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AHMEDABAD MANAGEMENT ASSOCIATION

"The Five Pillars of Prosperity :
Agriculture, Manufacture, Navigation,
Information Technology, Commerce"

FOREIGN TRADE Update

GoG-AMA Centre for International Trade

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Editor's Note

Improve Marketing of Indian Export Industries

We have some very large global size industries, but our exports do not reflect this global reach neither in value nor volume. To give an example, Gujarat is home to 70 per cent of India's Ceramic Industry which is the third largest in the world. The total turnover is Rs.42,000 crores and exports are Rs.12,000 crores, a 30% share of total manufacturing. the export market continues to provide a buffer to Morbi's Ceramic Industry. However, looking at export data, we find that there is a lot of room for increasing our export to neighbouring countries. In Bangladesh, for instance, China's exports are 74% of total imports while India's share in 10%, inspite of Indian having tremendous logistical advantage. Another large market is Indonesia where Chinese has 65% of the market and India at No.2 position has 12% share.

Export competitiveness is not only is a result of price, quality and logistics but also marketing of our products. The Government of India has a scheme for providing subsidy for opening of warehouses and showrooms in foreign countries, but it has not found many takers. Companies involved in building construction material including ceramics should attempt to open common warehouses in Free Trade Zones in regions where high growth is visible such as East African Community and also Dubai and Panama FTZ where entire South American wholesalers & construction professionals regularly visit to buy material. We must take full advantage of government export promotion schemes and look at innovative marketing practices to increase our exports. The Global Ceramics Market was valued US$ 165 Bn in 2018 and is expected to reach US$ 181.2 Bn by 2026, the highest growth will be in our neighbourhood. Our share, inspite of being third largest industry in the world, is only 1%.

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Editor: Suhayl Abidi

Industries Commissioner's Desk

Webinar on Opportunity for Developing Product from Recently Expired Patents

Dr. Aasit Shah, Co-Chairman – Start-up Committee of GCCI mentioned that the webinar giving a guidance related to expiry of patents is very timely when every industry desire to manufacture something innovative, which will help many MSMEs & Start-ups. He also quoted Hon'ble Prime Minister Shri Narendra Modi and stated how important it is to become 'Atma-Nirbhar' by developing products from recently expired patents.

Shri J. Ranjeethkumar, Commissioner – MSME (GoG) gave a detailed presentation on Start-ups, Opportunities, Sector-specific Policy interventions by Govt. of Gujarat. He emphasized on adapting to a change and gave guidance on Patent-Registration Process, Reimbursement by Government for Patent Registration. He, in detail, discussed about many new things & products which are out of patent and of which the start-ups can avail the benefit.

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India's Trade with South Asia

A recent study by Brookings India titled India's limited trade connectivity with South Asia has noted that South Asia remains one of the least economically integrated regions in the world. Intra-regional trade remains well below its potential, at only 5% of the region's global trade, because of "protectionist policies, high logistics cost, lack of political will and a broader trust deficit".

India's trade with countries in South Asia has remained less than 4% of its global trade since the late 1980s while China has increased its exports to the region by 546%, from $8 billion in 2005 to $52 billion in 2018. This is the state of affairs in spite of India's Free Trade Agreements with almost all countries in the regions except Pakistan and China.

India's regional trade growth from 1991 until 1999 was minimal, according to the study titled "India's limited trade connectivity with South Asia". In 2008, India's trade with South Asian neighbours reached a decadal high of $13.45 billion. Following a dip in 2009 due to the global financial crisis, India's trade with its neighbours doubled in the next five years, touching $24.69 billion in 2014.

The slowdown in India's exports to South Asia in 2015 and 2016 coincided with the 13% decline in India's global trade, from $19 trillion in 2014 to $16.5 trillion in 2015. Intra-regional trade revived in 2017, reaching a peak at $24.75 billion, and picking up further in 2018 when it rose to $36 billion, according to the study.

India's largest export market in the region is Bangladesh, followed by Sri Lanka and Nepal, whereas the largest imports by value come from Myanmar, Sri Lanka and Bangladesh.

All countries in the neighbourhood have a trade deficit with India, the highest in 2018 being Bangladesh ($7.6 billion), followed by Nepal ($6.8 billion). The study says that despite the growing trade volume, India's trade with its neighbourhood has remained roughly between 1.7% and 3.8% of its global trade.

This has happened despite trade agreements such as the SAARC Preferential Trading Arrangement (SAPTA), followed by the South Asian Free Trade Area (SAFTA) agreement, as well as the Indo-Myanmar Border Trade Agreement, the ASEAN–India Trade in Goods Agreement and the Indo-Sri Lanka Free Trade Agreement.

In contrast, China has consistently increased its trade with South Asia, barring a slight dip after the global financial crisis of 2008. In 2014, China's trade reached a high of $60.41 billion, whereas India traded approximately one-third that amount at $24.70 billion.

Though China's trade volume with South Asia is consistently larger, excluding Pakistan reduces the gap to almost half. This gap is attributed to the China–Pakistan Free Trade Agreement signed in 2006, which increased trade significantly between both countries.

Bangladesh Imports

Till 2011, India's exports to China was higher at $4.6bn. compared to China's $3.6bn. However, from 2012 onwards China's exports shot up and in 2018 was $17.7bn. compared to India's $8.54 even though there is a FTA as well as much greater logistics advantage. The largest import item is cotton and cotton textiles for its large garment export industry where the larger share of imports was from China even though India is one of the largest exporters but not to

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GoG-AMA Centre for International Trade

ONLINE TRAINING PROGRAMMES

Day/ Date	Time	Programme name
Tuesday, August 4	11.00 a.m. to 1.00 p.m.	Digital Exports
Thursday, August 6	11.00 a.m. to 1.00 p.m.	Doing Business in Germany
Thursday & Friday August 6 & 7	10.00 a.m. to 1.00 p.m.	How to Calculate Export Price
Saturday, August 8	11.00 a.m. to 1.00 p.m	Understanding European Culture for Business
Tuesday, August 18	6.30 p.m. to 7.30 p.m.	Bank Finance for Exports
Wednesday & Thursday August 19 & 20	6.30 p.m. to 7.30 p.m.	Foreign Exchange Markets, Exchange Rates and Risk Management
Tuesday & Wednesday August 25 & 26	6.30 p.m. to 7.30 p.m.	Letter of Credit, UCP 600 and Incoterms 2020

Please register your participation to: **ama@amaindia.org;** WhatsApp. No. **7203030990** mentioning name of the programme, programme date, participant name, mobile number and e-mail ID.

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Bangladesh. This story is also repeated elsewhere.

One of the reasons is the cumbersome and slow process at our major land customs posts such as Petrapole where average delay for a shipment is four days. India and Bangladesh should learn from many African countries which are setting up One-Stop-Border-Posts (OSBP) at land borders and has seen dramatic decrease in time to cross over for a few days to a few hours.

The study's analysis of India and China's shares in the global trade of the South Asian countries revealed only the landlocked countries (Afghanistan, Bhutan, and Nepal) had a higher trade share with India when compared to China. While exports to China from the region have been minimal, imports from China have been growing since 2012 in Myanmar, and since 2014 in the Maldives, Bangladesh, and Pakistan.

In the case of Sri Lanka, there was heavy reliance on imports from India till 2013, owing to the Indo-Sri Lanka Free Trade Agreement. However, post-2013, both India and China export at par to Sri Lanka.

"In the last two decades, China has established itself as a major trade partner of South Asia. Beyond Pakistan, China has made inroads into South Asia by becoming Bangladesh's top trading partner in 2015, and bolstering trade and investment with Nepal, Afghanistan, Maldives and Sri Lanka. This mainly reflects the region's strategic importance for China's Belt and Road Initiative (BRI), particularly the smaller South Asian countries," the study said.

The study recommended several steps to help improve India's regional trade, including revisiting and redoubling the focus on free trade agreements, eliminating barriers and other protectionist policies, and enhancing cross-border infrastructure such as integrated check posts.

Data from World Bank's World Integrated Trade Solution (WITS) database and the International Monetary Fund's (IMF) Direction of Trade Statistics (DOTS) database on trade by India and China with Afghanistan, Bangladesh, Bhutan, the Maldives, Myanmar, Nepal, Pakistan, and Sri Lanka was analysed for the study. The study focused on India's import and export with South Asian states from 1988 to 2018 and China's trade with South Asia, excluding India, from 1992 to 2018.

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Shri Jatin Trivedi, Chairman – IPR Committee of GCCI gave brief information on expired patents and emphasized to be watchful of life-cycle of patented technology, reason of its expiry and freedom of operations.

There is a very large market for generic products which are manufactured from patents which have expired. The global success of our pharmaceutical & agro chemicals industries is based on producing & marketing generic products. It should be carried forward in other sectors too.

INTERNATIONAL TRADE - LESSONS ON ONLINE

Please register for each of these Programmes through ONLINE

International trade has taken a big setback due to global pandemic Covid19. India's exports have also declined in the last quarter substantially. However, we have to look at the future with confidence. How will the Indian exports recover and which sectors are likely to take a lead in recovery of exports? A series of following programs will throw light on promising sectors and regions where early recovery is likely to take place in the post Covid era.

Date	Time	Title
Wed., July 15	4 pm to 5 pm	Global Markets for Medical Devices
Thu. , July 16	4 pm to 5 pm	Export Markets for Technical Textiles
Wed., July 22	4 pm to 5 pm	API Exports Can Outshine Formulations
Thu., July 23	4 pm to 5 pm	Export Markets for Automotive Components

The talks will be delivered by **Mr. Suhayl Abidi,** Research Advisor, GoG-AMA Centre of International Trade & Editor, Foreign Trade Update

Kindly join the **Zoom Training classes**. **No Participation Fee**. However, please send your request for participation to ama@amaindia.org or Ph.: 079-26308601-2-3-4- 5; Mob.: 9537407187, 7203030990

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Profile of South Sudan



South Sudan is one of those countries where the perception is that it is an unstable, violent place where it is not easy to do business. South Sudan has passed through two civil wars. One for secession from Sudan and the second for gaining power & influence by two major armed groups. However, now both parties have agreed to share political power and the country is quiet and ready for development. There is a small community of approx. 300 Indian descendants, and they were quite safe even during the height of civil war.

After a four-year contraction, South Sudan's economy appears to be recovering and reached 3.2 per cent in FY18/19. However, according to the World Bank's latest Economic Update for South Sudan, the economy is still affected by high inflation which stood at 170 per cent in October 2019. The report forecasts favourable economic outlook with growth expected to be in the range of 7.9 per cent during FY2019/20 and exports projected to increase by 23 per cent. However, the report cautions that a collapse of the peace agreement could push the economy back into recession over the same period. According to the South Sudan Economic Update: Poverty and Vulnerability in a Fragile Environment, growth was mainly driven by positive movement in the oil sector, which recovered strongly. Dividends from the peace agreement also reduced conflict in certain regions across the country and led to a slight recovery in a few non-oil sectors. Oil is the only export item of South Sudan at present. South Sudan has gradually moved closer to the East African Community (EAC), which includes Burundi, Kenya, Uganda, Tanzania and Rwanda, and has officially become its latest member to August 15, 2016. South Sudan has only one road connecting the capital Juba to Nimule on the border with Uganda. Road restoration should pave the way for trade with Central and East Africa. In 2018, South Sudan mainly imported vehicles (24.67% of total exports), machinery (7.54%), electrical appliances (7.11%), pharmaceuticals (6.17%), plastics (5.26%) and beverages (4.09%). The country mainly exported oil (95.58% of total exports) (ITC, 2018).

The peace agreement signed in September 2018 to end the civil war led South Sudan and Sudan to open four border crossings, which will increase commercial traffic. A new expressway is being built to connect this landlocked country with Kenya's port of Mombasa. Trade is carried through traders in Uganda and Kenya. In 2018, South Sudan imported goods for USD 154.8 million while it exported for USD 1.6 billion, resulting in a trade surplus of USD 1.46 billion. South Sudan proceeded to rebuild the facilities for the production and export of hydrocarbons, and stability was restored, which supported oil exports.



Job Announcements on AMA Notice Board

Ahmedabad Management Association (AMA) has been making its Notice Board available for announcement of Job Openings in various companies since a number of years now, acting as a facilitator for both the employment providers and employment seekers. This facility of displaying the Job Opening is made available free of cost and the sole motive is employment generation.

The Job provider gets to announce his / her vacancy in varied field at no cost.

The vast majority of AMA facility users get to view these advertisements and explore these opportunities thus getting the right candidates in the right fit - creating employment.

The posting would be for a fixed duration of 15 days and would be removed automatically thereafter unless the organization request for a re-posting.

AMA's role would be limited to posting of the vacancy for viewers at AMA Complex.

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First to adopt of electronic bill of lading in India: India is digitalizing its bills of lading and other trade documentation workflows as one of the last missing elements within the country's electronic Port Community System (PCS). Blue Water Lines, a Singapore-based Non-Vessel Owning Common Carrier (NVOCC), pioneers as the first to adopt the electronic Bill of Lading (e-BL) in India by utilising blockchain technology on the CargoX platform. Portall Infosystems, a logistics management application was accorded a contract by the Indian Ports Association, under the Shipping Ministry, to introduce a pan-India Port Community System (PCS 1x). Portall Infosystems was developed by Mumbai based logistics conglomerate J M Baxi Group. By utilising a neutral, public blockchain ethereum network, CargoX operates a smart BL document transfer platform. An ethereum network is a decentralised, open source Blockchain featuring smart contract functionality.

The PCS1x, offering the P-CaSo curated marketplace of services, was developed by Portall Infosystems, and it has incorporated CargoX's Platform for Blockchain Document Transfer (BDT), that is accessible to the stakeholders. At present, PCS1x is operational in 19 ports with over 16,000 corporate stakeholders. The B2B marketplace (P-CaSo) for the ecosystem is incorporated into the Indian Port Community System to bring various niche services with curated service partners, including services such as blockchain document transfer.

A Bill of Lading (BL) is a crucial legal document in global trade issued by a carrier (shipping line/ freight forwarder) comprising of a detailed list of the cargo, in order to acknowledge receipt of goods, contract of carriage and document of title (ownership) of the goods.

Portall and Cargox has called upon other NVOCCs, forwarders and also exporters and importers to move away from paper documents and embrace digital bills of lading and trade documentation, as stated by Portall in a statement. Apart from this, P-CaSo has taken on 'Return Trucks', for trucking services on the PCS1x; which is an innovative digital platform with offices in USA and Andhra Pradesh, that bridges transport operators (trailers and trucks) for facilitating seamless cargo shipment from one place to another.

Gujarat Export Sector

Pharmaceutical API: India's API exports can outshine formulations: The API business is a rare pool of profitability. Margins remain attractive even in the most commoditised categories, because supply is much more concentrated in APIs, and suppliers have achieved greater scale by operating globally rather than regionally.

Boston Consultancy Group

The coronavirus pandemic has laid bare the need for an API manufacturing hot-spot other than China, and India has the potential to be one. While the production of generic drugs is bound to see some significant transformation as different countries are evolving to become active producers, India can step up and develop infrastructure for large scale manufacturing of APIs, thus enabling the India pharma sector to dominate the world market in future.

Covid19 has presented India with a golden opportunity to build world-scale API industry and compete successfully with China in the global markets. It is our assessment that if we build a world-class and world-scale API industry, its export which is presently around $5 billion (25 per cent of total 2019-20 exports of $19-20 billion), can be scaled up to ultimately reach and exceed generic drug exports within 10 years. The time has come to view India as not only as global number one generic supplier but also number one API suppliers and Gujarat can take a lead in this sector. No other country outside of advanced countries and besides China, can boast of such a diverse chemical industry which produces over 70,000 products and possess the technical knowhow and qualified manpower to make it happen.

Many countries in Asia, Middle-East, Easter Europe and Latin America are engaged in building up or expanding their generic pharmaceutical industry, in large global scale plants, not only to become self-sufficient in generic drugs but also take a share of the expanding regional markets. For instance, Egypt hopes to reduce import of generic drugs from $1.46 billion in 2018, to $700 million in 2020 and nil in 2030. In Sub-Sahara Africa too, there is a renewed effort to indigenise production of pharmaceutical products to ensure that the $45 billion African market stays within African hands. Ethiopia is positioning itself as the pharmaceutical hub of Africa by 2025. In addition, 29 Drugs will go off-patent allowing generic entry in 2020 – 2021. More will follow every year, thereafter. Indian generic industry will see a growth of 15 per cent to $55-bn by 2020 as against global growth of 5 per cent. Besides overseas manufacturing, India too will require increasing quantity of APIs. Where will the API for all this manufacturing come from? None of these countries can build a significant API industry within the foreseeable future and they will depend on merchant API suppliers primarily from China and India who will jointly supply 80 per cent of the world's demand according to a study.

The global active pharmaceutical ingredient market is estimated to

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- **FY21 exports may fall by 10% if there's no second corona wave: FIEO:** India's exports are expected to contract by 10 per cent in 2020-21 with the devastating impact of the coronavirus pandemic slowly receding, and June exports expected to shrink by only 12 per cent, and a huge improvement from May's high 36 per cent, the Federation of Indian Export Organisations (FIEO) has said. However, this calculation also runs the risk of sliding deeper into red if the government pursues a blanket ban on imports from China, FIEO warned at a press conference.
- **Exporters to fill China gap:** Exporters are upbeat about the pick-up in shipments by the third quarter of the current fiscal with increased interest for Indian products from several countries. In the past few days there has been increased enquiry about products from the country and many are looking at alternative supply chain in place of Chinese products and the country seems to be emerging as a favourite destination, DG & CEO of FIEO said. FIEO DG & CEO said manufacturing activity in select export related sectors have picked up. We estimate that May will be better than April, but still 30-40 per cent down over last year. By July, contraction in exports could be closer to 20 per cent. Pharma, plastics, chemicals and some segments of engineering and electronics are better off compared with traditional sectors such as apparel, carpets, handicrafts and leather, FIEO DG & CEO added.
- **Exporters raising concern over consignment hold-up by Hong Kong, Chinese customs: FIEO:** Some exporters have raised concerns over consignments being held back by Hong Kong and Chinese customs in response to a similar action allegedly being taken by Indian authorities at Chennai port, FIEO said.
- **DGFT to launch new digital platform for import-export code related services on July 13:** The Directorate General of Foreign Trade (DGFT) will launch a new digital platform on July 13 the first phase of which will cater to the services related to the issuance of Import Export Code(IEC), modification, amendment processes along with a Chatbot (a virtual assistant). The IEC is mandatory for companies and businesses to start a business that deals with import and export. The platform is aimed to help traders electronically file their application related to IEC, various exports schemes such as Advance Authorization and Export Promotion Capital Goods (EPCG), monitoring the status of the application and raising queries among other services related to the Foreign Trade policy.
- **Steel exports to China see transient surge, firms eye other export markets:** Despite the balance of steel trade with China for the first-time ever being tilted towards India now, domestic primary steel producers may still find it convenient to lend voice to the boycott China chorus as the recent surge in exports may just be a temporary phenomenon, which may die down soon. While nil duty on imports from countries such as Japan and Korea with which New Delhi has Free Trade Agreements (FTAs) boosting the overall imports, the government had to rein in predatory imports from China with various tariffs and non-tariff measures in the past, mostly on the demands from primary producers. But, with India becoming a net exporter of steel to China both in April and May, largely because China was producing less of the alloy amidst Covid-19 pandemic, an opportunity for exports cropped up for Indian steel firms like JSPL which grabbed that with both hands to make up for the subdued demand domestically. However, now JSPL has already started scouting for exports in alternative markets such as Indonesia, the Philippines, Vietnam, Taiwan, Malaysia, Australia and the Middle East.
- **India plans extra tariffs, trade barriers on 300 imported products: Sources:** India plans to impose higher trade barriers and raise import duties on around 300 products from China and elsewhere, two government officials said, as part of an effort to protect domestic businesses. The plan has been under review since at least April and is in line with Prime Minister Narendra Modi's recently announced self-reliance campaign to promote local products. The new duty structures are likely to be gradually outlined over the next three months. The government is considering raising import duties on 160-200 products and imposing non-tariff barriers - such as licensing requirements or stricter quality checks - on another 100, according to the officials. The decision will target imports worth $8-10 billion with the aim of deterring non-essential lower quality imports which render Indian products uncompetitive, said the first official, who has direct knowledge of the plans.
- **Pharma exports up 19% in May:** After a lull during the lockdown in March-April, exports of drugs and pharmaceuticals surged 19 per cent in May. Growth likely to sustain on demand for Covid-19 drugs
- **Indian government to allow export of five million PPE:** The Centre plans to allow export of

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nearly five million Personal Protective Equipment (PPE) suits a month as India is making these suits in surplus quantities. However, government officials added manufacturers will have to comply with international standards and acquire all required certifications to make sure their products are up to the mark. The textile industry has been seeking permission for the exports of these suits citing PPE surpluses in the country and losses it has suffered because of the pandemic. South India Mills Association President K Selvaraju said there is no market presently for garments or knitwear and that textile companies have been requesting the government to allow them to export PPE kits. He added they have reached a point where they can produce nearly 10 million kits a month.

- **Export curbs now only on specific diagnostic kits, instruments: GDFT:** The government on 10th June decided to continue the export curbs only on specific diagnostic kits, reagents, and instruments such as swabs sterile synthetic fibre, silicon columns and magnetic stand, amid the coronavirus outbreak. In a notification, the Directorate General of Foreign Trade (DGFT) said all other diagnostic its/ reagents/instruments/apparatus are freely exportable subject to submission of an undertaking by the exporter to the customs authorities at the time of export.
- **PPE manufacturers want export ban lifted; eye $60 b global market: AEPC:** Apparel sector is eyeing the export potential for PPE (Personal Protective Equipment) kits and appealed for lifting the ban on exports.'

GUJARAT TRADE NEWS

- **Diamond industry in Gujarat's Surat to continue operating with new norms:** Despite of earlier suggestions to close the Surat's diamond industry in wake of Covid-19 pandemic, it will continue to function as per the new norms, said Dinesh Navadiya, Gujarat region chairman, Gems and Jewellery Export Promotion Council on Monday. According to the Union ministry of health and family welfare, there are 27,260 Covid-19 cases in Gujarat, out of which 6,248 are active, 19,349 have been cured/ discharged and 1,663 have died.
- **Covid-19: Why Gujarat PPE makers are cutting down output by 50%:** The Gujarat-based manufacturers of Covid-19 Personal Protective Equipment (PPE) kits are forced to downsize production by almost 50% due to oversupply. The pandemic outbreak has prompted a plethora of garment manufacturers to start making PPE kits in the state, to the extent of causing an oversupply in the domestic market, said Vijay Purohit, president of Gujarat Garment Manufacturers Association (GGMA). As the Government of India has imposed a ban on export of PPE kits, manufacturers are not able to dispense with excess stocks, said Purohit, adding there was a huge demand of PPE kits in African and Middle Eastern nations. "If the government would allow to export PPE kits, not only the Gujarat-based manufacturers but those from across the country will be benefitted," he added.
- **Amul seeks 160-crore export incentive to get rid of extra skimmed milk powder stock:** The dairy cooperative has stocks of about 80,000 tonnes of Skimmed Milk Powder. Faced with ample stocks of SMP amid demand disruption in the bulk consuming sector, largest dairy player Amul has approached the Gujarat government seeking a 160-crore financial incentive to export the surplus stocks. The demand scenario is bleak as there is not much off-take from the bulk segment such as hotels, restaurants, cafes as gatherings, marriages, parties are not happening. However, consumer product demand is growing well, but the bulk segment is not growing. And we have collected record milk during the lockdown period and converted it into SMP and white butter. Now, there is about 1.25 lakh tonnes of stocks of SMP available in the country.

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reach USD 245.2 billion by 2024 from USD 182.2 billion in 2019, at a CAGR of 6.1 per cent during the forecast period. Global Small Molecule API Market is expected to rise from its initial estimated value of USD 151.30 billion to an estimated value of USD 254.38 billion by 2026, registering a CAGR of 6.71 per cent in the forecast period of 2019-2026. (Galus Asutralis). In 2019, the captive API manufacturers segment is expected to account for the largest share of the APIs market. However, this may be about to change. AstraZeneca, which manufacture 85 per cent of its APIs is currently in the process of withdrawing from all API production in favour of outsourcing. Companies in India should seize this opportunity for transfer of technology from AZ and later other multinationals.

Producing pharmaceutical ingredients requires a greater number of reaction and purification steps, meaning designing a suitable process is more complex. In addition, the regulatory requirements surround the manufacturing pharmaceuticals are generally far stricter than those surrounding commodity chemicals. With building a strong national R&D base, we can ensure global domination in pharmaceutical APIs.

- **Commodity exports to China could fall by USD 33.1 billion in 2020, UNCTAD Study:** The global commodity exports to China could plunge up to 46 per cent to USD 15.5 to 33.1 billion in 2020 due to the coronavirus crisis, according to research by the UN trade body. For commodity-dependent developing countries, some of the most vulnerable on the planet, the drop is projected to be between USD 2.9 billion and USD 7.9 billion, which would constitute a 9 per cent loss in terms of annual growth rate. With China absorbing about one-fifth of world commodities' exports, such a drop in its imports would have a dramatic impact on producers of primary goods.
- **EU-Vietnam FTA: India's labour-intensive export sectors to feel the heat, China may gain:** The pact will raise competition between the Asian rivals for the lucrative EU market in a range of products such as garments, footwear, marine products, plastics, rubber, leather and coffee. Importantly, Vietnam will get duty-free access to the EU for 71% of its goods from day one and 99% after seven years but Indian supplies will continue to attract up to 9.6% duty (the maximum, among the products from labour-intensive sectors, is on garments). Moreover, trade analysts expect a further jump in investments by China and others in Vietnam to take advantage of its duty-free access to the EU, at the cost of India. As such, according to a Nomura report last year, as many as 26 of 56 companies that relocated out of China between April 2018 and August 2019, set up shop in Vietnam.
- **India-China border tension unlikely to impact Trade relations in short-term: Experts:** The ongoing India-China border tensions may not have any immediate impact on the bilateral trade relations, according to experts. Experts, however, pointed out that if the situation aggravates further then it could affect bilateral trade relationships. "I do not see any impact on the bilateral trade relations due to the current border tensions between the two key trading partners," Federation of Indian Export Organisations (FIEO) President said. FIEO President added that there are huge trade opportunities for businesses of both the countries to explore in each others'' market. Ludhiana-based Hand Tools Association President said that China is a big market for Indian exporters and there is a need to look at ways to boost exports to the neighbouring country to bridge the widening trade deficit. Our dependence on China is huge on several critical products like APIs (Active Pharmaceutical Ingredients). There are no serious alternatives or market for us for those critical products and situation would not change in a day.
- **Trade pacts under lens as India seeks to check Chinese Imports:** India is looking to plug loopholes as it seeks to reduce import dependence on China. The routing of Chinese goods to India through their common trade partners, inversion in duty structures and the exploitation of ambiguities in origin rules have all come under the government's scanner, said people with knowledge of the matter.
- **Garments exports: Vietnam-EU FTA to hurt Indian Players:** Indian garment exporters, already battered by the Covid-19 outbreak, are in for further trouble, as major competitor Vietnam has forged a Free Trade Agreement (FTA) with the EU. Once the pact comes into force, likely in July, Vietnam will get duty-free access to the EU market in garments (apart from dozens of other products), while such supplies from India will continue to be taxed at 9.6%. This will further harden the challenge for India to even hold on to its market share in garment exports, let alone grab the space being gradually vacated by China.

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