despite the fact that the new administration has been slow to take action on biotechnology.

(Source Modified: https://www.export.gov/article?id=Indonesia-Trade-Barriers)

INDONESIA FTA INVOLVEMENT

Currently, 36 FTAs. 16-FTA's Signed and In Effect and balance 20 under consultations

1. East Asia Free Trade Area (ASEAN+3) -Proposed/

Under consultation and study

2. ASEAN-EU Free Trade Agreement -Proposed/ Under consultation and study

3. Comprehensive Economic Partnership for East Asia (CEPEA/ASEAN+6)-Proposed/Under consultation and study

4. ASEAN-Pakistan Free Trade Agreement :-Proposed/ Under consultation and study

5. ASEAN-Eurasian Economic Union Free Trade Agreement :-Proposed/Under consultation and study

6. ASEAN-Canada FTA :-Proposed/Under consultation and study

7. Free Trade Area of the Asia Pacific:-Proposed/ Under consultation and study

8. Indonesia-United States Free Trade Agreement:- Proposed/Under consultation and study

9. Indonesia-Peru FTA :-Proposed/Under consultation and study

10. Indonesia-Taipei,China FTA :-Proposed/Under consultation and study

11. Indonesia-Ukraine Free Trade Agreement:- Proposed/Under consultation and study

12. Eurasian Economic Union-Indonesia:-Proposed/ Under consultation and study

13. Indonesia-Kenya Free Trade Agreement:- Proposed/Under consultation and study

14. Indonesia-South Africa Free Trade Agreement:- Proposed/Under consultation and study

15. Indonesia-Gulf Cooperation Council Free Trade Agreement:-Proposed/Under consultation and study

16. Regional Comprehensive Economic Partnership:- Negotiations launched

17. Indonesia-Republic of Korea Free Trade Agreement:-Negotiations launched

18. Australia-Indonesia Comprehensive Economic Partnership Agreement:- Negotiations launched

19. India-Indonesia Comprehensive Economic Cooperation Arrangement:-Negotiations launched

20. Indonesia-Turkey FTA :-Negotiations launched

21. Indonesia-Morocco Preferential Trade Agreement:- Negotiations launched

22. Indonesia-Mozambique Free Trade Agreement:- Negotiations launched

23. Indonesia-Tunisia Preferential Trade Agreement:- Negotiations launched

24. Trade Preferential System of the Organization of the Islamic Conference:-Signed but not yet In Effect

25. ASEAN-Hong Kong, China Free Trade Agreement:- Signed but not yet In Effect

26. Indonesia-European Free Trade Association Free Trade Agreement:-Signed but not yet In Effect

27. Indonesia-Chile Free Trade Agreement:-Signed but not yet In Effect

28. Preferential Tariff Arrangement-Group of Eight Developing Countries:-Signed and In Effect

29. ASEAN Free Trade Area:- Signed and In Effect

30. ASEAN-[Republic of] Korea Comprehensive Economic Cooperation Agreement:-Signed and In Effect

31. ASEAN-Japan Comprehensive Economic Partnership:-Signed and In Effect

32. ASEAN-India Comprehensive Economic Cooperation Agreement:-Signed and In Effect

33. ASEAN-People's Republic of China Comprehensive Economic Cooperation Agreement:-Signed and In Effect

34. ASEAN-Australia and New Zealand Free Trade Agreement:-Signed and In Effect

35. Indonesia-Japan Economic Partnership Ag**reement:-Signed and In Effect**

36. Indonesia-Pakistan Free Trade **Agreement :- Signed and In Effect**

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

CHEMEXCIL'S EXPORT PERFORMANCE FOR THE YEARS 2016-17, 2017-18 & 2018-19

Value in USD Million

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

Value in USD Million

PANEL	2016-17 (Actual)	2017-18 (Actual)	% over previous year	2018-19 (Provisional)	% over previous year
(32) Dyes & (29) Dye Intermediates	**81.03**	**86.46**	**6.7**	**101.46**	**17.35**
(32) Dyes	76.49	81.07	**5.99**	95.8	**18.17**
(29) Dye Intermediates	4.54	5.39	**18.72**	5.66	**5.01**
(28) Inorganic, (29) Organic & (38) Agro chemicals	**351.48**	**413.22**	**17.57**	**619.63**	**49.95**
(28) Inorganic chemicals	22.95	39.52	**72.2**	43.95	**11.21**
(29) Organic chemicals	277.53	312.9	**12.74**	501.44	**60.26**
(38) Agro chemicals	51	60.8	**19.22**	74.24	**22.11**
(33) Cosmetics, (34) Soaps, Toiletries and (33) Essential oils	**38.61**	**40.97**	**6.11**	**45.04**	**9.93**
(33) Cosmetics, (34) Toiletries	24	26.64	**11**	27.25	**2.29**
(33) Essential oils	14.61	14.33	**-1.92**	17.79	**24.15**
(15) Castor Oil	**0.74**	**1.07**	**44.59**	**2.43**	**127.1**
TOTAL	**471.86**	**541.72**	**14.81**	**768.56**	**41.87**

Source: DGCI&S

DYES TOP ITEMS EXPORTS TO INDONESIA

Value in USD Million

HSCode	Products	2016-2017	2017-18	2018-19
32041680	REACTIVE BLACKS	8.45	7.64	11.31
32041650	REACTIVE BLUES	5.76	6.5	6.81
32041751	PIGMENT BLUE 15 (PATHALOCYANINE BLUE)	5.14	6.56	6.14
32041630	REACTIVE REDS	4.74	5.42	4.84
32041719	OTHER PIGMENTS YELLOW	2.82	2.79	4.82
32041761	PIGMENT GREEN 7(PATHALOCYANINE GREEN)	3.93	4.85	4.28
32041982	FOOD YELLOW 4 (TARTRAZINE)	2.27	2.67	3.85
32041610	REACTIVE YELLOWS	2.95	3.37	3.54
32042010	OPTICAL WHITENING AGETNS	3.36	2.54	3.49
32041739	OTHER PIGMENT RED	2.33	2.64	3.44
32041139	OTHER DISPERSE RED	2.29	1.51	2.97
32041121	DISPERSE ORANGE 11 (DURANOL ORANGE G)	1.58	1.5	2.65
32041989	OTHER FOOD COLOURING MATTERS	1.69	1.85	2.6
32041740	PIGMENT VIOLET	1.82	1.73	2.48
32041620	REACTIVE ORANGES	2.21	2.28	2.41
	Total	**51.34**	**53.85**	**65.63**

Source: DGCI&S

DYE INTERMEDIATES TOP ITEMS EXPORTS TO INDONESIA

Value in USD Million

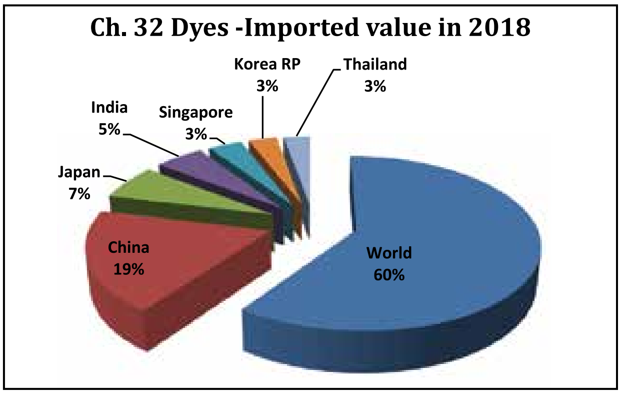
HSCode	Products	2016-2017	2017-18	2018-19
29041040	VINYL SULPHONE	2.16	2.32	3.06
29222160	H-ACID	1.62	1.93	1.76
29222926	META-PHENYLENE DIAMINE-4 SULPHONIC ACID	0.21	0.46	0.56
29222140	GAMMA ACID	0.31	0.46	0.32
29214226	PARANITROANILINE	0.01	0.15	0.14
29214390	OTHER TOLUIDINES & THEIR DERIVATIVES; SALTS THEREOF	0.01	0.08	0.12
29270090	OTHER DIAZO-AZO OR AZOXY COMPOUNDS	0.14	0.16	0.08
29214526	TOBIAS ACID (2-NAPHTHYLAMINE-1-SULPHONIC ACID)	0.09	0.08	0.07
29214212	ORTHO CHLORO PARANITROANILINE	0.06	0.06	0.06
29214213	DICHLOROANILINE	0.02	0.02	0.05
29215910	BENZIDINE	0	0	0.04
29214330	ORTHO TOLUIDINE	0	0	0.03
29214521	BRONNERS ACID (2 NPHTHYLAMN-6-SLPHNC ACD)	0	0	0.03
29224300	ANTHRANILIC ACID AND ITS SALTS	0.01	0.03	0.02
29214522	CLEVES ACID(1 NAPHTHYLAMN-6-SLPHNC ACID)	0	0	0.02
	Total	**4.64**	**5.75**	**6.36**

Source: DGCI&S

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

Exporters	Imported value in 2016	Imported value in 2017	Imported value in 2018
World	1308.61	1393.99	1589.1
China	401.98	436.78	504.41
Japan	180.84	183.75	175.54
India	109.65	112.1	136.37
Singapore	67.75	60.9	95.84
Korea RP	79.33	73.95	79.99
Thailand	54.31	57.84	73.98

SOURCE : INTRACEN



INORGANIC CHEMICALS TOP ITEMS EXPORTS TO INDONESIA

Value in USD Million

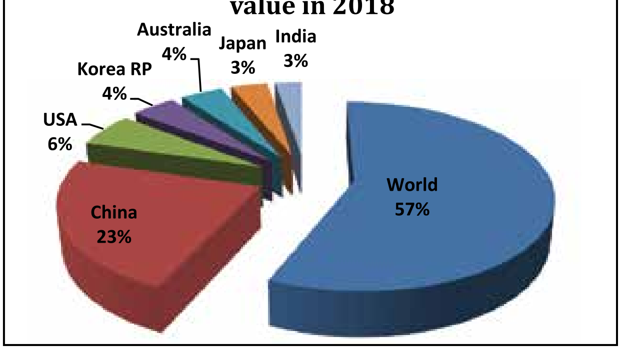
HSCode	Products	2016-2017	2017-18	2018-19
28030010	CARBON BLACK	6.07	7.99	12.42
28131000	CARBON DI-SULPHIDE	3.15	4.97	5.08
28362010	DISODIUM CARBONATE DENSE (SODA ASH)	0.91	6.68	4.84
28273940	CUPROUS CHLORIDE	2.57	3.34	4.04
28020010	SUBLIMED SULPHUR	1.29	2.23	2.42
28332990	OTHER SULPHATE N.E.S.	0.32	2.46	2.28
28183000	ALUMINIUM HYDROXIDE	1.41	3.24	1.92
28151110	FLAKES OF SODIUM HYDROXIDE (CAUSTIC SODA)	0.08	0.63	1.35
28274900	OTHER CHLORIDE OXIDES AND CHLORIDE HYDROXIDES	0	1.39	1.26
28209000	OTHER MANGANESE OXIDE	0.48	0.91	1.05
28299030	IODATES AND PERIODATES	0.54	0.57	0.85
28275990	OTHER BROMIDES AND OXYBROMIDES	0.02	0.02	0.74
28255000	COPPER OXIDES AND HYDROXIDES	0	0	0.73
28362020	DISODIUM CARBONATE LIGHT (SODA ASH)	0.93	2.24	0.68
28331100	DISODIUM SULPHATE	0.02	0	0.64
	Total	**17.79**	**36.67**	**40.3**

Source: DGCI&S

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

Exporters	Imported value in 2016	Imported value in 2017	Imported value in 2018
World	1500.55	1617.78	2056.59
China	554.21	627.53	833.35
USA	181.75	193.73	213.47
Korea RP	107.62	129.36	155.08
Australia	161.83	153.81	151.35
Japan	109.58	113.14	129.14
India	40.84	41.94	94.02

SOURCE : INTRACEN



ORGANIC CHEMICALS TOP ITEMS EXPORTS TO INDONESIA

Value in USD Million

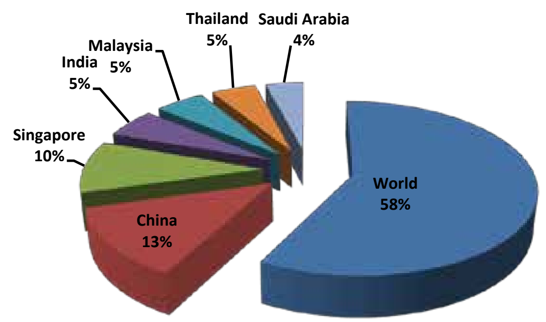
HSCode	Products	2016-2017	2017-18	2018-19
29024300	P-XYLENE	143.81	158.68	316.58
29022000	BENZENE	34.49	54.47	49.38
29012400	BUTA-1 3-DIENE AND ISOPRENE	21.97	3.03	26.25
29024100	O-XYLENE	24.49	24.06	26.25
29012100	UNSATURATED ETHYLENE	0	13.38	11.65
29173600	TEREPHTHALIC ACID AND ITS SALTS	0	0	6.51
29153990	OTHER ESTERS OF ACETIC ACID	3.14	3.95	5.4
29214190	OTHERS ANILINE AND ITS SALTS	1.92	2.54	4.82
29012200	UNSATURATED PROPENE (PROPYLENE)	6.64	2.11	4.38
29095090	OTHER ETHER-PHENOLS ETHER ALCOHOL PHENOLS ANDTHEIR HALOGENATED SULPHONATED NITRATED OR NITROSATED	0.99	1.37	3.27
29122990	OTHER CYCLIC ALDEHYDROUS WITHOUT OTHER FUNCTION	2.41	3.59	3.17
29053100	ETHYLENE GLYCOL (ETHANEDIOL)	7.21	4.03	2.96
29094900	OTHR ETHR-ALCHLS AND THR HALGNTD SLPHNTD NITRATED OR NITR	0	2.07	2.92
29142990	OTHER CYCLANIC CYCLENIC/CYCLOTERPENIC KETONES WITHOUT OTHER OXYGEN FUNCTION	1.26	1.42	2.88
29332990	OTHER COMPNDS CNTNG AN UNFUSED IMIDAZOLE RING (W/N HYDRGNTD	0	3.22	2.62
	Total	**248.33**	**277.92**	**469.04**

List of supplying markets for a product imported by Indonesia
Product: 29 Organic chemicals

Exporters	Imported value in 2016	Imported value in 2017	Imported value in 2018
World	4790.55	5897.07	6925.83
China	1088.64	1250.8	1540.74
Singapore	589.07	1203.33	1171.77
India	401.12	453.02	667.86
Malaysia	478.83	560.47	630.77
Thailand	309.26	400.93	570.28
Saudi Arabia	314.11	344.93	482.03

SOURCE : INTRACEN

Ch. 29 Organic Chemicals -Imported value in 2018



AGRO CHEMICALS TOP ITEMS EXPORTS TO INDONESIA

Value in USD Million

HSCode	Products	2016-2017	2017-18	2018-19
38089199	OTHER INSECTICIDE N.E.S.	18.14	16.73	29.88
38089290	OTHER FUNGICIDES	19.36	23.93	19.69
38089910	PESTICIDES NOT ELSEWHERE SPECIFIED OR INCLUDED	5.9	7.9	5.27
38089135	CYPERMETHRIN TECHNICAL GRADE	2.75	4.12	5.11
38089390	OTHER HERBICIDES ANTI-S-SPROUTING PRODUCTS AND PLANT GROWTH REGULATORS	3.4	2.99	4.2
38089990	OTHER SIMILAR PRODUCTS N.E.S.	0.67	1.82	4.17
38089350	WEEDICIDES AND WEED KILLING AGENTS	0.02	1.93	3.7
38089320	2:4 DICHLOROPHENOXY ACTC ACD & ITS ESTERS	0.03	0	0.96
38089137	SYNTHETIC PYRETHRUM	0.17	0.36	0.71
38089210	MANEB	0.57	0.37	0.32
38089400	DISINFECTANTS	0.05	0.05	0.22
38089191	REPELLANT FOR INSECTS SUCH AS FLIES MOSQUITO	0	0	0.13
38089230	THIRAM (TETRAMETHYL THIRAM DI SULPHATE)	0	0	0.03
	Total	**51.06**	**60.2**	**74.39**

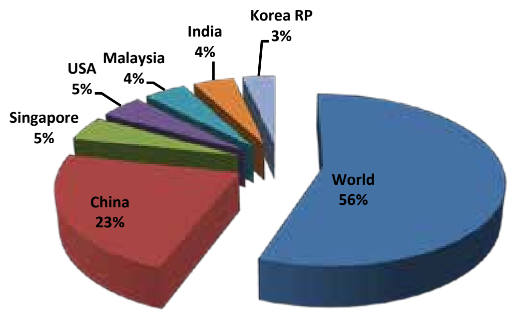
Source: DGCI&S

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

Exporters	Imported value in 2016	Imported value in 2017	Imported value in 2018
World	413.78	501.75	520.19
China	157.52	218.38	214.66
Singapore	37.73	33.52	43.51
USA	48.78	38.05	42.15
Malaysia	36.24	51.45	41.91
india	36.38	45.54	41.16
Korea RP	26.4	36.99	32.21

SOURCE : INTRACEN

Ch. 38 Agro Chemicals - Imported value in 2018



COSMETICS & TOILETRIES TOP ITEMS EXPORTS TO INDONESIA

Value in USD Million

HSCode	Products	2016-2017	2017-18	2018-19
33059040	HAIR DYES(NATURAL HERBAL OR SYNTHETICS)	2.74	3.75	4.3
34021300	NON-IONIC W/N FOR RETAIL SALE	4.69	3.12	4.22
33029090	OTHER MIXTRS OF ODORIFRS SUBSTNS N.E.S.	0	2.71	3.09
33049990	OTHER BEAUTY MAKE-UP PREPARATION	2.04	2.92	2.77
29157040	HCO FATTY ACID(INCLUDING 12-HYDROXY STEARIC ACID)	0.62	0.97	1.37
38099190	OTHER TEXTILE ASSISTANTS	1.17	1.04	1.17
33079020	STERILE CONTACT LENS CARE SOLUTION	0.74	0.66	1.14
33072000	PERSONAL DEODORANT AND ANTIPERSPIRANTS	1.24	0.73	0.99
34021900	OTHER ORGANIC SURFACE ACTIVE AGENTS W/N FOR RETAIL SALE	0.24	0.68	0.99
34021190	OTHERS (E.G. ALKYL SULPHATES TECH. DODECYL BENZENE-SULPHONATES ETC.)	1.2	1.15	0.91
33041000	LIP MAKE UP PREPARATIONS	0.47	1.29	0.83
33051090	OTHER HAIR SHAMPOOS (NON SPIRITUOUS)	0.55	0.62	0.54
33049930	MOISTURISING LOTION	0.01	0.24	0.52
33049910	CREAM FACE	0.15	0.43	0.45
33042000	EYE MAKE UP PREPARATIONS	0.39	0.23	0.43
	Total	**16.25**	**20.54**	**23.72**

Source: DGCI&S

ESSENTIAL OILS TOP ITEMS EXPORTS TO INDONESIA

Value in USD Million

HSCode	Products	2016-2017	2017-18	2018-19
33029019	OTHER MIXTURE OF AROMATIC CHEMICALS AND ESSENTIAL OILS AS PERFUME BASE	14.09	13.56	16.31
33012990	ESSENTIAL OILS OF GERANIUM	0.03	0.2	0.84
33012942	LEMONGRASS OIL	0.12	0.03	0.23
33019033	ESSENCE OF AMBRETTOLIE (AMBRETTE SEED OIL ESSENCE)	0.15	0.13	0.2
33021090	OTHER FLAVOURING ESSENCES USED IN THE FOOD OR DRINK INDUSTRIES	0.36	0.14	0.13
33029012	SYNTHETIC ESSENTIAL OILS	0	0.05	0.09
33011990	CITRONELLA OIL CEYLON TYPE INCLUDING & CONCETRATE	0.05	0.05	0.02
33012944	DAVANA OIL	0.03	0.01	0.01
	Total	**14.83**	**14.17**	**17.83**

Source: DGCI&S

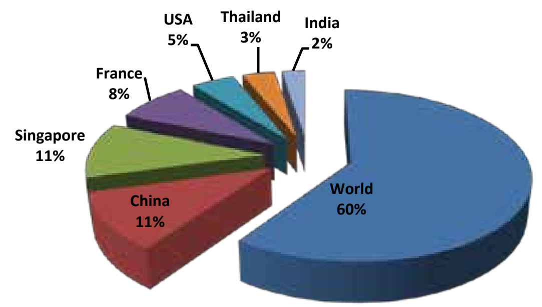
List of supplying markets for a product imported by Indonesia

Product: 33 Essential oils and resinoids; perfumery, cosmetic or toilet preparations

Exporters	Imported value in 2016	Imported value in 2017	Imported value in 2018
World	1043.25	1086.83	1338.12
China	130.87	150.88	242.64
Singapore	217.77	225.34	239.2
France	105.58	129.38	176.4
USA	75.65	87.94	105.88
Thailand	142.4	74.68	79.11
India	37.3	46.82	56.6

SOURCE : INTRACEN

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



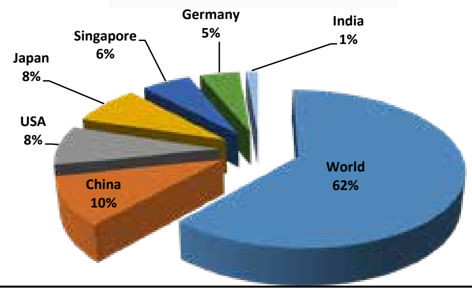
List of supplying markets for a product imported by Indonesia

Product: 34 Soap, organic surfac e-active agents, washing preparations, lubricating preparations, artificial

Exporters	Imported value in 2016	Imported value in 2017	Imported value in 2018
World	494.39	551.36	604.45
China	65.54	86.46	98.51
USA	69.01	72.96	80.49
Japan	75.38	75.74	80.22
Singapur	39.29	54.2	57.19
Germany	41.17	44.21	46.09
India	8.78	10.51	13.97

SOURCE : INTRACEN

Ch. 34 Soap - Imported value in 2018



CASTOR OIL TOP ITEMS EXPORTS TO INDONESIA

Value in USD Million

HSCode	Products	2016-2017	2017-18	2018-19
15153090	CASTOR OILANDITS FRCTNS OTHR THN EDBLE GRADE	0.41	0.68	2.05
15162039	OTHER HYDROGENATED CASTOR OIL (OPAL WAX)	0.2	0.28	0.2
15180029	OTHER CASTOR OIL DEHYDRATED	0.14	0.1	0.19
	Total	**4.05**	**4.7**	**3.39**

Source: DGCI&S

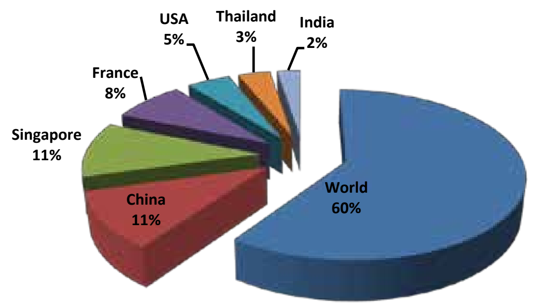
List of supplying markets for a product imported by Indonesia

Product: 15 Animal or vegetable fats and oils and their cleavage products ; prepared edible fats; animal ...

Exporters	Imported value in 2016	Imported value in 2017	Imported value in 2018
World	179.42	198.79	207.89
Malaysia	45.99	53.57	53.36
Singapore	20.93	18.21	21.67
Australia	21.02	21.46	19.05
China	8.19	11.13	12.33
Thailand	7.8	10.81	11.13
India	9.89	2.19	2.17

SOURCE : INTRACEN

Ch. 15 Castor Oil - Imported value in 2018



Chemexcil Activities

1. CHEMEXCIL'S PARTICIPATION IN AGRI BUSINESS GLOBAL TRADE SUMMIT 2019 HELD FROM 30.7.2019 TO 1.8.2019

(Shri Harsh Vardhan Shringla, Hon'ble Ambasador of India to US (Centre) is flanked by Shri Anshul Sharma, Counsellor (Commerce) (1st from left), Shri Ajay Kadakia, Chairman of CHEMEXCILand Shri S.G. Bharadi,ED of CHEMEXCIL

It may be noted that the ongoing US-China trade war has offered Indian exporters an excellent opportunity to help actualise $5 trillion economy mark as envisioned by the Government. Taking into account that the global trade dynamics are rapidly changing and being WTO-compliant in the coming days, it is felt that the Indian exporters need to enhance their operational capabilities. Therefore, a commodity wise analysis has been carried out by the Ministry of Commerce & Industry on the top products lines where India can be an excellent supplier to both China and the US. Further, if the Indian exporters are not able to encash on the opportunities arising out of the US-China trade spat, the country would also miss an opportunity in achieving the $5 trillion mark.

In order to leverage and capitalize the prevailing business opportunities in the US market to our advantage, the Council had decided to participate in the Agri Bsusiness Global(ABG) Trade Summit scheduled scheduled from 30th **July to 1st August 2019 at Atlantic City, New Jersey, USA,** proposal of which was already sent to the Department of Commerce, Ministry of Commerce & Industry who in turn had sanctioned the said project under MAI. Accordingly, total 15 member-exporters from CHEMEXCIL had participated in the said project. In addition to this another 15 members had also participated in the said project directly.

In the meantime, the Council had also received communication from Embassy of India, Washington DC, USA to mount a delegation to USA for having discussion with the members of National Association of Chemical Distributors(NACD), USA. The Council has already written a letter to the Embassy of India, Washington about this delegation with a request to fix up meetings with the NACD. We have also received confirmation from the Ambassador of India to USA for appointment and discussion with Consular (Commercial), Embassy of India, Washington DC on 2nd August, 2019.

Further, the Council had requested Shri Harsh Vardhan Shringla, Hon'ble Ambassador of India to USA. to give his appointment to discuss and finalise the forthcoming delegation to USA to take advantage of the US China Trade war. Accordingly, the Ambassador of India had given an appointment on 2nd August, 2019. The Chairman of the Council, Shri Ajay Kadakia and Executive Director, Shri S.G. Bharadi met him in his Embassy Office and discussed on exploring the possibility of boosting exports of the items covered by the Council, impact of US China Trade War. The Ambassador then suggested to mount a delegation to Charlotte, Chicago and Washington to organise a Buyer Seller Meet there Accordingly, the Council had submitted a revised proposal on the above to the Ministry of Commerce & Industry with a request to sanction the said project under MAI Scheme and approval of the same is awaited by the Council.

2. Interactive meeting with IIFT Faculty regarding "Chemical Sector Specific Logistics Problems" on 09/08/2019 at Chemexcil HO, Mumbai

Shri S.G Bharadi-ED welcoming Dr. Ankit Kesharwani during the event

High transaction costs in export logistics has been a long-standing of concern for Indian chemical exporters as it impacts their competitiveness. This impediment has been regularly represented to the government.

To study these issues in detail, Logistics Division, DoC has set-up **Centre for Trade Facilitation and Logistics (CTFL) at IIFT, New Delhi** as a dedicated center for **study and enhancement of logistics competitiveness**. CTFL, jointly with select nine EPCs including CHEMEXCIL, is attempting to develop a sector specific index for measuring the logistics performance across the nine prominent sectors of India (including Chemicals).

In order to understand chemical sector specific logistics issues, **CTFL-IIFT had proposed to have interactive meets in different locations and** to propose a solution/ policy, jointly with CHEMEXCIL for the improvement in logistics competitiveness and compute the logistics index for this sector.

In this regard, the council had organized interactive meeting of leading member-exporters with IIFT Faculty at **Chemexcil Conference Room, Mumbai.** This was the second such meeting after first meeting in New Delhi.

This interactive meeting was attended by following:

- **From CTFL-IIFT, New Delhi**

1. *Dr. Ankit Kesharwani, Assistant Professor (Marketing), IIFT*
2. *Ms. Mahika, Senior Research Associate, IIFT*

➢ **From Chemexcil**

1. *Shri S.G Bharadi, Executive Director*
2. *Shri Prafulla Walhe, Deputy Director*
3. *Shri Deepak Gupta, Deputy Director*
4. *Member-exporters*

Highlights

Shri S.G Bharadi welcomed ***Dr. Ankit Kesharwani*** and participants of the stakeholder consultation meeting.

Dr. Ankit Kesharwani made a detailed presentation on activities of CTFL and informed the participants about proposed Logistics Index for the country. Dr. Kesharwani then ran through this questionnaire/ queries on various aspects of logistics and requested the participants about their issues faced.

The participants highlighted following issues:

1. Severe congestion in JNPT (running in several kms) which is pushing up the logistics costs due to vessel shut-outs etc.
2. Need to promote other lesser known ports such as Hazira etc. This can be done only if shipping lines are directed to call such ports. Otherwise exporters will continue to ship from major ports as the shipping lines of their choice is calling these ports.
3. Need to regulate/ control the exorbitant charges quoted by shipping lines which are arbitrary.
4. Different lines quote different rates for THC, Forex etc. These should be standardized, so that there is not mis-use.
5. Need to explore sea/ river route for inland transportation by having container barges etc. Exporters informed that there are several locations in India which could be covered in short time at minimum cost, if local transportation is also possible through sea/ river. Some participants informed that this is being done in Goa and should be replicated in other parts of the country. In this regard, sagarmala project has to be pushed.
6. Issues faced in importing items which are not used in pesticides, but customs still insists on CIB NOC which is time consuming.
7. Difficulty in sending chemical samples overseas for business promotion. Courier companies are simply un-willing to accept such a sample shipments which delays orders or even loss of the same. One of the participants informed that there is custodian system in Chinese ports which can be used in India also.
8. Re-examination of e-sealed containers which delays the shipment and also pushes up logistics cost.
9. It was also pointed that CBIC has come out with risky exporters list which leads to 100% examination of cargo resulting in shipment Delays and also hold up of IGST refunds which refunds

The stakeholder consultation meeting was attended by around **20 industry participants.** Dr. Kesarwani interacted with the Participants and also informed that shortly, they will come back with a customized questionnaire based on consultation meeting and would request the participants to provide information therein.

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

3. CHEMEXCIL'S PARTICIPATION IN - 38^{TH} DYE+CHEM BANGLADESH EXHIBITION 2019

As an export promotion measure, CHEMEXCIL has participated in **38^{th} Dye+Chem Bangladesh Exhibition' 2019** organized by the by "CEMS-Global USA' and "CEMS Bangladesh" from **4^{th} September to 7^{th} September, 2019** at the **International Convention City, Bashundhara, Dhaka, Bangladesh.** It was concurrently held with 20^{th} Textech Bangladesh 2019 International Expo and 16^{th} Dhaka International Yarn & Fabric Show 2019.

Dye+Chem Bangladesh exhibition is an exclusive and most prestigious International Exhibition in Bangladesh devoted to focus on all kinds of Dyes and Fine & Specialty Chemicals for the Bangladesh Industry and specially USD 32 Bn Ready Made Garments (RMG) sector. This exhibition is the gateway to the Dyes and Fine & Specialty Chemicals sector of Bangladesh and a perfect B2B platform for overseas manufacturers of Dyes & Dyes Intermediate, Basic chemicals to showcase their products under one roof. This expo has provided an interactive platform for Exhibitors to generate business through displays / direct interaction with the Buyers.

The exhibition venue was spread over $80,000m^2$ for all the three concurrent shows, evincing participation of reputed producers from around the world. There were total 1250 exhibitors from domestic industry and other countries such as India, China, Turkey, Spain, Indonesia, Sri Lanka, Japan, Italy, Taiwan, Pakistan, Russia, South Korea, France, USA, Germany, Philippines, and Myanmar etc. The exhibits scope varied from textile chemicals such as dyestuffs, pigments, intermediates to textile machinery, fibres, yarns, color card, etc. The exhibition was attended by over 10,000 visitors.

Bangladesh majorly imports dyes & textile chemicals from countries like India, Singapore, China, Taiwan and South Korea etc. The demand for dyes & textile chemicals in Bangladesh is largely driven by exports of knitted and woven garments from the country to international market. The main objectives to participate in this Trade fair were:-

- To establish good contacts with business enterprises and commercial organizations and to build the vibrant platform for promoting exports to Bangladesh.
- To explore the possibilities of expansion of two way trade.
- Possibilities of collaboration in Bangladesh.

The Council had booked an area of **150 sq mt** for organising its India Pavilion at Level 2, Hall 5 of International Convention City Bashundra (ICCB), Dhaka wherein 25 Indian exporters had showcased their products. Council had also done special branding in and around the venue to promote brand India.

CHEMEXCIL's Indian pavilion was inaugurated by Dr. Pramyesh Basall, Second Secretary (Commerce) / Commercial Representative, High Commission of India to Bangladesh along with Mr. Deepak Gupta, Deputy Director- Chemexcil and Mr. Soumen Guha-Regional Officer, Ro Kolkata, Chemexcil. The members-exporters were happy to interact with the visiting dignitaries.

Dye+Chem Bangladesh Exhibition' 2019 exhibition evinced good response with around 200 visitors to Chemexcil's India pavilion for their sourcing requirements and networking with Indian exhibitors.

4. CHEMEXCIL'S BUYER SELLER MEET IN TAIWAN

Shri Ajay Kadakia Chairman Chemexcil proposing inaugural speech during Buyer Seller meet at Taipei, Taiwan dated 16th September 2019.

CHEMEXCIL organized Buyer Seller meet at Venue space: 4th Floor, VIP Room (330 square meter) Taipei International Convention Centre, No. 1號, Section 5, Xinyi Road, Xinyi District, Taipei City, Taiwan 110 on 16th September 2019 from 10.45 to 17.00 hrs. This was the first Chemexcil buyer seller meet of Chemexcil in Taipei Taiwan.This project was sanctioned under MAI scheme. Altogether 30 chemexcil member-exporters participated in this meeting. About 30- meetings in one day among 30 Indian companies were organized with active support of India Taipei Association. Target visitors were dyes and dye intermediates, Organic, Inorganic Chemicals including agrochemicals, Specialty chemicals, Soaps Cosmetics and Toiletries essential oil castor oil and its derivatives. The BSM was inaugurated by Shri Sridharan Madhusudan, The Director General, India-Taipei Association (ITA), on 16th September 2019 at 10.45am along with Ajay Kadakia, Chairman Chemexcil

5. CHEMEXCIL'S BUYER SELLER MEET, TOKYO, JAPAN

Shri Ajay Kadakia Chairman Chemexcil proposing inaugural speech at Japan Buyer Seller meet dated 18th September 2019 at Tokyo, Japan

CHEMEXCIL organized Buyer Seller meet at Vivekananda Cultural Centre Embassy of India, Tokyo 2-2-11 Kudan-Minami, Chiyoda-ku, Tokyo 102-0074 on 18th September 2019 from 10.45 to 17.00 hrs.

This was the first Buyer seller meet of Chemexcil in Japan.

This project was sanctioned under MAI scheme. Altogether 30 chemexcil member-exporters participated in this meeting. About 155 meetings in one day among 30 Indian companies and 79 Japanese companies. Target visitors were from Dyes and dye intermediates, Organic, Inorganic Chemicals including agrochemicals, Specialty chemicals, Soaps Cosmetics and Toiletries essential oil castor oil and its derivatives. The BSM was inaugurated by H.E. Mr. Sanjay Kumar Verma Ambassador of India to Japan, Embassy of India, Tokyo, Japan on 18th September 2019 at 10.45am along with Ajay Kadakia, Chairman Chemexcil

6. INTERACTIVE SESSION ON "THE INVOICE FINANCE ADVANTAGE: COLLATERAL-FREE TRADE FINANCE MADE EASY BY DRIP CAPITAL" & ROADSHOW OF CAPINDIA 2019 ON 25/09/2019 AT RAJPARK HOTEL, CHENNAI

Shri Deepak Gupta, Deputy Director - Chemexcil welcoming Shri Ilanahai, President, Chemical Industry Association, during Interactive session on "The Invoice Finance Advantage: Collateral-Free Trade Finance made Easy by Drip Capital" on 25/09/2019 at Raj Park Hotel, Chennai

Availability of export finance has been a concern for MSME exporters and impacts their competitiveness and ability to grow export business.

In this regard, the council had organised an Interactive session for MSME exporters on ***'Export Finance: The Easy Solution for your Working Capital Needs'*** in association with M***/s. Drip Capital Services India LLP*** to appraise them about export finance products and services that can be helpful to grow their business without extending their security as collateral while availing export financing once the goods are exported. This event was also supported by "***Chemical Industry Association (CIA)".*** **M/s. Drip Capital** (www.dripcapital.com) is a trade finance company headquartered in California, USA backed by the world's largest VC investors and offers finance to Indian exporters selling to buyers in North America, Europe, Middle East and Asia Pacific

The session was graced by following:

Ø **Council Representatives**

- Shri Deepak Gupta, Deputy Director
- Shri Vicky Moolchandani, Regional Officer

➢ From M/s. Drip Capital Services LLP

1. *Shri Ranjan Dora, Sr- Manager, Branding & Communication*
2. *Ms. Rashmi Rajwani, EventManager.*

➢ ***Chemical Industry Association (CIA)***

1. Shri Ilanahai, President, Chemical Industry Association
2. Other office bearers of CIA

➢ **From The Plastic Export Promotion Council**

1. Shri Daya Nidhi, Deputy Director, Plexcounil

Highlights:

Shri Ilanahai, President, Chemical Industry Association welcomed the participants and thanked Chemexcil for organizing this event. He also requested co-operation in future for such events.

Shri Deepak Gupta briefed the participants about activities of Chemexcil. He also stressed on the importance of ready availability of post-shipment export finance and urged the participants to take note of export factoring services of drip capital and avail if found suitable.

Shri Ranjan Dora- Sr Manager, Branding & Commutation, Drip Capital interacted with the participants. Explained that their **export finance/ factoring** product includes the purchase, funding, management and collection of short-term export receivables, based on goods exported to existing foreign buyers. He further added that export **factoring method** has several benefits like increased sales in foreign markets by offering competitive terms of sale, protection against credit losses, accelerated cash flow, no requirement of providing/pledging additional asset/ collateral, boost in working capital etc.

In order to appraise exporter members about this product and the process and modalities involved in availing easy export finance, **Shri Ranjan Dora** covered following points:

- ***Working capital issues faced by SME Exporters***
- ***Overview of Export Finance/ Factoring concept***
- ***Key offering and benefits to exporters, Eligibility criteria, excluded countries etc***
- ***Customer on-boarding, Process for procuring Export Finance, Limit Set up, Interest cost, overdue interest charges***
- ***Q& A Session***

Finally, Shri Deepak Gupta, Deputy Director, Chemexcil and Shri Dayanidhi, Deputy Director, Plexconcil informed the participants about the **5th Edition of Capindia Exhibition in Mumbai from 2-4th December, 2019.** They also shared the details of number of exhibitors, overseas delegates, participation costs etc. Participants were encouraged to avail the opportunity of participating in CAPINDIA 2019 at such economical cost.

The event was attended by **45 participants. T**he participants interacted with the professional faculty & Council officers and where satisfied with the responses.

The session ended with ***Vote of Thanks*** Followed by Hi-Tea.

7. SEMINAR ON "EXPORT INCENTIVE IN THE CHANGING SCENARIO, ISSUES & CHALLENGES IN LOGISTICS AND KEY ASPECTS OF BANKING REGULATORY GUIDELINES ON EXPORTS, INTEREST EQUALIZATION SCHEME AND EXPORT FINANCE"AT EEPC INDIA'S CONFERENCE HALL, KOLKATA ON 25-09-2019

Dr. Deepankar Sinha, Professor, IIFT Kolkata making presentation during the seminar.

CHEMEXCIL, PLEXCONCIL & YES BANK had jointly organized an Awareness Seminar on export Incentive in the changing scenario, issues & challenges in logistics and key aspects of banking regulatory guidelines on Exports, Interest Equalization Scheme and Export Finance on 25th September, 2019 at EEPC INDIA's Conference Hall, ITFC (Ground Floor), 1/1 Wood Street, Kolkata.

The following representatives were present in the meeting –

- Dr. Deepankar Singh - Professor, IIFT
- Shri Govind Goenka - Exim Consultant
- Shri Amol Kumar Shukla - Vice President - Transaction Bank Group YES Bank
- Shri Amit Pal - COA Member Plexconcil
- Shri Nilotpal Biswas, Regional Director Plaxconcil
- Shri Soumen Guha, Regional Officer Chemexcil

The program began with honoring the distinguished guests with presentation fresh flowers. Welcome speech was given by Shri Amit Pal - COA Member Plexconcil.

Dr. Deepankar Sinha, Professor, IIFT Kolkata, was the speaker for this seminar, who has made presentation on issues and challenges in international trade logistics, Factors affecting stages of logistics cycle & interacted with the participants.

Shri Govind Goenka – Exim Consultant of Pacific Continental Resources has made presentation and covered various aspects of Export Incentive from Ministry of Commerce through FTP, advance authorization/DFIA/DBK, item identification of export, procedural essentials and gave valuable inputs to our participants.

Shri Amol Kumar Shukla – Vice President – Transaction Bank Group YES Bank made a comprehensive presentation on Key aspects of banking regulatory guidelines on Exports, Interest Equalization Scheme and Export Finance.

The event attracted good response with above 50 member-exporters attending the seminar. CAP INDIA banner also been displayed and brochure given to the participations. All questions and doubts of the delegates were answered methodically. The session concluded with Vote of Thanks.

The seminar was well appreciated by all our member exporters.

8. CHEMEXCIL 'S 56TH ANNUAL GENERAL MEETING

Form left Mr. S.G. Bharadi, Executvie Director chemexcil, Mr. S.G. Mokashi, Member Panel-II, Chemexcil Mr. Ajay Kadakia, Chairman Chemexicl Mr. Samir Biswas, Jt. Secretary(Chem.), Deptt. of Chemicals &Petrochemicals Mr. Bhupen Bhai patel, Regional chairman Chemexcil

Chemexcil's 56th Annual General Meeting was held on 26th September, 2019 at 5.00 p.m. at Banquet Hall No.4, Garware Club House, Wankhede Stadium, Churchgate, Mumbai - 400 020.

Chairman of the Council, Shri, Shri Ajay Kadakia chaired the meeting and welcomed the members to the 56th Annual General Meeting of the Council, specially, Shri Samir Biswas, Jt. Secretary (Chem.), Deptt. of Chemicals &Petrochemicals in the Ministry of Chemicals & Fertilizers. Total 20 member exporters was present in AGM.

Thereafter, Notice and Agenda Points were read out by the Executive Director of the Council, Shri S.G. Bharadi. Since no member raised any question on the Accounts of the Council or any other queries during the meeting various agenda points were taken up for discussion, which were then approved in the said AGM.

NEWS ARTICLES

1. Commerce ministry identifies areas where Indian traders can benefit from US-China trade war

An interactive session was organized in New Delhi on July 31 by the ministry of commerce on emerging opportunities to enlarge India's exports to the US and China.

The ministry of commerce has identified and shared with Indian exporters specific lines where the US would lose competitiveness in China, and India has export potential.

An interactive session was organized in New Delhi on July 31 by the ministry of commerce on emerging opportunities to enlarge India's exports to the US and China.

Speaking at the session Commerce Minister Piyush Goyal said in order to achieve the target of $5 trillion economies, India's exports will have to contribute at least $1 trillion.

Goyal urged manufacturers and exporters to come forward with data and details which directly and indirectly add to the cost of the products that are being exported, like cess paid on coal, electricity and royalty paid on mines.

"All this adds up to the cost of the export product per unit basis, he added. Commerce and Industry Minister said that the ministry is working on making India's export products competitive and simplifying rules and regulations for easy availability of export credit," the government said in a press release.

The minister urged the traders to flag issues regarding availability of land, labour, common effluent treatment plants, cluster development and logistics support required in ports, airports and customs to the ministry so that it is able to iron out the issues impeding India's exports and facilitate the exporters to take maximum benefit from the tariff escalation between the US and China.

A section of the industry conveyed that some of the conditions like requirements of local experience are limiting their participation in the Chinese procurement process.

The government has held discussion with the relevant Chinese authorities to ensure that Indian companies get market access for their products.

"Such issues are also discussed in the bilateral meetings from time to time to find solutions to any such restrictions in market access," the release said.

During the 11th session of India-China Joint Group on Economic Relations(JEG) held in New Delhi last year, the two countries agreed to increase bilateral trade in a more balanced and sustainable manner.

Various meetings have been held at the official level with Chinese counterparts as a part of ongoing efforts, to obtain market access for various Indian agricultural, dairy, and pharmaceutical products for the Chinese market.

"Various protocols have been signed to facilitate the export of Indian rice, rapeseed meal, tobacco and fishmeal/fish oil, chilli meal, from India to China," the release said.

The session was organized by the Department of Commerce and Federation of Indian Export Organisations (FIEO) and attended by Commerce Secretary, Anup Wadhawan, FIEO President, SK Saraf and officials of the Department of Commerce.

"The identification of specified tariff lines in US and China by Department of Commerce has resulted in focussed attention by exporters to these products which have been supplemented by proactive intervention by Indian Embassy in China and the US who are working hard to link Indian exporters with foreign buyers," Sharad Kumar Saraf, President, FIEO, said.

Representatives of Export Promotion Councils and trade and industry associations also participated.

(Source: https://www.moneycontrol.com/news/business/economy/commerce-ministry-identifies-areas-where-indian-traders-can-benefit-from-us-china-trade-war-4274711.html dated 31st July-2019)

2. Revenue department conducting time release study to identify trade flow bottlenecks at ports

The exercise will be institutionalised on an annual basis, during the same period every year, it added.

The revenue department is conducting India's first national Time Release Study (TRS) at 15 ports, including sea and air, with an aim to identify and address bottlenecks in the cross border trade flow process. TRS, an internationally recognised tool advocated by World Customs Organisation, is being conducted from August 1-7, the finance ministry said in a statement Thursday.

The exercise will be institutionalised on an annual basis, during the same period every year, it added. The initiative for accountable governance will measure rule-based and procedural bottlenecks (including physical touch points) in the clearance of goods, from the time of arrival until the physical release of cargo, it added.

"The aim is to identify and address bottlenecks in the trade flow process and take the corresponding policy and operational measures required to improve the effectiveness and efficiency of border procedures, without compromising efficient trade control," the ministry said.

The expected beneficiaries will be export oriented industries and MSMEs, who will enjoy greater standardisation of Indian processes with comparable international standards. During an interaction with exporters earlier this week, Commerce and Industry Minister Piyush Goyal highlighted the need to scale up India's outward shipments to USD 1 trillion as the country was aiming to become a USD 5 trillion economy in the next few years.

The exercise will be conducted at the same time across 15 ports including sea, air, land and dry ports which cumulatively account for 81 per cent of total 'bills of entries' for import and 67 per cent of 'shipping bills' for export filed within India.

"The national TRS will establish baseline performance measurement and have standardized operations and procedures across all ports," the ministry said. On ground, TRS is lead by the Central Board of Indirect Tax and Customs. It added that TRS will help India maintain the upward trajectory on Ease of Doing Business, particularly on the trading across borders indicator which measures the efficiency of the cross border trade ecosystem.

Last year, India's ranking on the indicator improved from 146 to 80. Previously, individual customs formations had been independently conducting TRS at the port level. "The national TRS has taken this as a step further and evolved a uniform, multi-dimensional methodology which measures the regulatory and logistics aspects of the cargo clearance process and establishes the average release time for goods," it said.

(*Source: https://www.financialexpress.com/economy/revenue-department-conducting-time-release-study-to-identify-trade-flow-bottlenecks-at-ports/1663174/ dated 1st August-2019)*

3. India only Asian economy that's growing its export share amid trade war

Trade tensions between the US and China have given India an opportunity to ramp up exports to both countries

The only major Asian economy that's grown its export share since the start of the tariff wars in 2018 is the one with the fewest trade links to China.

India's share of world exports rose to 1.71 per cent in the first quarter of 2019 from 1.58 per cent in the fourth quarter of 2017, data compiled by Bloomberg show. The share of every other economy among Asia's 10 biggest exporting nations fell in the same period.

Part of the reason for India's outperformance is that it's not as integrated into global manufacturing supply chains as peers, which means exporters are cushioned from rising trade tensions in the region. It's a sentiment that was flagged by central bank Governor Shaktikanta Das in a recent interview.

"India is not part of the global value chain," he said. "So, US-China trade tension does not impact India as much as several other economies."

China is the biggest buyer of goods from South Korea and Japan, whose share of world exports have fallen the most in Asia. For India, China is the third-largest market, after the US and the UAE.

"Our biggest advantage is that our product basket and market basket are both quite diversified," said Rakesh Mohan Joshi, a professor at the Indian Institute of Foreign Trade in Delhi.

Trade tensions between the US and China have given India an opportunity to ramp up exports to both countries, according to Ajay Sahai, director general and chief executive officer of the Federation of Indian Export Organisations. India's exports to the US grew at the fastest pace in six years in the year ended March 2018, while exports to China surged 31 per cent, the second highest annual pace of growth in more than a decade, data from India's Ministry of Commerce show.

"China is more willing to give market access to India than ever before," said Sahai, pointing to increased access for products such as rice, fruits and vegetables, with potential for greater exports of pharmaceuticals and automobile components to China.

On the other hand, India's exports to the US could lose momentum. President Donald Trump has criticized India for its tariffs on US products, and withdrew trade concessions on $6.3 billion of Indian goods on June 1. India responded with higher tariffs on about 30 American products.

(*Source: https://www.business-standard.com/article/economy-policy/india-is-only-asian-economy-that-s-growing-its-export-share-amid-trade-war-119080100136_1.html dated 2nd August-2019)*

4. India to rethink RCEP engagement if China denies market access

Even without the deal, India's merchandise trade deficit with the RCEP grouping hit $105 billion in FY19 (60% of its total deficit)

India will rethink its engagement with the 16-nation Regional Comprehensive Economic Partnership (RCEP) grouping and may even be forced to pull out of the mega trade deal if negotiations are sought to be concluded hurriedly without addressing its concerns on its massive trade imbalance with other members, especially China, sources told FE.

Even without the deal, India's merchandise trade deficit with the RCEP grouping hit $105 billion in FY19 (60% of its total deficit). China alone contributed as much as $53.6 billion. New Delhi will now link meaningful market access from Beijing in key sectors - including IT, pharma and agriculture - to its endorsement of an RCEP deal.

In his meeting with Wang Shouwen, vice-minister in China's ministry of commerce, on Friday on the sidelines of the RCEP ministerial meeting in Beijing, commerce secretary Anup Wadhawan already flagged India's concerns about trade deficit and inadequate market access to our firms in China.

Commerce and industry minister Piyush Goyal skipped the ministerial, purportedly to attend the extended Parliament session, and Wadhawan represented India. Many potential members, including China, want the

RCEP deal to be concluded by November this year. As for India, several bumps remain.

In their meetings with Goyal late last month, several industries, including steel, pharma, textiles and electronics, criticised India's trade agreements with Asean, Japan and South Korea in the past decade on grounds that the country's trade deficit with these nations just widened after these pacts had come into force and there was only limited gains for them. If, on top of this, a free trade agreement with China is effected through the RCEP (of which Beijing is a key member), cheap Chinese products will flood our market.

An escalating trade war between the US and China has just reinforced the dumping fears, as Beijing seeks to divert supplies away from its biggest destination—the US-to hedge risks. This, Indian industry feels, is among the main reasons as to why China has been hurrying up to conclude RCEP negotiations. What has added, in great measures, to New Delhi's discomfiture is Beijing's lack of meaningful action in removing non-tariff barriers for Indian companies in critical sectors such as IT and pharma where they have achieved global competitiveness, despite repeated assurances by it in recent years.

Top IT companies such as TCS, Wipro, Infosys, Tech Mahindra and HCL last week told the government that China remained a difficult market for them to do business in. Also, while several RCEP members want India to commit more in liberalising its goods trade, they remain reluctant to accede to India's interest and allow free movement of professionals.

Not just trade deficit, the prospect of potential loss in customs revenue has the government worried as well. According to a 2016 estimate by the finance ministry, India could lose tax revenue of `75,733 crore a year if it scraps tariff on merchandise imports entirely, if it were to emulate the zero-duty model over a period of time. Some recent reports have suggested a loss of around ₹60,000 crore a year.

Goyal met as many as 500 industry executives in a series of meetings in a span of two weeks in July to seek their inputs.

Last year, a government panel under then commerce and industry minister Suresh Prabhu had decided to continue to remain engaged in RCEP negotiations but not to sweeten offer for goods trade further.

A joint statement after the just-concluded RCEP ministerial meeting in Beijing suggested that over two-thirds of market access negotiations have reached satisfactory outcomes but admitted divergence on several issues. A top industry executive, who had participated in the meeting with Goyal, said: "If companies like TCS, Infosys and Wipro, which are globally-competitive, have been struggling in China, what hope is there for our SMEs or other companies? In fact, it's not about competitiveness

(Source: https://www.financialexpress.com/industry/rcep-india-to-rethink-if-china-denies-key-market-access/1666129/ dated 5th August-2019)

5. India to continue engaging bilaterally with RCEP members for favourable deal

RCEP Trade Ministers reiterate keenness on meeting year-end deadline for talks India will continue to hold bilateral discussions with the 15 countries it is negotiating the mega Regional Comprehensive Economic Partnership (RCEP) agreement with, including China and the 10-country ASEAN, to try and ensure that the pact, if implemented, would result in substantial market access for its goods and services.

"Indian officials had a number of intensive discussions with RCEP countries such as China, Thailand, South Korea, New Zealand, Australia, Singapore, Indonesia, Japan and ASEAN Economic Ministers at the sidelines of the Trade Ministers' meet in Beijing.

"It was made clear to all partners that India cannot be part of an agreement that would give its industry and farmers a raw deal. The discussions on what India wants from its partners and what it can give will continue," a government official said. The 16-member RCEP is keen on meeting the year-end deadline for wrapping up the negotiations for the mega trade pact, but New Delhi has said that it would go for it only if its own demands, in goods as well as services, are met.

"The Ministers highlighted that as growth outlook remains overcast by rising uncertainties, it is in the region's collective interest and highest priority to conclude a modern, comprehensive, high quality, and mutually beneficial RCEP in 2019, as mandated by the 16 RCEP Leaders," according to the joint communiqué issued at the end of the two-day RCEP Ministerial meet on Saturday.

India decided to adopt an aggressive posture at the RCEP negotiations following a series of meetings that Commerce and Industry Minister Piyush Goyal and senior officials of the Commerce Ministry had with industry representatives numbering more than 500.

Chinese imports threat

"Almost all industrial sectors that were consulted, be it steel, engineering goods, pharmaceuticals, textiles, marine goods or automobiles, did not want to be part of the RCEP as they feared that competition from China could hurt them badly if tariffs were to be eliminated or slashed.

"It became very clear then that India should become part of the RCEP only if it is getting a lot of actual market access for its goods and services to compensate for the losses in the domestic market," the official said.

In his interaction with China's Vice-Minister of Commerce Wang Shouwen, India's Commerce Secretary Anup Wadhawan sought market access in both goods and services, including larger exports of drugs, sugar, rice, dairy, soybean, IT and other services.

During the meeting with ASEAN Economic Ministers, the Commerce Secretary stressed on the importance of services trade that supported both trade in goods and investment.

"Since services is an area where the ASEAN is reluctant to make substantial offers under RCEP, India highlighted the importance of higher ambition in the area," the official said.

As per the joint press statement, annexes on Telecommunication Services, Financial Services, and Professional Services, have been completed, bringing a total number of seven concluded chapters and three concluded annexes, and noted that some of the remaining chapters or annexes are nearing conclusion.

"... Determined to keep the momentum towards achieving the leaders' mandate to conclude the RCEP negotiations by the end of the year, the Ministers called on all RPCs to find pragmatic and solution oriented approaches to narrow divergence on the various remaining issues," the statement said.

(Source: https://www.thehindubusinessline.com/economy/india-to-continue-engaging-bilaterally-with-rcep-members-for-favourable-deal/article28831074.ece dated 6th August-2019)

6. Suspension of trade relations with India will hit Pakistan more badly: Experts

India's export basket for Pakistan has a limited portfolio as Pakistan has not given 'most favoured nation' status to New Delhi and such goods have ready market in South Asia and the Middle East

Pakistan's decision to suspend bilateral trade ties with India would hit the neighbouring country more as they import essential items, according to experts. India's exports to Pakistan have already dropped significantly due to strained trade relations after the Pulwama terror attack in February this year.

"The suspension of trade relations will hit Pakistan more badly as India is less dependent on Pakistan while the latter is more," Federation of Indian Export Organisations (FIEO) Director General Ajay Sahai said.

India's export basket for Pakistan has a limited portfolio as Pakistan has not given 'most favoured nation' status to New Delhi and such goods have ready market in South Asia and the Middle East.

Professor at Indian Institute of Foreign Trade (IIFT) Rakesh Mohan Joshi said that Pakistan's decision is going to impact its businesses.

Pakistan on Wednesday decided to downgrade diplomatic relations with India and suspend bilateral trade after New Delhi revoked the special status of Jammu and Kashmir.

The government on Monday abolished Article 370 of the Constitution that gave special status to Jammu and Kashmir and bifurcated the state into two Union Territories -- Jammu and Kashmir, and Ladakh. Trade relations between India and Pakistan were already strained following the Pulwama terror attack as India imposed 200 percent customs duty on all goods imported from the neighbouring nation.

Imports from Pakistan declined by 92 percent to $2.84 million in March this year compared to $34.61 million in March 2018, according to the commerce ministry data. India imported goods such as cotton, fresh fruits, cement, petroleum products and mineral ore from Pakistan.

During January-March period of 2018-19 fiscal, imports from Pakistan declined by 47 percent to $53.65 million.

India's exports to Pakistan too have dipped by about 32 percent to $171.34 million in March. However, exports had increased by 7.4 percent to $2 billion during 2018-19.

The main products being exported by India include organic chemicals; cotton; nuclear reactors, boilers; plastic products; tanning or dyeing extracts; cereals; sugar; coffee, tea; articles of iron and steel; copper and footwear.

India had also revoked the MFN (most favoured nation) status to Pakistan in the aftermath of the terror attack. The country has repealed a security exception clause of the World Trade Organisation (WTO) to withdraw this status. Both the countries are member of this body.

India can also restrict trade of certain goods and impose port-related restrictions on Pakistani goods.

India had granted the MFN status to Pakistan way back in 1996, but the neighbouring country had not reciprocated.

Under the MFN pact, a WTO member country is obliged to treat the other trading nation in a non-discriminatory manner, especially with regard to customs duty and other levies.

(Source: https://www.moneycontrol.com/news/trends/current-affairs-trends/suspension-of-trade-relations-with-india-will-hit-pakistan-more-badly-experts-4305981.html dated 7th August-2019)

7. For healthy SME exports, India urgently needs tax neutralisation, logistics infra for clusters, SEZs

While not all kinds of support can be implemented through the Foreign Trade Policy, which is a policy framework, necessary measures would be critical for the long-term health of the SME export segment.

The Small and Medium Enterprises (SME) segment, which constitutes more than 40 per cent of India's exports, is the second-largest employer after the agriculture sector and accounts for 30 per cent of India's gross domestic product. Despite its huge significance to industrial production, the SME segment faces continuing headwinds. These include a variety of indirect non-creditable taxes, high logistics and transportation costs, unavailability of credit on reasonable terms, unpredictability in certification and testing procedures for international acceptance, etc.

Export Push

To offset some of these difficulties for the industry, the government provides export incentives through the Foreign Trade Policy (FTP), which is regulated by the Directorate General of Foreign Trade (DGFT). In the current FTP 2015-20, direct incentive schemes for exports, such as the Merchandise Export from India Scheme (MEIS), has rewarded exporters, to the extent of Rs 40,000 crores in 5 years, through duty credits used for importing duty-free goods into India.

As India's economic indicators have improved in recent decades, MEIS has come under challenge at the World Trade Organization (WTO) for being non-compliant with India's status as a developing economy. As India prepares to transition to a WTO-compliant framework, it will have to eliminate export subsidies through direct fiscal incentives. Accordingly, the new export incentive schemes would be required to meet the twin objectives of enhancing competitiveness in global markets while introducing efficiencies through the ease of doing business.

Neutralising Taxes

The DGFT is evaluating several options for achieving these objectives and a recent scheme introduced by the government for the textile sector offers a blueprint for what may be in store. The Rebate of Central Taxes and State Levies Scheme (RCTSL) seeks to neutralise incidences of central and state taxes, through reimbursements, which is aligned with the WTO framework. A scheme like RCTSL can offer tax-neutralisation to up to 4 per cent to 5 per cent of the value of exports — a marked improvement in efficiency in relation to the highly competitive global market. The expansion of the RCTSL scheme to other categories of products, as envisaged by the government for the upcoming FTP, would be a significant boost to the export-focused SME segment.

What's Needed Next

In addition to fiscal reforms, the SMEs require significant infrastructural support to enhance competitiveness. While not all kinds of support can be implemented through the FTP, which is a policy framework, necessary measures would be critical for the long-term health of the SME export segment. Some other measures that can be implemented effectively are as follow:

- Creation of integrated logistics infrastructure near SME clusters to aggregate exports: India has several geographical clusters where SMEs are present in large numbers, such as Coimbatore, Kanpur, Jalandhar, Ahmedabad, Rajkot and Anantpur. The Ministry of Micro, Small & Medium Enterprises lists 150 such clusters across the country with high export potential. Establishment of end-to-end logistics for such clusters would introduce significant economies of scale and cost competitiveness for businesses in these regions.
- Special Economic Zones (SEZ) for the SME sector: SEZs are designated locations where industries and service providers focus exclusively on exports to other countries. In the current SEZ framework, these locations are primarily organised as per the nature of the industry, irrespective of size. The government can consider promoting SME-focused SEZs to address specific issues common to the SME segment. Some obstacles that can be comprehensively addressed in this manner include lack of infrastructural facilities such as certification and testing for international standards, best practices in packaging, services for industrial design, etc.
- Access to trade credit and working capital facilities: SMEs have high working capital and finance requirements due to cash flow mismatch in receivables and payables. The government can, therefore, consider instituting a fund or a guarantee scheme governed by the DGFT or the Ministry of Commerce to provide access to cheap and relatively long-term working capital for SMEs.

A combination of the above steps in conjunction with the new tax-neutralisation schemes is likely to provide the impetus which the sector needs. Considering the extent of employment and economic value generated by the SMEs, there is a pressing need to ensure that they receive all the assistance they need.

(*Source: https://www.financialexpress.com/industry/sme/for-healthy-sme-exports-india-urgently-needs-tax-neutralisation-logistics-infra-for-clusters-sezs/1673610/ dated 12th August-2019)*

8. No duty or tax payable by EOUs on re-export of goods imported free of duty

The merchant exporter can take credit of the GST that you charge and claim a refund of the same under Rule 89 (4B) of the CGST Rules, 2017

We are a 100 per cent EOU unit. We want to send rejected raw material/ capital goods to the supplier. What will be the duty/tax (BCD, ADD, CVD, GST, etc) impact on the said transaction?

As per Para 6.15 (a) (iii) of FTP, in case an EOU/EHTP/ STP/ BTP unit is unable to utilise goods and services, imported or procured from DTA, it may be exported. Also, as per condition no. 4(i) of the notification 52/2003-Cus dated March 31, 2003, the proper officer may, subject to such conditions and limitations as may be imposed by him and subject to provisions of the Foreign Trade Policy, permit re-export. So, there are no duty or tax implications for re-export of the goods imported without duty payment under the notification 52/2003-Cus dated March 31, 2003.

As a sale and marketing consultant, I fetch orders for a merchant exporter, who sources the product under 0.1 per cent GST from local manufacturers and exports the goods with zero GST under LUT. I bill my services at 15 per cent of sales value in rupees to the merchant exporter and charge GST. The merchant exporter is unable to get refund of that (since it is a service and not goods). Please advise how the merchant exporter can get refund of GST paid to me.

The merchant exporter can take credit of the GST that you charge and claim a refund of the same under Rule 89 (4B) of the CGST Rules, 2017. It says that where the person claiming refund of unutilised input tax credit on account of zero-rated supplies without payment of tax has received supplies on which the supplier has availed the benefit of the notification No. 40/2017-Central Tax (Rate), dated the October 23, 2017, or notification No. 41/2017-Integrated Tax (Rate), dated the October 23, 2017, the refund of input tax credit, availed in respect of inputs received under the said notifications for export of goods and the input tax credit availed in respect of other inputs or input services to the extent used in making such export of goods, shall be granted. If the department contends that the service is not used in making export of goods, he can still claim refund under Rule 89(4) of the CGST Rules, 2017.

As an EOU, we have exported on IGST payment under refund claim from July 2018 onwards, but our claims are held up because our GST consultant has shown the tax amount in col. 3.1(a) instead of 3.1(b) in GSTR-3B. Our GST officers say that they cannot resolve this matter. Please advise how we can resolve this issue or whom we can approach.

For refund, the shipping details are matched with the details furnished in Table 6 of GSTR-1 and not GSTR-3B. Also, on September 4, 2018, the Rule 96 (10) of CGST Rules, 2017 was amended retrospectively, denying refund of IGST paid on exports to EOUs that have taken the benefit of notification 78/2017-Cus dated October 23, 2017. You may accordingly re-examine your eligibility for refund.

(Source: https://www.business-standard.com/article/sme/no-duty-or-tax-payable-by-eous-on-re-export-of-goods-imported-free-of-duty-119081201301_1.html dated 13th August-2019)

9. Government May Permit 100% FDI In Contract Manufacturing

New Delhi: The central government may approve 100 percent FDI on contract basis in the manufacturing sector to boost foreign investment in the country. As per the foreign investment policy at present, 100 percent FDI is allowed through automatic route in the manufacturing sector. The manufacturer is also allowed to sell manufactured products in India through wholesale and retail channels including e-commerce without government approval. "The current policy does not say anything about the contract manufacturing and things are not clear about it," she said.

Large technology companies around the world are preferring manufacturing on a contract basis. That is why clarifications are required in this matter and the Government is looking into it positively. The Ministry of Commerce and Industry is working on a proposal which will be finalized shortly and sent to the Union Cabinet for approval.

Union Finance Minister Nirmala Sitharaman, in her Budget speech in July with the intention of attracting foreign investment, had proposed relaxation of FDI norms in sectors such as aviation, AVGC (animation, visual effects, gaming, and comix), insurance and single retail brands. FDI in India declined by one percent to 44.36 billion dollars in 2018-19. The government is looking into all options to deal with the ongoing slowdown in the country.

(Source: https://english.newstracklive.com/news/govt-may-approve-100-percent-fdi-in-contract-basis-manufacturing-sc77-nu-1028764-1.html dated 14th August-2019)

10. Exports growth to be in double digits this fiscal: Commerce Secretary

In the last financial year, growth in exports was between nine and ten per cent and the volume touched USD 331 billion which was a "record", he said.

Kolkata: Exports growth of the country in the current fiscal is likely to be in double digits despite the challenging situation both on the external and internal fronts, Commerce Secretary Anup Wadhawan said here on Wednesday.

In the last financial year, growth in exports was between nine and ten per cent and the volume touched USD 331 billion which was a "record", he said.

Wadhawan also said the country had seen the "continuous growth" in the last three years.

"In the current financial year, we are expecting the growth to be in double digits", he said on the sidelines of an EEPC seminar here.

The official said the global slowdown was almost visible as per the forecast of the International Monetary Fund (IMF) and this fact would be factored in the revised Foreign Trade Policy (FTP).

The present FTP is valid till March 31, 2020 and the policy is announced in every five years.

In the first few months of the current fiscal, both exports and imports have been impacted. "While exports growth has managed to retain the past levels, imports have fallen leading to an improvement in the trade deficit", he said.

Asked about the impact of withdrawal of export benefits to Indian exporters under Generalized System of Preferences (GSP) by US, Wadhawan said "GSP is not an issue which is relevant now".

He said that benefits under GSP helped not more than three to four per cent of total exports to the US.

Speaking about engineering exporters, he said that there was a need to focus on upgradation for the benefit of the Indian industry.

"The government will work closely with the exporters to identify all the issues, both domestic and overseas. The centre will also look at the bilateral and regional engagements with various countries," he said.

Wadhawan said that the revised FTP would be simple and easy to use.

(Source: https://auto.economictimes.indiatimes.com/news/industry/exports-growth-to-be-in-double-digits-this-fiscal-commerce-secretary/70677086 dated 17th August-2019)

11. Post withdrawal of tariff concession, Indian GSP product exports to US rises 32% in June

The share of GSP benefitted in total exports from India to USA was 12 per cent, which was withdrawn with effect from June 5, 2019

If Trade Promotion Council of India (TPCI) - a trade and investment promotion organisation notified in the Foreign Trade Policy - is to be believed, India's fears of losing export earnings due to the withdrawal of duty free and concessional duty benefits under the Generalised System of Preferences (GSP) programme of United States of America are completely misplaced.

The agency, citing numbers from the database of the United States International Trade Commission (USITC), shows that India's exports to USA on GSP withdrawn products registered 32 per cent growth in June as compared to the corresponding month the previous year.

India was claiming GSP benefit on 1,945 products at the USA's eight-digit level for $6.275 billion worth of exports from India. The share of GSP benefitted products in total exports from India to USA was 12 per cent, which was withdrawn with effect from June 5, 2019.

This is a very interesting trend as out of $190 million value of GSP benefit claimed earlier, the growth has already covered $161.74 million month-on-month for June 2019 compared to last year; leaving a thin margin of $28.26 million," says Mohit Singla, chairman, TPCI.

"This is a clear indication that Indian products have the full potential to compete globally. TPCI is a strong advocate of the phasing of subsidies and reducing government support. The need is to incentivise sunrise sectors such as furniture and electrical, by creating a cluster-based mega ecosystem, which can churn export growth completely. The era of continuing fixation on labour-incentive sectors should be over, as growth in those sectors have already flattened, despite sustained support," he says.

USITC data shows the total USA's import from India is $54.35 billion in the year 2018.

The USA imports from India in June 2019 (for value on those tariff lines on which GSP was claimed in 2018) was $657.42 million compared to $ 495.67 million during the same period in 2018, a growth of $161.74 million YOY.

Singla points out that exports of 952 items (products), including plastics rubber, base metals (aluminum), machines and equipments, transport equipments,

US IMPORTS FROM INDIA

BusinessToday.In

Description	June-18	June-19	Change (%)
Animal Products	93.8	167.3	78.3
Vegetable Products	73.5	106.2	44.5
Food Products	109.4	103.1	-5.8
Ores and Minerals	45.3	67.0	48.0
Chemicals	47.9	62.5	30.6
Plastic & Rubber products	23.1	31.2	34.8
Hides & Leather	19.3	29.0	50.5
Wood and Paper products	22.0	24.0	9.3
Textiles	20.8	19.7	-5.2
Footwear, Headgear & feather products	15.3	14.8	-2.8
Glass, Stone and Ceramic	7.7	13.3	71.8
Pearls, Precious stones	7.7	9.3	21.6
Base Metals	4.4	5.9	34.1
Machinery &Equipments	5.3	3.9	-27.3
Transport Equipments	0.29	0.30	3.48
Miscellaneous items	0.09	0.02	-75.72
Grand Total	495.7	657.4	32.6

Values in USD million — Source:TPCI/ USITC Dataweb

hides and leather, pearls and precious stones showed an increase in the month of June 2019 compared to corresponding month in 2018.

The TPCI had earlier stated that the withdrawal of benefits would not make much difference to Indian exports as several of these products were intermediary inputs for US industry and helped in keeping the industry competitive. India was the largest beneficiary of the GSP programme for duty-free imports to the USA.

(Source: https://www.businesstoday.in/current/economy-politics/post-withdrawal-tariff-concession-indian-gsp-product-exports-us-rises-32-pc-june/story/372945.html dated 16th August-2019)

12. Customs to recover export benefits claimed on reimported goods

As for new cases of reimports, exporters have to a provide a 'no incentive certificate' from the regional authority (RA) of the Directorate General of Foreign Trade at the time of reimports

New Delhi: Tax authorities will soon start recovery of exports benefits claimed on goods that were reimported in the past under some incentive schemes, a decision that will impact some exporters.

The Central Board of Indirect Taxes & Customs (CBIC) has sent out a directive to tax officials following observations by Comptroller and Auditor General (CAG) that there was no provision in earlier customs notifications to recover the duty benefit claimed on exports on reimport of the merchandise. As for new cases of reimports, exporters have to a provide a 'no incentive certificate' from the regional authority (RA) of the Directorate General of Foreign Trade at the time of reimports.

"...before allowing clearance in cases of reimport of exported goods, a 'no-incentive certificate' from the respective RA of DGFT shall be ensured by customs field formations," the CBIC directive said. This certificate will be provided only when the duty benefits claimed have been surrendered. ET has seen a copy of the CBIC directive.

The move comes in the backdrop of differences between departments of commerce and revenue over continuation of Merchandise Exports from India Scheme (MEIS), introduced in 2015 by replacing five previous incentive schemes to promote merchandise exports. While the revenue department favours discontinuation of the scheme, the commerce department wants an extension, people familiar with the matter said. MEIS comes under incentive and reward schemes of the Foreign Trade Policy.

The government is now using a provision under the Reserve Bank of India rules regarding refund of incentives taken when exported goods are reimported. Reimports can happen due to many reasons, including the buyer of exported goods not being satisfied with the quality of the goods or they not meeting specifications. Reimports also happen when goods are sent out for exhibition, samples, or testing, and then are returned to the country. The Central Board of Indirect Taxes & Customs has also asked customs officials to review past cases of reimport of exported goods and take necessary action for recovery of inadmissible duty credit. The board has asked for a compliance report by September 30. Tax experts say trade needs to ensure they repay the benefits.

"Given that customs will now be closely monitoring the compliance, trade needs to ensure that they are aligned with requirement to repay benefit," said Rahul Shukla, executive director at PwC.

(Source: https://economictimes.indiatimes.com/news/economy/foreign-trade/customs-to-recover-export-benefits-claimed-on-reimported-goods/articleshow/70709151.cms dated 17th August-2019)

REVISION IN MEMBERSHIP FEES OF CHEMEXCIL

In the 2nd Meeting of Committee of Administration for the year 2019-20 held on 30th August, 2019 at 2.30 p.m. in the Conference Room of the Council. And in the Annual General meeting of Council dated 26.09.2019 It has been decided to revise the Membership Fees of the council as per the **turnover criteria instead of category and accordingly a resolution of following revised fees structure was passed**.

The said fees will be applicable to all members except new members of the council from 1st April-2020.

The revised Membership fees structure and criteria is as under

I. Manufacturers/Manufacturer-cum-Merchant Exporters

EXPORT TURNOVER (IN INR LAKHS)	MEMBERSHIP FEE (₹)
0/25 Lakhs	6,500
Above 25 Lakhs to 100 Lakhs	14,000
Above 100 lakhs to 500 lakhs	20,000
Above 500lakhs to 1000 lakhs	29,000
Above 100 lakhs	35,000

II. Merchant Exporters

EXPORT TURNOVER IN INR LAKHS	MEMBERSHIP FEE (₹)
0/5 Lakhs	5,000
Above 5 Lakhs to 25 Lakhs	9,000
Above 25 lakhs to 100 lakhs	12,500
Above 100 lakhs to 1500 lakhs	14,000
Above 1500 lakhs to 2000 lakhs	16,000
Above 2000 lakhs	18,500

III. ENTRANCE FEE

CATEGORY	ENTRANCE FEE (₹)
LARGE SCALE MANUFACTURERES	10,500
MERCHANT EXPORTERS	2,,000
SMALL SCALE MANUFACTURERS (CANCELLED AND AGAIN APPLY FOR MEMBRSHIP)	3,000

"RESOLVED THAT THE MEMERSHIP FEE FOR NEW MSME MEMBER HAS BEEN FIXED @₹1000/- AND ₹500/- AS ONE TIME ENTRANCE FEE PLUS GST AS APPLICABLE W.E.F. 1ST OCTOBER, 2019 DULY APPROVED BY THE COMMITTEE OF ADMINISTRATION IN ITS MEETING HELD ON 30TH AUGUST 2019, IS HEREBY APPROVED."

NOTCIE 1

EPC/LIC/DGFT 16/08/2019

To,
ALL MEMBERS OF THE COUNCIL

SUBJECT:-DGFT, Modification of Para 4.12(vi) of HBP and addition of Appendix 4P to Hand Book of Procedures 2015-20

Dear Members,

We would like to inform you that the O/o Directorate General of Foreign Trade, New Delhi have issued Public Notice No. 25/2015-2020 dated the 14 August, 2019 regarding Modification of Para 4.12(vi) of HBP and addition of Appendix 4P to Hand Book of Procedures 2015-20 — reg.

Kindly note that the current Para 4.12(vi) of HBP 2015-20 (as amended vide Public Notice 64 dt. 27.12.2018) reads as under:-

"Norms ratified by any Norms Committee (NC) in the O/o DGFT on or after 01.04.2015 in respect of any Advance authorization obtained under paragraph 4.07, shall-be valid for the entire period of the Foreign Trade Policy i.e. up to 31.3.2020 or for a period of three years from the date of ratification, whichever is later. Since all decisions of the Norms Committees are available in the form of minutes on the DGFT website, all other applicants of Advance Authorization are also eligible to apply and get their authorizations based on such ratified norms on repeat basis during validity of these norms."

However, after the amendment, Para 4.12(vi) of HBP 2015-20 will read as under:

"Norms ratified by any Norms Committee (NC) in the O/o DGFT on or after 01.04.2015 in respect of any Advance authorization obtained under paragraph 4.07, shall-be valid for the entire period of the Foreign Trade Policy i.e. up to 31.3.2020 or for a period of three years from the date of ratification, whichever is later. Since all decisions of the Norms Committees are available in the form of minutes on the DGFT website, all other applicants of Advance Authorization are also eligible to apply and get their authorizations based on such ratified norms on repeat basis during validity of these norms. This para is not applicable for authorizations applied for items listed under Appendix 4P."

As an effect of this Public Notice, Para 4.12(vi) of HBP has been modified to exclude items falling under Appendix 4P which is also notified.

Appendix 4P

Items to be excluded from the purview of Public Notice No. 64 dated 27.12.2018

Sl. No.	Import Item Name	ITC HS at four digits
1.	Cashew in any form	0801
2.	All Restricted/Prohibited Items under the FTP	as applicable
3.	Items covered under Para 4.11 of FTP 2015-20	as applicable
4.	Items covered under pre-import conditions under Appendix 4J	as applicable

Members are requested to take note of this amendment and do the needful accordingly. The above-said PN is available for reference using below link-

http://dgft.gov.in/sites/default/files/PN25%20English_0.pdf

Thanking you

NOTICE 2

EPC/LIC/CBIC 16/08/2019

To,

ALL MEMBERS OF THE COUNCIL

SUBJECT:- CBIC, Recovery of export benefits given under Incentive and Reward Schemes under Chapter 3 of FTP on re-import of exported goods

Dear Members,

The Drawback Division, Central Board of Indirect Taxes & Customs (CBIC) has issued Instruction No. 03/2019-Customs dated 13th August, 2019 to its field formations regarding Recovery of export benefits given under Incentive and Reward Schemes under Chapter 3 of FTP on re-import of exported goods.

We understand that the issue of recovery of export benefits given under incentive and reward schemes under Chapter 3 of Foreign Trade Policy (FTP) on re-import of exported goods has been highlighted by C&AG of India. In its observations, Audit has pointed out that there was no provision in the Customs notification to recover the duty credit given under reward and incentive schemes under Chapter 3 of FTP at the time of re-import of such goods on which such benefit has been availed at the time of export.

The issue was examined by CBIC in consultation with Directorate General of Foreign Trade (DGFT) who have informed that RBI Master Direction on exports and imports issued vide F.No. RBI/2006-2007/313 A.P.(DIR Series) Circular No.37 dated 05 April, 2007 already has a provision regarding refund of incentives taken from DGFT for such re-imports. DGFT has also informed that as per para 3.24 of Handbook of Procedures issued under FTP 2015-20, a procedure for obtaining 'no-incentive certificate' from Regional Authority (RA) of DGFT has been prescribed for such cases of re-import.

Thus it is incumbent upon the importer to provide a no incentive certificate from RA of DGFT at the time of re-import of exported goods. Accordingly, it is reiterated that before allowing clearance in cases of re-import of exported goods, a 'no-incentive certificate' from the respective RA of DGFT shall be ensured by Customs field formations. Further, field formations may review past cases of re-import of exported goods and take necessary action for recovery of inadmissible duty credit, if any, in coordination with DGFT authorities.

The above instructions issued by CBIC to customs field formations are only for information of members.

Members who are re-importing for any reason after export are requested to take note and do the needful accordingly. Issues, if any, may be highlighted to the council on ed@chemexcil.gov.in and deepak.gupta@chemexcil.gov.in .

Thanking you

NOTICE 3

EPC/LIC/GST 27/08/2019

To,
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-Extension of Due Date to 30th November, 2019 for furnishing 'Annual Return and Reconciliation Statement' for FY 2017-18

Dear Members,

As you are aware, tax payers had to file annual return in the Form GSTR-9 / Form GSTR-9A and reconciliation statement in the Form GSTR-9C for the financial year 2017-18 by August 31, 2019. However, we understand that technical problems were being faced in furnishing these returns.

Taking cognizance of the same, Central Board of Indirect Taxes and Customs (CBIC) has extended the last date for furnishing of Annual Return in the FORM GSTR-9 / FORM GSTR-9A and Reconciliation Statement in the FORM GSTR-9C for the Financial Year 2017-18 from 31st August, 2019 to 30th November, 2019.

Members are requested to take note of this relaxation and do the needful accordingly. The CBIC Order No. 7/2019-Central Tax dated 26th August, 2019 is available for reference using below linkS-

Order No. 7/2019 - Central Tax	View (736 KB)	26-08-2019	seeks to remove difficulties regarding filing of Annual returns by extending the due date for filing of Annual return / Reconciliation Statement for the Financial year 2017-18 in FORMs GSTR-9, GSTR-9A and GSTR-9C to 30th November, 2019.

http://cbic.gov.in/htdocs-cbec/gst/rod-7-2019-cgst-english.pdf

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

Thanking you

NOTICE 4

EPC/LIC/SVLDRS 27/08/2019

To,

ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-V. Imp, Sabka Vishwas (Legacy Dispute Resolution)Scheme (SVLDRS), 2019 Notified and to be Operationalized from 1st Sep 2019

Dear Members,

As you might be aware, Hon'ble Finance Minister during her Union Budget 2019-20 presentation had announced the "Sabka Vishwas-Legacy Dispute Resolution Scheme, 2019". The objective of the scheme is to settle the unresolved issues pertaining to pre-Goods and Services Tax (GST) regime.

The said Scheme has now been notified and will be operationalized from 1st September 2019. The Scheme would continue till 31st December 2019.

As per PIB release (https://pib.gov.in/PressReleseDetail.aspx?PRID=1582683), the important aspects of the scheme are highlighted as follows:

➢ Government expects the Scheme to be availed by large number of taxpayers for closing their pending disputes relating to legacy Service Tax and Central Excise cases that are now subsumed under GST so they can focus on GST.

➢ The two main components of the Scheme are dispute resolution and amnesty. The dispute resolution component is aimed at liquidating the legacy cases of Central Excise and Service Tax that are subsumed in GST and are pending in litigation at various forums. The amnesty component of the Scheme offers an opportunity to the taxpayers to pay the outstanding tax and be free of any other consequence under the law. The most attractive aspect of the Scheme is that it provides substantial relief in the tax dues for all categories of cases as well as full waiver of interest, fine, penalty, In all these cases, there would be no other liability of interest, fine or penalty. There is also a complete amnesty from prosecution.

- For all the cases pending in adjudication or appeal – in any forum - this Scheme offers a relief of 70% from the duty demand if it is Rs.50 lakhs or less and 50% if it is more than Rs. 50 lakhs. The same relief is available for cases under investigation and audit where the duty involved is quantified and communicated to the party or admitted by him in a statement on or before 30th June, 2019. Further, in cases of confirmed duty demand, where there is no appeal pending, the relief offered is 60% of the confirmed duty amount if the same is Rs. 50 lakhs or less and it is 40%, if the confirmed duty amount is more than Rs. 50 lakhs. Finally, in cases of voluntary disclosure, the person availing the Scheme will have to pay only the full amount of disclosed duty.
- As the objective of the Scheme is to free as large a segment of the taxpayers from the legacy taxes as possible, the relief given thereunder is substantial. The Scheme is especially tailored to free the large number of small taxpayers of their pending disputes with the tax administration.
- Government urges the taxpayers and all concerned to avail the Sabka Vishwas - Legacy Dispute Resolution Scheme, 2019 and make a new beginning.

In this regard, CBIC has also issued the relevant notifications which are available for reference using below links:

05/2019-CE(NT), dt. 21-08-2019	View	Rules under SVLDRS, 2019.
04/2019-CE(NT), dt. 21-08-2019	View	Implementation of Sabka Vishwas (Legacy Dispute Resolution)Scheme (SVLDRS), 2019

Relevant members are urged to avail the opportunity of regularizing old cases, if applicable.

Members may also send their feed-back to the council on e-mail ids:- ed@chemexcil.gov.in, deepak.gupta@chemexcil.gov.in & rodelhi@chemexcil.gov.in .

Thanking You

NOTICE 5

EPC/LIC/IGST_REFUNDS 8/08/2019

To,
ALL THE MEMBERS OF THE COUNCIL

SUBJECT: - Extension in SB005 alternate mechanism for S/B's filed till 31.07.2019

Dear Members,

As you might be aware, Central Board of Indirect Taxes and Customs (CBIC) had issued Circular No. 40/2018-Customs dated 24/10/2018 regarding extension in SB005 alternate mechanism and revised processing in certain cases including disbursal of compensation Cess where S/B are filed till 15/11/2018.

However, council has been receiving several representations where exporters have inadvertently used different invoice numbers during S/B creation or GST return filing which led to SB005 error and subsequent holding up of IGST refund. This issue has also been represented by council to CBIC.

Taking cognizance of the same, CBIC has issued Custom Circular No. 26/2019-Customs Dt. 27.08.2019 regarding "GST Export refunds- extension in SB005 alternate mechanism and revised processing in certain cases including disbursal of Compensation cess".

As an effect of this circular, manual rectification process of IGST Refunds for SB005 has been extended for S/Bills filed up-to 31.07.2019. The revised processing in certain cases including disbursal of Compensation cess has also been extended till the same period.

Now, errors of SB005 (S/B's post 15/11/2018 till 31/07/2019) can be manually rectified as per previously issued circulars.

Relevant members whose IGST refunds where stuck due to SB005 error (in case of S/B filed after 15/11/2018) may take it forward with IGST Refund Cell of respective customs locations for rectification/ refund processing.

For further details members may refer to the said circular using below link-

http://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2019/Circular-No-26-2019.pdf

26/2019	View(350 KB)	27-08-2019	F. No. 450/119/2017-Cus-IV	IGST Export refunds- extension in SB005 alternate mechanism and revised processing in certain cases including disbursal of Compensation cess

In case of persistent issues, you may write to the council on ed@chemexcil.gov.in & deepak.gupta@chemexcil.gov.in examination.

Thanking you,

NOTICE 6

EPC/LIC/CBIC/IGST 28/08/2019

To,
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-IGST refunds- mechanism to verify the IGST payments for goods exported out of India in certain cases extended for the F.Y 2018-19

Dear Members,

You might recall that last year CBIC had issued Circular No. 12/2018-Customs dated 29/05/2018 to enable transmission of data to ICEGATE pertaining to exports where IGST refund was stuck due to IGST payment mismatch between GSTR-1 & GSTR-3B. The solution was provided for July 2017 to March 2018.

We understand that though exporters have benefited from the procedure prescribed in the said circular, and the incidence of such errors have greatly reduced, but some exporters have still committed the same error while filing GSTR 3B on account of which their records are yet to be transmitted to Customs System. CBIC has received the representations to extend the interim solution.

In order to overcome the problems faced by the exporters, CBIC has now issued Circular No. 25/2019-Customs Dt. 27.08.2019 wherein it has been decided that the solution provided in the circular 12/2018-Customs would be applicable for the Shipping Bills filed during FY April 2018 to March 2019 also.

Therefore, in respect of guidelines provided in Para3A and 3B of the said earlier circular, the comparison between the cumulative IGST payments in GSTR-l and GSTR3B would now be for the period April 2018 to March 2019 and the corresponding CA certificate evidencing that there is no discrepancy between the lGST amount refunded on exports under this circular and the actual lGST amount paid on exports of goods for the period April 2018 to March 2019 shall be furnished by 30th October 2019.

The concerned Customs zone shall provide the list of GSTINs who have not submitted the CA certificate to the CBIC by the 1st November 2019.

Members are requested to take of this extension and do the needful, if necessary. For details, you may also refer to the Custom Circular No. 25/2019-Customs Dt. 27.08.2019 using below link-http://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2019/Circular-No-25-2019.pdf

25/2019	View(547 KB)	27-08-2019	F. No. 450/119/2017-Cus-IV(Pt.I)	IGST refunds- mechanism to verify the IGST payments for goods exported out of India in certain cases.

In case of persistent issues, you may write to the council on ed@chemexcil.gov.in & deepak.gupta@chemexcil.gov.in for examination.

Thanking You

NOTICE 7

EPC/LIC/DGFT 11/09/2019

TO,
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-Reorganization of Regional Authorities of DGFT

Dear Members,

We would like to inform you that the O/o Directorate General of Foreign Trade, New Delhi has issued Trade Notice No. 31/2019-2020 dated 06/09/2019 regarding Re-organisation of Regional Authorities of DGFT.

We understand from the Trade Notice that with a view to improve and equip the bigger regional authorities of DGFT with sufficient human resources and better infrastructure to cater to the exporter community, instructions have been issued for reorganising the regional authorities of DGFT by merging the smaller Regional Authorities with the relatively bigger RA's (Annex-I :O&M No. 7/2019 dated 05.09.2019).

In order to enable smooth transition and assist exporters of old RA's, the new RA will designate one officer from within the RA and assign the responsibility of monitoring the disposal of applications, queries, emails, contact@dgft (as the link officers), litigation, grievances from exporters of old RA's.

As per above Trade Notice, it is further clarified that:

- Exporters belonging to old RAs can file all applications online at the old RAs jurisdiction till 13.09.2019 (2 PM). No application will be accepted from exporters from old RA's on 14.09.2019 and 15.09.2019 as the servers will be updated.
- From 16.09.2019, all applications by the exporters belonging to old RAs will be filed online at the new jurisdictional RA.
- Exporters will continue to file applications for amendment of authorizations, EODC/Redemption of old applications at the old RA till 30.10.2019.
- All old applications including the files where responses to D/L's have to be sent by the exporting firms will be dealt in the old RA till 30.10.2019.
- From 01.11.2019, all activities of the old RA will be taken over by the new RA including old applications and requests and the old RA will cease to be operational.

Exporters under the jurisdiction of old RA's will continue to use earlier RA email-ids and contact@dgft for raising queries, grievances etc. From 16.09.2019, it will be the responsibility of the new RA to respond to all the queries received through email/contact@dgft (whether for new applications or earlier filed requests) in assistance with the old RA. New Jurisdictional RA's must continuously monitor transition issues and ensure that smaller merged RA's and the exporters from the old RA jurisdiction get focussed attention, outreach and trade facilitation.

Members are requested to take note of this re-organisation and do the needful accordingly.

The Trade Notice No. 31/2019-2020 dated 06/09/2019 and Annex-I:O&M No. 7/2019 dated 05.09.2019) are available for reference using below link:

S. No.	Notice No.	Year	Subject	Date	Details
1	31/2019-2020	2019-20	Re-organisation of Regional Authorities of DGFT	06/09/2019	Download (1.5 MB)

http://dgft.gov.in/sites/default/files/Trade%20Notice%2031.pdf

Thanking you

NOTICE 8

EPC/LIC/Exports 16/09/2019

To,
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-Measures to Boost Economic Growth and Exports

Dear Members,

We would like to inform you that the Honorable Finance Minister has made presentation on 14/09/2019 regarding Measures to Boost Economic Growth and also exports.

For the sake of convenience, the gist of the important measures announced pertaining to exports are highlighted as follows:

1. Scheme for Remission of Duties or Taxes on Export Product (RoDTEP) will replace MEIS. Features as under-
   - Existing dispensation in textiles of MEIS + old ROSL will continue up to 31.12.2019
   - Textiles and all other sectors which currently enjoy incentives upto 2% over MEIS will transit into RODTEP from 1.1.2020
   - In effect, RODTEP is envisaged adequately incentivize exporters than existing schemes put together. Revenue foregone projected at up to Rs. 50,000 crores
2. Fully electronic refund module (FORM GST RFD-01) for quick and automated refund of ITC nearing completion and will be implemented by end September 2019.
3. Export Credit Guarantee Corporation (ECGC) will expand the scope of ECIS Will offer higher insurance cover to bank's lending working capital for exports. ECGC Premium incidence for MSMEs will be moderated suitably.
4. An Online "Origin Management System" for exporters to enable them to obtain Certificates of Origin – CoO (under Rules of Origin) will be launched in the next few weeks by DGFT in collaboration with Exports Inspection Council.
5. Revised Priority Sector Lending (PSL) norms for Export Credit
6. Effective monitoring of Export Financing by Department of Commerce
7. Leverage technology to reduce "Time to Export or Turn-around time". Technology will be further leveraged

by timely completion of ongoing initiatives to further reduce “Time to export” -though seamless process digitization of all export clearances (port/airport/customs, etc) and elimination of offline/manual services

8. Special FTA Utilization Mission headed by a Senior officer in Department of Commerce, will be set up to work exclusively with FIEO and export houses to utilize concessional tariffs in each FTA
9. Time bound adoption of mandatory Technical Standards
10. Affordable testing and certification infrastructure
11. Annual mega shopping festivals in India will be organized in 4 places across 2020 March in 4 themes (G&J, Handicrafts/Yoga/Tourism, Textiles and Leather)

Members are requested to take note of these positive developments. For further details, you may refer to the official presentation by Honorable FM available online vide PIB Website (using below link)-

http://164.100.117.97/WriteReadData/userfiles/FM%20Announcements%20of%20Measures%20to%20Boost%20Exports%20and%20Housing%20DOC%20corrected.pdf

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

Finally, regarding above announcements, as and when notifications are issued, we shall update you.

Thanking You

NOTICE 9

EPC/R.O.DELHI 16/09/2019

To,
All Member Exporters of CHEMEXCIL

SUBJECT:-Change of CHEMEXCIL New Delhi Office address

Dear Sir / Madam,

We are pleased to inform that CHEMEXCIL Regional Office, New Delhi have recently shifted to new premises at C-53, 5th Floor, Himalaya House, 23, K. G. Marg, New Delhi - 110001.

You are kindly requested to update your records to replace our previous address: 518, 5th Floor, Ansal Chamber II, 6, Bhikaji Cama Place, New Delhi – 110066 with the following New Communication Address:

CHEMEXCIL
C-53, 5th Floor, Himalaya House, 23, K. G. Marg,
New Delhi – 110001
Tel: 011 23359890 / 41010677 Telefax: 011 23359891

Thanks

NOTICE 10

EPC/LIC/IRAN_IDBI 17/09/2019

To,
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-Iran Trade Payment Mechanism from IDBI Bank Ltd

Dear Members,

As you are aware, payments pertaining to Iran Trade are facilitated in INR through UCO Bank which is the Nodal Bank designated by the government.

In this regard, we have now been approached by IDBI Bank Ltd, Mumbai who have also offered to facilitate Indo-Iran Trade Settlements in INR.

In recent times, we understand that exporters have reported issues while transacting through UCO Bank. In view of the same, relevant members may also explore IDBI Bank Ltd as another option, if deemed fit.

For further details, we enclose herewith the introductory mailer and also a brief note on Indo-Iran Trade Settlements in INR as provided by the IDBI Bank Ltd. The enclosed note also has contact details of IDBI Mumbai for any query.

http://chemexcil.in/uploads/files/IDBI_Introductory_mailer_for_Iran_Trade.pdf

http://chemexcil.in/uploads/files/Iran_Trade_Payment_Mechanism-Synopsis.pdf

Relevant members are requested to take note of the same and do the needful accordingly. Members may also send their comments/ feed-back on our e-mail id's: ed@chemexcil.gov.in & deepak.gupta@chemexcil.gov.in .

Thanking You

NOTICE 11

EPC/LIC/CBIC/BG 17/09/2019

To,
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-Revised Norms for Execution of Bank Guarantee under Advance Authorization, DFIA and EPCG Schemes

Dear Members,

We would like to inform you that the Central Board of Indirect Taxes and Customs (CBIC) has issued Circular No 31/2019 -Customs dated 13/09/2019 in order to review the norms for execution of Bank Guarantee under Advance Authorisation (AA), Duty Free Import Authorisation(s) (DFIA) and Export Promotion Capital Goods (EPCG) schemes and have also made clarifications regarding the basis for waiver of Bank Guarantee to be executed with Customs in the Goods and Services Tax (GST) regime under such schemes in respect of manufacturers exporters/ service providers.

As you are aware, GST has come into force from 01.07.2017 whereby Service Tax as well as major portion of Central Excise have been subsumed in the GST. Board's Circular No. 58/2004-Cus dated 21.10.2004 (hereinafter referred to as 'the said Circular') and amended from time to time, prescribes the norms for execution of Bond/Bank Guarantee in respect of imports made under the AA, DFIA and EPCG Schemes.

We understand that CBIC was in receipt of references from field formations and inputs from trade and industry seeking clarification as to what should be the basis for waiver of Bank Guarantee to be executed with Customs in the Goods and Services Tax (GST) regime under AA, DFIA and EPCG schemes in respect of manufacturer exporters/ service providers.

In the view of GST regime, the norms for execution of Bank Guarantee under AA, DFIA and EPCG schemes have been reviewed and the following clarification is given by CBIC:-

(i) Manufacturer exporters/Service Providers registered with the GST authorities (Centre/State/Union Territory) who have been exporting during the previous two financial years and have minimum export of Rs. 1 crore or more during the preceding financial year shall also be eligible to claim exemption from furnishing Bank Guarantee under category (d) of importers specified in Table given in para 3.1 of the said Circular.

(ii) Manufacturer exporters/Service Providers registered with the GST authorities (Centre/State/Union Territory) who have paid GST of Rs.1 crore or more during the preceding financial year shall also be eligible to claim exemption from furnishing Bank Guarantee under category (e) of importers specified in Table given in para 3.1 of the said Circular.

Further, in order to avoid difficulties in the GST regime regarding furnishing of proof of export performance or payment of duty required to be certified by the jurisdictional Superintendent of Central Excise (para 3.2(b) of the said Circular), it has been decided to discontinue the requirement for procurement of such certificate from Central Excise authorities. Therefore, in cases where the AA/DFIA/EPCG authorisation holder is a registered member of an Export Promotion Council, he shall produce a certificate of export performance or payment of duty/GST for the purpose of availing Bank Guarantee exemption from the concerned Export Promotion Council on the lines of similar facility available earlier.

In cases where the AA/DFIA/EPCG authorisation holder is not a registered member of an Export Promotion Council, he may produce such certificate duly authenticated by a practicing Chartered Accountant who is registered with the GST Department (Centre/State/Union Territory) for payment of GST. This is also on the lines of similar facility available earlier. The Chartered Accountant will mention his GSTIN and other registration details in the certificate on the lines stipulated earlier.

Members are requested to take note of this clarification and do the needful, if applicable. The Circular No 31/2019 -Customs dated 13/09/2019 is available for reference using below link:

31/2019	View(1810 KB)	13-09-2019	F. No. 605/25/2019- DBK	Revised Norms for Execution of Bank Guarantee under Advance Authorisation, DFIA and EPCG Schemes

In case of any issues/ comments, members may write to us on our e-mail id's: ed@chemexcil.gov.in & deepak.gupta@chemexcil.gov.in .

Thanking You -----------------------------

NOTICE 12

EPC/LIC/PIB 18/09/2019

To,
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-Ministry of Commerce & Industry Press Releases on Launch of Common Digital Platform for Issuance of Electronic Certificates of Origin and ECGC Introduces Nirvik to Enhance Loan Availability for Exporters

Dear Members,

We would like to inform you that the Ministry of Commerce & Industry has come out with important press releases on 16/09/2019 which are related to launch of Common Digital platform for issuance of CoO, enhance in loan availability for exporters etc.

The gist of the press releases from PIB site are reproduced as follows for your information:

- Commerce and Industry Minister Launches Common Digital Platform for Issuance of Electronic Certificates of Origin

The Common Digital Platform for Certificate of Origin was launched by the Hon'ble Minister for Commerce & Industry & Railways for issuance of electronic certificates of origin for paperless, transparent, less time consuming and easier functioning. This would be a single point for CoOs for all FTAs/PTAs, for all designated agencies, for all products. Details to be provided by DGFT separately.

For full press release, please use below link on PIB site as under-

https://pib.gov.in/PressReleseDetail.aspx?PRID=1585169

- ECGC Introduces Export Credit Insurance Scheme (ECIS) called NIRVIK to Enhance Loan Availability for Exporters

Ministry of Commerce & Industry through Export Credit Guarantee Corporation (ECGC) has introduced a new Export Credit Insurance Scheme (ECIS) called NIRVIK to enhance loan availability and ease the lending process. The details of the scheme were shared by Hon'ble Minister for Commerce & Industry & Railways. The ECGC cover provides additional comfort to banks as the credit rating of the borrower is enhanced to AA rated account. Enhanced cover will ensure that Foreign and Rupee export credit interest rates will be below 4%and 8% respectively for exporters. Under ECIS, insurance cover percentage has also been enhanced to 90% from the present average of 60% for both Principal and Interest.

For full press release, please use below link on PIB site as under-

https://pib.gov.in/PressReleseDetail.aspx?PRID=1585226

https://pib.gov.in/PressReleseDetail.aspx?PRID=1585172

Members are requested to take note of these important measures. Members may also send their comments/ feed-back on our e-mail id's: ed@chemexcil.gov.in & deepak.gupta@chemexcil.gov.in.

Thanking You

NOTICE 13

EPC/LIC/CBIC/DBK 20/09/2019

To,

ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-CBIC Clarification regarding duty drawback allowed in cases of short realization of export proceeds due to bank charges deducted by foreign banks

Dear Members,

We would like to inform you that the Central Board of Indirect Taxes and Customs (CBIC) has issued Circular No. 33/2019-Customs dated 19/09/2019 giving Clarification regarding duty drawback allowed in cases of short realisation of export proceeds due to bank charges deducted by foreign banks.

We understand that CBIC has received representations from trade/ industry regarding show cause notices issued by some Customs field formations for recovery of duty drawback on account of short realisation of export sale proceeds due to bank charges deducted from export invoice by the banks. Exporters have contended that these short realisations are actually service charges deducted by intermediary banks while remitting payments from abroad and that said charges are documented by the banks. It has been requested such short realised export sale proceeds may be considered as full realisation and that duty drawback not be recovered for such short realisation.

In this regard, CBIC has clarified that duty drawback may be permitted on FoB value without deducting foreign bank charges. It is further clarified that since agency commission up to the limit of 12.5% of the FoB value has been allowed, such deduction on account of foreign bank charges is allowed within this overall limit of 12.5% of the FoB value. From the average rates of agency commission and foreign bank charges in respect of export shipments, it is seen that these deductions fall within the aforesaid overall limit of 12.5% of FoB value allowed by the Board. Agency commission and foreign bank charges, separately or jointly, exceeding this limit should be deducted from the FoB value for granting duty drawback.

CBIC has also advised field formations to consider on merits exporter's requests for regularising such short realisation on account of foreign bank charges based on documentary evidence such as export invoice, bank's confirmation regarding foreign bank charges, etc. to justify such deductions. They are also requested to deal with the show cause notices already issued by them accordingly.

Relevant members are requested to take note of the same and do the needful accordingly. This circular is available for reference/ download using below link-

http://cbic.gov.in/htdocs-cbec/customs/cs-circulars/cs-circulars-2019/Circular-No-33-2019.pdf

Members may also send their comments/ feed-back on this relaxation on our e-mail id's: ed@chemexcil.gov.in & deepak.gupta@chemexcil.gov.in .

Thanking You

NOTICE 14

EPC/LIC/GST 30/09/2019

To
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-GST, Online processing of ITC refund applications (RFD-01) and single authority disbursement implemented

Dear Members,

As per updates on the GST Portal (www.gst.gov.in), the online processing of ITC refund applications (RFD-01) and single authority disbursement has been implemented.

As per the update, members are advised to take note of the following changes:

- ITC Refund applications filed by the taxpayers in RFD-01 form shall be processed electronically/ online by the tax-officer and all communications between the tax officers and the taxpayers shall take place electronically.
- Refund amount shall be disbursed by accredited bank of Central Board of Indirect Taxes and Customs (CBIC) through the Public Financial Management System (PFMS) after bank account validation.

In order to view the details of changes in various forms, please use below link-click here (https://tutorial.gst.gov.in/downloads/advisory.pdf)

Members are requested to take note of this ease of doing business measure and do the needful accordingly. You can also share your feed-back/comments on our e-mail id- ed@chemexcil.gov.in & deepak.gupta@chemexcil.gov.in .

Thanking You ----------------------

NOTICE 15

EPC/LIC/JNCH 30/09/2019

To,
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-Discharge & Back to town of Export Containers shipped to Pakistan from Nhava Sheva

Dear Members,

We would like to inform you that the O/o Commissioner of Customs (General), Zone II, JNCH has issued Public Notice no. 81/2019 dated 17.09.2019 regarding Discharge & Back to town of Export Containers shipped to Pakistan from Nhava Sheva.

We understand that representations have been received by Custom Authorities from Exporters/Shipping Lines regarding permission to allow for back to town of containers already shipped to Pakistan in the light of cancellation of bi lateral trade between India & Pakistan on 09.08.2019.

For the sake of convenience of concerned members, the important points from the above said Public Notice are highlighted as follows:

There are three different situations in which the cargo may return to the port of export. The following procedure shall be observed in each of three situations respectively:-

(A) **Where Vessel has not crossed Indian Territorial waters and EGM has not been filed**

The Master of Vessel/Captain shall submit an undertaking saying that the vessel has not crossed territorial waters of India. Such containers shall be forwarded to JNCH under TP from previous port of Call within India and there is no requirement of filling a separate IGM. The Boarding Officer shall verify the Container number & Seal intact. After the verification of Container No & seal intact, the concerned exporter will follow Standard Back to Town (BTT) procedure as prescribed in Standing Order No. 43/2008 dated 17.09.2008 and other instructions issued from time to time for the return of above mentioned export containers from Port Area and will produce all relevant documents including Transhipment Permit issued by Previous Port, Shipping Bill etc. to the concerned Deputy/Assistant Commissioner of Customs (CFS/ICD). The Deputy/Assistant Commissioner of Customs shall ensure that LEO is cancelled and no export benefit including Drawback, MEIS and IGST refund etc. is granted to the Exporter. Where benefits i.e. drawback/refund has already been granted/disbursed, the same is to be reversed before back to town. If the seal is found tampered or not intact, the subject container shall be forwarded to Container Scanning Division and for 100% examination in addition to the general Back to Town procedure being followed as per existing law.

(A) **Where Vessel has not crossed Indian Customs Waters and EGM has been filed**

In this case first of all the EGM has to be amended as per Standing order No. 05/2004 dated 05.02.2014 and instructions issued from time to time by the CBIC by deleting those containers which were due to be exported to Pakistan & hence included in the EGM originally filed but not so exported for the above mentioned reasons. The

Master of Vessel/Captain shall give an undertaking that the vessel has not crossed territorial waters of India. Such containers shall be forwarded to JNCH under TP from previous port of Call within India and there is no requirement of filing a separate IGM. The Boarding Officer shall verify the Container number & Seal intact. After the verification of Container No & seal intact, the concerned exporter will follow Standard Back to Town (BTT) procedure as prescribed in Standing Order No. 43/2008 dated 17.09.2008 and other instructions issued from time to time for the return of above mentioned export containers from Port Area and will produce all relevant documents including Transhipment Permit issued by Previous Port, Shipping Bill etc. to the concerned Deputy/Assistant Commissioner of Customs (CFS/ICD). The said Deputy/Assistant Commissioner of Customs shall ensure that LEO is cancelled and no export benefit including Drawback, MEIS and IGST refund etc. is granted to the Exporter. Where benefits i.e. drawback/refund has already been granted/disbursed, the same is to be reversed before back to town. If the seal is found tampered or not intact, the subject container shall be forwarded to Container Scanning Division and for 100% examination in addition to the general Back to Town procedure being followed as per existing law.

(C) **Where Vessel has crossed Indian Customs Waters**

If the vessel carrying export containers shipped to Pakistan have crossed territorial waters of India, such consignments will be treated as exported out of India. All such containers arriving back at JNCH will be treated as Import containers and all the formalities applicable in case of re-import including but not restricted to the filing of proper IGM and Re-import procedure as prescribed in Notification No. 94/96-Cus. dated 16.12.1996 & other instructions issued from time to time shall be scrupulously followed. While clearing all such consignments it must be ensured that all export benefits are reversed if goods are being cleared at NIL rate of duty, along with all other requirements in case of re-import of goods (100% examination etc.) as per existing Law & procedures.

This Public Notice is only applicable to export containers shipped to Pakistan before 09.08.2019.

The concerned party will also ensure that all Customs & Port formalities are completed before back to town of above mentioned export containers.

Members are requested to take note of this PN and do the needful accordingly. The said PN is available for reference using below link-

PN-81-19	Discharge & Back to town of Export Containers shipped to Pakistan from Nhava Sheva.	17-September-19

http://www.jawaharcustoms.gov.in/pdf/PN-2019/81-2019%20PN.pdf

You can also share your feed-back/comments on our e-mail id- ed@chemexcil.gov.in & deepak.gupta@chemexcil.gov.in

Thanking You

NOTICE 16

EPC/LIC/GST 30/09/2019

To
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-GST,Online processing of ITC refund applications (RFD-01) and single authority disbursement implemented

Dear Members,

As per updates on the GST Portal (www.gst.gov.in), the online processing of ITC refund applications (RFD-01) and single authority disbursement has been implemented.

As per the update, members are advised to take note of the following changes:

- ITC Refund applications filed by the taxpayers in RFD-01 form shall be processed electronically/ online by the tax-officer and all communications between the tax officers and the taxpayers shall take place electronically.
- Refund amount shall be disbursed by accredited bank of Central Board of Indirect Taxes and Customs (CBIC) through the Public Financial Management System (PFMS) after bank account validation.

In order to view the details of changes in various forms, please use below link-

click here (https://tutorial.gst.gov.in/downloads/advisory.pdf)

Members are requested to take note of this ease of doing business measure and do the needful accordingly. You can also share your feed-back/comments on our e-mail id- ed@chemexcil.gov.in & deepak.gupta@chemexcil.gov.in .

Thanking You

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

NOTICE 17

REIMBURSEMENT OF REGISTRATION CHARGES FOR STATUTORY COMPLIANCE IN BUYER COUNTRY FOR CHEMICALS/ AGROCHEMICALS AND COSMETICS PRODUCTS

Dear Members,

As you are aware, the Council recommends the claims received in the Council for reimbursement of 50% of ECHA registration charges / charges for agrochemical product registration abroad.

You may be also aware, the reimbursement of registration charges for cosmetics products/ data generation/ letter of access cost / data evaluation cost/ consultancy cost/ has been a long-standing issue amongst the exporters.

The Council had been regularly taking its best efforts over the years for inclusion of important components and increase the ceiling limit of reimbursement amount for Statutory Compliances which were the concerns of many of our member-exporters since long. Several representations were also submitted in this regards to the concerned authorities and continuous follow-ups were done.

We are now glad to inform that the Ministry of Commerce & Industry has considered our request and accordingly revised the Market Access Initiative scheme (MAI) guidelines that were issued vide letter no. K-11020/303/2018-E&MDA dated 7th January-2019 which is enclosed for your kind perusal. The copy of the MAI guidelines dated 16th Feb 2018 are also attached herewith for your ready reference.

Below important components were included in the same.

1. The ceiling of reimbursement of registration charges has been increased from Rs 50 lakhs to Rs 2 crore per annum per exporter
2. Inclusion of additional components in para 4.2. of the MAI scheme specially for the Chemicals / Agrochemicals & Cosmetics products
   a. Reimbursement of registration charges of cosmetics products,
   b. Data generation
   c. Letter of access cost
   d. Study cost,
   e. Data purchase cost,
   f. Research on existing data,
   g. Data evaluation,
   h. Consultancy cost,
   i. Study monitoring cost etc.

The above revisions in the MAI Scheme / guidelines are effective from 7th Jan 2019.

All the members of the chemicals / agrochemicals/ cosmetics sector are requested to take a note of the above and accordingly submit their claims to CHEMEXCIL within the 90 days of receipt of the registration certificate.

Thanking You,


DRIP/c
TRADE FINANCE SIMPLIFIED
EASY ACCESS TO
COLLATERAL FREE
WORKING CAPITAL
Get working capital- collateral-free
Fund your company's growth using just your trade receivables
Get the competitive edge
Use Drip's advanced analytics and market-insight tools to stay ahead of the curve
Paperless, Swift, Transparent
Use Portal by Drip for paperless, faster fulfilment and end-to-end service - all in one place
The Drip Assurance
Over Rs. 3000 crore financed over the last 2 years, helping exporters grow 30% m-o-m
Get paid upfront for your invoices with Drip's invoice discounting offering and use the capital to grow your business. Fill out our application form and expect quick responses. No more waiting endlessly to get approved.
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			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

Glimpses of Taiwan BSM

Shri Sridharan Madhusudan, The Director General, India-Taipei Association (ITA) during the briefing session of Taiwan BSM

Form Left Mr. PrafullaWalhe, Dy. Director, Chemexcil, Mr. Bhupendra Patel, Regional chairman Chemexcil, Mr. Ajay Kadakia, Chairman Chemexcil, Sridharan Madhusudan, The Director General, India-Taipei Association (ITA), Mr. S.G. Bharadi, Executive Director Chemexcil, Mr. RishikeshSwaminathan, Dy. Director General, India-Taipei Association (ITA)

Buyer seller meet in progress