Business Line dt. 16.9.22

Boosted by rapemeal, oilmeal exports up 71% in August

Korea emerges No 1 importer; soyameal shipments rise as prices drop

OUR BUREAU

Mangaluru, September 15

A surge in the export of rapeseed meal helped India record a significant growth in the overall export of oilmeals during the first five months of 2022-23.

According to Solvent Extractors' Association of India (SEA) data, the overall export of oilmeals increased to 15.31 lakh tonnes (lt) during the first five months of the financial year 2022-23 against 10.92 lt in the corresponding period of the previous financial year, recording a growth of 40.15 per cent.

Export of oilmeals from India increased to 2.82 lt during August against 1.64 lt in the same month previous year, recording a growth of 71.39 per cent.

BV Mehta, Executive Director of SEA, said the export of rapeseed meal doubled during the first five months of the current financial year and stood at 10.80 lt against 5.42 lt in the corresponding period a year ago, recording a growth of 99.06 per cent.

He attributed this to the record crop of rapeseed and crushing.

He said India is the most competitive supplier of rapeseed meal to South Korea, Vietnam, Thailand and other Far-East countries at $295 a tonne (f.o.b). The current price of rapeseed meal (f.o.b Hamburg) is quoted at $355 a tonne.

Soyameal prices down

Stating that India was outpriced in the international market in case of the export of soyabean meal up to now, he said with the fall in local soyabean price to the level of ₹5,200/5,300 a quintal, the meal price also reduced to $560 a tonne (f.ob) from the highest level of $888 in March. Now, the soyabean meal (ex-Rotterdam) is quoted at $554.

With international soyabean meal price likely to fall further, and the expected good soyabean crop, coupled with substantial carry forward, crushing will increase from October onwards. Export of soyabean meal from India may increase starting with new season, he said.

India exported 17,547 tonnes of soyabean meal in August as against 10,975 tonnes in August 2021.

S Korea major importer

South Korea imported 4.52 lt of oilmeals from India during the first five months of 2022-23 against 3.08 lt in the corresponding period of 2021-22.

Vietnam imported 2.52 lt of oilmeals (2.30 lt) during April-August of 2022-23.

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Steel Ministry for phased removal of export duty

Suggests nixing levy on stainless steel first

ABHISHEK LAW
AMITI SEN

New Delhi, September 15

The Steel Ministry, along with the Commerce Ministry, has reportedly initiated the process to review the export duty and is suggesting its phased removal, those aware of the development said. The Steel Ministry is said to be in favour of removal of duty on stainless steel in the first phase.

An internal document/ presentation of the Steel Ministry pointed out, at a meeting on September 5, that stainless steel is an export-dependent item and its shipments would improve if the duty is removed.

However, HR coils and CR coils — two key items that have been driving steel export numbers — should not be immediately opened up as it might lead to increase in domestic prices, the Ministry presentation, accessed by *BusinessLine*, said.

A footnote to the presentation said that "Export duty of HS7222 (stainless steel bars and rods) and HS7219 (stainless steel flats) may be considered for removal" while adding that: "in view of this, reduction in duty may be considered after stabilisation of the volatile market condition. And cooling of inflationary pressures and the steel price trends in the next quarter (December-end)."

According to the Ministry document, nearly 80 per cent of the total production of stainless steel long (bars and rods) and 42 per cent of flats are sent overseas. Moreover, these items are seen to have a lower share in the total production of finished steel. Post the imposition of duty, stainless steel long (bars and rods) was the only category to see a growth in exports. India imposed a stiff duty on exports of steel, iron ore and stainless steel from May 22. The duty levied was 15 per cent on flat-rolled products of stainless steel and 15 per cent on bars and rods, angles, shapes and sections of stainless-steel while a waiver of 2.5 per cent import duty was announced on ferro-nickel (a key stainless steel raw material).

Post levy of duty, domestic steel prices dropped 9-14% by June 10

Demand to go up

According to the Ministry document, the steel demand is expected to go up post monsoon; April to June are considered slower months for steel demand while July to September are the worst. Additional demand of 3.5 million tonnes is expected to be generated on account of the infrastructure push.

Hence, in such a scenario, "rolling back export duty may aggravate steel prices", it said, adding that a "duty roll back may give unintended signals to market to prefer exports over domestic demand."

Post levy of the export duty, steel prices in India dropped 9-14 per cent by June 10 (from May 20). The Ministry held that the "price decline after June 10 moderated".

"...Decline *vis-a-vis* May 20 in the range of 5-17 per cent by August 19..." the internal note said, adding that the decline post July 2022 was in the range of 1-2 per cent.

Industry concerns

Incidentally, the industry has already pointed out that exports to the European Union, especially Italy, of TMT bars are "feasible" only without the export duty . It pointed out that the price of export items — TMT, HR coils, CR coils, GP sheet — from India were higher than Chinese offerings leading to competitive disadvantage.

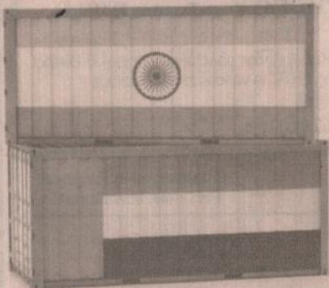
For instance, HR coil price (ex-works) in August was ₹61,363 per tonne before export duty and ₹70,566 per tonne after the levy. In comparison, China was offering at ₹46,374 per tonne. Similarly, CR coil price was ₹68,174 per tonne before duty and ₹78,400 per tonne post levy while competing Chinese offerings were at ₹50,941 per tonne.

"No export of steel is feasible with the export duty of 15 per cent after including logistics charges. Also the industry does not under-supply domestic buyers to push exports. This premise is incorrect," an industry official said.

Business Standard dt. 16.9.22

India's non-petroleum exports to UAE underperform after FTA

SHREYA NANDI
New Delhi, 15 September



TRADE PICTURE

($ billion)

Month	Export	Growth (%)	Import	Growth (%)	Deficit
May '22	2.5	9.71	4.97	108.55	-2.47
June '22	2.89	25.24	4.12	28.98	-1.23
July '22	2.69	8.39	5.22	55.96	-2.53
Total	8.08	15.9	14.31	60.3	-6.23

MERCHANDISE TRADE

May-Jul ($ billion)		Growth (%)
Export	115.34	15.11
Import	195.8	54.3

Source: Dept of Commerce

India's non-petroleum exports to the United Arab Emirates (UAE) grew only 4.5 per cent during the May-July period — the first three months since the trade pact with the West Asian nation kicked in — even as total outbound shipments to the country increased about 16 per cent to $8.09 billion, commerce and industry ministry data showed.

In comparison, India's overall non-petroleum exports grew 8 per cent during May-July while overall exports grew 15.1 per cent during the same period.

Barring an increase in gems and jewellery products, electronic goods such as smartphones and certain petroleum products, exports to the UAE is yet to see any major gains from the free-trade agreement (FTA) that kicked in from May.

On the other hand, India's trade deficit with the UAE witnessed an over threefold jump as compared to May-July 2021 to widen to $6.23 billion, led by a jump in oil imports as global crude oil prices remain elevated due to the Russia-Ukraine conflict.

Government officials and trade experts, however, pointed out that it generally takes at least six months to gauge the initial gains from an FTA and it may be too early to conclude to what extent the trade deal is benefitting India. Currently, exporters are doing buyer-seller meets as well as various outreach programmes to sensitise exporters even from the smaller towns to take advantage of the trade deal.

"Exports of gold jewellery are also reaping the benefits of the FTA. We have told export promotion councils to sensitise exporters even in the tier II and three cities about the India-UAE trade pact. We expect exports of products from labour-intensive sectors such as leather, footwear to benefit from the trade deal," a senior government official told *Business Standard*.

Jayant Dasgupta, former Ambassador to the WTO exporters, would also need time to assess whether they can export new products which will benefit from trade preferences. "For exports against a tariff line eligible for reduced FTA tariffs, only about 20-30 per cent of our exports are using the FTA route because of the time and costs involved in getting the certificate of origin issued. This is especially true of the smaller exporters," Dasgupta said.

Gem and Jewellery Export Promotion Council Chairman Vipul Shah said since India-UAE Comprehensive Economic Partnership Agreement came into force on 1 May, there has been a jump in plain gold jewellery exports to UAE which was experiencing a negative trend over the last two years. According to provisional data, gross export of plain gold jewellery grew 21.85 per cent YoY to $1.69 billion. To be sure, 80 per cent of plain gold jewellery is exported to the UAE.

The Economic Times dt.16.9.22

Maruti Targets Exporting One in Every Two Cars

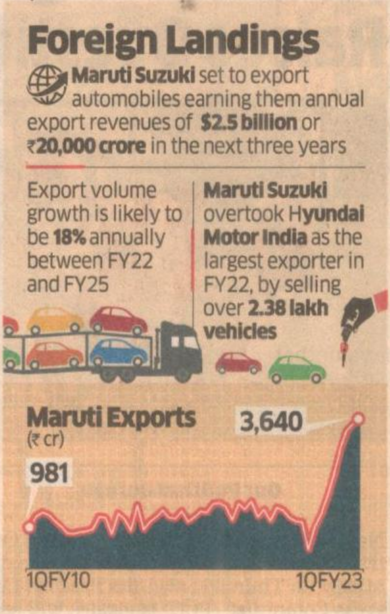
Co plans to export vehicles and auto parts worth up to ₹20,000 crore in next three years

Ketan Thakkar & Ashutosh R Shyam

New Delhi: Maruti Suzuki, which sells one out of every two passenger vehicles in India, is targeting to also make half the number of cars exported from the country in the next three years, people in the know of its plans said.

The Indian subsidiary of Suzuki Motor plans to leverage the global resources of the Japanese parent and its alliance partner, Toyota Motor, to increase its overseas shipments, which in the last fiscal year accounted for a little over 40% of the exports from India. For Suzuki and Toyota, India is set to become a key sourcing hub for not just vehicles, but also for components including lithium-ion cells for electric vehicles, the people said.

Maruti Suzuki is aiming to export vehicles and components worth up to $2.5 billion (Rs 20,000 crore) in the next three years, according to its filings with stock exchanges under a new rule on related-party disclosures. The export turnover approval limit of Rs 20,000 crore for fiscal 2025 indicates the shipments would be more than 3,50,000 units, considering an average Rs 5.5 lakh per vehicle.



Business Standard dt. 19.9.22

$ crunch: Pak food importers at mercy of grey market

SAJJAD HUSSAIN
Islamabad, 18 September

Pakistani importers of food from Afghanistan and Iran have been relying on the grey market to make payments since they are not allowed to buy dollars from banks or exchange companies, according to a media report on Sunday.

Pakistan has been facing an acute shortage of tomatoes, onions, potatoes and other food items after floods destroyed crops, pushing up prices to unprecedented levels across the country.

This situation has forced the government to immediately allow imports of these foodstuffs from neighbouring countries to bridge the supply and demand gap but it has not made any arrangements for the provision of dollars to make payments against these imports, *Dawn* newspaper reported.

The report showed that the importers were quite interestingly asked to enter into barter deals with their Afghan and Iranian counterparts by exporting food items available in Pakistan.

A barter transaction is the exchange of goods or services, in exchange for other goods or services.

Sources in the Peshawar Chamber of Commerce and Industry told the newspaper that import deals in local currencies were possible with Kabul as Afghanis were available in Khyber Pakhtunkhwa.

However, the sources maintained that the Afghan exporters usually ask for US dollars and insist to pay cash or make payments through Dubai. For Dubai payments, the hundi or hawala system is used. Hawala is an informal funds transfer system that allows for the transfer of funds from one person to another without the actual movement of money. Malik Bostan, a leading currency dealer, said most importers are making payments to Afghan sellers in cash dollars or through Dubai.

"The government did not arrange dollars for the imports from Kabul while the importers are barred to buy dollars from the exchange companies or banking channels. This is the case with both Iran and Afghanistan," explained Bostan.n He said in either case dollars from Pakistan are being sent abroad while "we need them badly".

The Afghan currency is available only in Peshawar where exchange or buying and selling is possible in Pakistani rupees and Afghanis, said Zafar Paracha, a currency dealer.

He maintained that Afghan exporters were not ready to sell their goods against Pakistani rupees since the local currency was facing sharp devaluation daily. PTI