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Gem, jewellery exports down 6% in May on weak demand

Our Bureau

Mumbai

Gem and jewellery export last month was down 6 per cent to \$2.48 billion (₹20,713 crore) against \$2.65 billion (₹21,796 crore) for the same period last year due to the economic uncertainties in the global markets.

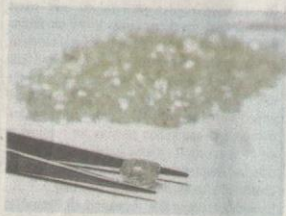
Cut and polished diamonds export declined 15 per cent to \$1.47 billion (\$1.72 billion) largely due to geopolitical tensions.

Rough diamond imports dipped 10 per cent to \$2.39 billion (\$2.64 billion), as per the Gem and Jewellery Export Promotion Council of India data.

Polished lab grown diamond export declined 14 per cent in May to \$120 million (\$139 million) due to volatile demand and pricing.

BETTER REALISATION

Boosted by sharp increase in prices, gold jewellery exports increased 13 per cent to \$660 million (\$584 mil-



Export of cut and polished diamonds declined 15% to \$1.47 billion (\$1.72 billion) largely due to geopolitical tensions

lion) due to higher price realisation and renewed demand for the yellow metal

by consumers globally. Coloured gemstones exports fell 29 per cent to \$63 million (\$89 million).

Colin Shah, MD, Kama Jewelry, said the industry is going through a challenging phase for over a year with the outbreak of geopolitical tensions earlier between Russia and Ukraine and then between Israel and Hamas has deeply impacted the exports.

POLLS IN 60 NATIONS

Additionally, the trade may be further hampered with

elections in over 60 countries and this needs a close monitoring to decide on the course of trade activities for the rest of the year, he added.

Despite the sharp fall in exports, the overall imports by the gems and jewellery sector increased to 24 per cent at \$1.89 billion (\$1.53 billion) due to robust demand seen in the domestic market.

Import of cut and polished diamonds in May jumped to 61 per cent to \$138 million (\$86 million).

● IPHONES ACCOUNT FOR 55% OF RISE IN ELECTRONIC EXPORTS

Export push: Apple, Samsung take electronics to third spot

RISHI RAJ
New Delhi, June 25

APPLE AND SAMSUNG, which manufacture their smartphones in India under the production-linked incentive (PLI) scheme, have helped push electronics exports during the first two months of this fiscal to the third spot. Electronics, which were the fifth largest contributor to India's exports in FY24, have overtaken gems and jewellery during April-May this year.

According to department of commerce data, electronics exports during April-May stood at \$5.62 billion, an increase of 24% over \$4.52 billion during the same period last year.

Of the total \$1.1 billion increase in electronics exports, outbound mobile phone shipments accounted for \$923 million, which constitutes 84% of the total increase.

While total mobile phone exports during this period grew 66%, Apple's iPhone exports were the single largest contributor to this, followed by Samsung. iPhones exports jumped 38% to \$2.2 billion during the two months from \$1.6 billion in the year-ago period. This is the first time since the start of the smartphone PLI scheme in 2021 that Apple has crossed \$1 bil-

SMART SURGE

\$5.62 bn electronics exports in April-May 24% higher than same period last year

■ In FY24, electronics were the fifth largest contributor to India's exports

84% or \$923 mn of the **\$1.1 bn** increase in electronics exports accounted for by mobile phone exports

66% jump in mobile exports, with Apple biggest contributor, followed by Samsung



lion iPhone exports each month.

The growth in iPhone exports accounts for 55% of the increase in electronics exports during this period. Samsung also increased its exports during these two months to \$349 million over the corresponding period last year.

Mobile phone exports in FY24 had touched \$15.6 billion, 40% higher than over \$11.1 billion recorded in FY23. As an independent product category, mobile phones jumped from the fifth position in

FY23 to fourth in FY24. Electronics also registered a growth of 24% in FY24 reaching a figure of \$29.1 billion against \$23.6 billion in FY23.

Electronics as a composite category also jumped one position from the sixth largest export in FY23 to the fifth largest in FY24.

iPhones are produced in India by its three vendors: Foxconn Hon Hai, and Pegatron in Tamil Nadu, and Wistron — now owned by the Tata Group — in Karnataka. Of the total production, over 70% is contributed

by Foxconn, with the remaining 30% coming from Pegatron and Wistron.

The smartphone PLI scheme is considered by far the most successful of all 14 incentive schemes on multiple accounts, be it incremental production over base year 2019-20, exports, job creation or investments.

Each Apple vendor is required to invest ₹1,000 crore during the five-year tenure of the scheme. All three are ahead of their investment schedules. While Foxconn Hon Hai has already qualified for the PLI incentive for FY24, Pegatron and Wistron are expected to cross the threshold of a minimum ₹15,000-crore production shortly. All three companies will thus individually qualify for PLI in the third year, with Foxconn expected to go over the threshold.

Samsung and Bharat FIH, another Foxconn company, are also significant participants in the smartphone PLI scheme. Indian companies Lava, Bhagwati (Micromax), Padgett Electronics (Dixon), UTL Neolyncs and Optiemus Electronics are also participants.

The five-year PLI scheme that started in 2020 ends in 2026, where each company had the flexibility to choose any five consecutive years.

Steel trade deficit widens 47% in April-May as Chinese imports surge

EXPORTS UNDER PRESSURE. Deficit stood at ₹4,284 crore, imports valued at ₹11,831 crore

Abhishek Law
New Delhi

The country's steel trade deficit, the difference between imports and exports, has widened to ₹4,284 crore in the first two months (April and May) of this fiscal, approximately 47 per cent of the ₹9,036 crore recorded in FY24, as the country continues to be a net importer of the metal, with a consistent increase in shipments from China.

According to a Steel Ministry report accessed by *businessline*, imports in April and May were valued at ₹11,831 crore (\$1,419 million). Exports were valued at ₹7,547 crore (\$905 million).

In volume terms, imports stood at 1.3 mt (up 37 per cent y-o-y), outpacing exports at 0.94 mt (down 40 per cent y-o-y) for these two months.

"Flat products accounted for 95 per cent share of imports, up 42 per cent, while non-flat imports were down



TOP SUPPLIER. China continues to be the largest seller of the metal to India, displacing traditional Japan and Korea markets

8.9 per cent. On the other hand, flat product exports (87 per cent of the export basket) were down over 42 per cent, while non-flat exports were down 11 per cent," the Ministry report said.

According to a market source, exports remain under pressure. Chinese "dumping" and re-routing of their offerings through other countries into India continues, even as FTA renegotiations are underway with some of these countries.

While on the one hand, this has impacted domestic prices, on the other, export

offers continue to be impacted in key markets in West Asia," the market participant said.

CHINESE DUMPING

China continues to be the largest seller of the metal to India, displacing traditional markets such as Japan and Korea.

Chinese shipments in these two months have risen 79 per cent y-o-y to 0.41 mt, valued at \$482 million, which is a 62 per cent rise. Chinese shipments were at elevated levels even in 2023, said sources. Nearly 43 per cent of the shipments from China

are of alloy and stainless steel at 0.174 mt, while the remaining 0.233 mt consists of steel plates, bars and rods, galvanised corrugated sheets and galvanised pipes, among others.

Due to over-capacity, the Chinese steel sector has been putting pressure on Indian exports by focussing more on competitively priced steel globally.

Data released by consultancy firm BigMint reveal that India is amongst the top five countries where Chinese shipments (exports from the nation) have gone up. Between January and May, 1.10 mt of steel shipments have been received, up 51 per cent y-o-y. In the year-ago period, metal shipments were around 0.73 mt.

Other countries where Chinese shipments have increased are Vietnam (5.51 mt, up 89 per cent y-o-y), followed by Brazil (1.45 mt, up 60 per cent y-o-y) and the UAE (2.18 mt, up 53 per cent) for the January-May period of this year

For Indian steel-makers, Europe remains a dominant market, though it is depressed because of global economic headwinds.

EXPORT MARKETS

Two of the key buyer-makers, Italy and Spain, saw shipments decline 49 per cent y-o-y to 0.22 mt and 60 per cent to 0.051 mt, respectively.

The UK saw exports increase 25 per cent to 0.13 mt, whereas shipments to Belgium were near flat at 0.13 mt.

Shipments to the UAE – where India faces stiff price competition from Chinese players – saw a 46 per cent decline to 0.05 mt.

"Prices of most finished steel products increased in India and China, while prices went up selectively in Europe...Domestic steel prices in India increased amidst a rise in offers from secondary producers and a marginal improvement in demand," the Ministry report said.

Coffee exports rise as Europe braces for EUDR

BREWING A NEW APPROACH. Customers seen reverting from just-in-time strategy to building inventory, say shippers

Vishwanath Kulkarni
Bengaluru

Indian coffee exporters are witnessing an increase in demand from European buyers who are seen building inventory ahead of the deadline for compliance to the proposed European Union Deforestation Regulation (EUDR) norms.

The EUDR is aimed at minimising the importation of products linked to deforestation and requires strict due diligence and traceability measures for commodities such as coffee and is likely to have an impact on the Indian exports.

The EUDR norms, which applies to a wide range of products, including cattle, cocoa, coffee, oil palm, rubber, soya, and wood, requires businesses to comply with its requirements by December 30, 2024.

“With the EUDR coming



GREEN AGENDA. The EUDR is aimed at minimising the import of products linked to deforestation. It requires strict due diligence and traceability and will likely have an impact on Indian coffee exports

up there’s lot of front-loading of coffees as European customers are buying ahead of the deadline.

“We are seeing build-up of inventories in Europe. Already, lot of shipments are taking place,” said Ramesh Rajah, President, Coffee Ex-

porters Association.

BETTING ON SAFETY

Reflecting the trend, India’s coffee shipments for the January 1-June 21 period this year were up 16 per cent at over 2.37 lakh tonnes over 2.04 lakh tonnes

in the same period a year ago. This also includes the re-exports, which have grown by 18.3 per cent at 53,497 tonnes during the period over 45,213 tonnes a year ago.

Shipments of the India grown coffees have seen an

increase of 15 per cent during the period at over 1.83 lakh tonnes against 1.59 lakh tonnes a year ago.

“Most of our clients who preferred to buy just-in-time, now feel that it’s safe to have inventory. Over the past 20 years, the mantra was just-in-time and supply chain management. Now because of the EUDR regulations, the thinking is that they should hold more inventory. Roasters feel that it is safe to have coffee in store and warehouses. Also, lot of our customers are asking us to ship early,” Rajah said.

“All exporters are seeing front-loading with the European customers and obviously the reason is EUDR,” he said.

CHALLENGES CONTINUE

For the Indian coffee exporters, the peak season ranges between February and May. This year, the peak season

has extended to June, Rajah added. Normally, the shipments turn slack during June-August period due to the arrival of monsoon.

India, the seventh largest producer of coffees, is the fifth largest exporter of the commodity after Brazil, Vietnam, Colombia and Indonesia. Over two-thirds of India grown coffees are exported. About 60 per cent of the Indian coffee exports are destined to Europe with Italy, Germany and Belgium being the major buyers of the commodity.

Rajah said while the shipments are up, exporters continue to face challenges on the logistics front relating to the availability of containers and increase in freight rates in the aftermath of developments in the Red Sea region.

“Post Red Sea attacks, there are not enough food grade containers available and also the sailings are less,” he added.

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Crude oil imports hit 5.33 mb/day in June

Rishi Ranjan Kala
New Delhi

In June, Indian refiners maintained their strong momentum in purchasing crude oil from their two largest trading partners, Russia and the Middle East, for the second consecutive month.

According to S&P Global Commodity Insights, India is likely to have procured 5.33 million barrels per day (mb/d) of crude oil in the current month, compared with 5.22 mb/d during May 2024.

Russia continued to be the top supplier to the world's third-largest crude oil importer, with cargoes expected to be around 2.12 mb/d this month, up from 2.15 mb/d in May 2024.

Similarly, cargoes from Iraq, India's second-largest crude oil supplier country-wise, were almost flat at 1.085 mb/d in June from 1.081 mb/d last month.

Indian refiners also continued the buy momentum from its third largest supplier, Saudi Arabia, at 5,62,000 barrels per day (b/d) this month from 5,65,000 b/d in May. However, sup-



Keeping up the momentum

	thousand barrels per day (kb/d)			
	Mar 2024	*Apr 2024	*May 2024	*June 2024
Russia	1,693	1,830	2,150	2,119
Iraq	1,349	912	1,081	1,085
Saudi Arabia	639	594	565	562
The UAE	427	408	398	412
North America	86	104	123	138
West Africa	412	594	565	562
Kuwait	23	45	78	74
Qatar	45	43	41	43
Total	5,199	5,181	5,221	5,325

Source: S&P Global Commodity Insight

*Forecast numbers

plies from the UAE rose to 4,12,000 b/d in June 2024 from 3,98,000 b/d last month.

Cargoes from Qatar and Kuwait were also largely flat. India imported 43,000 b/d from Qatar during June (May: 41,000 b/d), whereas cargoes from Kuwait stood at 74,000 b/d (May: 78,000 b/

d). Crude oil imports from West Africa also remained largely flat at 5,62,000 b/d in the current month from 5,65,000 b/d in May 2024.

Indian crude oil imports from North America, which are largely sweet grades, rose to 1,38,000 b/d in June from 1,23,000 b/d in May 2024.

ENERGY TRANSITION

S&P Global Commodity Insights' Global Director for Crude & Fuel Oil Markets, Joel Hanley, opines that India's economic development and growth will rely on oil.

"India is committed to being carbon neutral by 2070 and is investing in more sustainable energy such as hydrogen, as well as more accessible power grids but while that is happening, India's economic development and growth will rely on oil. Now a key supplier of refined products to Europe and beyond, as well as furnishing its own growing population, India's building of large refineries has helped put it on the energy map," he added.

The affordability part of the Energy Trilemma (security, affordability and sustainability) has received a "huge boost" from trade with Russia at a discount.

Sweet/ sour crude spreads have been turned upside down by the actions of OPEC+ and increased production from the West. Hanley explained that India is now positioned to take advantage of these changes to increase its security and affordability.

Corn, vegetable oil imports get duty sops

Reuters

Mumbai

India on Wednesday allowed limited imports of corn, crude sunflower oil, refined rapeseed oil, and milk powder under the tariff-rate quota (TRQ) where importers pay nil or lower duty, as New Delhi tries to bring down food inflation.

India is the world's biggest importer of vegetable oils such as palm oil, soyoil and sunflower oil and the top producer of milk.

India has allowed imports of 1,50,000 tonnes of sunflower oil or safflower oil, 5,00,000 tonnes of corn, 10,000 tonnes of milk powder and 1,50,000 tonnes of refined rapeseed oil, the government said.

Food inflation, driven by supply-side factors like adverse weather affecting crops, has remained at around 8 per cent year-on-year since November 2023, preventing it from cutting interest rates.

The government has short-listed cooperatives and state-run companies, such as the National Dairy Development Board (NDDB), the National Co-operative Dairy Federation

(NCDF), and the National Agricultural Cooperative Marketing Federation of India (Nafed), for the imports.

"There wasn't any need to allow imports of sunflower and rapeseed oil at concessional duty," said a Mumbai-based dealer with a global trade house.

"Oilseed prices are already under pressure due to cheaper imports, which still attract duty. Now, duty-free imports will exert additional pressure."

India fulfils nearly two-thirds of its vegetable oil requirements through imports of palm oil, mainly from Indonesia and Malaysia, as well as sunflower oil and soybean oil from Russia, Ukraine, Argentina, and Brazil.

India is the world's biggest producer of milk, but recently, leading dairies raised milk and milk product prices due to strong demand amid limited supplies.

Domestic corn prices were rising due to strong demand from the poultry and ethanol industry.

India, which does not allow cultivation of any genetically modified food crops, has rules in place to ensure that imports contain no trace of genetically modified organisms.