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

CHEMEXCIL NEWS

Issue February - March 2017

CHEMEXCIL
45th EXPORT AWARDS 2017

Lightning of Lamp from left Shri. Satish Wagh, Chairman, Chemexcil, Smt. Nirmala Sitharaman, Hon'ble Minister of State (Independent Charge) Commerce and Industry, Govt. of India, Shri. S.G. Mokashi, Chemexcil committee member, Shri. Ajay Kadakia, Vice Chairman Chemexcil, Dr. Sonia Sethi, IAS, Additional DGFT, Mumbai, Shri. S.G. Bharadi, Executive Director, Chemexcil.

GLIMPSES OF CHEMEXCIL 45TH EXPORTS AWARDS

rom left Shri. Ajay Kadakia, Vice Chairman Chemexcil, Dr. Sonia Sethi, IAS, Additional DGFT, Mumbai, Shri. Satish Wagh, Chairman, Chemexcil, Smt. Nirmala Sitharaman, Hon'ble Minister of State (Independent Charge) Commerce and Industry, Govt. of India, Shri. S.G. Mokashi, Chemexcil committee member, Shri. S.G. Bharadi, Executive Director, Chemexcil.

Shri. Shankarbhai R. Patel of M/s. Unique Dye Chem, Ahmedabad receives Life Time Achievement Award

Ashok M. Kadakia, of M/s. Ashok Organic Industries Ltd., Mumbai receives Life Time Achievement Award

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Chairman's Desk

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The trade and industry, particularly MSME and Chemical Industry in the region, welcomed the union budget presented by Finance Minister Arun Jaitley on 1st February-2017, The budget is growth oriented and long term perspective.

Almost all the associations and bodies representing commerce and industry welcomed the introduction of Trade Infrastructure Export Scheme, which will help the Indian exporters to become globally competitive.

The budget is more focus on Government investment on infrastructure was a move on right direction as private investment was showing slow growth.

Moreover, this would help exporters, who at present are forced to incur additional expenditure of more than seven percent of their exports due to poor infrastructure.

Objective of doubling farmers' income, housing for one crore rural Indians, skilling of youth by establishing 100 India International Skill Centre, Development of Infrastructure to provide end to end solution by integrating Road, Rail and Ship would greatly benefit the Manufacturing industry that is spread across the nation.

The other benefits extended such as 5 percent reduction in the tax for MSME industrial units, additional allocation to the banks for NPA accounts, cashless transaction, labour reforms, and relaxation of FDI norms by abolishing Foreign Investment Promotion Board (FIPB) would also benefit the manufacturing industry.

I take this opportunity to thank the Ministry of Commerce & Industry, specially Shri Sunil Kumar, Joint Secretary, Ministry of Commerce & Industry, for taking initiative in organizing the 2nd edition of CAPINDIA Exhibition which was held from 21st -22nd March 2017 at Hall 6 Bombay

Exhibition Centre, Goregaon, Mumbai. The exhibition was jointly organized by four Export Promotion Councils, viz. CHEMEXCIL ,PLEXCONCIL, CAPEXIL, SHEFEXIL under the aegis of the Department of Commerce, Government of India, supported by Department of Chemicals and Petrochemicals, Ministry of Chemicals & Fertilizers, Government of India.

CAPINDIA 2017 Exhibition was one of the largest showcasing and networking event to boost the Chemical, Plastic, Construction Industry Shellac & Forest Products sector under the "Make in India" initiative and establish its presence in the global market. The initiatives of Make in India and the CAPINDIA are very much relevant in today's scenario in terms of building and enlarging our manufacturing base and targeting the world as our market. The Event attracted Retailers and wholesalers from the Industry, which has brought the entire chemicals, plastics and allied products fraternity under one roof and that too for the 2nd time. The Council has received overwhelming response from members and more than 375 Exhibitors covering manufacturers/exporters showcasing a range of Industrial & agricultural inputs, Consumer items, Packaging items, Plastics processing machinery under the purview of, CHEMEXCIL, PLEXCONCIL, CAPEXIL and SHEFEXIL

The event was inaugurated on 20th March-2017 at 8.00pm by chief guest Smt. Rita Teaotia, IAS-Commerce Secretary, Department of Commerce, and Ministry of Commerce & Industry, Guest of Honour Shri. Subhash Desai, Hon'ble Cabinet Minister of Industries & Mining, Government of Maharashtra in the presence of Dr. Sonia Sethi, IAS, Additional Director General of Foreign Trade, Mumbai, Shri. Sunil Kumar, IAS Joint Secretary, EP (CAP), Mr. Satish Wagh-Chairman-CHEMEXCIL, Mr. Pradip Thakkar-Chairman-PLEXCONCIL, Mr. Ramesh K. Mittal-Chairman-CAPEXCIL and Sumit Kumar Ghosh-Chairman -SHEFEXCIL.

Chemexcil has invited more than 180 foreign buyers from 36 countries including Ghana, Kenya Uganda,Tanzania,Ethiopia,South Africa, Vietnam, Thailand, Indonesia, Malaysia, Myanmar, Russia, Kazakhstan, Tajikistan, Chile, Brazil, Argentina, Guatemala, Colombia, Tunisia, Sudan, Israel, Egypt, Syria, Morocco, Algeria, Yemen, Nepal, France, Pakistan, Bangladesh, Malawi, Sri lanka, Sierra Leone, Oman, China.

I have pleasure to inform you Chemexcil also organized its 45th Export award function on 24th March-2017 at Jade ball Room, Sahara Star, Vile Parle, Mumbai. Chemexcil Export Awards pay tribute to the achievements and contributions of export companies have made to the Indian economy. The awards celebrate export excellence through leadership and innovation.

The awards were presented by Smt. Nirmala Sitharaman, Hon'ble Minister of State (Independent Charge) Commerce and Industry, Govt. of India along with Members of the Committee of Admn. of CHEMEXCIL.

Shri. Shankar Bhai Patel from AMI PHTHALO PIGMENTS and Shri. ASHOK MANILAL KADAKIA from Emmessar Biotech & Nutrition Ltd are the life time achievement award winners. I on behalf of chemexcil committee of administration congratulate all the export awardees for their valuable contribution in Indian Economy.

I hope you will find this news bulletin informative and useful. The secretariat look forward to receive your valuable feedback and suggestions which help us to improve this bulletin.

Satish Wagh
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INDIA: LONG TERM BET FOR LATIN AMERICA'S EXPORTS

Mr. R. Viswanathan, *also known as Rengaraj Viswanathan, is a retired Indian diplomat, writer and speaker specializing in Latin American politics, markets, and culture.*

Many Latin Americans assume that India is less important for their exports than their traditional European partners such as Germany and France. Wake up..amigos. India was the third largest destination for Latin America's exports in 2014. The region exported 29 billion dollars of goods to India, while its exports to Japan and Spain were 21 billion dollars each, Germany-17 bn, Italy and UK-11 billion each and France-8 bn.

In 2015, India was Latin America's sixth important export destination with 18.8 billion dollars. This was more than the export to Japan, Germany, Italy, UK and France. The reason for the fall in exports to India in 2015 was the sharp drop in the price of crude oil.

India is the number one destination of Latin America's vegetable oil exports, with a share of 26.6% (2.57 bn dollars) in 2015. China, the second largest importer, bought just 0.73 billion dollars from the region.

In 2014, India was the second largest importer of Latin American crude oil exports with 20.9 billion dollars, ahead of China's 17.6 bn. In 2015, India was the third largest, accounting for 9.65 billion dollars.

India ranks third for the region's exports of copper and fourth for gold.

India, as a major export market, is not a wonder of one or two years. India has emerged as a large and growing market for Latin American goods in recent years and is set to continue its ranking in the years to come. India has already overtaken China in GDP growth rate and will surpass China in population too.

Petroleum crude, copper, gold and vegetable oil are among the top global Latin American exports and coincidentally these are the major imports of India from the world. India has to increase its imports of these items in the future both globally and from Latin America in view of the of the growing gap between domestic demand and production. The increasing Indian population (15 million a year) and consumption power of the new middle class as well as the need for fuelling the high growth of the economy will continue to drive the rise in imports. This Indian need to import more is complemented by Latin America's potential to export more with its ample resources.

Crude oil

India's crude imports have doubled in the last decade from 99 million tons in 2005-6 to 202 mt in 2015-16 (April-March, the financial year used by India). According to a 2015 report of International Energy Agency, imports are projected to reach 358 million tons by 2040. While India's crude imports are relentlessly increasing, Latin America is blessed with huge reserves, production capacity and surplus for exports. At the same time, the US which is the principal market for Latin American crude, has drastically reduced imports after the shale revolution. Although the middle eastern suppliers are nearer, India will continue its purchase of about 15 percent of its global imports from Latin America as part of its strategic energy security policy to avoid over dependence on the politically unstable gulf countries.

Agroproducts

In the case of vegetable oil, India's imports have jumped from 0.1 million tons in 1992-93 to 8.8 mt in 2009-10 reaching 14.6 million tons in 2014-15 (November-October used as financial year by the Indian vegetable oil industry) and is estimated to touch 15.75 mt in 2015-16. Consumption has doubled from 10.1 million tons in 2001-2 to 20.08 mt in 2014-15 and is projected to reach 26.8 mt by 2025.

South America has started exporting small quantities of pulses to India which is the largest

importer in the world. India's imports have reached 4.5 million tons in 2015-16 from just 0.56 mt in 1998-99 and 2.79 mt in 2007-8.

India's production of oil seeds and pulses is unable to cope with the increasing demand due to a number of issues, although the country is self-sufficient in cereals.

Chile, Peru and Argentina have started supplying fruits and vegetables to India. These are not considered as competition to domestic production but seen as complementary since they come during India's off-season from South America which is in the southern hemisphere.

Wines of Chile and Argentina as well as Tequila and Corona of Mexico are popular in India and their sales are growing.

Indian agriculture faces daunting challenges caused by the diversion of agricultural land for other purposes, shortage of water and low productivity due to inadequate investment by most farmers whose land sizes are small. On the other hand, South America has vast tracts of fertile land, abundant water, technologies and best practices with which the region has emerged as a global agricultural powerhouse.

Minerals

Gold is one of the major imports of India, which is the third largest importer after Switzerland and Hongkong/China. In 2015, India's imports were 35 billion dollars. India's imports have had a fourfold increase from 245 tons in 1997-98 to 957 tons in 2015-16.

India has been importing gold mostly from non-producing third countries such as Switzerland and UAE. It is only in the last few years that India has started direct imports from Latin American producers such as Colombia, Peru, Bolivia, Ecuador, Dominican Republic and Brazil. The imports from the region will go up in the coming years.

India's import of copper and other minerals are also set to rise, given the rapid industrialization, boosted by the 'Make in India' campaign. Imports of copper concentrates have seen an increase of twenty times from 0.08 million tons in 2000-1 to 1.8 million tons in 2015-16.

Beyond commodities..

Some critics complain that Latin America's exports to India are mostly commodities and raw materials. But they should be realistic and recognize the fact these are the main exports of the region except for the manufactured goods exported my Mexico to NAFTA partners. The number one item of exports of the region is crude oil, which stood at 115 billion dollars in 2015. This complements the number one item of India's import which is also crude oil. India's imports were 105 billion dollars in 2015-16.

Latin America has started exporting finished goods to India, although the figures are not that high. In 2015-16 the exports of electrical and electronic equipments were 401 million dollars, iron and steel items- 364 million, machinery and boilers- 196 million, organic chemicals- 195 million and even pharmaceuticals worth 58 million dollars. Embraer has sold planes to India and is set to increase its share in the fast growing aviation sector of India. Brazilian Marcopolo buses, made in joint venture with Tatas, are ubiquitous in Indian roads. 'Perto' from Brazil has supplied ATMs to Indian banks.

The 'retail revolution' of India has opened an unprecedented opportunity for Latin America to export processed foods and other consumables to fill the supermarket shelves. The new Indian middle class has developed taste for typical Latin American products such as quinoa, stevia, tequila, Corona beer, Argentine Malbec and Chilean wines. A Brazilian company 'Surya Brasil' imports henna ingredients from India and exports branded Henna products to many countries including India. A Peruvian firm 'Aje' has set up a plant in India to bottle and market its Big Cola drinks. Cinepolis from Mexico has become the fourth largest operator of multiplexes in India. A dozen other Latin American companies in sectors such as steel, auto parts and electrical motors have manufacturing units in India. There are a few Latin American software companies which provide services to Indian clients.

Uruguayan architect Carlos Ott has designed the largest office complex in India for TCS in Chennai. Another Uruguayan executive rose to the level of executive vice president of TCS for emerging markets, a reward for his success in establishing the company's operations across Latin America. Indian language institutes need more spanish teachers to cope with the growing popularity of Spanish which has replaced French as the most preferred foreign language even in schools. There is also scope for teachers of salsa dance, which has caught the fancy of the young Indians.

Latin American firms are yet to explore the opportunities offered by the huge investment India is making in infrastructure including highways, airports, ports, power and renewable energy. Some companies such as IMPSA of Argentina and Odebrecht and Andres Gutierrez of Brazil made some tentative attempts but did not sustain them seriously.

Entertainment and sports business

Mexican actress Barbara Mori and half a dozen Brazilians starlets have acted in Bollywood films. The famous Argentine music director Gustavo Santaolalla composed music for an Indian film Dhobi Ghat in 2010. There are a number of models from South America active in the Indian advertisement and fashion business. A Uruguayan model Carolina has married an Indian male model and settled in Mumbai as Carolina Grewal.

Colombian soap operas such as the Ugly Betty were shown in Indian TV, after adaptation. Mexican ' Kidzania' has set up edutainment theme parks in Mumbai and Delhi in collaboration with the famous actor Shahrukh Khan. Latino music is regular fare in Indian discos and gyms. Shakira from Colombia had successful live music shows in India 2007. Other pop stars and bands could follow. The Latin Americans can explore further opportunities in the Indian entertainment business which is seeking out the exotic.

There are over twenty Latin American football players and coaches in the clubs of India where football's popularity is soaring. Tata Motors has contracted Messi as their global brand ambassador. Cuban coaches have been training Indian athletes for olympics.

India as a base for regional and global business

The Latin American business could use India as a base for the Asian and global markets. Techint, a renowned Argentine steel firm has an outsourcing centre in Mumbai to service their engineering projects in West Asia. Three Latin American IT firms have acquired Indian software companies for their global delivery operations. The Argentine cofounder (along with Fabrice Grinda of France) of the online classified advertisement firm OLX launched the services not in Argentina or France but first in India where it remains as the largest in classified services. After its Indian success, the founders took it to other countries and now the firm has become one of the largest global players.

'Focus India' strategy

Most of the large- volume Latin American commodity deals are done either by multinational corporations operating out of US, Switzerland, Singapore and Hong Kong or Indian buying companies such as Reliance. There is therefore need for the Latin American governments to encourage their local companies, especially the small and medium ones, to explore the business opportunities in the Indian market. There should be more participation in Indian trade fairs, visits of business delegations and market studies. The Latin Americans could follow the example of the successful entry of Chilean fruits and vegetables in India after the commendable export promotion work done by the Chileans. If Latin Americans do a serious and sustained 'Focus India' strategy similar to the successful 'Focus Latin America and Caribbean' programme of India in the last two decades, there is tremendous scope to increase their share in the imports of India, which promises to be a large long term bet for Latin America.

TEXTILE DYES AND PIGMENTS: E-TAILERS RESHAPING THE ALL-TIME LUCRATIVE TEXTILE MARKET

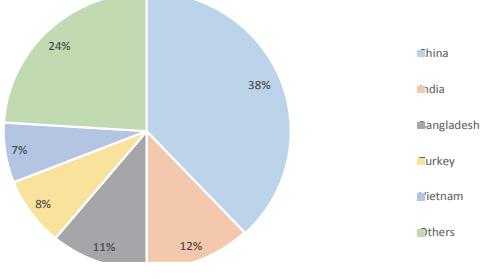
Introduction

Textile dyes and pigments used for coloring fabrics, yarns and fibers represent a vital chemical feedstock in textile production. Dyes and pigments, although perceived to be similar, have different applications due to key differences in their size and solubility. Dyes are soluble, whereas, pigments form a suspension. Dyes can be classified into azo dyes, disperse dyes, ingrain dyes, acid direct dyes, solvent and reactive dyes. Reactive dyes occupy the largest share in the market, followed by disperse dyes. On the other hand, pigments occur in two broad categories: organic and inorganic pigments.

Global Dyes Market: Highly Dependent on Textile and Clothing Sector

Textiles and leather processing industries consume over 80% of the total global dyes and pigments manufactured worldwide. The industry is benefitting from a large consumer market, trade competitiveness and advancements in technology; however, it is highly fragmented across the market with intense competition. Textile and clothing nominal sales ceded by 4% in 2015 and were crippled by unusually low commodity prices (cotton -15%, wool -7%, and manmade fibers 1%) and multiple currency depreciations worldwide, particularly so in emerging markets. As the latter produce about 80% of global output, poor economic prospects in Brazil and Russia, and China's shift towards services are expected to continue to weigh down on the sector. However, the financial shape of major textile manufacturing industries has improved in the last five years.

Top Apparel Supplying Countries- 2014



China has always been the largest consumer, as well as supplier, of textile dyestuffs. It is expected to remain the single-largest and fastest-growing market for the next ten years, at the least. Indian industries have witnessed significant growth thanks to government concessions to small-sized establishments and with the adoption of better technologies. In addition, trade liberalization policies have boosted export opportunities to countries in North America and Europe, where several facilities were shut down following strict pollution control regulations. At present, Europe is trailing behind Asia-Pacific in regard to this market, while the United States represents the next-largest market.

Developed economies of North America, Europe and Asia-Pacific primarily focus on the highest value stages of the textile and apparel value chain - designing, marketing and distribution. On the other hand, conventional textile activities are concentrated in China, India and other developing countries, such as Bangladesh, Vietnam, Pakistan and Indonesia, among others. The growth rate of developed countries is expected to decrease, while emerging economies, such as China, India and Vietnam, are expected to be key markets in the next five years. The connection between manufacturers and the end-users created by traders from Hong Kong, South Korea and Taiwan is a unique trait of the global textile and apparel sector. Vietnam is one of the fastest growing

countries in the global textile and apparel sector.

Input-related risks for dyes market

Dyes and pigments are primarily produced from petrochemicals or their derivatives. Hence, feedstock prices are directly related to petrochemicals' demand-supply and the price of crude oil. Raw material prices evidently plunged due to a global oversupply. This surplus supply and a limited demand lowered the bargaining power of players, thus leading to a decline in the prices of dyes and pigments. As a result, industries have faced pressure in maintaining overall profit margins.

Revolutionary trend shifts in the industry

The clothing and textile industry has always been labor-intensive and demanded skilled labor. However, with the adoption of modern technologies, production levels have multiplied manifold and have now become less labor sensitive. The face of the retail sector changed substantially in the past decade; modern retailing is now called "lean retailing". The technological building blocks of lean retailing are bar codes & uniform product codes, electronic data interchange (EDI) & data processing, distribution centers and common standards across firms.

This shift was gradual, but can be traced back to the 1970's, where shopping malls, such as Walmart, were established in the United States. Wal-Mart insisted that the suppliers implement information technologies for exchange of sales data and adopt standards for product labelling & advanced methods of material handling. This ensured quick replenishment of apparel, which, in turn, allowed the retailers to offer a broad variety of fashion clothes without holding a large inventory. This approach gradually spread throughout the industry in the United States, as well as countries across the globe. This trend shifted the competitive advantage of suppliers from being mainly a question of production costs to becoming a question of costs in combination with lead time and flexibility.

One cannot ignore the similar new trend shaping the textile and apparel industry, namely, the eCommerce boom. With advancing economies, people have lesser time at their disposal, but their incomes have risen, fruitfully promoting these online retail chains. With minimal investment costs, many apparel 'e-tailers' have emerged across the globe, ultimately increasing the demand for dyes and pigments. The United States, the United Kingdom and Germany are currently leading in the market for online luxury fashion sales. However, China's unpredictable exponential growth rate is expected to surpass these countries by the year 2019.

With retailers going online, technological advancements and trade liberalization in most countries, the demand for textile dyes has been on the rise, and yet, uncertain in most developed economies. The increasing severity of water crises and strict pollution control regulations have hindered the growth of traditional dyes. This has, however, encouraged the development of water-free dyeing technologies, plasma and electrochemical dyeing processes in the textile industry. Major players, such as Archroma Management LLC, Huntsman Corporation and Yorkshire Group Ltd., have actively entered into mergers and expanded their businesses into new emerging markets. Industries have increased investments in research and development to reap the benefits of this constantly growing and lucrative market.

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GROWTH OF E-COMMERCE IN CHINESE COSMETICS INDUSTRY

The skin care market, the largest in the cosmetics industry, has been witnessing dazzling trends over the past year. Beauty and personal care is one of the most active sectors on internet. Every day, the internet is flooded with numerous searches for beauty products, thousands of "how-to" beauty guides on YouTube and millions of peer reviews on social media. All these influence the purchasing decision of consumers across the globe. The rise in average income and inclination towards grooming and appearance drives a large section of the society, the middle-class, toward beauty and personal care products.

What are cosmetics?

Cosmetics products are used to enhance the appearance of one's body without affecting its structure.

Lipsticks, eyeshadow, foundation, rouge, mascara, skin cleansers and skin lotions, shampoo, gel, hair spray, etc. are some of the most-used cosmetic products.

Why Cosmetics?

Varying climatic conditions and seasonal shifts demands a careful skin care regimen. Protection from UV rays, removing dirt, dark spots, acne, dead skin and curing oily skin are essential for sensitive skin types. Makeup enhances the contrast of the human face, allowing for faster recognition of gender.

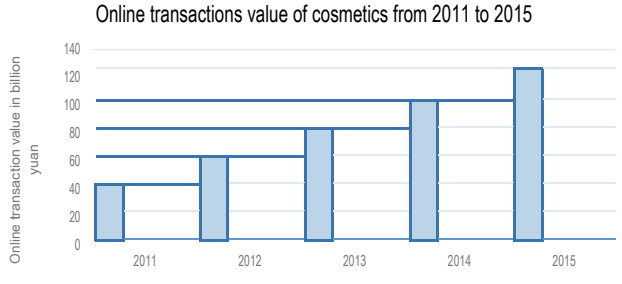
How E-commerce affects cosmetics market in China?

Shopping couldn't have been more helpful than at a click of a button, with the start of e-commerce period. Customers over the globe are progressively switching to the web to purchase things they need and e- commerce has positively changed the habits of people in a big way. Generally, online stores offer lower prices than physical stores. Online stores continually fulfill the needs of customers at lower prices, and customers keep waiting for fascinating deals for purchase.

At present, North America has the biggest cosmetic ingredients market. By 2017, however, China is expected to become the world's biggest business sector for cosmetics. Development rates of this market in North America, Western Europe and Japan are expected to grow from 0.5% to 2%, while the business sector in China is poised to develop at a normal yearly rate of 8% during 2015–20.

The Chinese cosmetics industry is going to be the most encouraging fields of business in China for the near future. Online cosmetics shopping has seen quick development and some mainland buyers are starting to purchase beauty care products and skin care items on the web. As per research, 70% of the female respondents and 66% of the male respondents purchase skincare items and beauty care products from online stores in China. Online offers of cosmetic represented 37.8% in the aggregate retail offers of cosmetics in China in 2015. It is expected that the offer will surpass 40.8% in 2018.

The following statistics show that online transaction value of cosmetics in China is increasing every year from 2011 to 2015 and is expected to continue the same during the period 2016-2020.



Cross-border ecommerce rule in China

Recently adopted cross-border e-commerce rule in China makes it easier for Chinese consumers to buy foreign products online, whether through respective e-retail sites or through Chinese commercial centers that takes orders for outside goods. The cross-border rules provoked the huge Chinese e-commerce organizations like JD.com as well as its chief rival Alibaba Group Holding Ltd. to open segments of their internet shopping gateways, where outside brands could take requests and then fulfill by means of the facilitated trade zones or from distribution centers abroad.

Taobao was the key channel for Chinese online cosmetic shopping in 2015, followed by JD, vip. The rising foreign purchasing application energized the quick development of online cosmetic shopping Gross Merchandise Volume (GMV) in China in 2016.

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OPPORTUNITY IN CHEMICALS TRADE BETWEEN CHINA AND INDIA

Overview of the Chemical Industry

Global production of chemicals (excluding pharmaceuticals) has seen a growth of 3.4% in 2016, which is slightly slower than in 2015 (+3.6%). The global growth rate of the chemical market is typically determined by developments in China, which accounts for more than one-third of worldwide production.

Major categories include organic chemicals and inorganic chemicals, including alkali, pesticides, dyestuffs, and specialty chemicals. Among the most diversified industrial sectors, basic chemicals cover an array of over 70,000 commercial products.

In India, base chemicals account for 74% of the chemical industry, followed by pharmaceuticals and biotechnology. India's chemical industry is the twelfth largest in the world and it has diverse advantages, such as its sizeable manufacturing base, strategic location close to key consuming Asian and Middle East markets, and a highly skilled workforce. Moreover, the country is slowly beefing up its credentials in the R&D space.

India's global chemical exports have been rising over the years. Total exports of chemicals grew from $3.5 billion in FY03 to $19.2 billion in FY15 at a CAGR of 16.9%. Of the $19.2 billion exports in FY15, organic chemical exports were valued at $12.02 billion (approximately 62%), followed by inorganic chemicals at $1.36 billion (approximately 7%). The United States, Netherlands, and China are the leading export destinations for Indian inorganic, organic, and agro-chemicals.

Despite this impressive growth in export, India remains a net importer of chemicals, where the total imports of chemicals was approximately $27.3 billion in FY15.

Indian Chemical Sector

The chemical sector in India primarily consists of three segments, namely Specialty Chemicals, Agro Chemicals, and Colorant Chemicals. According to the Federation of Indian Chambers of Commerce and Industry (FICCI), the Indian chemical sector was valued at $144 billion in 2015. India stands 12th worldwide in terms of volume contribution toward global chemical sector. The chemical sector accounts for about 14% in overall Index of Industrial Production (IIP).

Some of the major goods exported to China are cotton yarn, refined copper and copper alloys, construction chemicals, and vegetable oils, accounting for 30% of total global exports.

Chinese Chemical Market

The chemical industry is the third largest in China, after textiles and machinery, and accounts for 10% of the country's GDP. The Chinese chemical industry accounts for 52.1% of the Asia-Pacific chemical manufacturing sector's value, making China the largest consumer of basic chemical products in Asia and the second largest globally after the United States.

China's chemical industry has grown dramatically in the past 30 years, in line with the country's overall growth and the fundamentals of key customer industries. China's share of the global chemicals market is projected to rise to 29% by 2020. Strong growth in chemicals comes in large part from growth in customer industries.

The bilateral trade of chemicals between India and China has seen a fall off from $1.3 billion in FY14 to$1.07 billion in FY15 due to the devaluation of Chinese yuan and fluctuations in rupee value.

Exports from India to China

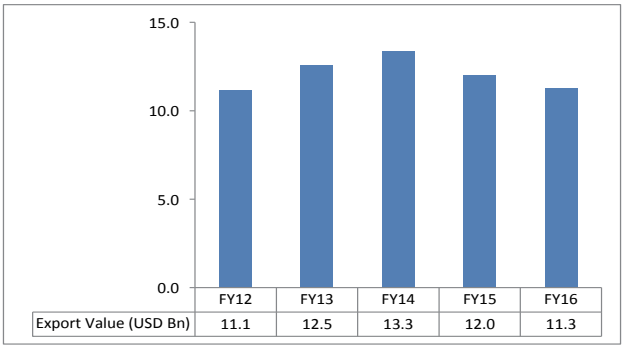
Chemical exports of India comprise several product groups such as inorganic and organic chemicals, plastics and petrochemicals, drugs and pharmaceuticals, dyes and pigments, pesticides

and agrochemicals, fine and specialty chemicals, and fertilizers.

Globally, organic chemicals and pharmaceuticals are the major exports of India in the chemicals category earning India $12.1 billion and $11.7 billion, respectively, in 2015 however, exports of organic chemicals to China were only about $600 million, accounting for about 5% of India's global exports.

India maintained a good rate of export growth to China between 2004 and 2007, but the global recession adversely affected India's exports to China, making India's export growth almost negligible since 2008. A majority of the fluctuation in export value since 2008 has typically been linked to exchange rate fluctuations rather than overall growth in export volumes. However, this trend is slowly changing since FY13, where export volumes are gradually beginning to increase for India as a whole.

Exhibit 1: Year-wise India Export Performance of Organic Chemicals



	FY12	FY13	FY14	FY15	FY16
Export Value (USD Bn)	11.1	12.5	13.3	12.0	11.3

Source: Export Genius

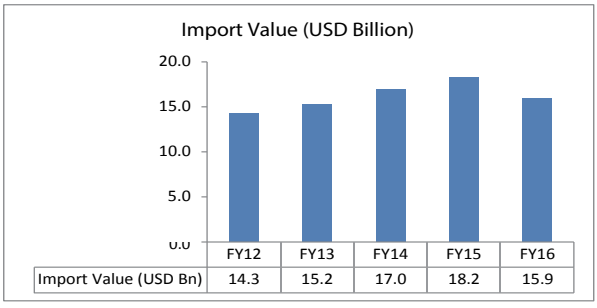
Major exporters to China include Petrochem Middle East (India) Pvt. Ltd., Thermo Fisher Scientific India Pvt. Ltd., Aurigene Discovery Technologies Ltd., Finar Limited, Sharon Bio Medicine Ltd., Sigma Aldrich Chemicals Pvt. Ltd., Anantco Enterprises Pvt. Ltd. Top chemicals exported are linear low density polyethylene, natural resins, polypropylene, PVC suspension resin, and so on.

India exports many essential oils and aroma chemicals to China, materials that are mostly based on natural resources. India is the leading manufacturer of menthol and castor oil. Sulphuric acid, phosphoric acid, titanium dioxide, carbon black, and chlor alkali industry form a major part of inorganic sector.

Imports to India from China

Despite growth within its industry, India remains a net importer of chemicals. Leading importer countries of organic chemicals to India in 2015 were China (38.7%), Singapore (7.9%), Saudi Arabia (7.5%), the United States (5%), and Kuwait (4.3%).

Exhibit 2: Year-wise India Import Performance of Organic Chemicals



	FY12	FY13	FY14	FY15	FY16
Import Value (USD Bn)	14.3	15.2	17.0	18.2	15.9

Source: Export Genius

Chinese exports play a substantial role in several Indian chemical segments. Some examples:

- India is consistently among the top 10 export destinations for pesticides from China
- India also receives inorganic pigments such as titanium dioxide from China
- For organic colour pigments, China is also by far the most important exporter to India, accounting for more than 40% of India's total imports

Major importers of chemicals from China include Amoli Organics Pvt. Ltd., Alpa Laboratories Ltd., Aurobindo Pharma Ltd., Apharm Chemicals Pvt. Ltd., Benzo Chem Industries Pvt. Ltd., Berger Paints India Ltd., Brenntag Ingredients (India) Pvt. Ltd., and Coromandel International Ltd.

Top products imported are methanol, cyclohexane, c-hexane, tetrad cane, methylene diphenyl isocyanate, cyclic hydrocarbons, caustic soda, and liquid chlorine.

China's more developed chemical industry focuses on large-scale synthetic production of chemicals primarily defined by specification. In contrast, India has an edge in some naturally

sourced chemicals as well as in some smaller and more formulation oriented segments. This second group may become larger in the future, as some of the key customer industries that use such formulations (for example, the textile industry) will probably seek to shift at least part of their production from China to India and other countries with lower labour costs.

Opportunities also arise for third parties and consultants. They can help chemical companies in both countries close the current knowledge gaps related to competitive situation, specific market opportunities and business practices– a severe problem particularly for smaller producers.

Conclusion

Since the dawn of the 21st century, the bilateral trade between India and China has witnessed rapid growth. Along with that, India's trade deficit with China has also swelled to $52.68 billion in 2015-16, from $48.48 billion in the previous fiscal. The major imports from China include telecom instruments, computer hardware and peripherals, fertiliser, electronic component, project goods, chemicals and drug intermediaries. Major Indian chemical exports to China are organic chemicals, plastics and other products including iron ores, slag and ash, iron and steel, and cotton. It is to be noted that India's imports from China majorly revolves around manufacturing. To prevent this gap from growing to alarming proportions, it is imperative for India to develop competence in the core manufacturing sector and reduce its dependence on Chinese imports. Policies and reforms by the government to nurture growth in the industrial sector, along the lines of "Make in India", and its implementation are expected to play a pivotal role in this growth.

Article by:

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GENERALIZED SYSTEM OF PREFERENCES (GSP)

This has reference to the recent Public Notice No. 51 (2015-20) – New Delhi dated 30.12.2016. According to the said PN, The DGFT inserts a new sub para 9 c), under Para 2.104 (GSP) of FTP 2015-20. Effect of this PN is "Registered Exporters System as of 01.01.2017 for the EU Generalized System of preferences (GSP) is notified.

Since this REX is notified from 01.01.2017, to understand the system, rules, regulations and the procedure mentioned in Annexure 1 to Appendix 2C, it is essential to understand the GSP scheme in brief and then it will be easy for us to understand the newly developed scheme (REX) in detail.

What is GSP in nutshell:

The Generalized System of Preferences (GSP) is a EU trade program designed to promote economic growth in the developing world by providing preferential duty- free entry for up to 4,800 products from 129 designated beneficiary countries and territories.

In short it is a scheme whereby a wide range of industrial and agricultural products originating in certain developing countries are given preferential access to the markets of the European Union.

Preferential treatment is given in the form of reduced or zero rates of customs duties.

Certain products on importation into the EU are eligible for reduced or zero rates of customs duties provided that they:

- are eligible for preference under the GSP scheme
- qualify as originating products under the rules of origin set down in the Community Customs Code Implementing Provisions
- transported directly from the GSP country to the EU (commonly referred to as the Direct Transport Rule)
- are accompanied by a valid Certificate of Origin Form A or, if the value of the consignment is less than €6,000 are accompanied by an Invoice Declaration made out by the exporter on an invoice or other commercial document
- GSP Forms A and Invoice Declarations issued in a GSP Beneficiary country have a period of validity of 10 months from their date of issue, and they must be presented in support of a claim to preference within that period.

The Eligible Countries:

The categories of countries that can benefit under the GSP scheme provided the goods are produced in accordance with the relevant rule of origin

- Developing countries/territories enjoy preferential access to EU markets
- Least developed countries (LDCs) benefit from zero duty on import into the EU for all products of Chapters 01- 97 with the exception of Chapter 93.

Details of eligible products

Can be found in the EU legislation governing the GSP scheme i.e. Commission Regulation 978/2012

The preferential rates of duty available under the GSP scheme

Rates of duty are available in the Taric database at:http://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp?Lang=en&Screen=0&redirectionDate=20110530

You all are aware that under this GSP Scheme, the Indian exporters exporting certain products to EU are eligible for preferential or ZERo duty, provided that the consignment is accompanied by Certificate of Origin issued against "Rules of Origin" framed under GSP Scheme.

Till now the exporter used to obtain this certificate of origin issued by EICs.

To facilitate trade and reduce administrative burden and costs for exporter, the EU is continuously undertaking reforms of its GSP rules of origin. One such major reform is "Self-Certification of rules of origin criteria by exporters themselves. For this the exporter exporting their products to EU and

wish to take the benefit of GSP scheme (by the importer in EU), will have to register themselves with "REX" scheme.

This new scheme of "Self Certification" is introduced from 01.01.2017

What is the REX:

It was felt by EU that as exporters are in the best position to assess the origin of their products, the European Union considers it appropriate that the exporters directly provide their customers in the EU with „statements on origin" that no longer need to be endorsed by their national authorities.

For this purpose, exporters will need to be registered by the competent authorities in an electronic system, named the REX system or the „Registered Exporter System".

The REX is a composite system relating to both registration of exporters and all other aspects related to the self-certification of the rules of origin under the EU GSP.

The competent authorities would have access to the REX system for registration of exporters as well as access to relevant information.

The registration of exporters in the system will not require any fees. An exporter will be registered in the system only once and the REX system will be common to the GSP schemes of the European Union, Norway, Switzerland and Turkey (based on Turkey fulfilling certain conditions).

The current system of issuance of certificates of origin will be replaced with "statements on origin" to be issued by exporters themselves.

This "statement on origin" is to be made out on, any commercial document (such as commercial invoice etc.) of the exported consignment.

However, during the transition period of twelve months from 1.1.2017 until 31.12.2017, the competent authorities would continue to issue certificates of origin (Form A) at the request of exporters who are not registered in the REX system.

At the end of this period, i.e. from 1.1.2018 onwards, the consignments above the value of € 6000 will be entitled to GSP preferential tariff treatment, only if accompanied by a statement on origin made out by a registered exporter.

Local Competent Authorities:

The Department of Commerce is the Local Administrator of India for Administrative Cooperation (ADC) under the EU GSP self-certification scheme.

Besides, the Department of Commerce, India would have sixteen Local Administrators for Registration (REG). The Local Administrators for Registration along with the name of their nodal officers, designation, email id and telephone numbers are listed at Annexure.-"1A". All these Local Administrators would access the REX system through their ECAS IDs.

The task and responsibilities of the Registered Exporters under REX system

They are also given in detail, in the annexure. However, few important points are given below:

These GSP schemes may differ in terms of country and product coverage. As a result, a particular registration will only be effective for exports under a GSP scheme that considers India as a beneficiary country.

Exporters, whether registered or not, (i.e. even those whose consignment values are less than €6000) must comply with the following obligations:

i. they must maintain appropriate commercial accounting records for the production and supply of goods qualifying for preferential treatment;

ii. they must keep all evidence relating to the material used in manufacturing these goods;

iii. they must keep all customs documentation relating to the material used in manufacturing these goods; for at least three years from end of the calendar year in which the statement on origin was made out, or more if required by national law. They must keep records of:

   a. The statements on origin they made out, and

b. Details of their originating and non-originating materials, its production and stock accounts.

These records and statements on origin can be kept in an electronic format but must allow the materials used in manufacturing the exported products to be traced and their originating status to be confirmed.

These obligations also apply to suppliers who provide exporters with supplier's declarations certifying the originating status of the goods they supply.

The Registered exporters would provide a summary of the "statement on origin" to the Local Users for Registration. This summary would contain the following details:

i. HS Code

ii. Description

iii. Document No/ date on which Statement on Origin is made out

iv. FOB value of exports (in $)

v. destination port

vi. Destination of export

vii. Origin Criteria, W/P HS four digit

The "statement on origin" is made out by the registered exporter in the country of export to the EU as soon as the exportation has taken place or is ensured, if the goods can be considered as originating in the beneficiary country concerned.

The exporters must provide the statement on origin to their customer(s) in the EU. It must contain the details specified in Annexure "1D". A "statement on origin" may be made out in English or any other language approved in the EU regulations on any commercial document allowing the exporter, consignee and the goods involved to be identified.

***

Sadhana Kasture, Director, Exim Institute

Disclaimer:

This note is prepared specifically to understand the GSP scheme and REX scheme in brief only as understood by us. This should not be used as legal document or rules and regulation in the court of law. For more detail, please refer Public Notice No. 51 dated 30.12.2017 issued by DGFT, along with Annexure 1 to Appendix 2C, which is available on DGFT's website.

SHRI. AJAY KADAKIA TAKES OVER AS VICE-CHAIRMAN OF CHEMEXCIL

Shri Ajay Kadakia, Director of Mumbai based M/s. Vivil Exports Pvt. Ltd, was elected as a Vice- Chairman of CHEMEXCIL -The Basic Chemicals, Cosmetics and Dyes Export Promotion Council, Set up by the Ministry of Commerce and Industry, Government of India. Shri Ajay Kadakia has got over four decades of experience in Chemicals Industry that will give a dynamic leadership to CHEMEXCIL and help in steering export growth of the products coming under its purview. CHEMEXCIL is engaged in promoting exports of Dyes and Dye Intermediates, Basic Inorganic & Organic chemicals including Agro chemicals, Cosmetics, Toiletries & Essential Oils, Castor Oil and speciality chemicals.

THE INTERNATIONAL NORTH–SOUTH TRANSPORT CORRIDOR (INSTC) FOR CIS TRADE

Background

The International North–South Transport Corridor (INSTC) is the multi-modal connectivity (ship, rail, and road route) for moving freight between India, Russia, Iran, Europe and Central Asia.

INSTC was established in Sept 2000 in St. Petersburg, by Iran, Russia and India for the purpose of promoting transportation cooperation among the Member States.

Later on, INSTC was expanded to include eleven new members, namely: Republic of Azerbaijan, Republic of Armenia, Republic of Kazakhstan, Kyrgyz Republic, Republic of Tajikistan, Republic of Turkey, Republic of Ukraine, Republic of Belarus, Oman, Syria and Bulgaria (Observer).

Current Status

The International North South Transport Corridor (INSTC) linking India to Central Asia and Russia via Iran is likely to get operationalized shortly and it would offer a shorter and cost effective trade route for India's bilateral trade with Russia and other CIS countries.

The Dry Run carried out by the Federation of Freight Forwarders Associations of India (FFFAI) in 2014 and transportation of 5 containers from Bengaluru to Moscow via INSTC route in October, 2016 has clearly demonstrated that compared to the traditional route from Mumbai via St. Petersburg which takes about 41 days, the INSTC routes take only about 20 to 25 days. Efforts are underway to further reduce the transportation time to 19 days.

At this stage, there are two operational INSTC routes:

- Mumbai — Bandar Abbas — Astara — Samur — Moscow
- Mumbai — Bandar Abbas — Amirabad — Astrakhan — Moscow

At present, except India and Oman, all other 12 countries which have signed the 1NSTC Agreement, are signatories to TIR Convention, 1975.

Union Cabinet has on 6th March, 2017 approved India's accession to the Customs Convention on International Transport of Goods under cover of TIR Carnets (TIR Convention) and for completion of necessary procedures for ratification. This will facilitate seamless movement of container cargo from India to Russia with further reduction in transit time and transportation costs. Once volume of EXIM cargo increases, there could be further reduction in transportation costs.

INSTC advantages

- Asian and European countries could make their cargo transportation through North-South Corridor with double speed compared to Suez channel,
- Carriage time reduced from 40-60 days to 25-30 days i.e. 40% shorter.
- Carriage cost is 30% less,
- The most suitable route for transit traffic between Asia and Europe
- A few countries exist along the route therefore (less border crossings and easier for the countries to reach agreements),
- It is recommended by international organizations like UN, UIC and ECO.

Conclusion:

The Department of Commerce has held consultations with the trade and industry to create awareness on INSTC and also understand the existing logistics issues concerning exports to CIS. For further information on INSTC and understanding the modalities, members may contact "Federation of Freight Forwarders Association in India".

(Source: Presentation by "Federation of Freight Forwarders Association in India" under the aegis of Department of Commerce, Ministry of Commerce & Industry, GOI)

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EXPORT STRATEGY- CHINA

ÇHINA CHEMICAL INDUSTRY:

The chemical industry is the third largest in China, after textiles and machinery, and accounts for 10 percent of the country's GDP. It accounts for 52.1 percent of the Asia-Pacific chemical manufacturing

sector's value, making China the second largest consumer of basic chemical products after the UnitedStates.

Barring 2009, the local industry experienced double-digit growth up to 2010, when it clocked a 16.5 percent hike. This trend is forecasted to continue in the years to come.

According to the China Petrochemical and Chemical Industry Federation (CPCIF), the industry's output value for 2010 was CNY 5.23 trillion, 32.6 percent above the previous year. For the first time, this figure exceeds that of the United States (USD 734 billion, or approximately CNY 4.7 trillion). Total output dwarfed that of Japan (USD 314.9 billion) and India (USD 89.1 billion). This indicates how the market rebounded strongly from the financial crisis of 2008–2009, which was felt less acutely than elsewhere. The figures also tell a story of continuous growth by a remarkably dynamic industry, made up of over 33,000 enterprises, with total revenue surging at 20.2 percent CAGR for the period spanning 2006–2010. This compares to 1.4 percent in Japan and 12.2 percent in India over the same period.

Future growth in China continues to be supported by remarkable rates of investment in fixed assets, with a total of CNY 1.15 trillion in 2010 alone, according to CPCIF. Specialty and fine chemicals represent

an increasing share in economic growth and are important ingredients in China's efforts to upgrade its industrial value chains. This chemicals segment contributed revenue of USD 189.3 billion in 2010.5

On the other side of the spectrum, agrochemicals enjoyed a more modest performance. The crop protection industry in China is a USD 2.9 billion market, growing by 6 percent in 2010, but for the moment it remains focussed on lower value generics. The market is highly fragmented, although multinational companies have a total market share of approximately 25 percent. The fertiliser market is more volatile — after a near collapse in 2009 (which followed a remarkable surge in the preceding years) it is yet to find a road to recovery. Heavy investment in basic chemicals in China has largely resulted from a drive to secure self-sufficiency in the supply of critical commodities. At the current stage, China does not produce enough chemicals to meet its demand and remains a significant importer.

ECONOMY:-

Since the late 1970s, China has moved from a closed, centrally planned system to a more market-oriented one that plays a major global role; in 2010, China became the world's largest exporter. Reforms began with the phaseout of collectivized agriculture, and expanded to include the gradual

liberalization of prices, fiscal decentralization, increased autonomy for state enterprises, growth of the private sector, development of stock markets and a modern banking system, and opening to foreign trade and investment. China has implemented reforms in a gradualist fashion. In recent years, China has renewed its support for state-owned enterprises in sectors considered important to "economic security," explicitly looking to foster globally competitive industries. The restructuring of the economy and resulting efficiency gains have contributed to a more than tenfold increase in GDP since 1978. Measured on a purchasing power parity (PPP) basis that adjusts for price differences, China in 2015 stood as the largest economy in the world, surpassing the US in 2014 for the first time in modern history. Still, China's per capita income is below the world average.

After keeping its currency tightly linked to the US dollar for years, China in July 2005 moved to an exchange rate system that references a basket of currencies. From mid-2005 to late 2008, cumulative appreciation of the renminbi against the US dollar was more than 20%, but the exchange rate remained virtually pegged to the dollar from the onset of the global financial crisis until June 2010, when Beijing allowed resumption of a gradual appreciation. In 2015, the People's Bank of China announced it would continue to carefully push for full convertibility of the renminbi after the currency was accepted as part of the IMF's special drawing rights basket.

The Chinese Government faces numerous economic challenges including: (a) reducing its high domestic savings rate and correspondingly low domestic consumption; (b) facilitating higher-wage job opportunities for the aspiring middle class, including rural migrants and increasing numbers of college graduates; (c) reducing corruption and other economic crimes; and (d) containing environmental damage and social strife related to the economy's rapid transformation. Economic development has progressed further in coastal provinces than in the interior, and by 2014 more than 274 million migrant workers and their dependents had relocated to urban areas to find work. One consequence of population control policy is that China is now one of the most rapidly aging countries in the world. Deterioration in the environment - notably air pollution, soil erosion, and the steady fall of the water table, especially in the North - is another long-term problem. China continues to lose arable land because of erosion and economic development. The Chinese government is seeking to add energy production capacity from sources other than coal and oil, focusing on nuclear and alternative energy development.

Several factors are converging to slow China's growth, including debt overhang from its credit-fueled stimulus program, industrial overcapacity, inefficient allocation of capital by state-owned banks, and the slow recovery of China's trading partners. The government's 13th Five-Year Plan, unveiled in November 2015, emphasizes continued economic reforms and the need to increase innovation and domestic consumption in order to make the economy less dependent in the future on fixed investments, exports, and heavy industry. However, China has made only marginal progress toward these rebalancing goals. The new government of President XI Jinping has signaled a greater willingness to undertake reforms that focus on China's long-term economic health, including giving the market a more decisive role in allocating resources. In 2014, China agreed to begin limiting carbon dioxide emissions by 2030.

MARKET CHALLENGES

China's rise as a consumer economy has long been suspected, but recent figures have confirmed that the once export-orientated powerhouse is now much more internally focussed, creating ample opportunities for companies looking to expand abroad.

Official figures recently revealed that China had been pushed into deficit in the month of March 2013, although there was still a surplus of near US$270bn for the year. The results confirmed what many analysts had long hoped for; that the country's future growth would be less dependant

on exports and that the new leaders are focused on delivering sustainable, quality growth, which is a welcome change from the growth-at-all-costs approach of the past.

The effect of increased wealth and consumer spend in China is already being felt around the world, with recent tourism numbers showing that visitors from the country spend more than any other country in the world with a record $102 billion shelled out on the road. For growing companies with overseas aspirations, China seems like the perfect destination for expansion. But with lengthy bureaucratic procedures and an unfamiliar consumer environment awaiting those who try, having local advisors on hand to help navigate the complex market is crucial.

As the economy continues to grow (expected to expand by 8.2% this year), we assess some of the main difficulties encountered by overseas firms doing business in China.

1. **Market access**

   Local distribution networks, buying habits of local consumers and regulatory requirements can make China a very difficult market to access. What's more, the market environment is completely detached from most other economies in the world, making it difficult to take the first steps. It is estimated that 37% of products that pass for the US market fail in the China market.

2. **Consumer preference**

   There has been a sizeable class shift in China over the past few decades, and the consumer environment is far more diverse than it once was. It is also completely detached from markets elsewhere in the world, and many companies have sunk in China because they failed to take into account consumer preference.

3. **Bureaucracy**

   Overseas firms often struggle with laws and regulations in China, with 31% of 338 respondents in a recent business survey listing bureaucracy as their number one concern when expanding into the country. Most common complaints revolve around obtaining the required licenses and permits, with many respondents bemoaning the laborious processes.

4. **Governmental challenges**

   Transparency of government procedure and corruption are chief concerns of companies moving into China, although as the new leadership is ushered in, this is likely to change. The citizens of China need to believe the government's decisions serve their interests, and there is a growing risk that the Party leaders increasingly are viewed as clinging to power in order to enrich themselves.

   Standards and conformity assessment

   Rules stating how products are designed, manufactured, sold, used and disposed of exist in China which all products must comply with before entering the market. This can be a very foreign procedure to many companies, and can impact the appeal of the country.

5. **Intellectual property**

   Intellectual property rights is an area that has been notoriously difficult in China, although recent reports suggest this is an area that is improving the most. Gary Locke, America's ambassador to China, recently said that "for every foreign company calling for stronger IP protection, there are more Chinese companies calling for the same," suggesting that progress is occurring.

6. **Competition**

   Many Chinese companies are looking to improve the quality of their products and services so they can sell them abroad, which has increased competition as a result. Additionally, consumers can, in some cases, give preference to native companies over those from abroad. The government can also give preference to domestic firms, which makes disrupting the market rather difficult.

7. Labour

The US-China Business Council recently published a report that showed 62% of respondents said that they had increased wages by 5% to 10%. Eight percent of respondents had hiked them more than 15%. This was the area that concerned respondents the most on the whole survey.

8. Human resources

Human resources remains a number one task for Chinese companies, with the demand for trained, professional labour still outstriping supply. Companies therefore find it hard to keep hold of their best staff, as some job changes can mean salary increases of up to 30%.

9. Administration

Administration, licensing, product approvals and many more laborious operating task can leave managerial desks flooded in paperwork. For many firms, overcoming the bureaucratic hassle is the biggest task to successfully breaking the Chinese market.

CHINA'S FTA INVOLVEMENT

The Chinese Government deems Free Trade Agreements (FTAs) as a new platform to further opening up to the outside and speeding up domestic reforms, an effective approach to integrate into global economy and strengthen economic cooperation with other economies, as well as particularly an important supplement to the multilateral trading system. Currently, China has 19 FTAs under construction, among which 14 Agreements have been signed and implemented already.

China has established FTAs with the following countries:

1) China-Australia FTA
2) China-Korea FTA
3) China-Switzerland FTA
4) China-Iceland FTA
5) China-Costa Rica FTA
6) China-Peru FTA
7) China-Singapore FTA
8) China-New Zealand FTA
9) China-Chile FTA
10) China-Pakistan FTA
11) China-ASEAN FTA
12) Mainland and Hong Kong Closer Economic and Partnership Arrangement
13) Mainland and Macau Closer Economic and Partnership Arrangement

China-ASEAN FTA Upgrade Negotiations

1) Free Trade Agreements under Negotiation
2) Regional Comprehensive Economic Partnership, RCEP
3) China-GCC(Gulf Cooperation Council) FTA
4) China-Japan-Korea FTA
5) China-Sri Lanka FTA
6) China-Pakistan FTA second phase
7) China-Maldives FTA
8) China-Georgia FTAChina-Israel FTA
9) China-Norway FTAFree Trade Agreements under Consideration
10) China-India Regional Trade Arrangement Joint Feasibility Study
11) China-Columbia FTA Joint Feasibility Study
12) China-Moldova FTA Joint Feasibility Study
13) China-Fiji FTA Joint Feasibility Study
14) China-NePal FTA Joint Feasibility Study
15) China-Mauritius FTA Joint Feasibility Study

GDP (purchasing power parity): $19.39 trillion (2015 est.),$18.14 trillion (2014 est.),$16.91 trillion (2013 est.)

Industries:- world leader in gross value of industrial output; mining and ore processing, iron, steel, aluminum, and other metals, coal;

machine building; armaments; textiles and apparel; petroleum; cement; chemicals; fertilizers; consumer products (including footwear, toys, and electronics); food processing; transportation equipment, including automobiles, rail cars and locomotives, ships, aircraft; telecommunications equipment, commercial space launch vehicles, satellites.

Exports: - $2.143 trillion (2015 est.),$2.244 trillion (2014 est.)

Exports Commodities:- electrical and other machinery, including data processing equipment, apparel, furniture, textiles, integrated circuits

Exporting Partners: - US 18%, Hong Kong 14.6%, Japan 6%, South Korea 4.5% (2015),

Imports: - $1.576 trillion (2015 est.),$1.809 trillion (2014 est.)

Import Commodities:- electrical and other machinery, oil and mineral fuels; nuclear reactor, boiler, and machinery components; optical and medical equipment, metal ores, motor vehicles; soybeans

Import Partners: - South Korea 10.9%, US 9%, Japan 8.9%, Germany 5.5%, Australia 4.1% (2015)

IMPORT-EXPORT TAXES AND DUTIES IN CHINA

Over the course of 2016, the Chinese government promulgated a series of new regulations affecting companies that import and export taxable goods and services in China. These new regulations expand on previous import and export taxes and duties, which vary depending on the products involved.

However, at the center of this intricate system is a central list of general principles for foreign companies to abide by. Below, we outline the most significant issues relating to these taxes and duties that foreign companies should take note of.

Companies importing products from, or exporting products to, China will generally come into contact with the following three types of taxes:

1) Value-added tax
2) Consumption tax
3) Customs duties

Value-added Tax for imported goods

All goods imported into China are subject to the nation's value-added tax (VAT) of either 13 percent or 17 percent. The 13 percent tax is available for certain goods that fall mainly within the categories of agricultural and utility items, while the 17 percent tax applies to other goods subject to the VAT tax.

The input VAT (Sales x VAT rate), which is the VAT amount paid when purchasing products or taxable services, can often be used for deduction against output VAT, which is the VAT amount charged to the buyer by the seller of a good or taxable service.

Consumption Tax for imported goods

China's consumption tax (CT) is imposed on companies and organizations who manufacture and import taxable products, process taxable products under consignment, or sell taxable products.

Imported products taxable under China's consumption tax include those that are harmful to one's health like tobacco or alcohol, luxury goods like jewelry and cosmetics, and high-end products such as passenger cars and motorcycles.

For imported goods, consumption tax varies depending on the type of product being brought into the country. Calculating consumption tax can be done by using either the ad valorem or quantity-based method.

Customs duties

Customs duties include import and export duties, with a total of 8,294 items taxed, according to China's 2016 Customs Tariff Implementation Plan ("2016 Tariff Plan"). Customs duties are computed either on an ad valorem basis or quantity basis.

Import duties

Duty rates on import goods consist of:

- Most-favored-nation duty (MFN) rates;
- Conventional duty rates;
- Special preferential duty rates;

- General duty rates;
- Tariff rate quota (TRQ) duty rates; and,
- Temporary duty rates

MFN duty rates

MFN rates are the most commonly adopted import duty rates. They are much lower than the general rates which apply to non-MFN nations. They apply to the following goods:

- Goods imported to China from WTO member countries;
- Goods originating from countries or territories which have concluded bilateral trade agreements containing provisions on MFN treatment with China; and,
- Goods that originated from China.

Conventional duty rates and special preferential duty rates

Conventional duty rates are applied to imported goods that originate from countries or territories that have entered into regional trade agreements containing preferential provisions on duty rates with China.

Special preferential duty rates

Special preferential duty rates are applied to imported goods originating from countries or territories with trade agreements containing special preferential duty provisions with China. They are generally lower than MFN rates and conventional duty rates.

General duty rates

General duty rates are applied to imported goods originating from countries or territories that are not covered in any agreements or treaties, or of unknown places of origin.

Tariff rate quota duty rates

Under tariff rate quota (TRQ) schemes, goods imported within the quota are subject to a lower tariff rate, and goods imported beyond the quota are subject to higher tariff rates. For example, the TRQ rate for importing wheat within the quota is one percent – substantially lower than the MFN duty rate of 65% and the general duty rate of 130%.

Temporary duty rates

China also sets temporary duty rates for certain imported goods in order to boost imports and meet domestic demand. In 2016, China implemented temporary tax rates, which are even lower than the MFN tariffs on more than 787 imported commodities, including on diapers (2%), sunglasses (6%), kaolin (1%), and skincare products (2%).

(Ref. http://www.china-briefing.com/news/2016/12/06/import-export-taxes-and-duties-in-china.html)

CHEMEXCIL EXPORTS TO CHINA

In USD Million

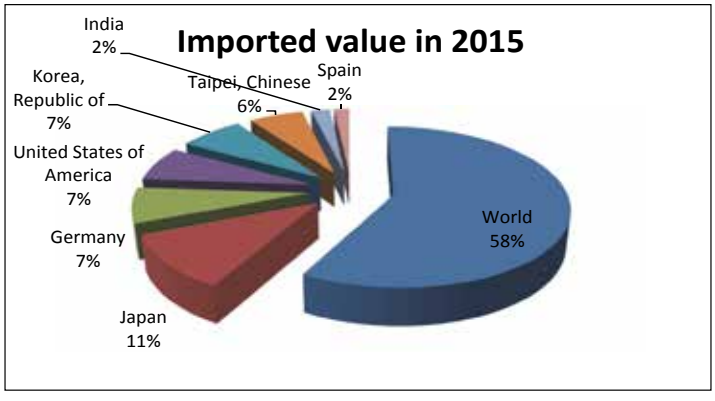
Chapter No./Panel	2013-14 (Actual)	2014-15 (Actual)	% over 2013-14	2015-16 (Provisional)	% over 2014-15
(32) Dyes & (29) Dye Intermediates	129.53	139.04	7.34	126.53	-9
(28) Inorganic, (29) Organic & (38) Agro chemicals	558.7	693.7	24.16	559.1	-19.4
(33) Cosmetics, (34) Soaps, Toiletries and (33) Essential oils	35.8	27.14	-24.19	23.78	-12.38
(15) Castor Oil	280.42	215.98	-22.98	276.65	28.09
Total	**1004.45**	**1075.86**	**7.11**	**986.06**	**-8.35**

Source: DGCI&S

List of supplying markets for a product imported by China from 2013 to 2015
Product: 32 Tanning, dyeing extracts, tannins, derivs,pigments etc

Unit : US Dollar million

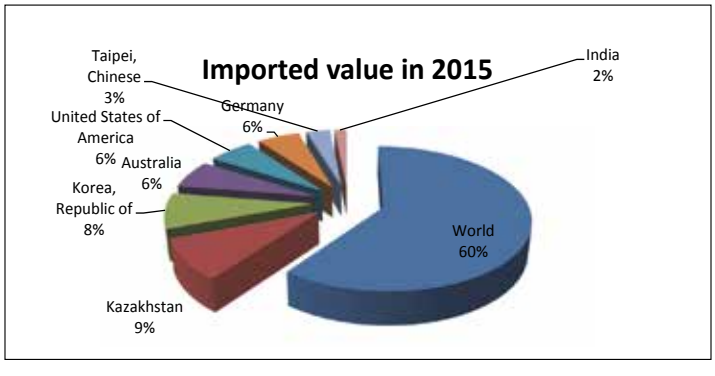
Exporters	Imported value in 2013	Imported value in 2014	Imported value in 2015
World	4312.11	4460.01	4088.00
Japan	875.99	859.67	770.53
Germany	500.83	578.79	505.92
United States of America	504.96	561.68	498.48
Korea, Republic of	491.04	479.55	497.58
Taipei, Chinese	446.65	479.52	420.31
India	127.85	141.09	148.10
Spain	200.20	166.34	117.48



List of supplying markets for a product imported by China from 2013 to 2015
Product: 28 Inorganic chemicals, precious metal compound, isotopes

Unit : US Dollar million

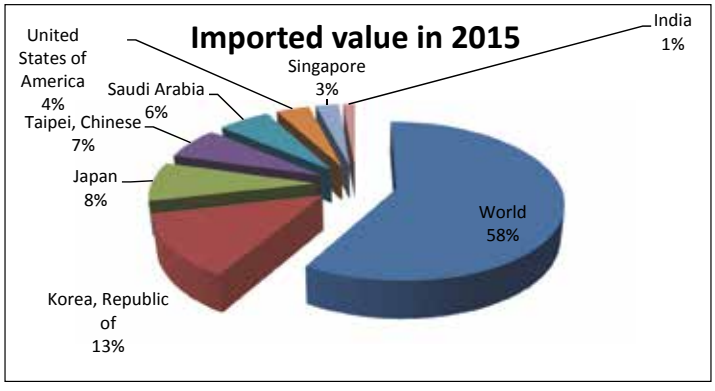
Exporters	Imported value in 2013	Imported value in 2014	Imported value in 2015
World	1158.40	1085.60	1016.91
United States of America	205.69	173.27	172.55
Germany	148.32	150.51	120.16
China	125.13	127.32	115.66
Japan	160.59	148.98	115.26
Hong Kong, China	97.94	90.01	75.97
India	7.10	10.11	10.89



List of supplying markets for a product imported by China from 2013 to 2015
Product: 29 Organic chemicals

Unit : US Dollar million

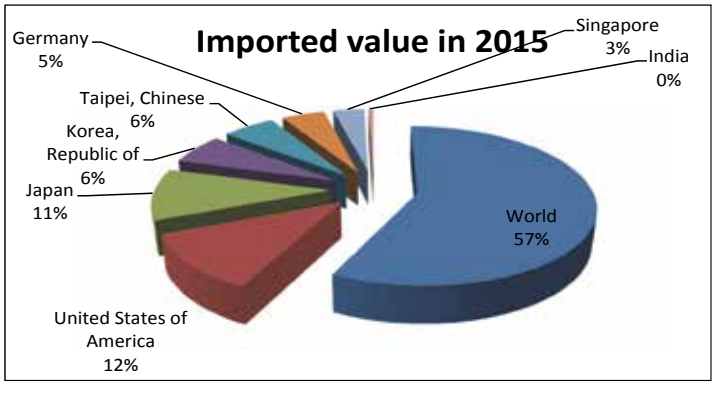
Exporters	Imported value in 2013	Imported value in 2014	Imported value in 2015
World	65876.61	60315.75	47878.74
Korea, Republic of	15320.30	13940.66	10628.72
Japan	10098.13	8431.28	6595.33
Taipei, Chinese	8473.38	7549.28	5441.23
Saudi Arabia	5779.07	5881.39	4913.59
United States of America	4003.96	3771.69	3159.06
Singapore	2992.12	3198.67	2205.06
India	1094.76	1052.79	1102.20



List of supplying markets for a product imported by China from 2013 to 2015
Product: 38 Miscellaneous chemical products

Unit : US Dollar million

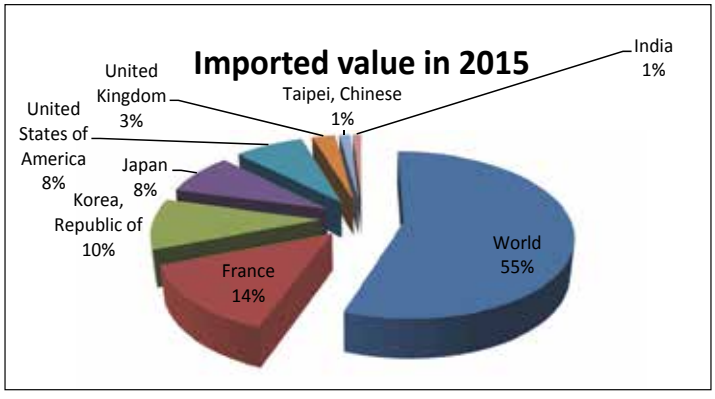
Exporters	Imported value in 2013	Imported value in 2014	Imported value in 2015
World	15720.20	16805.65	14429.10
United States of America	3365.83	3297.80	2910.19
Japan	2964.94	3003.33	2662.42
Korea, Republic of	1637.10	1582.57	1568.44
Taipei, Chinese	1596.18	1594.68	1435.95
Germany	1252.58	1314.51	1180.61
Singapore	811.75	907.49	850.86
India	135.18	144.26	123.40



List of supplying markets for a product imported by China from 2013 to 2015
Product: 33 Essential oils, perfumes, cosmetics, toileteries

Unit : US Dollar million

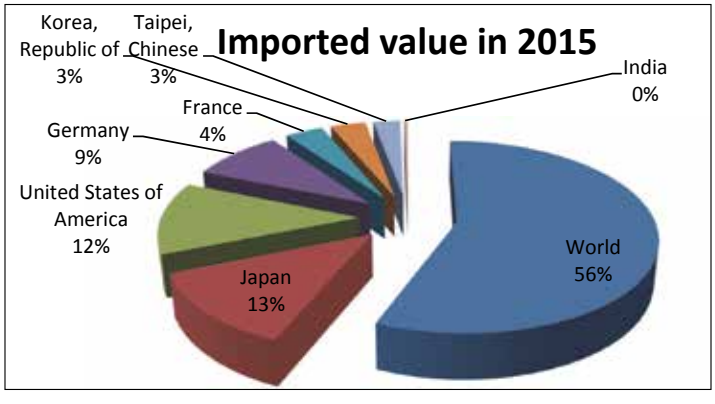
Exporters	Imported value in 2013	Imported value in 2014	Imported value in 2015
World	2384.84	2773.46	4513.51
France	611.42	772.94	1114.72
Korea, Republic of	162.16	237.18	801.27
Japan	352.11	422.80	665.73
United States of America	350.84	403.61	637.60
United Kingdom	96.33	110.07	212.14
Taipei, Chinese	57.97	74.29	104.22
India	139.69	89.58	77.34



List of supplying markets for a product imported by China from 2013 to 2015
Product: 34 Soaps, lubricants, waxes, candles, modelling pastes

Unit : US Dollar million

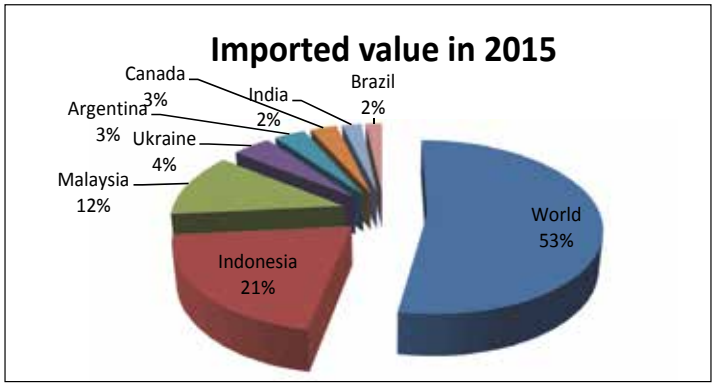
Exporters	Imported value in 2013	Imported value in 2014	Imported value in 2015
World	3692.43	3950.88	3809.88
Japan	866.07	902.26	850.74
United States of America	775.08	838.09	835.07
Germany	619.72	672.14	596.78
France	177.00	214.37	247.12
Korea, Republic of	217.17	239.86	230.71
Taipei, Chinese	158.81	189.35	177.33
India	12.91	18.45	21.82



List of supplying markets for a product imported by China from 2013 to 2015
Product: 15 Animal,vegetable fats and oils, cleavage products, etc

Unit : US Dollar million

Exporters	Imported value in 2013	Imported value in 2014	Imported value in 2015
World	10822.95	9118.24	7894.88
Indonesia	2679.13	2978.84	3065.53
Malaysia	3205.44	2672.93	1780.66
Ukraine	479.99	450.86	638.28
Argentina	789.30	552.80	501.36
Canada	1170.97	597.05	439.38
India	359.27	273.73	321.67
Brazil	571.42	540.09	269.05



CHEMEXCIL MEMBERSHIP FEES:

MEMBERSHIP FEES FOR NEW MEMBERS

(Amount in ₹)

Sr. No.	Category	Membership Fees	Entrance Fees	Total Amout	Service Tax@15%	Total Fees
1	Large Scale Manufacturer	29500	10500	40000	6000	46000
2	Small Scale Manufacturer	6500	2000	8500	1275	9775
3	Merchant Exporter	9000	3500	12500	1875	14375
4	Merchant Exporters cum Large Scale Manufacturer	38500	14000	52500	7875	60375
5	Merchant Exporter cum Small Scale Manufacturer	15500	5500	21000	3150	24150

MEMBERSHIP FEES FOR OLD MEMBERS (RENEWED)

Sr. No.	Category	Membership Fees	Service Tax@15%	Total Fees
1	Large Scale Manufacturer	29500	4425	33925
2	Small Scale Manufacturer	6500	975	7475
3	Merchant Exporter	9000	1350	10350
4	Merchant Exporter cum Large Scale Manufacturer	38500	5775	44275
5	Merchant Exporter cum Small Scale Manufacturer	15500	2325	17825

CHEMEXCIL ACTIVITIES

1. Chemexcil Seminar on Impact of Budget on Chemical Exports held on 8th February 2017, at Vapi Industries Association, VIA House, VAPI.

From Left Mr. S.G. Bharadi Executive Director Chemexcil receives token of appreciation from Mr. Parthiv Mehta Hon. Secretary, Vapi Industries Association along with Mr. Vijay Shanker Pandey, Under Secretary, Ministry of Commerce and Industry, Govt of India.

Chemexcil Mumbai Office organized Seminar on Impact of Budget on Exports followed by CAPINDIA 2017 Interactive meeting on 8th February 2017 at Vapi Industries Association, VIA House, Plot No. 135, GIDC, Vapi - 396195 jointly organized by CHEMEXCIL, PLEXCONCIL, and CAPEXIL & SHEFEXIL in association with Vapi Industries Association.

The seminar was attended by Shri Vijay Shanker Pandey US-EP(CAP), Ministry of Commerce and Industry, Govt. of India, Mr. S.G. Bharadi Executive Director, Chemexcil, Mr. Parthiv Mehta, Hon. Secretary, Vapi Industries Association, Mr. Sudhakar Kasture, Director, Exim Institute and 30-member exporters from Vapi region.

Mr. S.G. Bharadi, Executive Director, Chemexcil attended the seminar and shared his views on budget and requested participants to exhibit and visit CAPINDIA 2017 event dated 21-22 March-2017 .The seminar was well attended by the member – exporters of the Vapi and nearby region. Mr. S.G. Bharadi, emphasized the need to understand the budget and urged the participants to make best use of such educative seminars organized by the Council to add value to knowledge.

The session on impact of budget on Chemical Exports was conducted by Shri Sudhakar Kasture, Director Exim Institute an eminent consultant on Trade topics. Mr. Sudhakar Kasture in his presentation analyzed Union Budget 2017 with suitable illustrations which evoked a good response from the participants. He also clarified queries raised by the participants to their satisfaction

2. Chemexcil Seminar on impact of Budget 2017 on exports along with CAPINDIA Roadshow at Ahmedabad on 14.02.2017 at Hotel Novotel, S.G Highway, Ahmedabad

Chemexcil organized seminar on impact of budget 2017 on exports along with CAPINDIA roadshow at Ahmedabad on 14.02.2017 at hotel Novotel, S. G. Highway, and Ahmedabad. Mr. Shankar Patel, President, The Green Environment Services Co-op. Soc. Ltd. was the Guest of Honour for this program along with Mr. Bhupendra Patel, Regional Chairman - Chemexcil; Mr. Sabyasachi Dutta, Executive Director - PLEXCONCIL; Mr.Sudhakar Kasture, Director- Helpline Impex Pvt. Ltd.; Mr. Gagan Kumar, Representative-REACHLaw;Mr.S.G.Bharadi, Executive Director - Chemexcil and Ms. Vaishali Zinzuwadia, Regional Director – Chemexcil. Total 50-participants attended this seminar.

From Left- Ms. Vaishali Zinzuwadia, Regional Director – Chemexcil; Mr. Sabyasachi Dutta, Executive Director - PLEXCONCIL; Mr. Gagan Kumar, Representative-REACHLaw, New Delhi; Mr.S.G.Bharadi, Executive Director-Chemexcil and Mr.Sudhakar Kasture, Director- Helpline Impex Pvt. Ltd.

Mr. S. G. Bharadi, Exe. Director - Chemexcil welcomed the participants and briefed about CAPINDIA 2017 event.

Mr. Sudhakar Kasture –HELPLINE EXIM PVT. LTD., Mumbai briefed on IMPACT OF BUDGET ON EXPORTS and covered Future of Incentives, Trade Facilitation Agreement and Impact of Budget 2017

Mr. Gagan Kumar, Representative from REACH Law, New Delhi addressed the gathering on REACH 2018 Roadmap. He covered the brief work done by Chemexcil for exporters' i.e. reimbursement of REACH ECHA fees, Awareness Seminar, REACH 2010 and 2013 Indian Registration status.

3. Chemexcil's "Chemicals Buyer Seller Meet" held on 21st February 2017 at Renaissance, Kuala Lumpur, Malaysia

H.E Shri. T.S. Tirumurti, High Commissioner of India to Malaysia, other dignitaries with Chemexcil delegates for the BSM

As an export promotion measure, the Council has organised, with active support of High Commission of India, KL Malaysia and ASC Agenda Suria Communication Sdn. Bhd, it's **Chemicals Buyer Seller Meet** on 21st February 2017 at Renaissance, Kuala Lumpur, Malaysia.

Malaysia is India's second most important trading partner amongst the ASEAN countries and also India's gateway to ASEAN. Therefore, the objective of the event was to provide a platform to our member exporters to further explore the market potential for Council's items in Malaysia and strengthen co-operation with Malaysian companies.

Total 29 delegates participated in the BSM under the umbrella of CHEMEXCIL. These were reputed companies from council's various panels and are exporting to ASEAN region.

CHEMEXCIL's BSM was graced by H.E Shri T.S Trimurti, High Commissioner of India to Malaysia who was also the Chief Guest for the opening ceremony. The event was also graced by Shri Nikhilesh Giri, Deputy High Commissioner of India to Malaysia, Shri Bramha Kumar- First Secretary (Commerce), HICOM- KL, Shri Sasi Kumar- Attache (Com) HICOM-KL, Shri Jag Rao, Simancha, CEO, ASC, Dato (Shri) J Palaniappan, Council Member (MFM), Shri Norsalan Hadi Abdul Kadir, Deputy Director, MATRADE and others.

The Hon'ble High Commissioner, while addressing the gathering of Indian delegates and Malaysian visitors, was glad that such an event has been organized by the Council in Malaysia. He further added that with negotiation of RCEP in future and stability in MYR, the timing of the event was ideal and such an event be followed up by other events in future also which help the Indian delegates get foothold in the Malaysian Market.

The Hon'ble High Commissioner also interacted with the delegates and Malaysian visitors.

The BSM event evinced good response with around 95 Malaysian visitors from diverse sectors of end-user industries who are potential buyers of Indian delegates and were interested in co-operating with Indian companies.

The delegates were satisfied with the response during the BSM and shall now take it further with the potential clients for securing business.

4. Chemexcil's "Chemicals Buyer Seller Meet" held on 23rd February 2017 at Suntec Convention & Exhibition Centre, Singapore

Inauguration of CHEMEXCIL Buyers - Sellers Meet at Singapore on 23rd February 2017.

Dr. Pradyumn Tripathi, First Secretary (Commerce), High Commission of India to

As an export promotion measure, the Council has organised, with active support of High Commission of India, Singapore and De Ideaz Pty Ltd, it's **Chemicals Buyer Seller Meet** on 23rd February 2017 at Suntec Convention & Exhibition Centre, Singapore.

Singapore is among India's largest trade and investment partner in ASEAN with exports of around USD 294.36 Mn in 2015-16 (pertaining to chemexcil items). Therefore, this event was organised to promote our exports and also to assist our member exporters to further explore the market potential for Council's items in Singapore.

Total 26 delegates participated in the BSM under the umbrella of CHEMEXCIL. These were reputed companies from council's various panels and are exporting to ASEAN region.

CHEMEXCIL's BSM was graced by Dr. Pradyumn Tripathi, First Secretary (Commerce), High Commission of India to Singapore who was also the Chief Guest for the opening ceremony. The event was also attended by Shri Nirmesh Kumar, Attache (Com) HICOM-Singapore and others.

Dr. Pradyumn Tripathi, while addressing the gathering of Indian delegates and local participants, was glad that such an event has been organized by the Council in Singapore. He further stressed the importance of the Singapore market in with negotiation of RCEP in future and also the assured the delegates of support in related matters.

Dr. Tripathi also interacted with the delegates and inquired about their current business and wished them well.

The BSM event evinced good response with around **63 Singapore visitors** from diverse sectors of end-user industries who are potential clients for Indian delegates and were interested in co-operating with Indian companies.

The delegates were satisfied with the response during the BSM and shall now take it further with the potential clients for securing business.

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5 CAPINDIA-2017 : Press Conference dated 28.02.2017

Shri. Satish Wagh, Chairman Chemexcil Welcoming Shri. Sunil Kumar, IAS, Joint Secretary, EP (CAP) Dept. of Commerce, Govt. of India during CAPINDIA press conference.

CAPINDIA was India's show for global markets and was expected to make Chemicals, Plastics, Construction Industry and Allied Products trade a major contributor to the country's export growth and development and to popularize this mega event among the members and visitors a press conference was conducted on 28th February 2017 at Hotel Trident Nariman Point, Mumbai- 400 021 followed by lunch. Chief Guest Shri Sunil Kumar, IAS, Joint Secretary, Ministry of Commerce & Industry, Department of Commerce, Government of India addressed the Press Meet along with Mr. Satish Wagh, Chairman, Chemexcil, Mr. Pradip Thakkar, Chairman, PLEXCONCIL

Almost 30 media people covered this event

The meeting was started with welcome remark by Shri. Satish Wagh chairman chemexcil followed by CAPINDIA 2017 presentation and CAPINDIA film with vote of thanks, question and answer session.

6. Chemexcil participation in 18th China International Agrochemical & Crop Protection Exhibition held at SNIEC, Shanghai, China during 1st-3rd March, 2017.

The 18th China International Agrochemical & Corp Protection (CAC2016) exhibition was a 3 day event held from 1st - 3rd March 2017 at the Shanghai New International Expo Centre (SNIEC) in Shanghai, China. This event was held concurrently with the 18th China International Agrochemical and Crop Protection Equipment Exhibition (CAC 2017) and the 8th China International Fertilizer Show (FSHOW 2017).

In order to promote exports of Agro Chemicals from India and also to assist our members to explore the market potential in China, the Council has participated in the 18th China International Agrochemical & Corp Protection (CAC2017) held from 1st-3rd March 2017.

As the largest Agrochemicals exhibition in China, CAC offers an international trade, communication and exchange platform involving pesticides, fertilizers, seeds, beyond-agriculture, production & packaging equipment, crop protection equipment, logistics, consultancy, laboratories and supportive services.

The three shows which were spread over 60,000 square meters, 1,100 exhibitors; more than 120 countries and regions 30,000 domestic and foreign professional buyers; more than 10 sessions over the same period of meetings and activities in five exhibition Halls namely- N1 to N5 in Shanghai New International Expo Centre.

CHEMEXCIL had organised an India Pavilion in CAC 2017 by booking approximately 532 sq.mt. of space in Hall N3 at SNIEC. Total 36 exhibitors from India had showcased their products under the umbrella of CHEMEXCIL.

Chemexcil's India pavilion attracted good visitor interest from Local buyers and global business professionals/ dealers/ buyers etc from countries such as Argentina, Bangladesh, Brazil, Egypt, Iraq, Jordan, Korea, Mexico, Pakistan, Turkey, Yemen, Vietnam etc. Indian exhibitors were happy to interact and network with them.

7. CAPINDIA-2017

From left Mr. Ramesh Mittal, Chairman Capexil, Dr. Sonia Sethi, IAS, Additional Director General of Foreign Trade, Mumbai, Mr. Pradip Thakkar-Chairman-PLEXCONCIL, Shri. Subhash Desai, Hon'ble Cabinet Minister of Industries & Mining, Government of Maharashtra, Smt. Rita Teaotia, IAS-Commerce Secretary, Department of Commerce, and Ministry of Commerce & Industry, Mr. Satish Wagh-Chairman-CHEMEXCIL, Shri. Sunil Kumar, IAS Joint Secretary, EP (CAP and Sumit Kumar Ghosh-Chairman -SHEFEXCIL.

The second edition of CAPINDIA was organised jointly by CHEMEXCIL, PLEXCONCIL, CAPEXIL and SHEFEXIL under the aegis of the Department of Commerce, Government of India, supported by Department of Chemicals and Petrochemicals, Government of India . It was one of the largest sourcing and networking events for the Chemicals, Plastics, Construction Industry & Allied Products sector at Hall 6, Bombay Exhibition Center, Goregaon, Mumbai during 21st -22nd March-2017.

The Event attracted Retailers and wholesalers from the Industry.

CAPINDIA 2017 was an opportunity to:

- Display products, technologies, innovations, and the best practices of Indian companies
- A platform to network and share knowledge with foreign and Indian delegates.
- Cultivate business relations at a Global level
- An opportunity to explore investment opportunities
- Give access to innovative technologies and global best practices.

Altogether 383 exhibitors exhibited in this event, 189 foreign delegates invited from 36 countries.

An inauguration was carried on 20th March-2017 at Hotel Taj Santacruz at 8.00pm

The event was inaugurated by chief guest Smt. Rita Teaotia, IAS-Commerce Secretary, Department of Commerce, and Ministry of Commerce & Industry, Guest of Honour Shri. Subhash Desai, Hon'ble Cabinet Minister of Industries & Mining, Government of Maharashtra in the presence of Dr. Sonia Sethi, IAS, Additional Director General of Foreign Trade, Mumbai, Shri. Sunil Kumar, IAS Joint Secretary, EP (CAP), Mr. Satish Wagh-Chairman-CHEMEXCIL, Mr. Pradip Thakkar-Chairman-PLEXCONCIL, Mr. Ramesh K. Mittal-Chairman-CAPEXCIL and Sumit Kumar Ghosh-Chairman -SHEFEXCIL.

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PROUDLY CELEBRATES 25 YEARS OF CONTINUOUS SERVICES

INTRODUCTION

The Vatva Industrial estates was established by GIDC in 1968

There are more than 1800 units located at Vatva

The current turnover of Vatva is Rs15,000 crores and export is around Rs 7500 crores.

Providing 1.0 lac direct and 50,000 indirect employments.

680 out of 1800 units, predominantly dyes, dyes intermediates, pigments, fine chemicals and some textile processors are having potential to create water pollution

To cater the issue of waste water pollution the Green Environment services Co op. society (GESCSL) is formed in the year 1992 with the support of Vatva Industries Association (VIA) and Gujarat Dyestuff Manufacturers Association (GDMA)

95 % members of GESCSL are falling under micro and small scale category

CURRENT STATUS

Vatva is the only estate in the country which has all the pollution control facilities undr one roof as detail below:

Facility	Commissioning Year	Capacity	Investment, Rs in cr	No. of beneficiary members
CETP – for waste water treatment	Sept. 1998	16 MLD	74.41	674
OLD TSDF –& Interim storage facility.	March 2003	12.5 Lac MT	14.50	684
for solid waste	Nov. 2013	1.5 Lac MT	4.00	
Common Spent acid treatment and mgmt services (NOVEL)	Nov. 2009	500 MT/d	36.00	165
MEE & 03 spray dryes for concentrated waste water	Since March 2014	Total 1020 KLD	36.00	223

Apx Rs 65.0 crore per year has been spent by the members of GESCSL to operate all above facilities in efficient manner

UNIQUENESS

- Only estate in the country which has all pollution control common facilities viz., CETP, TSDF, MEE, spray drier and spent acid management, under Co-operative body.
- The cheapest and most efficient internal effluent collection system which envisage 100% control over quality and quantity of the effluent discharged by the member unit.
- CETP does not have any flow diversion arrangement.
- Online TOC, COD, BOD and TSS meters are installed at the CETP outlet and which being monitored on hourly basis and data transferred to GPCB and CPCB
- Billing and monitoring visit of member unit is being done based on software.
- SCADA –PLC based sump rooms for quantifying effluent discharged by the members.
- Auto sampler installed for composite and continuous sampling of the effluent discharged by the members.

ACHIEVEMENTS of GESCSL

- CETP is certified for ISO 9001:2008, ISO 14001:2004 and ISO 18001:2007 for provisions of services for effluent collection, treatment and discharge.
- Secured Landfill Facility is certified for ISO 9001:2008, ISO 14001:2004 and ISO 18001:2007 for provisions of services for collection and storage of solid waste.
- Winner of Golden Peacock Environment Management Awards 2010 & 2008.
- Winner of Greentech Gold Award 2008 and Silver Award 2007
- NABL Accredited Laboratory

SOCIAL ACTIVITIES

- Operation of polyclinic at Vatva in association with VIA
- Oraganising Blood donations camps jointly with VIA
- Organising medical camps for the patient of dieses related to eyes, diabetes etc
- Development of Green belt by by planting more than 15000 trees, growing lawn in about 225000 sq. ft area, more than 80,000 plans are growing at CETP and 300 members units
- Cleaning and replenishing of Vinzol Pond had been done
- Distribution of grain kits, feed packages and water pouches during natural calamotes
- Distribution of uniforms, book, note books to the students of nearby schools.

CHEMEXCIL 45TH EXPORT AWARDS

Shri. Satish Wagh Chairman Chemexcil welcomes Chief guest Smt. Nirmala Sitharaman, Hon'ble Minister of State (Independent Charge) Commerce and Industry, Govt. of India,

Welcome address by Shri. Satish Wagh, Chairman, Chemexcil

Welcome address by Chief Guest, Smt. Nirmala Sitharaman, Hon'ble Minister of State (Independent Charge) Commerce and Industry, Govt. of India.

Vote of Thanks by Shri. Ajay Kadakia, Vice Chairman, Chemexcil

CHEMEXCIL Export Awards is an annual program which aims to recognize excellence in the export of Chemicals by Indian Chemical Exporters. The Awards acknowledge the important contribution of businesses to the economy through job creation and increased prosperity for the community and for the country.

CHEMEXCIL hosted its 45th Export Awards function on 24th March 2017 at 2.30pm at Jade Ballroom, Hotel Sahara Star, Opp. Domestic Airport, Vile Parle, and Mumbai 400099.

The Chief Guest of the function was Smt. Nirmala Sitharaman, Hon'ble Minister of State (Independent Charge), Ministry of Commerce & industry, Government of India who conferred Export Awards to the outstanding exporters who have excelled in their export performance during the year 2015-16.

CHEMEXCIL felicitated two Life Time Achievement Award Winners viz. Mr. Shankar Bhai Patel from "AMI PHTHALO PIGMENTS and Mr. Ashok M. Kadakia from "Emmessar Biotech & Nutrition Ltd.

The next highest awards was Trishul, Gold, followed by First and Second Awards and Certificate of Excellency and Certificate of Merit, of which Gold, First and Second Awards and the Certificate of Excellency and Certificates of Merit are given panel-wise.

Chemexcil Export Award Winners for the year 2015-2016

LIFE TIME ACHIEVEMENT AWARD
SHRI SHANKERBHAI R PATEL
AMI PHTHALO PIGMENTS,
AHMEDABAD

LIFE TIME ACHIEVEMENT AWARD
SHRI ASHOK MANILAL KADAKIA
EMMESSAR BIOTECH & NUTRITION
LTD., MUMBAI

TRISHUL AWARD
SHRI LALIT T. SHAH
AMBUJA INTERMEDIATES PVT. LTD.
MUMBAI

TRISHUL AWARD
MRS. PARU M. JAYKRISHNA
ASAHI SONGWON COLORS LTD.
AHMEDABAD

AWARD OF EXCELLENCY
SHRI MANOJ CHHEDA
AARTI INDUSTRIES LTD.,
MUMBAI

AWARD OF EXCELLENCY
SHRI MUNJAL M. JAYKRISHNA
AKSHARCHEM (INDIA) LTD. ,
GUJARAT

AWARD OF EXCELLENCY
SHRI ANAND CHARY
SUBHASRI PIGMENTS PVT. LTD.,
MUMBAI

AWARD OF EXCELLENCY
SHRI HARI B. SHETTY
MALLAK SPECIALTIES PVT. LTD.,
MUMBAI

GOLD AWARD
SHRI BIPIN PATEL
BODAL CHEMICALS LTD.,
AHMEDABAD

GOLD AWARD
SHRI RITESH K. SARAF
SARAF DYECHEM INDUSTRIES,
AHMEDABAD

FIRST AWARD
SHRI ANAND PATEL
MEGHMANI INDUSTRIES LTD.,
AHMEDABAD

FIRST AWARD
SHRI VINOD BHAGERIA
BHAGERIA INDUSTRIES LTD., MUMBAI

SECOND AWARD
SHRI PUNEET SRIVASTAVA
JAYSYNTH DYESTUFF (INDIA) LTD.,
MUMBAI

SECOND AWARD
SHRI LALIT CHADHA
VAL ORGANICS PVT.LTD.,
MUMBAI

CERTIFICATE OF MERIT
SHRI HEMANT BANDODKAR
GANESH POLYCHEM LTD.,
MUMBAI

CERTIFICATE OF MERIT
HRI PRABHAS SANGHAI
PARAMOUNT MINERALS AND
CHEMICALS LTD., MUMBAI

CERTIFICATE OF MERIT
DR. MOHIT RAJANI
SARNA CHEMICALS PVT LTD.
GUJARAT

CERTIFICATE OF MERIT
SHRI RONAK PATEL
MACSON PRODUCTS
SURAT

TRISHUL AWARD
SHRI MUKUND KOTHARI
RELIANCE INDUSTRIES LTD., NAVI
MUMBAI

TRISHUL AWARD
SHRI ASLESH R. PAREKH
GANDHAR OIL REFINERY (INDIA) LTD.,
MUMBAI

AWARD OF EXCELLENCY
SHRI VIJAY PALKAR
INDO AMINES LTD.,
DOMBIVALI

GOLD AWARD
SHRI R. RAJASEKHAR
UPL LIMITED
MUMBAI

GOLD AWARD
ABHIJIT KULKARNI
AQUAPHARM CHEMICALS PVT. LTD.,
PUNE

FIRST AWARD
SHRI RAXIT GOR
P I INDUSTRIES LTD.,
UDAIPUR

FIRST AWARD
SHRI P.P. AGRAWAL
CHEMSPEC CHEMICALS PVT LTD.,
MUMBAI

SECOND AWARD
SHRI PRASAD VASANT JOGLEKAR
JUBILANT LIFE SCIENCES LTD.,
NOIDA

SECOND AWARD
PARIJAT INDUSTRIES (INDIA) PVT. LTD.,
NEW DELHI

CERTIFICATE OF MERIT
DR. K. N. SINGH
GHARDA CHEMICALS LTD.,
MUMBAI

CERTIFICATE OF MERIT
SHRI DHANANJAY RANADE
SRF LIMITED,
GURGAON

CERTIFICATE OF MERIT
SHRI BHAVES V. SHAH
GSP CROP SCIENCE PVT. LTD.,
AHMEDABAD

CERTIFICATE OF MERIT
SHRI KAMLESH SANGHAVI
AKRY ORGANICS PRIVATE LTD.,
MUMBAI

TRISHUL AWARD
SHRI. RAMESH DORAISWAMI
VVF (INDIA) LIMITED.,
MUMBAI

TRISHUL AWARD
SHRI VAIBHAV KUMAR AGRAWAL
NOREX FLAVOURS PVT.LTD.
AMROHA, U.P.

AWARD OF EXCELLENCY
SHRI NITIN NABAR
GODREJ INDUSTRIES LIMITED,
MUMBAI

AWARD OF EXCELLENCY
SHRI AKHILESH GUPTA
HERBOCHEM INDUSTRIES,
BARABANKI

AWARD OF EXCELLENCY
SHRI RAJENDRAN R.
GREEN CHEM,
BENGALURU

GOLD AWARD
SHRI ZUBAIR AHMED KHAN
ATTAR MOHAMED DAWOOD &
COMPANY, CHENNAI

FIRST AWARD
ARORA AROMATICS PVT LTD.,
SAMBHAL

SECOND AWARD
MS. V. VIDYA LATHA
CHOLAYIL PVT LTD.,
CHENNAI

CERTIFICATE OF MERIT
MS. TARA PARTHASARATHY
ULTRAMARINE & PIGMENTS LTD.,
MUMBAI

CERTIFICATE OF MERIT
DR. D K MEHTA
VASU HEALTHCARE PVT. LTD.,
VADODARA

CERTIFICATE OF MERIT
SHRI SOMAKUMAR K. I.
PYARY PRODUCTS,
COCHIN

CERTIFICATE OF MERIT
SHRI BHUVNESH KUMAR VARSHNEY
HINDUSTAN MINT & AGRO PRODUCTS
PVT.LTD., CHANDUSI

TRISHUL AWARD
SHRI VIKRAM V. UDESHI
IHSEDU AGROCHEM PVT. LTD.,
MUMBAI

AWARD OF EXCELLENCY
SHRI ABHAY V. UDESHI
JAYANT AGRO-ORGANICS LTD.,
MUMBAI

GOLD AWARD
SHRI RAVI VENKATESWAR
GALAXY SURFACTANTS LTD.,
NAVI MUMBAI

GOLD AWARD
SHRI BHAVIN. J. CHHATARALA
GIRNAR INDUSTRIES,
JUNAGADH

TRISHUL AWARD
SHRI MANISH SHAH
PRAKASH CHEMICALS INTERNATIONAL
PVT LTD., VADODARA

AWARD OF EXCELLENCY
SHRI HIMANSHU G. MEHTA
PALVI POWER TECH SALES PVT.LTD.,
VADODARA

GOLD AWARD
SHRI SUNIL SAXENA
GOLCHA TALC,
JAIPUR

FIRST AWARD
SHRI MP LAKSHMIPATHY
PON PURE CHEMICAL INDIA PRIVATE
LIMITED, CHENNAI

SECOND AWARD
SHRI VARUN SOMANI
RADIKA EXIM, JAIPUR

CERTIFICATE OF MERIT
SHRI AJAY JAGNANI
R.A.DYESTUFFS (INDIA) PVT. LTD.,
AHMEDABAD

CERTIFICATE OF MERIT
SHRI ANANT V. JHUNJHUNWALA
SOLAR ORGANICS,
MUMBAI

TEAM CHEMEXCIL AT THE TIME OF 45th EXPORT AWARD AT JADE BALL ROOM, HOTEL SAHARA STAR, VILE PARLE

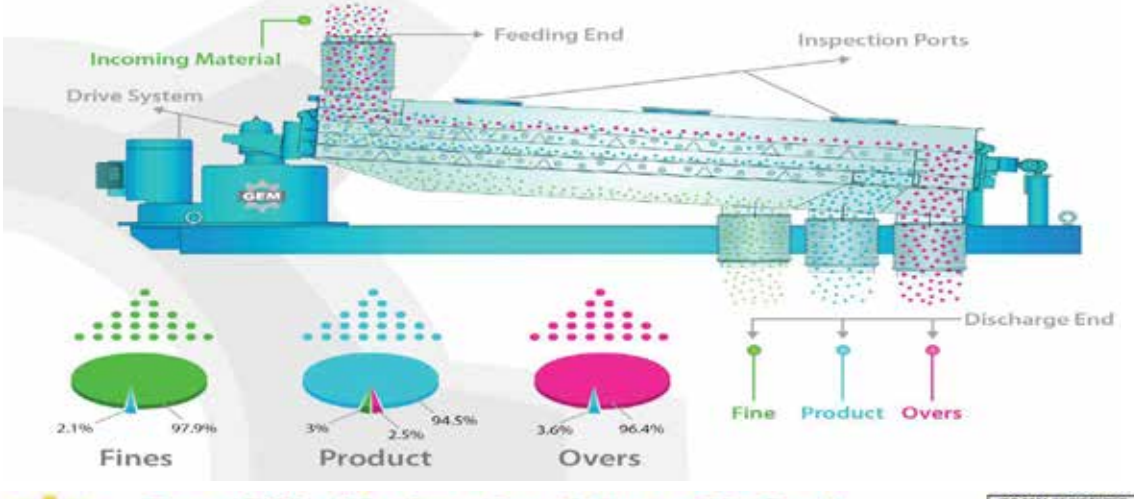
NOVATEX SCREENER

SCREEN SEPARATORS

Novatex Gyratory Vibrating Screen unique technology is a high efficiency screening machine for separating materials according to particle size without product deterioration

APPLICATION AREAS

FLOW OF MATERIALS



Gem Allied Industries Private Limited

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Website: www.gemdryers.com / www.coconutprojects.com
Government of India Recognized Export House CIN No. U99999UV1996PTC077411

News Articles

1.) HIGHLIGHTS OF UNION BUDGET 2017

Affirming that the economy is right on track, Finance Minister Arun Jaitley presented the Union Budget for 2016-17. Citing that the CPI inflation has come down to 5.4% from 9 plus, he said it is huge relief for the public.

Tax

- Infrastructure and agriculture cess to be levied.
- Excise duty raised from 10 to 15 per cent on tobacco products other than beedis
- 1 per cent service charge on purchase of luxury cars over Rs. 10 lakh and in-cash purchase of goods and services over Rs. 2 lakh.
- SUVs, Luxury cars to be more expensive. 4% high capacity tax for SUVs.
- Companies with revenue less than Rs 5 crore to be taxed at 29% plus surcharge
- Limited tax compliance window from Jun 1 - Sep 30 for declaring undisclosed income at 45% incl. surcharge and penalties
- Excise 1 per cent imposed on articles of jewellery, excluding silver.
- 0.5 per cent Krishi Kalyan Cess to be levied on all services.
- Pollution cess of 1 per cent on small petrol, LPG and CNG cars; 2.5 per cent on diesel cars of certain specifications; 4 per cent on higher-end models.
- Dividend in excess of Rs. 10 lakh per annum to be taxed at additional 10 per cent.

Personal Finance

- No changes have been made to existing income tax slabs
- Rs 1,000 crore allocated for new EPF (Employees' Provident Fund) scheme
- Govt. will pay EPF contribution of 8.33% for all new employees for first three years
- Deduction for rent paid will be raised from Rs 20,000 to Rs 60,000 to benefit those living in rented houses.
- Additional exemption of Rs. 50,000 for housing loans up to Rs. 35 lakh, provided cost of house is not above Rs. 50 lakh.
- Service tax exempted for housing construction of houses less than 60 sq. m
- 15 per cent surcharge on income above Rs. 1 crore

Social

- Rs. 38,500 crore for Mahtma Gandhi MGNREGA for 2016-17
- Swacch Bharat Abhiyan allocated Rs.9,500 crores.
- Hub to support SC/ST entrpreneurs
- Government is launching a new initiative to provide cooking gas to BPL families with state support.

- LPG connections to be provided under the name of women members of family: Rs 2000 crore allocated for 5 years for BPL families.
- 2.87 lakh crore grants to gram panchayats and municipalities - a quantum jump of 228%.
- 300 urban clusters to be set up under Shyama Prasad Mukherji Rurban Mission
- Four schemes for animal welfare.

Health

- 2.2 lakh renal patients added every year in India. Basic dialysis equipment gets some relief.
- A new health protection scheme for health cover upto 1 lakh per family.
- National Dialysis Service Prog with funds thru PPP mode to provide dialysis at all district hospitals.
- Senior citizens will get additional healthcare cover of Rs 30,000 under the new scheme
- PM Jan Aushadhi Yojana to be strengthened, 300 generic drug store to be opened

Education

- Scheme to get Rs.500 cr for promoting entrepreneurship among SC/ST
- 10 public and 10 private educational institutions to be made world-class.
- Digital repository for all school leaving certificates and diplomas. Rs. 1,000 crore for higher education financing.
- Rs. 1,700 crore for 1500 multi-skill development centres.
- 62 new navodaya vidyalayas to provide quality education
- Digital literacy scheme to be launched to cover 6 crore additional rural households
- Entrepreneurship training to be provided across schools, colleges and massive online courses.
- Objective to skill 1 crore youth in the next 3 years under the PM Kaushal Vikas Yojna-FM Jaitley
- National Skill Development Mission has imparted training to 76 lakh youth. 1500 Multi-skill training institutes to be set up.

Energy

- Rs. 3000 crore earmarked for nuclear power generation
- Govt drawing comprehensive plan to be implemented in next 15-20 years for exploiting nuclear energy
- Govt to provide incentive for deepwater gas exploration
- Deepwater gas new disc to get calibrated market freedom, pre-determined ceiling price based on landed price of alternate fuels.

Investments and infrastructure

- Rs. 27,000 crore to be spent on roadways
- 65 eligible habitats to be connected via 2.23 lakh kms of road. Current construction pace is 100 kms/day
- Shops to be given option to remain open all seven days in a week across markets.
- Rs. 55,000 crore for roads and highways. Total allocation for road construction, including PMGSY, - Rs 97,000 crore
- India's highest-ever production of motor vehicles was recorded in 2015
- Total outlay for infrastructure in Budget 2016 now stands at Rs. 2,21,246 crore

- New greenfield ports to be developed on east and west coasts
- Revival of underserved airports. Centre to Partner with States to revive small airports for regional connectivity
- 100 per cent FDI in marketing of food products produced and marketed in India
- Dept. of Disinvestment to be renamed as Dept. of Investment and Public Asset Management
- Govt will amend Motor Vehicle Act in passenger vehicle segment to allow innovation.
- MAT will be applicable for startups that qualify for 100 per cent tax exemption
- Direct tax proposals result in revenue loss of Rs.1060 crore, indirect tax proposals result in gain of Rs.20,670 crore

Agriculture

- Total allocation for agriculture and farmer welfare at Rs 35984 crores
- 28.5 lakh heactares of land wil be brought under irrigation.
- 5 lakh acres to be brought under organic farming over a three year period
- Rs 60,000 crore for recharging of ground water recharging as there is urgent need to focus on drought hit areas cluster development for water conservation.
- Dedicated irrigation fund in NABARD of Rs.20.000 cr
- Nominal premium and highest ever compensation in case of crop loss under the PM Fasal Bima Yojna.

Banking

- Banks get a big boost: Rs 25,000 crore towards recapitalisation of public sector banks. Jaitley says: Banking Board Bureau will be operationalised, we stand solidly behind public sector banks.
- Target of disbursement under MUDRA increased to 1,80,000 crore
- Process of transfer of government stake in IDBI Bank below 50% started
- General Insurance companies will be listed in the stock exchange
- Govt to increase ATMs, micro-ATMs in post offices in next three years

(Ref. http://www.thehindu.com/business/budget/highlights-of-union-budget-201617/article8295451.ece?gclid= CNKOjtHl8NECFY cfa AodjDoD7g dated 2nd Feb-2017)

2. UNION BUDGET 2017: IT PROVIDES IMPETUS TO MANUFACTURING, EXPORT INFRASTRUCTURE, SAYS NIRMALA SITHARAMAN

The Budget 2017-18 has provided an impetus to manufacturing, export infrastructure and government e-marketplace, Commerce and Industry Minister Nirmala Sitharaman today said. (Source: IE)

The Budget 2017-18 has provided an impetus to manufacturing, export infrastructure and government e-marketplace, Commerce and Industry Minister Nirmala Sitharaman today said. She said that Finance Minister Arun Jaitley has announced several measures for the ministry. The Budget "provides renewed impetus to manufacturing and Make in India, export infrastructure and government e-marketplace," she said in a statement.

The measures include proposed scheme for creating employment in leather and footwear industries, further liberalisation of FDI policy and abolition of the Foreign Investment Promotion Board (FIPB). "The long standing demand of startups has been accepted and the profit (linked deduction) exemption available to them for 3 years out of 5 years is changed to 3 years out of 7 years," she added.

MAT (minimum alternate tax) credit is allowed to be carried forward up to a period of 15 years instead of 10 years at present. She said: "For creating an eco-system to make India a global hub for electronics manufacturing, a provision of Rs 745 crores in 2017-18 in incentive schemes like M-SIPS and EDF. The incentives and allocation has been exponentially increased following the increase in number of investment proposals".

She also said that inverted duty has been rectified in several products in the chemicals, petrochemicals, textiles, metals and renewable energy sectors.

Infrastructure a key pillar under the Make in India programme has been strengthened with a large budgetary allocation, the minister said, adding measures for MSMEs would make them more competitive.

The outlay for the department of commerce for 2017-18 has pegged at Rs 4,465.83 crore, down from Rs 4,562.74 crore in the revised estimate for the current fiscal. However, in case of the Department of Industrial Policy and Promotion (DIPP), the outlay has been increased to Rs 3,608.87 crore for 2017-18 as compared to Rs 2,016.26 crore in the revised estimate for the current fiscal.

(Ref. http://www.financialexpress.com/budget/union-budget-2017-it-provides-impetus-to-manufacturing-export-infrastructure-says-nirmala-sitharaman/534142/ dated 2nd February-2017)

3. REFORMS IN INDIA'S FOREIGN TRADE POLICY

Make in India, Digital India, Skill India, The list of slogans for the government's economic initiatives is ever expanding.

This public relations effort remains critical for the government, which needs to reshape how foreign business people perceive India to increase foreign investment.

However, many local business people are concerned that the government has not implemented more measures to support its bold sloganeering.

The Modi administration's first Foreign Trade Policy, unveiled on April 1, represents a pragmatic step forward in this regard. Much like the admiration's first budget, unveiled on February 28, the policy targets critical industries with useful reforms and incentives.

Perhaps more importantly, however, the trade policy has sought to back-end the government's ambitious goals.

The global economy is undergoing a major transition whether it is from the point of view of the producer or the consumer. This major change is occurring due to the rapid technological and socio-economic changes that are occurring.

Technological changes have led to major innovations and faster obsolescence of existing products. Earlier, the developing economies had more time to adapt and evolve with the changes in the environment. However, the availability of time is a luxury nowadays which is not easily available.

Consumers are defining consumption patterns globally and owing to their technological literacy skills, they are able to adapt to the new products and technologies at a rapid rate.

As a result of the above changes and use of artificial intelligence in production processes, there is need for the emerging economies to reorient their trade policies in a manner that keeps pace with this quick evolution.

India: Foreign Trade Policy

Although India has steadily opened up its economy, its tariffs continue to be high when compared with other countries, and its investment norms are still restrictive. This leads some to see India as a 'rapid globaliser' while others still see it as a 'highly protectionist' economy.

Till the early 1990s, India was a closed economy: average tariffs exceeded 200 percent, quantitative restrictions on imports were extensive, and there were stringent restrictions on foreign investment. The country began to cautiously reform in the 1990s, liberalizing only under conditions of extreme necessity.

Since that time, trade reforms have produced remarkable results. India's trade to GDP ratio has increased from 15 percent to 35 percent of GDP between 1990 and 2005, and the economy is now among the fastest growing in the world.

Average non-agricultural tariffs have fallen below 15 percent, quantitative restrictions on imports have been eliminated, and foreign investments norms have been relaxed for a number of sectors.

India however retains its right to protect when need arises. Agricultural tariffs average between 30-40 per cent, anti-dumping measures have been liberally used to protect trade, and the country is among the few in the world that continue to ban foreign investment in retail trade. Although this policy has been somewhat relaxed recently, it remains considerably restrictive.

Nonetheless, in recent years, the government's stand on trade and investment policy has displayed a marked shift from protecting 'producers' to benefiting 'consumers'.

This is reflected in its Foreign Trade Policy for 2004/09 which states that, "For India to become a major player in world trade ...we have also to facilitate those imports which are required to stimulate our economy."

It has assumed a leadership role among developing nations in global trade negotiations, and played a critical part in the Doha negotiations.

Regional and Bilateral Trade Agreements

India has recently signed trade agreements with its neighbors and is seeking new ones with the East Asian countries and the United States. Its regional and bilateral trade agreements - or variants of them - are at different stages of development:

- India-Sri Lanka Free Trade Agreement,

- Trade Agreements with Bangladesh, Bhutan, Sri Lanka, Maldives, China, and South Korea.
- India-Nepal Trade Treaty,
- Comprehensive Economic Cooperation Agreement (CECA) with Singapore.
- Framework Agreements with the Association of Southeast Asian Nations (ASEAN), Thailand and Chile.
- Preferential Trade Agreements with Afghanista, Chile, and Mercosur (the latter is a trading zone between Brazil, Argentina, Uruguay, and Paraguay).

Problems

India's trade policy has a major limitation wherein it focuses on incentivizing businesses after exports have taken place. As a result the trade promotion incentives do not target emerging firms to attain export competitiveness but reward already successful exporters to improve their margins.

The trade policy does not have provisions for interventions focusing on value-addition and employment generation. This implies that the policy is not working on long term structural measures but more towards short term result oriented measures which are not sustainable in the long run.

Trade promotion is still restricted to traditional trade fair type activities. No doubt that these activities are important for promotion and business development, but a change of approach is required in this age of growing internet and mobile technology which requires activities to be more network oriented.

Absence of institutions which can provide support for new product development and their placement in the global market in a selfless manner. These institutions can be used for ancillary activities such as development of prototypes, research and development etc.

India's trade policy also suffers from an archaic design. The trade policy and negotiations over emphasis on tariffs which are not very important for market access gains. Trade today is guided by various other factors such as technical and quality standards.

India has not been successful in tapping the potential that the huge domestic markets and the economies of scale offer to attract foreign direct investment and technology transfers. This is observed based on trends which show that MNCs attracted by the size of the Indian consumer base often do not expand operations in India.

Investors have to face a combination of high transaction and input costs, supply-side constraints, and infrastructure deficits which is a major obstacle in setting up and operations of industries. As a result international investors also show reluctance in setting up and expanding business in India.

Reforms needed

India has to overcome the existing limitations in the trade policy. Simultaneously it also has to gear up for the upcoming changes in technology and socio economic setup to meet the rapidly evolving needs and demands of consumers and producers India needs to bring changes as suggested below.

India should restructure in a manner where it is able to move human resources and capital from under-performing or dying sectors and re-employ them in more competitive activities.

The trade policy should be on which adequately rewards value-addition and promotes employment in more productive sectors.

To match the pace of changes taking place, India should promote investment in innovation and new product development and also help such products find a global market.

Fair market access for Indian products subject to stringent technological and quality standards in global markets is also essential.

The huge Indian markets and the domestic economies of scale that they offer should be tapped efficiently to attract FDI in productive sectors.

Indian firms should be assisted and aided to be able to meet the quality and technical standards defined by government regulators or as a result of the competition in the market. Trade agreements and other institutional solutions can be used to reduce the cost of complying with these standards. This will also help in empowerment of the Small and Medium Enterprises (SME).

The challenges posed by changes in technology and global consumer preferences are changing

the pattern of FDI-led outsourcing and reducing the future FDI-led export growth.

The governments measures in areas of administrative changes through ease of doing business reforms and infrastructure development might help in reviving the potential of FDI in economic growth.

A review of the overall trade strategy is the need of the hour for India. The changes have to be made in terms of trade promotion schemes and activities and the design of trade agreements and negotiating priorities.

These measures will determine India's ability to undertake structural change and push for longer-term competitiveness.

(Ref. http://www.thehansindia.com/posts/index/Civil-Services/2017-02-02/Reforms-in-Indias-Foreign-Trade-Policy/277882 dated 02.02.2017)

4. IGNORED IN BUDGET, EXPORTERS HOPE FOR SOPS IN FOREIGN TRADE POLICY REVIEW

Exporters had made a number of demands such as creation of an export development fund, extension of interest equalisation scheme for merchant exporters and exemption for service tax

NEW DELHI, FEBRUARY 5:

Exporters, who were largely ignored in the Budget, can hope for some incentives and thrust in the mid-term foreign trade policy (FTP) review in September with the Commerce Ministry ready to begin consultations.

"The Commerce Ministry will kick-off consultations with various export bodies and councils from February 9 to examine their list of demand and re-assess growth potential," a government official told BusinessLine.

Another chance

While the Economic Survey for 2016-17 circulated on the eve of the Union Budget made a case for more support for exporters, especially from labour-intensive sectors such as apparels, leather and footwear, the Budget had no specific sops.

"Exporters had made a number of demands such as creation of an export development fund, extension of interest equalisation scheme for merchant exporters and exemption for service tax to be resolved in the Budget. The FTP review is another window for exporters to have their demands examined and met," the official said.

The FTP review would also address issues that might creep up for exporters after the Goods & Services Tax is implemented.

Exporters' concerns

"In the review, we plan to address all concerns that exporters may have on the implementation of the GST and its implications," the official said.

India's goods exports, which posted a decline in the past two fiscal years, is finally starting showing some growth in the on-going fiscal with four consecutive months of increase since September 2016. Global economic uncertainties, however, persist and the expectations that higher exports could push up the GDP by one percentage point 2017-18, articulated in the Economic Survey, is still a pipe dream.

"Exports have started looking up but the ground is still shaky. For high growth next fiscal, exporters would definitely need more hand-holding. The FTP review will examine the growth potential in every sector and the additional incentives that could be provided," the official added. Exporters are disappointed with the Budget for ignoring their key demands. "The global challenges highlighted in the Budget require us to be on our toes and revisit our strategy to push exports in such volatile global conditions. It is disappointing that our proposal for an aggressive marketing strategy through an Export Development Fund did

not see the light of the day," said FIEO President SC Ralhan.

Extending sops

The Commerce Ministry has already made a case for expansion of the popular MEIS scheme to the Finance Minister. The scheme allows eligible exporters duty-free scrips, based on a percentage value of their exports (ranging between two per cent and five per cent), which can be used to import inputs by the exporter or sold to other entities.

"We want more items to be covered and higher levels of incentives for certain sectors requiring more support. Once our sectoral consultations are over, we can make more specific demands," the official said.

The Commerce Ministry may have to prune the ambitious target of goods and services export of $900 billion set for 2020 fixed in the five year foreign trade policy.

"We could fix a new target after our sectoral consultations are over," the official said.

(Ref. http://www.thehindubusinessline.com/economy/ignored-in-budget-exporters-hope-for-sops-in-foreign-trade-policy-review/article9522986.ece dated 5th February-2017)

5. LOTS NEED TO BE DONE TO INCREASE INDIA'S EXPORTS, SAYS UNION MINISTER ANANT GEETE AT CHEMICAL AND ALLIED EXPORT PROMOTION COUNCIL OF INDIA

(Admitting that Indian businesses are facing multiple challenges in overseas markets due to the globally competitive environment, Union Minister Anant Geete today said a lot needs to be done to boost the country's shipments.)

Admitting that Indian businesses are facing multiple challenges in overseas markets due to the globally competitive environment, Union Minister Anant Geete today said a lot needs to be done to boost the country's shipments. "We need to do a lot in the direction of increasing exports. In this era of globalisation, competition has reached a global level. Our businesses are facing multiple challenges to sustain in the global competitive environment," Union Heavy Industries and Public Enterprises Minister Anant Geete said.

The Minister was addressing the export awards ceremony organised by Chemical and Allied Export Promotion Council of India (CAPEXIL) here.

"Unfortunately, since 2014 the export growth overall has not been very conducive although it has picked up over the last five months.Therefore, I urge all members of this exporting community (CAPEXIL) to find ways and means of boosting India's exports," J K Dadoo, Additional Secretary & Financial Advisor in the Ministry of Commerce said.

He pointed out that in 2015-16, exports from chemical and allied products stood at around USD 14 billion, comprising USD 5 billion worth of mineral and USD 9 billion of non-mineral articles.

(Ref. http://www.financialexpress.com/economy/lots-need-to-be-done-to-increase-indias-exports-says-union-minister-anant-geete-at-chemical-and-allied-export-promotion-council-of-india/543999/ dated 09.02.2017)

CHEMEXCIL

6. COMMERCE DEPT. SPECIAL ARM MAY DRIVE FOREIGN TRADE POLICY

India's future trade (policy) model should have the Commerce Department at the helm, supported by ministries including External Affairs and Finance, while a 'transformed' Directorate General of Foreign Trade (DGFT) should be the apex body for all trade promotion activities for the country, according to a government-commissioned report.

India's foreign trade strategy and policy is currently being piloted predominantly by the Prime Minister's Office and External Affairs Ministry.

Frost & Sullivan report

The report — prepared by the global consultancy firm Frost & Sullivan and submitted on December 23, 2016, to the commerce & industry ministry — also makes a strong case for a higher profile for the Indian Trade Service (ITS) in matters of trade policies & systems.

At present, the officials belonging to the Indian Administrative Service, Foreign Service and Revenue Service evidently have a relatively superior role over ITS cadre regarding decisions on crucial trade policy matters.

The report proposed that "... a dedicated ministerial arm under Department of Commerce will deal exclusively with trade-related policy inputs, their formulation and their rollout with the bulk of implementation work handled by a digital platform."

The Frost & Sullivan report advocated that "the operational implementation of the Foreign Trade Policy (FTP) should reside with the department of commerce providing the trade community one single entity to deal with."

The FTP should be considered a "dynamic document," according to the report. It added that any change necessitated with respect to the ongoing requirements must be approved by the (commerce) departmental arm responsible for policymaking.

"Once approved by all ministerial stakeholders including the Department of Commerce, Department of Revenue and Ministry of External Affairs, a single communication should be issued by the departmental arm dedicated to FTP," it stated.

Small, yet efficient

It observed: "The Prime Minister's preferred model of a small and yet efficient government acting as a facilitator for businesses is most relevant and applicable to the DGFT. Furthermore, there is a critical need to transform the current DGFT by taking a holistic view of the existent trade environment in the country."

The report mooted that a transformed DGFT should be made accountable for all trade promotion activities for India — providing services such as trade representation in foreign countries, research & development, market intelligence, business matchmaking services as well as public relations, advertising and marketing services.

The 'DGFT 3.0' — with DGFT pre- and post-liberalisation being the earlier two versions — should also provide (foreign trade) monitoring and training services, hold export promotion campaigns, industrial trade fairs and ensure greater focus on small and medium firms, the report suggested.

"The ITS is the only dedicated cadre within the Ministry of Commerce that has professionals with deep knowledge of trade policies and systems. Given their extensive involvement with DGFT and institutional memory, DGFT is best placed to continue with its role in providing policy inputs and aiding the policy formulation process," the report recommended.

'Recruit professionals'

Noting that the DGFT needs to re-skill its resources to be successful, the report said: "Future recruitment should focus on professionals with experience and qualifications in trade and commerce from reputed institutions."

The report comes at a time when India's goods exports have not yet recovered fully from the impact of a prolonged contraction from December 2014 to May 2016, as well as the government's demonetisation exercise early November.

"For an improvement in India's performance on the ease of doing business – currently ranked 130 out of 190 countries and particularly on the parameter of 'trading across borders' (where India is) currently ranked at a dismal 143 – it is imperative to deploy digital technology to transform the experience of doing trade in the

country," according to the report.

It also comes in the backdrop of the World Trade Organisation (WTO) stating in December 2016 that "... the number of new trade-restrictive measures being introduced (by WTO Member countries) remains worryingly high given continuing global economic uncertainty and the WTO's downward revision of its trade forecasts."

(Ref. http://www.thehindu.com/business/Economy/Commerce-Dept.-special-arm-may-drive-foreign-trade-policy/article17292508.ece dated 12.02.20170

7. INDIA: A LUCRATIVE MARKET FOR TEXTILE CHEMICALS

Textile chemicals have a close association with the textile industry; the growth in textiles market along with the growth of textile trade is expected to have a positive influence on the India textile chemicals market. An increasing thrust for export of quality textiles to Western countries is also positively driving the textile chemicals market. In addition, increasing investments by the industry players for the development of eco-friendly chemicals will also contribute to the growth of the India textile chemicals market.

Textile chemicals are a class of specialty chemicals that are used for dyeing and processing of textiles in order to obtain the final product with required characteristics. The India textile chemicals market is highly fragmented with a presence of more than 300 small and large players. The presence of a large number of players is attributed to the heavy subsidies provided by the Government of India to small players for setting up business operations. This accounts for the majority share being held by minor players. However, the share of small textile chemical manufacturers is expected to decline in the coming years due to the increasing preference for quality products and the increasing penetration of technical textiles.

Increasing Export of Quality Textiles Exhibit Demand for Auxiliaries Textile Chemicals

The production of textiles involves numerous water and chemical intensive processes. These chemicals, which are broadly classified into colourants and auxiliaries, are used during textile processing and manufacturing processes.

Auxiliaries will account for a major share of the India textile chemicals market owing to the increasing demand for quality textiles and technical textiles in both domestic and international markets. The increasing exports of high-quality textiles in the U.S. and Western Europe are also exhibiting an increasing demand for auxiliaries.

Chemicals such as azo dyes and formaldehyde that are used in textile processing pose a risk to the environment. To address this, textile chemical manufacturers are investing in R&D and striving to develop green products that are environmentally sustainable. Producers of textile chemicals are also stressing upon the use of bio-auxiliaries and alternate environment-friendly materials to curb the overall pollutant concentration.

The Indian textile chemicals industry is a major consumer of water and energy. The use of novel textile processing techniques such as beck dyeing modification, dye bath reuse, close cycle textile dyeing, foam process, mach nozzle fabric drying, and ink and film application can reduce water and energy consumption in the textile chemicals industry.

Launch of 'Technology Mission' for Textiles by Government of India Encourages Entry of New Players

The India textile chemicals industry is witnessing a sea of change in terms of product innovation. Top players in the India textile chemicals market such as Clariant and Huntsman and BASF are striving for the development of eco-friendly products as well as high-end products that impart functional properties to textiles. These companies are extensively utilising bio-auxiliaries and other eco-friendly chemicals to curb the overall pollution caused by textile processing plants. Other than this, product manufacturers are implementing functional solutions such as negative ion therapy, anti-microbial effect, novel effect, and stain releases.

In this regard, the Government of India has introduced 'Technological Mission' in the bid to encourage new players to participate in the technical textiles industry and allied industries. The programme aims to educate new players and share knowledge about technical textiles.

Apparel, home furnishing/textiles, and industrial textiles are the major end users of textile chemicals. Among these, apparel accounts for the largest share owing to the increasing demand for fashionable and eco-friendly products. The expeditious growth of the apparel industry is a major factor supporting the growth of the India textile chemicals market.

The information presented here is sourced from Future Market Insights latest report on the Asia Textile Chemicals Market. A free sample of this report is available upon request.

(Ref. https://www. oilvoice.com/ Press/ 2224/ India-A-Lucrative-Market-for-Textile- Chemicals ? utm_source = feedburner &utm_ medium = feed &utm_campaign=Feed%3A+OilvoiceHeadlines+ (OilVoice+Headlinesdated 15.2.2017)

8. INDIA ON COLLISION COURSE WITH EU OVER TRADE TREATY

European trade commissioner Cecilia Malmström had proposed EU and India first negotiate a bilateral investment treaty before they restart talks for the free trade agreement. Photo: Reuters

New Delhi: As India's 31 March deadline to unilaterally terminate all existing investment treaties with partner countries draws closer, New Delhi is likely to reject an offer from the European Union (EU) to start negotiations for a stand-alone bilateral investment treaty (BIT) while negotiations for the comprehensive bilateral trade and investment agreement (BTIA) remain in limbo.

European trade commissioner Cecilia Malmström, in a meeting with commerce minister Nirmala Sitharaman on the sidelines of the World Economic Forum at Davos last month, had proposed EU and India first negotiate a BIT before they restart talks for the free trade agreement (FTA).

India wants to follow the middle path and sign a toned-down version of BTIA which would include an investment chapter and leave aside contentious issues for the time being. However, EU hasn't agreed to the offer so far.

"Once we have started the process of negotiation for a comprehensive trade and investment treaty, our policy is that we can only do it as part of BTIA. Last July, we had offered EU to do an early harvest of BTIA; they have not responded or accepted it so far. If they want to go for comprehensive BTIA, we have also expressed our willingness to restart negotiations. The ball is in EU's court, not in our court," a commerce ministry official said speaking under condition of anonymity.

"They knew existing investment treaties are coming to an end two years back; so now, it is up to them how they want to take it forward. We have acted in a transparent manner in this matter and have given countries enough time to restart negotiations for fresh BITs. They can still allow individual EU countries to sign BITs with India and we have conveyed it to them. But it is their policy problem that they don't allow it," the official added.

India is looking at a situation where it may not have a bilateral investment treaty with a large number of countries, including those in the EU, on 1 April 2017.

It would unilaterally terminate all such existing treaties on 31 March, having given one year's time to countries to renegotiate the treaties based on the model Bilateral Investment Treaty (BIT) passed by the cabinet.

India brought out a new model BIT in December 2015, intending to replace its existing Bilateral Investment Promotion and Protection Agreements (BIPAs) and future investment treaties, after being dragged into international arbitration by foreign investors who sued for discrimination, citing commitments made by India to other countries in

bilateral treaties.

The model BIT approved by the cabinet excludes matters relating to taxation. Controversial clauses such as most favoured nation (MFN) have been dropped while the scope of national treatment, and fair and equitable treatment clauses, have been considerably narrowed down.

In the recent past, many multinationals including Vodafone Group Plc and Sistema have dragged India to international arbitration, citing treaty violations. In the case of White Industries versus the government of India, for instance, the Australian investor cited a favourable substantive MFN provision in the India-Kuwait BIT that it said was absent in the India-Australia BIT. The Australian company, which argued for including the provision in the India-Australia BIT, won the case in 2012.

India has served termination notices to as many as 57 countries, including European nations, with whom the initial term of the treaty has either expired or will expire soon.

Geoffrey Van Orden, a member of the European Parliament and part of the European parliamentarians currently visiting India, told reporters on Monday the EU has said it would be very helpful if India could extend the existing BIPAs for six months to enable new mechanisms to be put in place.

"The EU has consistently wanted to have an ambitious agreement whereas I think on the Indian side, there's more of an aim towards picking and choosing. I think we need to work hard if we agree to a FTA; it would do enormous good to both sides," he added.

(Ref. http://www.livemint.com/Politics/UKLWUwDn33uBuwRrmBRE5M/India-on-collision-course-with-EU-over-trade-treaty.html dated 21.02.2017)

9. EU WANTS BILATERAL INVESTMENT TREATIES EXTENDED BUT INDIA NOT KEEN

NEW DELHI: The EU wants India to extend the bilateral investment treaties with individual countries for six months, but it is unlikely India would do so.

"The termination of bilateral investment treaties by India is a problem. We, would like it to be extended by six months, and right now it is a hurdle in the FTA discussions" said Geoffrey van Orden, Chair of the European Parliament delegation for relations with India on Monday. "The EU wants an ambitious trade agreement, but India wants to pick and choose."

The EU parliamentarians added they would urge the Indian government to look more closely at the recently-concluded EU-Canada agreement - which has addressed the issue of arbitration and dispute settlement that India had objected to, moving it to a bilateral, public forum.

While the India-EU Free Trade Agreement talks continue to be in a slump+ , India's decision in July 2016 to put 83 bilateral investment treaties with different countries on notice would impact investment decisions from major European countries. The EU delegation, comprising among others, Jakob von Weisacker, Alojz Peterle, Cora van Neuwenhuzen and Neena Gill, met commerce minister Nirmala Sitharaman, energy minister Piyush Goyal and minister of state for external affairs V K Singh.

The India-Netherlands BIT lapsed in December 2016, and those with France and Germany among others will expire from March onwards. India put out a model BIT text in 2015, and wants this to be incorporated into the FTA with EU. The EU, on the other hand, wants the current BITs to be extended until the FTA talks restart, largely because, as they say, individual European countries don't have the power to negotiate individually.

The EU-India FTA, whose discussions started in 2007, continues to labour under numerous problems - the differences, over the years, have been pared down to some key ones, like services and automotives. It was expected that PM Modi's visit to Brussels in 2015 would give a fillip to the discussions. But apart from some informal talks and exchange of notes, there has been little movement.

Brexit was also believed to impact the EU-India FTA talks, because UK was the main opposition to India's demand on services. But, as Neuwenhuzen

said, the upcoming elections in several key European countries later this year, from Netherlands to France and Germany, might impact their negotiating positions as well. Weisacker said, "Both in EU and India there could be shared interests to overcome differences in backdrop of US desire to walk away from multilateral trading."

India's decision to scrap the BITs will not have any immediate effect, because all existing investments would continue to be protected for anything between 10-15 years. New investments however, might be affected.

(Ref. http://timesofindia.indiatimes.com/india/eu-wants-bilateral-investment-treaties-extended-but-india-not-keen/articleshow/57262580.cms dated 21.02.2017)

10. EUROPE KEEN ON RESUMING TRADE TALKS

Warning that the impasse in the India-European Union free trade negotiations could also hurt investment into India, the Members of the European Parliament "Delegation for Relations with India" urged the government to consider a six-month extension of bilateral investment treaties until the FTA or the comprehensive BTIA (Bilateral Trade and Investment Agreement) negotiations are restarted.

The delegation, one of three with senior officials from the EU and European Parliament visiting India this week, met Finance Minister Arun Jaitley and Commerce Minister Nirmala Sitharaman to discuss their concerns.

Nearly 11 months after Prime Minister Narendra Modi visited Brussels and spoke about the issue, EU diplomats say there has been no movement on the BTIA/FTA talks that were suspended in 2013 after 16 rounds of negotiation.

"One of the problems is the termination of the bilateral investment treaties by India. The European Union is saying, it would be very helpful if they could consider extending these by at least about six months to enable new mechanisms to be put in place," said Member of the European Parliament (MEP) Geoffery Van Orden, speaking to journalists in Delhi.

Need for urgency

The officials said there was a need for a "greater sense of urgency", given that BITs with most EU countries would lapse within the first half of 2017. The Bilateral investment treaty with The Netherlands, a country that is home to the second largest population of people of Indian origin in Europe, after the UK, lapsed on November 30, and the rest are expected to follow shortly.

"We are hoping for at least an extension. Even Indians settled in the Netherlands are concerned about the trade relationship, so as soon as possible we would like to see the negotiations restarted," said the member from the Netherlands, Cora Van Nieuwenhuizen.

Amongst the other arguments put forth by the delegation were that businesses in their countries would like to invest in India only once the government "guarantees" the process in India, which would follow the conclusion of the BTIA.

However, while the EU is keen for either negotiations to be started as soon as possible, Minister of State for Commerce and Industry Nirmala Seetharaman is understood to have conveyed that both negotiations should be taken up together. Insurance costs would also increase significantly in the absence of the agreements.

The MEPs also pointed out that in the wake of US President Trump's decision to pull out of the Trans Pacific Partnership (TPP) with Asian countries and leave the Transatlantic Trade and Investment Partnership (TIPP) in limbo should worry India as well.

Apart from the BTIA, the MEPs said they were also concerned by "growing violence in Jammu and Kashmir" that was "hampering better ties between India and Pakistan".

British MEP Mr. Orden also warned that many Human rights agencies had been enlisted by "apologists for terrorism", adding that both at the EU and in the European parliament, "groups were trying again to work up the J&K issue," in a reply to a specific question about the Universal Periodic Review of India at the Human Rights Council on May 4th, but clarified that he was not speaking for the European parliament, which in December 2016 raised Human rights concerns on Dalit issues.

(Ref. http://www.thehindu.com/news/national/Europe-keen-on-resuming-trade-talks/article17336098.ece dated 21.02.2017)

11. AS FTA HANGS FIRE, EU WANTS INDIA TO EXTEND INVESTMENT PACTS

Geoffrey Van Orden, European Union Parliamentarian

NEW DELHI, FEBRUARY 20:

The European Union (EU) has urged India to extend the Bilateral Investment Treaties (BITs), which it has with the member countries, by at least six months beyond March 31 in order to sustain the steady flow of investments from that region into the country.

"It will be helpful if the BITs can be extended for six months. This has become a particular problem within the FTA (Free Trade Agreement) talks ... But we want India to first give us the extension. We are meeting Commerce Minister Nirmala Sitharaman and this will be one of the elements that we intend to take up," said Geoffrey Van Orden, Chair of The European Parliament Delegation for relations with India, here on Monday.

Van Orden is leading a delegation of European Parliamentarians who are on a five-day visit to India. Besides Sitharaman, the delegation will be meeting Finance Minister Arun Jailtey, Minister of State for External Affairs VK Singh and the Minister of Power, Coal and Mines Piyush Goyal.

The EU has been engaging with India on this issue for several months now as it intends to negotiate a single comprehensive BIT with India instead of separate ones with each member countries.

Last month, the Commerce Minister categorically stated that India will not give extensions and all old BITs will be cancelled by March 31. According to Sitharaman, these countries were given period of one year to renegotiate the new BITs but since they did not do it, the government will have to let them lapse.

In the absence of a BIT, fresh investments coming from European nations will not have legal protection.

According to EU, it was not feasible for these countries to negotiate the BITs because now only European Commission will be negotiating the BIT on behalf of the 23-member countries.

"Many foreign investors of EU are now asking for guarantees. A number of European companies who are looking at India to invest are now seeking some kind of assurance," said EU Ambassador to India Tomasz Kozlowski.

The first BIT to lapse was the one between India and the Netherlands. The remaining are slated to expire in March, April and May.

At present India has 83 BITs that were inked since 1994, out of which 57 countries were sent termination reminders last year, including the EU nations. They were asked to negotiate a new BIT based on the new text the Cabinet had approved in December 2015.

India felt the necessity to revise all the BITs as it was being dragged to courts by a number of international firms. India became the topmost country in the world that was being sued maximum

number of times, according to UNCTAD.

FTA talks to resume?

Meanwhile, the EU has said there is now a "will" to move forward in the negotiations for having a free trade agreement (FTA), or Bilateral Trade and Investment Agreement (BTIA) as it is officially called, with India.

However, according to Van Orden, there are several technical problems that continue to be stumbling blocks in resuming the talks, apart from the BIT issue.

(Ref. http://www.thehindubusinessline.com/economy/policy/as-fta-hangs-fire-eu-wants-india-to-extend-investment-pacts/article9552228.ece dated 21.02.2017)

12. INDIA SHOULD NOT LET EUROPE UNDERMINE ITS NEW BIT AND TRIPS FLEXIBILITIES FOR MEDICINES

In the process of moving to a new approach to international investment law and dispute settlement, India has elaborated a model BIT (Bilateral Investment Treaty) that differs significantly from older agreements. It is much more balanced between investor interests and those of legitimate public policy. The model BIT, for instance, contains a tightly-drafted general exceptions clause like that of GATT Article XX, safeguarding key policy objectives like health and the environment. Compensation for expropriation may be less than full market value, to take into account policy considerations like environmental impacts. And anti-corruption and corporate responsibility obligations are imposed on investors, making this one of the first models for an investment agreement to be genuinely not one-sided; typically investment agreements impose burdens on states without any corresponding responsibilities on corporations, hardly an equitable state of affairs.

There is also in India's model a robust exhaustion of local remedies provision: while exhaustion seems like a step back to the anachronistic world of diplomatic espousal, it is an arguably justified response to the way in which arbitrators have unpredictably expanded jurisdiction. The arbitrators constitute a small elite of lawyers dominated by West European males, who also act as counsel in cases on related matters, an egregious conflict of interest uncontrolled by arbitration rules. Arbitrators have allowed businesses to bring claims where the companies have reorganised on paper their corporate structure to fall within a particular treaty even without any real contact to that jurisdiction (the so-called "Dutch Sandwich"). They have facilitated end-runs around contractually-limited investor protection by elevating contractual claims into treaty violations (sometimes through expansive readings of "umbrella clauses" with vague aspirational language, suggesting a host state must honour all commitments to investors). They have even sometimes defined investors to include secondary market purchasers of sovereign bonds from holdouts in sovereign debt restructurings, who have nothing to do with the host country. It is a challenge to rein in such expansion of jurisdiction by arbitrator creativity, since arbitrators are judges for hire, and when they grant jurisdiction they get paid handsomely to hear the case. Exhaustion of local remedies seems an old-fashioned and blunt instrument, but it has the advantage of not being easy for arbitrators to interpret away.

In the transition to its new approach to investor protection, India has sought to terminate its existing BITs with individual European Union members. Now the European Commission is pressuring India to extend those existing treaties, which don't have the safeguards of the new approach outlined above, for six months. India should not fall for this move, which would undermine significantly its negotiating power to get its economic partners to agree to new treaties based on the 2016 model BIT. The six-month extension would give European companies an opportunity to get in under the old regime, giving them 10 years' or more protection, based on treaty norms that India has now determined are not in its national interests. Any company organised so as to be considered a national of any EU state that had an old BIT with India (including

those exploiting the "Dutch sandwich" assuming that the Netherlands treaty—already expired—is included in the request for extension) could use the six-month window to engage in the de minimus level of economic activity to qualify as an investor or investment under the old agreements, and then depending on the treaty they would be guaranteed 10 to 15 years' of protection. Having allowed practically any company with the legal resources to figure out how to qualify as an investor or investment of some EU country under one of the old treaties to lock in 10 to 15 years' protection under the old standard (if this is really what the Commission is proposing for the extension), India will have little leverage to bring the EU to agreement on its new approach. The EU can resist India's new, much more balanced approach, knowing its companies have used the six-month window to protect themselves under the old treaties.

It is a challenge to rein in expansion of jurisdiction by arbitrator creativity, since arbitrators are judges for hire, and when they grant jurisdiction they get paid handsomely to hear the case. Exhaustion of local remedies seems an old-fashioned and blunt instrument, but it has the advantage of not being easy for arbitrators to interpret away.

There is a certain irony in the Commission's request because post-Lisbon it has sought generally the termination of investment agreements between individual EU member states and other states, in order to align member state practice with the shift in competence over investment from the member states to the EU level, as set out in the Lisbon treaty. Here the Commission proposal for extension is frustrating its own policy of a timely and efficient transition to the exercise of EU-level competence.

In the context of negotiating a Free Trade Agreement, the EU is also pressuring India to give up flexibilities it has a right to under the World Trade Organization intellectual property agreement (TRIPs). The EU's demand that the data of patent medicine makers not be freely available for use in regulatory approvals for generic medicines is a way of significantly increasing costs to India's efficient generic pharmaceutical industry—an industry which allows for the supply of affordable drugs not on in India but in many other places in the developing world. This would undermine the effectiveness of the right to compulsory licence, guaranteed to WTO members in TRIPs. Further, the EU is demanding that patent protection be extended beyond the period of 20 years required under TRIPs. There is no principled basis for these demands—they simply reflect Europe's drug lobby. The social impact is a negative one—higher prices for consumers.

With Brexit and a US administration that is openly hostile to the EU integration project, Brussels is increasingly embattled as a global economic player. It is in no position to push around a major trading partner and dynamic world economic power like India. There may be a residual colonial attitude in some European negotiators. But it ill-fits the geopolitical and economic realities that the EU must face today. India would be selling itself short by not holding firm.

On the other hand, where Brussels is on more principled ground is in its effort to abolish the existing system of investment arbitration under BITs and replace it with a genuine multilateral court. This proposal deserves a closer look from India. Impartial judges well qualified in public law and compensated mostly through a fixed salary would be a big improvement over commercial lawyers and entrepreneurial academics who engage in arbitration as a route to personal wealth. A multilateral court might not only hold states to account, but also impose social and environmental responsibility on investors, as India's own cutting-edge BIT rightly does. Indeed, the multilateral court proposal as articulated by the EU and Canada would allow India to keep the substance of its own model BIT, while taking advantage of the new tribunal.

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(Ref. http://www.sundayguardianlive.com/opinion/8516-india-should-not-let-europe-undermine-its-new-bit-and-trips-flexibilities-medicines DATED 25.022017)

13. COMMIN STUDYING REPORT ON REVAMP OF DGFT

Global consulting firm Frost & Sullivan has carried out a study to revamp the Directorate General of Foreign Trade (DGFT) with a view to making it a vibrant body for promoting trade.

DGFT under the Commerce Ministry deals with matters related to exports and imports.

"The agency has submitted its report and we are looking at that. The revamping is important against the backdrop of changing global trade scenario and implementation of the Goods and Services Tax (GST)," an official said.

The move assumes significance as India is aiming to increase its share in the global trade to 3.5 per cent from the current 2 per cent by 2020.

According to experts, the country needs a vibrant organisation to promote its trade interests.

"We need a vibrant and independent export promotion organisation whose job is to do hand-holding to traders particularly in the small and medium sector," said Biswajit Dhar, professor at the Jawaharlal Nehru University.

He cited examples of some South East Asian countries with such bodies and suggested India can take cues from them.

Prior to 1991, the DGFT was known as the Chief Controller of Imports and Exports. Till 1991, it has been involved in the regulation and promotion of foreign trade.

DGFT is responsible for formulating and implementing the foreign trade policy with the main objective of promoting India's exports. It also issues scrips/authorisation to exporters and monitors their corresponding obligations through a network of 36 regional offices.

India's annual merchandise trade stood at around $750 billion.

(Ref. http://www.business-standard.com/article/economy-policy/commin-studying-report-of-frost-sullivan-for-revamping-dgft-117031200189_1.html dated 12.03.2017)

14. GST COUNCIL TO TAKE UP STATE AND UT BILLS TODAY

NEW DELHI, MARCH 16:

With the expected July 1 rollout of the Goods and Services Tax (GST) regime drawing closer, the GST Council, led by Finance Minister Arun Jaitley, will meet on Thursday to finalise two Bills — the State and the Union Territory GST Bills.

If these are firmed up, Jaitley will be able to table all four enabling legislations for the tax in Parliament in the ongoing Session. These comprise of the Central, Integrated and UT GST Bills as well as the proposed legislation for compensation to States for any revenue losses.

Sources said that once cleared by the GST Council, the Centre is keen to take it to the Cabinet latest by next week and then table it in Parliament. The Session adjourns on April 12 and passage of the Bills in the current Session is essential for implementation of GST from July 1.

States may want changes

But, with Assembly elections in key States completed and the process of government formation going on, it is unclear how far the discussions will proceed.

"Ideally, there should be Ministers from all States present at the meeting, as it will take up the crucial draft SGST Bill," noted a State Finance Minister.

Some States seem keen to reopen discussions on at least some provisions of the Centre and Integrated GST Bills, which were approved by the Council at its last meeting on March 4.

The Council is also likely to review the process of migration of existing businesses and assessees to the GST Network (GSTN). Officials from the GSTN and the Finance Ministry are likely to make a presentation on the state of preparedness. The draft laws have called for a transitional period of about six months to carry forward tax credit.

According to official data, enrolment of existing taxpayers under GST is still going on with different States at varying stages in the registration process. Training of officials for the new tax regime is also almost complete.

(Ref. http://www.thehindubusinessline.com/economy/gst-council-to-take-up-state-and-ut-bills-today/article9585842.ece dated 16.3.2017).

15. GST CLOSER TO REALITY AS COUNCIL CLEARS FINAL TWO BILLS

With all five draft laws now being given the green signal by the Council, they will next be sent to the Cabinet for approval and subsequently to Parliament, which is currently in session, for the final nod.

The Goods and Services Tax (GST) Council, headed by Finance Minister Arun Jaitley, on Thursday approved the remaining two crucial supplementary bills — State GST (SGST) and Union Territory GST (UTGST) - moving the proposed July 1 implementation of the country's biggest tax reform closer to reality.

"The Council has granted formal approval to all five legislations," said Finance Minister Arun Jaitley after the Council's 12th meeting on Monday.

Final drafts of the three other bills — Integrated GST (IGST), Central GST (CGST) and Compensation bill — had been cleared by the Council in its previous meetings.

With all five draft laws now being given the green signal by the Council, they will next be sent to the Cabinet for approval and subsequently to Parliament, which is currently in session, for the final nod.

Consent from both Lok Sabha and Rajya Sabha would conclude the legislative requirement for the rollout of the new indirect tax regime.

Once the laws are passed, Jaitley said, two important acts remain. The first pertains to formulation of rules - five of which have already been approved. He said the Council would get the final draft of the other four rules by next week and discuss them at the GST Council's next meeting on March 31.

Jaitley said that the next step after that would be the fitment of various commodities into tax slabs. "After that [fitment], we will be ready for GST implementation," said the Finance Minister.

The industry has been particularly looking as to how items would be categorised under various slabs as they need at least two-three months to prepare themselves to adjust to the shift in tax regime.

The Council has agreed on a four-slab structure — 5, 12, 18 and 28 percent — along with a cess on luxury and "sin" goods such as tobacco. Jaitley said on Thursday that the cess has been capped at 15 percent for the four to five commodities including luxury cars and aerated drinks that fall in this category.

Under the GST, the states and the Centre will collect identical rates of taxes on goods and services. For instance, if 18 percent is the GST rate on a product, both the states and the Centre will get 9 percent each called the CGST and SGST rates.

The Centre will also levy and collect the IGST on all inter-state supply of goods and services. The IGST mechanism has been designed to ensure seamless flow of input tax credit from one state to another.

(Ref. http://www.moneycontrol.com/news/business/economy/gst-closer-to-reality-as-council-clears-final-two-bills-2241491.html dated 16.03.217)

16. GST RELIEF FOR EXPORTERS, SOME REFUNDS TO CONTINUE

NEW DELHI: Exporters will continue to get certain duty refunds as incentives after the Goods and Services Tax is implemented. The GST Council has framed the draft laws to ensure that the export sector doesn't suffer when the new regime is rolled out, likely from July 1.

The GST legislation approved by the cabinet and the GST Council has a provision enabling duty drawback in relation to goods manufactured in the country and exported. It's been defined as rebate of duty or tax chargeable on imported and domestic inputs or input services used in the manufacture of these goods.

This would be an optional window that would aid sectors such as handicrafts, where artisans are not registered with the tax department. It will especially help exporters who have paid tax on inputs to make products that have no tax against

which these duties could have been adjusted. The drawbacks are offered as incentives to ensure Indian goods do not become uncompetitive in foreign markets.

Exporters had been worried about the transition to the GST regime, which allows minimal upfront exemptions. The commerce department had represented to the Council as well as the Union finance ministry that the benefits enjoyed by exporters should be continued.

"This is a very positive move and benefits all those that do not claim input tax credit," said Ajay Sahai, director general of the Federation of Indian Export Organisations in New Delhi.

Many exporters in the small and medium enterprises sector will benefit.

"Drawback is one of the most popular export incentive schemes wherein the exporters typically get a percentage of exports as refund from the government, without too much of paperwork," said Pratik Jain, indirect tax leader at PwC India.

"Under GST, drawback for basic customs duty was expected to continue in any case but now it seems that it might include GST as well. If it does, as an optional scheme of refund, industry will welcome it."

India's merchandise exports registered double-digit growth in February 2017 for the first time since the Narendra Modi government took office in May 2014. The surge was led by a 47% rise in engineering goods on the back of improved global demand.

17. INDIA BARS TRADE OF CERTAIN GOODS WITH NORTH KOREA

India today prohibited exports and imports of several products, including defence related goods, aviation fuel and coal, relating to North Korea.

"Direct or indirect export and import of certain items whether or not originating in Democratic People's Republic of Korea (DPRK), to/from DPRK is prohibited," the Directorate General of Foreign Trade (DGFT) said in a notification.

The items include battle tanks, combat vehicles, combat aircraft, attack helicopters, missiles and light weapons.

The goods that are banned for exports include luxury goods and aviation fuel.

The country also prohibited imports of certain minerals such as coal, iron, iron ore, gold, titanium, rare earth metals, copper, nickle, silver and zinc.

"This notification seeks to update the Foreign Trade Policy 2015-20 to account for current UN Security Council Resolutions concerning DPRK... of November 20, 2016," it said.

(Ref. http://www.dnaindia.com/money/report-india-bars-trade-of-certain-goods-with-north-korea-2362495 dated 21.03.2017)

18. COMMERCE & INDUSTRY MINISTER EMPHASISES THE NEED FOR EFFICIENT AND FAIR FLOW OF SERVICES TO PROMOTE INTERNATIONAL TRADE IN SERVICES.

The Commerce & Industry Minister, Smt. Nirmala Sitharaman outlined the relevance of facilitating trade in services as has been done in the case of trade in goods. Inaugurating the Workshop facilitating trade in services in New Delhi today she emphasized need for efficient and fair flow of services to promote international trade in services. The Minister said market access is not facilitation but an issue .She said knowledge has become a factor of production and it is important to know how to handle it.

The World Bank Group in partnership with the Department of Commerce, Ministry of Commerce and Industry, Government of India is organizing a two day workshop on issues which need to be addressed to facilitate Trade in Services .

With a view to promote& facilitate international trade in services, India has taken the initiative of floating a draft Legal Text for an Agreement on Trade Facilitation in Services (TFS) at the WTO in February 2017, which proposes a way forward

on comprehensively addressing the numerous border and behind-the-border barriers, across all modes of supply, which are experienced as impediments by the industry to the realization of the full potential of services trade. Preceding the legal text, India tabled a 'Concept Note for an Initiative on Trade Facilitation in Services' in October 2016 followed by an Elements Paper proposing the possible elements of the TFS Agreement in November 2016.

The proposals by India have generated a lot of interest, both within and outside the WTO. Many Members have welcomed the novel idea and approach of India in bringing forth this proposal. Some members have also raised concerns on certain issues. India looks forward to engaging in constructive discussion with all stakeholders to take this initiative forward.

It was recognised that this workshop is being held at a very opportune time, when we are increasingly hearing protectionist voices from across the globe. In such critical times, institutions like the World Bank have a special role to play in identifying and propagating fair and equitable practices for promoting free and fair trade.

In this regard, the workshop organized in partnership with the World Bank Group provides an excellent platform in creating awareness as well as brainstorming on the various issues relating to both content and approaches on how to address facilitation of services trade among global experts, academics, private sector, government officials, and industry representatives.The valuable insights received through deliberations in various services over the next two days will be extremely useful in carrying forward the agenda of facilitating trade in services.

(Ref. http://www.business-standard.com/article/government-press-release/commerce-industry-minister-emphasises-the-need-for-efficient-and-fair-flow-117032300913_1.html dated 23.03.2017)

19. 'LARGE NUMBER OF COUNTRIES SUPPORT TFS PROPOSAL'

A trade facilitation agreement aims at liberalising rules for movement of professionals and other steps to reduce transaction costs to boost growth of the services sector.

NEW DELHI: A large number of WTO member countries are supporting in principle India's proposal for negotiating a trade facilitation agreement (TFA) in services, a senior government official said today.

Additional Secretary in the Commerce Ministry Anup Wadhawan also said that India is pursuing this proposal in the WTO in a serious manner.

Without specifying the names of these countries, he said: "large number of countries have supported it in-principle".

He was briefing the media after the conclusion of two-day workshop on TFS. On the lines of the trade facilitation pact in goods, India has submitted a detailed proposal to the World Trade Organization (WTO) to negotiate a trade facilitation pact in services.

It aims at liberalising rules for movement of professionals and other steps to reduce transaction costs to boost growth of the services sector.

Wadhawan said that like trade facilitation pact in goods would help in reducing barriers, TFS too would cut hurdles in promoting global trade in services.

India's Ambassador Designate to the WTO, J S Deepak said that the workshop was useful as several experts shared their views and suggestions on ways to take the proposal forward.

World Bank supported the commerce ministry in organising this seminar.

When asked whether the proposal will become part of the forthcoming ministerial meeting in December at Argentina, Wadhawan said that the agenda has not been worked out yet.

On this, Deepak said that proposals are introduced in different fora and it will be discussed in the special session of the committee on trade and services in Geneva.

(Ref. http://economictimes.indiatimes.com/news/economy/foreign-trade/large-number-of-countries-support-tfs-proposal/articleshow/57816405.cms?from=mdr dated 24.03.2017)

20. 'INDIAN CHEMICAL INDUSTRY TO SURGE TO $226 BN IN THREE YEARS'

The Indian chemical industry is expected to surge to USD 226 billion by 2020, up by nearly 35 percent from USD 147 billion in 2015, Commerce Minister Nirmala Sitharaman said in Mumbai on Friday.

Though exports have declined to 7.8 percent from USD 12.66 billion in 2014-2015 to USD 11.67 billion in 2015-2016 in value terms, in terms of volumes, they notched a remarkable growth of 7.51 percent from 52.9 lakh tonnes in 2014-2015 to 56.9 lakh tonnes in 2015-2016, she said at the CHEMEXCIL export awards function here.

"In the current year, April 2016-January 2017, exports have grown by 1.5 percent in value and 7.59 percent in volume. The Indian chemicals industry, the third-largest producer in Asia and 12th in the world, is most resilient in exports. The impact of measures initiated by the government will be visible from the current financial onwards," she said.

Sitharaman said that the domestic chemical industry, which employs around two million people, is a key constituent of the Indian economy and the country is the fourth largest producer of agrochemicals.

The top export awards for 2015-2016 were bagged by Reliance Industries for chemicals, Ambuja Intermediates for Dyes and Dye Intermediates, Ishedu Agrochem for Castor Oil and Speciality Chemicals, and VVF India for Cosmetics and Toiletries.

Amit Pthalo Pigments' Shankerbhai Patel and Emmessar Biotech & Nutrition's Ashok Manilal Kadakia were conferred with the Life Time Achievement Awards and 55 awards were given away in different categories.

CHEMEXCIL Chairman Satish Wagh said that the winning formula of government's policy support to exporters' determination to grow is bound to increase their share in the world market, since India already has talent, technology and infrastructure.

"The reduction in corporate tax for MSME by five percent, introduction of Trade Infrastructure Export Scheme will help Indian exporters reduce transaction costs to become globally competitive, and other initiatives like CBEC's single window interface for facilitating trade (SWIFT), Make In India, certain norms relaxed for environmental issues and upcoming GST rollout would spur the sector's growth further," he said.

(Ref. http://www.smetimes.in/smetimes/news/industry/2017/Mar/25/indian-chemical-industry-to-surge-to-226-bn-in-3-years1634456.html dated 25.03.2017)

CHEMEXCIL

21. Ministry of Commerce to set up separate unit for logistics

As per a national business news portal, the Ministry of Commerce and Industry, Government of India, is planning to form a separate logistics department to deal with the issues such as rising costs in the sector which impacts global competitiveness of exporters.

As per a national business news portal, the Ministry of Commerce and Industry, Government of India, is planning to form a separate logistics department to deal with the issues such as rising costs in the sector which impacts global competitiveness of exporters.

Currently there is no single department or ministry in India that would look at all the aspects related to various modes of shipment such as railways, roads and sea.

Exporters in the country have demanded for addressing the problems faced by the logistics sector. Commerce Ministry has also suggested to the Railways Ministry that it needs to distinguish between its freight rates for the various categories like, imports, exports and general category.

Currently, Indian goods are less competitive in the world markets as logistics costs of exports are very high in the country.

India aims to raise its share in world trade from 2.52% at present to 3.5% by 2020.

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(Ref. http://www.indiainfoline.com/article/news-top-story/ministry-of-commerce-ministry-of-commerce-to-set-up-separate-unit-for-logistics-117032700179_1.html dated 27.03.2017)

Chemexcil Notice

NOTICE 1

EPC/LIC/BUDGET/2017-18 1st February 2017

ALL THE MEMBERS OF THE COA

Sub: UNION BUDGET 2017-18: Highlights & provision for exports and chemicals sector

Dear Sir/ Madam,

As you are aware, Hon'ble Union Minister of Finance Shri Arun Jaitely has presented the Union Budget 2017-18 on 1st February 2017.

The Agenda for Union Budget 2017-18 is- "Transform, Energise and Clean India" – TEC India.

As per the budget, it is proposed to focus on 10 broad themes — farmers, rural population, youth, poor and health care for the underprivileged; infrastructure; financial sector for stronger institutions; speedy accountability; public services; prudent fiscal management; tax administration for the honest.

The key economic indicators as per budget statement are following:

- Recommended 3% fiscal deficit for three years with deviation of 0.5% of GDP.
- Revenue deficit - 1.9 %
- Pegged fiscal deficit of 2017-18 at 3.2% of GDP and remain committed to achieving 3% in the next year.
- Foreign exchange reserves have reached 361 billion US Dollars as on 20th January, 2017

For the convenience of the members, given below is gist of provisions in Union Budget 2017-18 from exports and chemicals perspective.

Customs Duty:

There is no change in the peak rate of BCD, however, changes in Customs duty have been made to address the problem of duty inversions in certain sectors. The changes related to chemical sector are as under-

Sr. No.	Chemicals & Petrochemicals	HS Code	Existing Duty	Proposed Duty
1.	o-Xylene	29024100	BCD – 2.5%	BCD – Nil
2.	2-Ethyl Anthraquinone for use in manufacture of hydrogen peroxide, subject to actual user condition.	29146990	BCD – 7.5%	BCD – 2.5%
3.	Vinyl Polyethylene Glycol (VPEG) for use in manufacture of Poly Carboxylate Ether, subject to actual user condition	34042000	BCD – 10%	BCD – 7.5%
4.	Medium Quality Terephthalic Acid (MTA) & Qualified Terephthalic Acid (QTA)	29173600	BCD – 7.5%	BCD – 5%
5.	Liquefied Natural Gas	27111100	BCD – 5%	BCD – 2.5%
6.	Catalyst for use in the manufacture of cast components of Wind Operated Electricity Generator [WOEG], subject to actual user condition	38159000	BCD – 7.5%	BCD – 5% SAD-exempted

Central Excise Duty

There is no change in the peak rate of Excise Duty of 12.5%. However, amendments have been made to specific tariff rates in various sectors by exemption notifications.

Further, there is a clarification in TRU circular on Concessional / Nil rate of duty on inputs for EOUs otherwise available to DTA manufacturers. It has been clarified that the exemptions available to DTA manufacturers on raw materials and inputs at concessional or Nil rate of BCD, excise duty / CVD or SAD are also available to EOU manufacturers, subject to the fulfilment of conditions.

Service Tax

The effective rate of service tax has been left unchanged at 15% (including Swachh Bharat Cess and Krishi Kalyan Cess).

Amendments in HS Codes (without change of Duty)

- A new tariff line 1511 90 30 added for "Refined bleached deodorised palm stearin"
- Stearic Acid HS code 38231111 has been changed to 38231190

Procedural Changes/ Important amendments related to CBEC

Time limit for filing of bill of entry:

Sub-section (3) of Section 46 is proposed to be substituted to provide for filing of bill of entry before the end of the next day following the day on which the aircraft or vessel or vehicle carrying the goods arrives at a customs station at which such goods are to be cleared for home consumption or warehousing. If the bill of entry is not presented within the time prescribed and there is no sufficient cause for delay, the importer will be liable to pay charges for late presentation. There is no time limit prescribed at present.

Time limit for payment of customs duty

Sub-section (2) of Section 47 is proposed to be amended to provide that the importer shall pay the duty on the date of presentation of the bill of entry in the case of self-assessment or within one day from the date on which the bill of entry is returned to him by the proper officer in the case of assessment, reassessment or provisional assessment or in the case of deferred payment, from such due date as may be specified. On failure to do so, the importer will be liable to pay interest on duty not paid at a rate not less than 10% and not exceeding 36% as notified by the Government. At present, the importer is liable to pay duty within two days from the date on which the bill of entry is returned to him for payment.

Storage of imported goods permitted for warehousing

Section 49 is proposed to be substituted to extend the facility of storage to imported goods entered for warehousing in a public warehouse, before their removal. In terms of the present provision, the facility of storage of imported goods is only for goods intended for home consumption

Other important Budgetary provisions for MSME/ Exports/ Infrastructure

Corporate tax: In order to make MSME companies more viable, it is proposed to reduce tax for small companies of turnover of up to Rs 50 crore to 25 %. This will reduce their tax liabilities.

A new and restructured Central scheme namely, Trade Infrastructure for Export Scheme (TIES) will be launched to boost export infrastructure in states which also improve logistics and reduce transaction costs of exports.

For transportation sector as a whole, including rail, roads, shipping, budget has provided 2, 41,387 crores in 2017-18 which will spur an entire spectrum of economic activity.

You are requested to take note of the same. The major highlights of the budget 2017-18 are also available in the attached file for your ready reference.

NOTICE 2

EPC/LIC/JNCH 8th Feb 2017

ALL THE MEMBERS OF THE COUNCIL

SUBJECT: - Direct Port Delivery (DPD) and Direct Port Export (DPE) facility at JNPT to expedite cargo clearance of Imports & Exports.

Dear Members,

We would like to inform you that Jawaharlal Nehru Port Trust (JNPT), the biggest container port of India has launched schemes like DPD (Direct Port Delivery) and DPE (Direct Port Export) for quicker clearances of imports and exports.

Kindly note that that DPD (Direct Port Delivery) facility has been introduced by the port as a part of its policy of ease of doing business. It is made available for all importers who are registered in the Accredited Client Programme (ACP) of the Customs department. Direct Port Delivery enables that consignments are cleared much faster than regular timelines. Similarly, the DPE (Direct Port Export) facility for exporters is supposed to enable cargo clearance within 24 hours.

During recent interactions with the Trade/ industry, the JNCH/ JNPT authorities have urged that Exporters and importers must take advantage of the Direct Port Delivery (DPD) and Direct Port Export (DPE) systems for speedy movement of goods between the port and the factory gate.

Members are requested to take note of the same. For further information, they may contact their logistics providers/ CHA who will handle the clearance.

NOTICE 3

EPC/LIC/JNCH 30th March 2017

ALL THE MEMBERS OF THE COUNCIL

Sub.: Procedure for dealing with "shipping bill copies" consequent to doing away of "Exchange Control Copy" and "Export Promotion Copy" of shipping bill vide Board Circular No 55/ 2016-Cus, dated 23rd November, 2016

Dear Members,

As you might be aware, that for Reducing/eliminating printouts in Customs Clearance, the Central Board of Excise Customs (CBEC) had issued Board No 55/ 2016-Cus, dated 23rd November, 2016 notifying dispensing of printing of Shipping Bill (Exchange Control copy and Export Promotion copy and other some other forms/ Challans.

However, representations were received from the industry that due to submission of "Exporter copy" of SB to shipping line, no copy of SB is available with them for their record, audit and various other business purposes specially when they are dealing with other government depts..

In this regard, JNCH has issued PN no. 36/2017 dated 17/03/2017 clarifying that following procedure should be followed for dealing with Shipping Bill (SB) consequent to doing away of "Exchange Control Copy" and "Export Promotion Copy" of shipping bill vide Board Circular No 55/ 2016-Cus, dated 23rd November, 2016:

- Customs will not retain "Customs copy" of SB at the time of issue of LEO
- Customs copy" of SB should be submitted by exporter to shipping line as proof of "Customs clearance". This "Customs Copy of SB" handed over to shipping line will be submitted by shipping lines to Customs as part of Export General Manifest (EGM)

Exporter may retain "Exporter Copy" of LEO for their record / future reference / post audit etc.

For any issues, exporters may contact Deputy/ Assistant Commissioner in charge of Appraising Main (Export), JNCH through email/ phones (email address: apmainexp@jawaharcustoms.gov.in, Phone No: 022-27244959

Members are requested to take note of the same. For further details, you may download the Public Notice using below link-

http://www.jawaharcustoms.gov.in/pdf/PN-2017/PN_NO_36.pdf

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Lightning of Lamp from left Mr. Satish Wagh, Chairman Chemexcil, Mr. Subhash Desai, Minister Industries, Mining Government of Maharashtra, Mr. Pradip Thakkar, Chairman Plexconcil, Mr. Ramesh K. Mittal Chairman Capexil, Smt. Rita Teaotia, IAS, Commerce Secretary, Ministry of Commerce and Industry,Dr. Sonia Sethi, add. DGFT

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Ribbon cutting by Chief Guest, Guest of Honor

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