Asian Exporters' Chamber Of Commerce and Industry

# AECCI VIEWPOINT

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## Latest Update - Foreign Trade Policy 2023

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By: Vinuth Kumar(Digital Efforts)

# India Needs To Be Export Competitive To Capture Overseas Market For Surplus Milk: Niti Aayog Member

TIndia has already emerged as the largest milk-producing nation in the world, and if it has to capture overseas markets for its surplus milk, then the country must be export competitive, Niti Aayog member Ramesh Chand has said..

The goal and vision of the dairy industry for the next 25 years should be to make India the largest exporter of dairy products, Chand suggested. "This is a tall order but, looking at the past achievements of the dairy sector, it looks attainable though challenging," he opined.
Exports are less than 0.5 percent of the total domestic milk production. World dairy export in 2021 was valued at USD 63 billion, whereas India's export was only USD 392 million (0.62 per cent). Chand pointed out that the recent data on milk output shows an annual growth rate of 5.3 per cent.

It is important to mention that the growth rate in milk production accelerated after 2005, when the emphasis shifted from exotic breeds to indigenous breeds. Per capita milk production in India has now exceeded the recommended dietary level, as suggested by NIN-ICMR, which is 377 grams per person per day.

The dairy sector in India has shown very impressive growth since the beginning of Operation Flood launched in 1970. Before this, milk production was not even keeping pace with the growth in population in the country. Because of this, per capita milk output declined from 132 grams in 1955-56 to 110 grams in 1973-74. This led to a serious shortage of milk and milk products in the country, like a shortage of staple food during the mid-1960s, which led the country to go for adoption of green revolution technology.



Source: GoodReturns

# Indian Government Announces New Long-Term Foreign Trade Policy with Focus on E-Commerce, Remission-based Regime and Globalization of Rupee

The Indian government recently announced the Foreign Trade Policy (FTP) 2023, breaking the tradition of having a policy lasting five years, with a focus instead on a long-term approach.

The FTP will be updated as and when necessary, and the policy will shift from incentives to a remission and entitlement-based regime. The new policy also seeks to encourage e-commerce exports, make the Indian rupee a global currency, allow international trade settlement in domestic currency, automate some trade approvals, and cut charges for medium and small businesses.

The DGFT has predicted that exports will touch $770 billion in FY23, up from $676 billion in FY22.The policy aims to boost domestic manufacturing, strengthen the export base, encourage ease of doing business, and support the industry in the long run.

However, the new policy could have been an ideal platform for the government to prepare India's exporters to cope with the challenges in the global market by coordinating with all the standard-setting agencies of the government, the export promotion councils, and the relevant institutions in the private sector to prepare a roadmap for upgrading institutions and production facilities.

The FTP 2023 aims to encourage domestic manufacturing, strengthen the export base, and encourage ease of doing business. This initiative is a step ahead of the previous foreign trade policies, focusing on digitization, globalization of rupee, and benefits to the e-commerce industry.

The policy aims to shift from incentives to a remission and entitlement-based regime and introduces a scheme for the remission of duties, taxes, and government levies on export goods.

The policy also focuses on digitization, automatic approval of applications, and easing norms for recognition as Star Trading Houses. It promotes trade in Indian Rupee, extends all FTP benefits to e-commerce exports, and increases the value limit for exports through courier service.

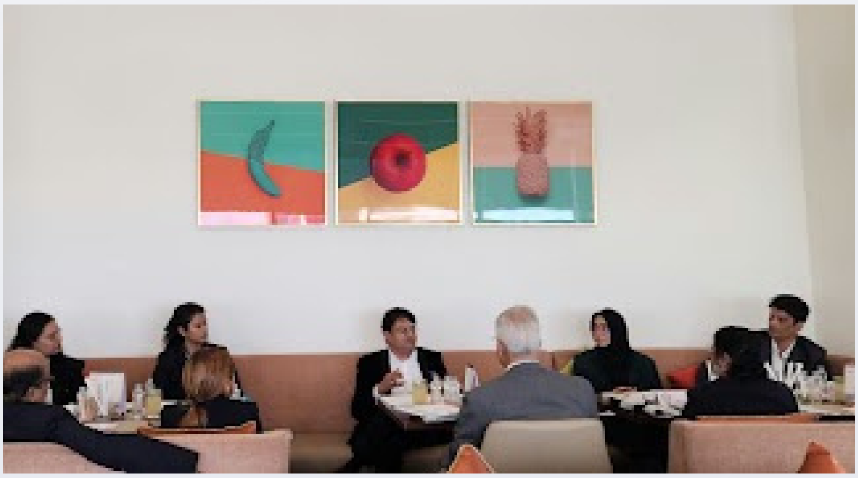
The policy introduces an amnesty scheme for a one-time settlement of default in export obligation and aims to engage with states and districts through the Districts as Export Hubs initiative.

The FTP 2023 is dynamic and responsive to the emerging trade scenario and will help streamline the export of dual-use items under the SCOMET policy. The Department of Commerce is being restructured to make it future-ready.




**Source: Foreign Trade Policy 2023**

# Round Table Session by AECCI-IAC



AECCI has organized the round table session in presence of all empaneled arbitrators who joined us on 13th April 2023 with hon'ble Shri Jaheer Bukhari Sir. As an organization committed to promote arbitration as a means of resolving disputes, we were pleased to have this opportunity to engage in a productive and fruitful discussion with all of you.

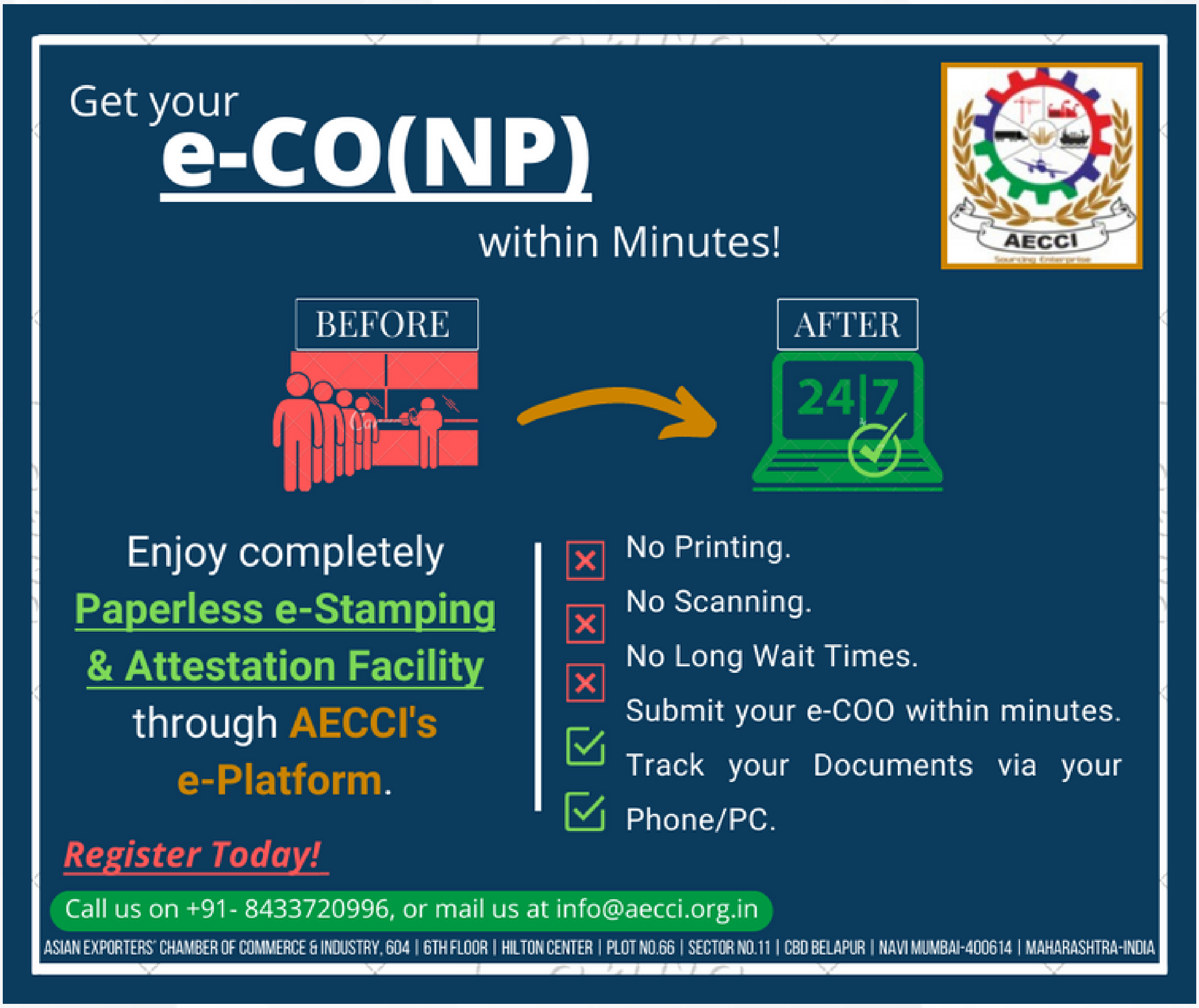
***Date: 13th April 2023***

***Venue: Countryard By Mariott***

# Headlines of the Day

*Here's the latest business news of 17 April 2023*

- China's share in India's import basket declines to 13.79% in FY23: Govt
- UAE is India's second biggest export destination, third biggest source for imports
- Indian smartphone export likely crossed over Rs 82,000 crore in FY 2022-2023



# OPEC+ output cut may cause higher prices, push up India's import bill: IEA

The International Energy Agency (IEA) on Tuesday termed the decision of OPEC+ to cut oil production as "risky for the global economy", saying it may push up already high prices, leading to higher import bills for nations like India.

Global oil markets were already set to tighten in the second half of 2023, with the potential for a substantial supply deficit to emerge, said Fatih Birol, head of the Paris-based energy watchdog.

Talking to reporters after a bilateral meeting with India's Commerce and Industry Minister Piyush Goyal here, he said, "The cut of the additional production would mean that we have all the reasons to believe that there could be an upward pressure on the prices".

"At this juncture of time when the global economy is still very fragile and many emerging countries have difficulties with economic performance, I found this decision risky for the global economy," he noted.

Asked if oil prices could go past USD 100 per barrel again, he said, "I think we are all the day but USD 85 now, and looking at the second half of this year, I have reasons to believe that it can go even higher at current levels".

Higher oil prices will not just translate into inflationary pressure on other commodities but will also lead to a larger import bill for nations like India, which are dependent on overseas supplies to meet their requirements.

Asked about the impact of sanctions on Russia, he said the objective of reducing Russian oil revenue has been achieved.

"Our numbers show that in one year of time since the 24th of February, when the war started, the Russian oil and gas export revenues declined, dropping by 60 per cent. If we consider that the oil and gas export revenues are a very important input for the Russian budget, it is a major challenge for the Russian economy."

Russian oil is being sold at a discount to international benchmarks because some Western nations have stopped buying it and their insurance companies are no longer providing cover for ships carrying such oil.

India is one of the countries, which utilised the opportunity to buy discount oil to cut its import bill.

The IEA head said India was doing this in a transparent way and within the international rules and regulations. "And India is profiting by...importing of crude at a lower discounted price than the others. This is definitely a legitimate step.



Source: Business Standard