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The Cotton Textiles Export Promotion Council [TEXPROCIL]
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IBTEX No. 67 of 2018 April 02, 2018

USD 65.06| EUR 80.14 | GBP 91.34 | JPY 0.61

Cotton Market

Spot Price (Ex. Gin), 28.50-29 mm

Rs./Bale	Rs./Candy	USD Cent/lb
19194	40150	**78.57**

Domestic Futures Price (Ex. Gin), April

Rs./Bale	Rs./Candy	USD Cent/lb
20450	42777	**83.71**

International Futures Price

NY ICE USD Cents/lb (May 2018)	82.13
ZCE Cotton: Yuan/MT (Jan 2018)	14,830
ZCE Cotton: USD Cents/lb	**91.12**
Cotlook A Index – Physical	**89.95**

Cotton guide: The week gone by was short trading period across the globe for Cotton. Only 4 working days were available. Therefore, conventionally the trading volumes week on week basis were lower vis-à-vis previous week. For reference, the aggregate volume declined from 0.135million contracts to 0.110 million contracts at ICE platform.

Interestingly the aggregate open interests were higher. On the pricing from the active May contract ended the week at 81.46 down by 37 points from previous close while declining for the past one month. Likewise, July ended at 81.80 cents. The spread is maintained around 30 to 40 points between the two contracts.

On the market front last week on Thursday two important data was released i.e. weekly export sales number which turned out to be one of the good figures. It showed combined net sales for the week ended March 22nd at 373,200 bales (upland 366,400/pima 6,800). That included cancelations of 19,900 bales. Secondly the monthly USDA Planting Intension report was released which stood 13.50 million acres under cotton acreage in the new season in the US.

Further, the Weekly CFTC On-Call Cotton Report for the week ended March 23rd was released after the market close on Thursday. It showed a new all-time record total on-call purchase at 42,156 contracts. The previous record was last week's 41,653 contracts (week ended 3-16-18). On-call purchases a year ago were 32,581 contracts. Total on-call sales were 159,172 contracts, down 1,464 contracts. On-call sales a year ago were 118,280 contracts.

Further on the market Gim Roger's long only positions are getting rolled over where selling May and Buying July taking place and today (2nd April) is being the last day of this roll over. We believe the most part of the rollover may have been already done. From the Technical price perspective cotton is hovering around 82 cents and continues to hold strong support below 81 cents. We believe as long as cotton hold at the support level it may move gradually higher. For the near term we expect it to move in the range of 81 to 84 cents per pound.

Coming to domestic front, spot market in India witnessed long weekend holiday however, price quoted around Rs. 40400 to Rs. 40600 per candy ex-gin. On the futures front the March that expired last week settled higher while the FSP was at Rs. 19540 per bale. However, the April contract that is currently active has ended at Rs. 20430 per bale up by Rs. 100 from previous week's close. We believe market may remain steady to marginally on the recovery note. The trading range for the day would be Rs. 20300 to Rs. 20600 per bale. .

Compiled By Kotak Commodities Research Desk , contact us : mailto:research@kotakcommodities.com, Source: Reuters, MCX, Market source

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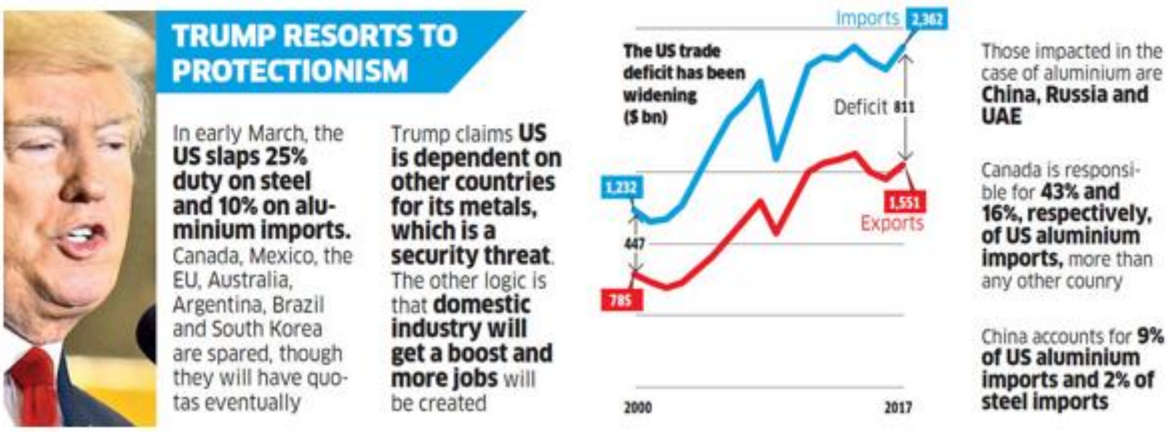
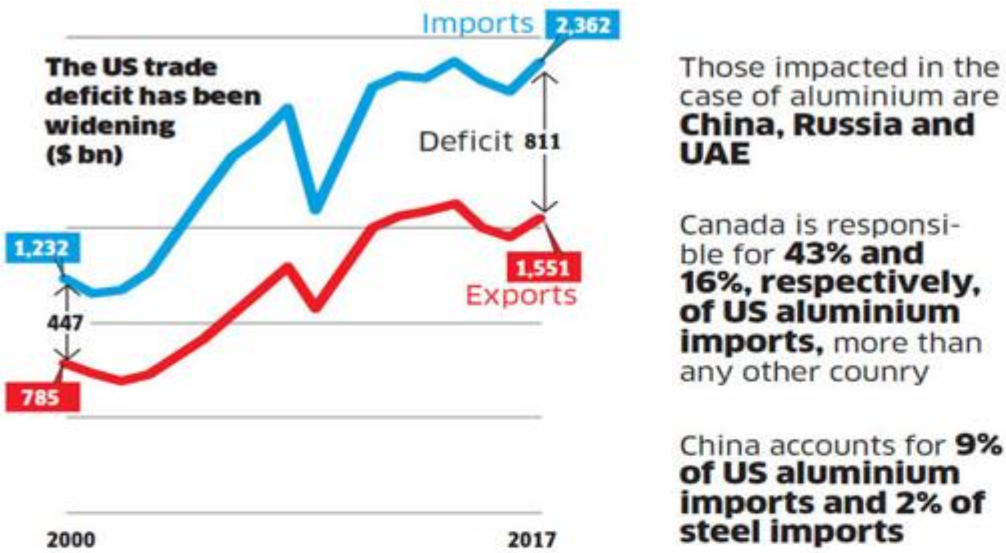
INTERNATIONAL NEWS

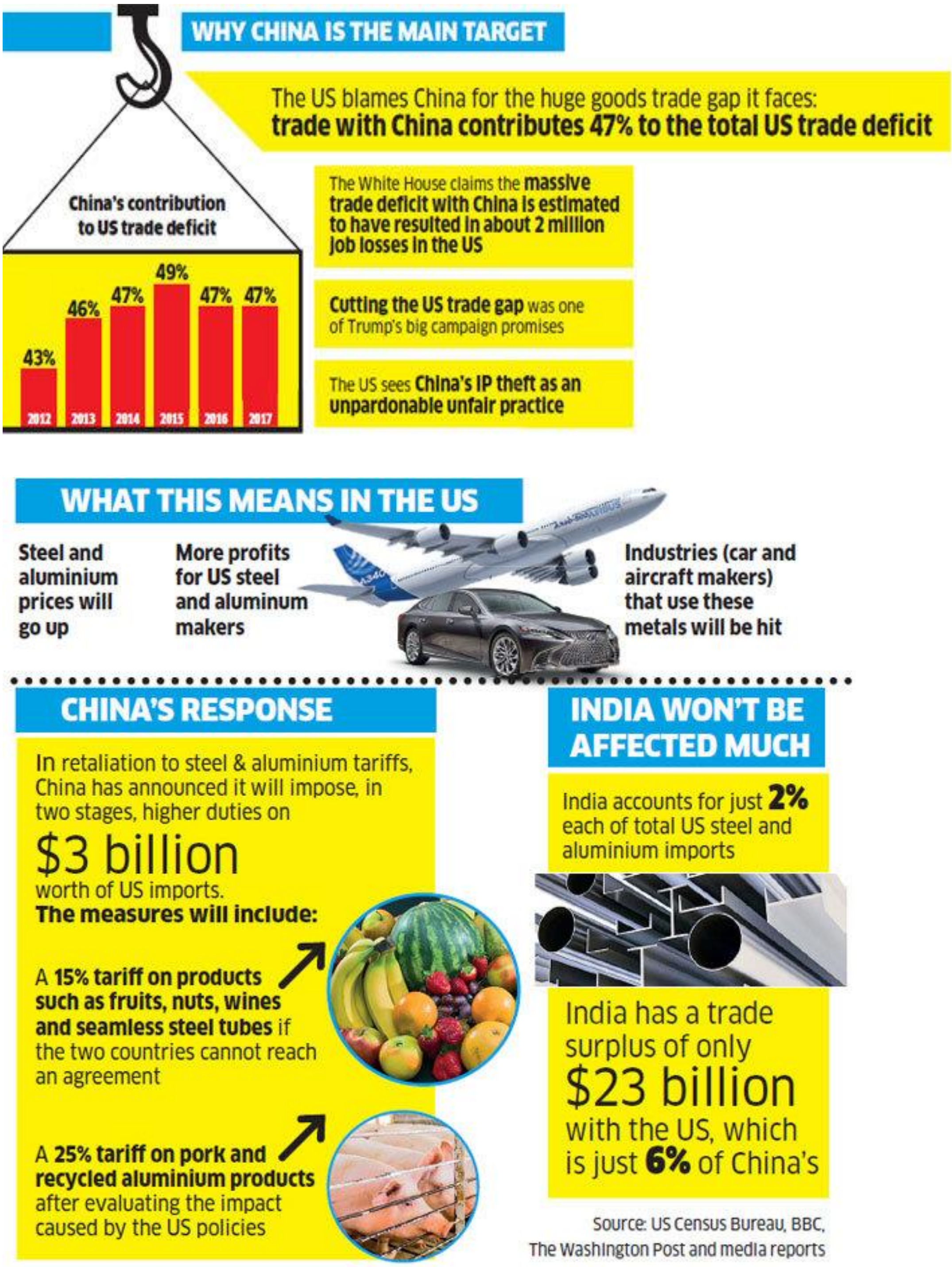
All about US-China trade tussle

With US President Donald Trump turning his attention to correcting the country's trade imbalance, talks of a trade war are gaining ground. In a trade war, countries raise duties or taxes or slap quantitative curbs on each other's goods.

This tit-for-tat could temporarily benefit those nations with trade deficits, but usually ends up hurting both sides in the long run and possibly creating a rift in relations. The US and China have both announced tariffs on each other's goods. Here's a look at why the US, which first raised tariffs on steel and aluminium, and then specifically on $60 billion worth of Chinese imports, is taking an aggressive stance on trade:







Source: economictimes.com- Apr 01, 2018

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South Korea's March exports climb for 17th straight month, misses forecast

South Korean exports grew less than expected in March, adding to worries about the outlook for global demand amid growing fears of a U.S-China trade war and a resurgence in protectionism.

Booming demand for South Korean memory chips and computers across China and Europe lifted March exports, while shipments to the United States fell amid rising U.S. protectionism, resulting in a smaller trade surplus with Washington.

March exports grew 6.1 percent to $51.6 billion from a year earlier, below 7.5 percent seen in a Reuters survey but outperforming a revised 3.9 percent expansion in February, government data showed on Sunday.

Imports increased 5 percent to $44.7 billion, less than the 6.2 percent growth economists had expected and compared with a revised 14.9 percent in February.

That resulted in a trade surplus of $6.9 billion, up from $3.2 billion in the previous month.

The soft February readings were likely skewed by the long Lunar New Year holiday which fell in the middle of the month this year but in late January last year.

Exports grew 10.3 percent in January-March combined from a year earlier, slower than the 14.6 percent expansion seen during the same period in 2017.

“Exports growth is steady, it’s likely to continue to post single-digit expansion. But there’s dangers of a global trade war, a downside risk to Korea exports,” said Park Sang-hyun, a Seoul-based economist at HI Investment & Securities.

Shipments to the United States declined 1 percent in the first 20 days of March from a year earlier even as Korean memory chips sold well, as American demand for South Korean cars were sluggish.

Exports to China and the European Union jumped 16.6 percent and 24.2 percent, respectively.

South Korea's trade surplus with the United States stood at $1.05 billion as of March this year, down by about 41.5 percent from the same time last year amid ongoing efforts by Seoul to import more from the United States in the past year.

Korea's trade ministry data shows that a drop in car exports combined with a steady increase in imports of U.S. beef, oranges and aircraft engines have resulted in a decline in the trade surplus with the United States.

The Bank of Korea expects the trade-reliant economy to expand by 3 percent this year after 3.1 percent growth in 2017, the fastest expansion since it grew 3.3 percent in 2014.

However, policymakers are wary of risks to exports as the Trump administration begins rolling out a series of punitive trade measures which would hit countries such as South Korea and its biggest trading partner, China.

The United States and South Korea agreed last week to revise their six-year-old free trade agreement with a side deal to deter competitive currency devaluation by Seoul and give more access for U.S. automakers and drugmakers to the South Korean market.

The deal also lifted the threat of a 25 percent U.S. tariff on imports of steel from South Korea in exchange for quotas that will effectively cut U.S. imports of Korean steel by about 30 percent. Without the agreement in place, the tariffs would take effect on May 1.

But President Donald Trump said on Thursday he may hold up the trade agreement reached with South Korea until after a deal is finalised with North Korea on denuclearization, increasing uncertainties for the trade outlook.

Source: reuters.com- Mar 31, 2018

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Cambodian PM indicates minimum wage growth

The Cambodian garment sector's monthly minimum wage could reach $250 in the next five years, up from $170 now, Prime Minister Hun Sen indicated recently.

A target minimum wage for 2023 has been calculated, he told workers in Por Sen Chey district, refusing to divulge more.

Cambodian Alliance of Trade Unions leader Yang Sophorn termed it pre-poll rhetoric.

The minimum wage has been decided in the past four years following tripartite negotiations involving members from the government, unions and employers. In October, the wage was increased from $153 to $170, including a customary $5 bump mandated by Hun Sen himself.

Urging workers to help maintain peace to ensure economic and job stability, the prime minister said the government would reach the $250 figure in an incremental fashion, according to a report in a Cambodian newspaper.

Ken Loo, spokesman for the employer representative Garment Manufacturers Association in Cambodia, said the wage would be determined through tripartite negotiations.

Source: fibre2fashion.com - Apr 02, 2018

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Pakistan-China FTA phase-II talks from tomorrow

Two-day talks on China-Pakistan Free Trade Agreement (CPFTA) phase-II would start from Monday (tomorrow) in Islamabad in which Pakistan will try to finalise the agreement.

"We are trying to finalise the FTA-II with China in the upcoming talks, which would be held from April 2 to 3 in Islamabad," said an official of the ministry of finance.

He further said that both the countries would finalise the remaining issues in upcoming talks, which would be 10th round on the CPFTA phase-II. A few days ago, Secretary Commerce Mohammad Younus Dagha hoped to finalise the remaining issues so that a formal announcement can be made during the prime minister's visit to China in April, 2018.

Pakistan and China had agreed for granting tariff reduction on 75 percent tariff lines under the proposed revision in the FTA. However, Federal Board of Revenue had opposed the Ministry of Commerce's proposals to increase the number of items with zero duty from 2,600 tariff lines to 6,000 tariff lines. Sources informed

The Nation that FBR has asked the ministry of commerce not to make hasty decision over finalising the second phase of FTA with China, as country is already facing $12 billion trade deficit with neighbouring country. In FBR's view, the decision would put negative impact on the country's industries.

In this regard, Commerce Division has already initiated a dialogue with domestic industry. The ministry of commerce recently held a meeting with relevant stakeholders to take their viewpoint on the CPFTA phase-II before holding talks with Chinese authorities. The stakeholders generally agreed with the offer framed by the Ministry of Commerce based on past consultations and also gave some additional recommendations for their respective sectors, which were accommodated.

It may be mentioned here that these negotiations had started in 2012 to finalise the revised version of the FTA. Under the first phase of FTA, Pakistan's trade balance with China had worsened, and it had reached $12 billion mark in last financial year 2016-17.

Pakistan's major exports to China are cotton yarn, chemical material, crude vegetable material, rice, raw hides and skins, fish and fish preparations.

On the other hand, the major imports of Pakistan from China are machinery and its spare parts, manufactured fertilizer, chemical elements, yarn and thread of synthetic fibre, iron and steel, chemical materials and products, vegetables and synthetic textile fibre, road vehicles and their parts, non-ferrous metals, tyres and tubes of rubber etc..

Source: nation.com.pk - Apr 01, 2018

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Call for enhancing Pakistan-Vietnam trade to $1bn

Vietnamese wanted to bring its bilateral trade with Pakistan from the current US $ 700 million to US $ one billion, as economic and trade relations between Pakistan and Vietnam can be further enhanced through market research, information sharing and highlighting opportunities in both countries.

Ambassador Extraordinary and Plenipotentiary of Vietnam Pham Hoang Kim expressed these views in a special meeting held at the regional office of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI), while Commercial Attache Pham Tri Trung also accompanied him, according to Federation’s spokesman here Sunday.

Pham Hoang Kim said that Vietnam Chamber of Commerce and Industry (VCCI) had already signed a Memorandum of Understanding (MoU) with the FPCCI on March 26, 2004 during President Tran Duc Luong’s visit to Pakistan.

He appreciated that Pakistan had established diplomatic relations with 185 countries, economic-trade relations with 224 countries and territories, strategic partnership with 15 countries, comprehensive/extensive strategic partnership with countries comprehensive partnership with 10 countries.

On this occasion, FPCCI Regional Chairman and Vice President Chaudhry Arfan Yousaf said that Vietnam was an important country for Pakistan in ASEAN and Pakistani business community gave great importance to its relation with Vietnam.

He said Pakistan was a nation of great economic importance in South Asia situated at the transportation route connecting Pacific and Indian Ocean to Arabian Sea, close to petroleum region of Middle East and Central Asia, bridging EU and Middle East with South Asia and South East Asia, a potential market of 200 million customers.

He said that cotton fabrics, accessories for textile, garment & footwear industries, cotton yarns, pharmaceuticals products, surgical instruments were Pakistan's major exports to Vietnam, and 'We also trade in tea, synthetic & cotton fibers, pepper, iron & steel, fish fillet, rubber cashew nuts.' Arfan said Pakistan should be seen as an emerging centre of trade for landlocked Central Asia, South Asia, fast-developing Western China and the Gulf – any trade among them had to take place through Pakistan. He said trade delegations between two countries should be exchanged frequently.

Pham Tri Trung, Commercial Attache said that Vietnam had good expertise in producing hydropower and it could cooperate with Pakistan in this field.

He said Pakistani pharmaceutical products, black pepper and many other products had good demand in Vietnamese market.

FPCCI Vice President Waheed Ahmad highlighted the importance of joint trade fairs and single country exhibitions.

Source: pakobserver.net - Apr 02, 2018

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Vietnam: OBM, ODM modes considered for Vietnam's textile and production

Foreign-invested enterprises have organized production according to the OBM mode (original brand manufacturer), in which they undertake all important phases of the production chain, from design and production to distribution. But Vietnamese companies have moved slowly in that direction.

Worldon Vietnam is a 100 percent foreign owned subsidiary of Shen Zhou Group in Dong Nam IZ in HCMC. After receiving a certificate on increasing investment capital in Vietnam to $140 million in 2014, it began building a center for fashion design and high-quality knitwear to lower production costs and enjoy the preferential export tariff of zero percent.

Analysts said if Vietnamese enterprises followed the ODM (original design manufacturer) and OBM modes, they would be able to increase the profit margin by 30-40 percent or even 100 percent.

Vietnam exported $31 billion worth of textiles and garments in 2017. To obtain this export turnover, it had to import $19 billion worth of input materials. If deducting the input materials for making products for domestic consumption, the textile and garment industry would see an excess of exports over imports of $15.5 billion, the highest level so far.

David Marshall, managing director of Marshall Investment Fund, one of 12 Australian leading funds, said investors are relocating textile factories from Bangkok and Hong Kong to Vietnam to minimize production costs.

Experts commented that in order to enhance Vietnam's position in the global value chain, Vietnamese enterprises have no other choice than to change the production method.

Some textile companies have shifted from doing outsourcing, or OEM (original equipment manufacturer), to selling finished products, or FOB (free on board), and higher levels, including ODM and OBM.

Nevertheless, only a few enterprises can do this. According to the Vietnam Textile & Apparel Association (Vitas), 70 percent of enterprises are still following OEM and 20 percent follow FOB.

The figures of these enterprises remain modest, 9 percent for ODM and 1 percent for OBM.

While analysts believe that CPTPP, the trade agreement that Vietnam has recently signed, will bring big benefits to Vietnam's textile and garment industry with expected growth rates of 8-13 percent in export turnover, Vitas secretary general Truong Van Cam is cautious when talking about the opportunities of the industry.

He said though the opportunities are great, the weak point in input material sources may contain Vietnamese enterprises.

CPTPP includes countries strong in textile and garment exports, such as Mexico, Peru and Malaysia, which are rivals of Vietnam as they can control material supply sources.

Vietnamese enterprises need to take the initiative in building a supply chain with emphasis on input material supply.

Source: vietnamnews.vn- Mar 31, 2018

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NATIONAL NEWS

Textile exports likely to miss $45bn target for FY18

Textile and garment exports are likely to miss the USD 45 billion target for 2017-18, as the industry reels under the impact of GST roll out and tariff advantages enjoyed by competitors like Bangladesh and Vietnam, according to textile industry body CITI.

"At best, we will come close to USD 40 billion," CITI (Confederation of Indian Textile Industry) President Sanjay Jain told PTI, terming it a "disappointing year".

In fact, shipments from the textile and clothing sector have consistently missed annual targets set by the government in at least the previous three financial years, since 2014-15.

Analysis of data put out by the DGCIS (Directorate General of Commercial Intelligence and Statistics) under the commerce ministry, reveals the true picture of shipments from the sector.

During the April-February 2017-18, exports of readymade garments of all textiles stood at Rs 97,983.99 crore, registering a 6.25 per cent decline over the same period last year. In February alone, shipments witnessed a steep 13.86 per cent fall.

In dollar terms, the country's textile and apparel exports stood at USD 37.25 billion in the calendar year 2017.

According to Jain, the domestic textiles and apparel industry faces a big threat from rising imports due to the removal of countervailing duty and special additional duty in the Goods and Services Tax (GST) regime.

"Although these duties have been replaced by IGST, the fact that an importer can adjust them as per his tax liability has led to a 15-16 per cent downfall in the import protection enjoyed by the domestic industry earlier," the CITI chief points out.

He noted that the steep up-trend in imports will only worsen the situation going forward, observing that a worrying factor is the backdoor entry of Chinese fabrics into the Indian market via Bangladesh.

Textile industry experts feel another negative factor is that the effective duty drawback, whether it is the remission of state levies (RoSL) or the Merchandise Exports from India Scheme (MEIS) which allows duty credit scrips as rewards, has come down for the sector post implementation of GST, thereby hitting export margins.

"Although the RoSL and MEIS rates were tweaked late last year, however, a 2 per cent gap still exists, which is crucial in a single digit margin industry," Jain noted.

Moreover, he says, the refunds are getting delayed or blocked whereas the rebate under RoSL has only come through till May-June last year, and the financial crunch is taking a toll on the capital intensive industry.

Signing free trade pacts with major markets like the European Union, US, Canada and Britain can equalise market access positions with key competitors like Bangladesh and Vietnam. Bangladesh has zero duty access to EU, whereas Vietnam is on its way to acquire duty free access under a trade agreement, jain noted.

The sector expects the government to at least partially compensate the industry in the interim period.

China, which is the largest market for cotton yarn, has imposed around 3.5 per cent import duty on yarn from India under Asia pacific Trade Agreement (APTA), while duty free access is given to Vietnam.

This has led to large capacity expansion in yarn manufacturing in Vietnam, which has surpassed India to become the largest supplier of cotton yarn to China.

As a result, India's cotton yarn exports to China have decreased by 49 per cent during 2013-14 and 2016-17, while Vietnam's exports of cotton yarn to China have increased by 88 per cent during the same period.

The CITI chief also highlighted the need to have a comprehensive national and state coordination committee to streamline the policies of the Centre and states, and bridge any gaps in communication.

Source: business-standard.com- Apr 01, 2018

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Zero liquid discharge norms put Tirupur, Karur textile units in a bind

Exporters in Tirupur and Karur, who until recently were proud of their achievements in export trade, now aver that they are at a disadvantage because of the zero liquid discharge (ZLD) norms stipulated of the State government.

"There is no such stipulation anywhere else in India. This has put us in a dicey situation," said an industry insider.

Prabhu Damodharan, secretary, Indian Texpreneurs' Federation, said that if the ZLD norms are imposed in clusters like Tirupur, which has no perennial river, or Karur, where the Cauvery is practically dry, then it should be imposed across all textile clusters/zones in the country.

"In other countries, there is only such a thing as "treated discharge," he said.

Participants at a panel discussion on "Is India's cotton textiles losing its competitiveness?" pointed out that ZLD was introduced in Tamil Nadu in 2005.

"In 2010, because of Green Peace, China was forced to say that they would not discharge harmful chemicals by 2020. Their target is way off from where we are, for even in 2020, China would continue to discharge, but ensure that it is not harmful," said S Dhananjayan, senior auditor and advisor to Tirupur Exporters' Association.

Industry sources say that this has pushed the cost for the units located in Tirupur and Karur by 15 per cent, compared with the costs in China. "Buyers do not recognise our effort or offer one per cent premium for this."

"While strict environmental stipulations, ZLD and social compliance is forced on clusters like Tirupur, none of these are thrust on Bangladesh. This has resulted in price disparity of not less than 15 per cent vis-a-vis garments manufactured in Vietnam or Bangladesh," Dhaananjayan said.

Tirupur cluster consumes not less than 10 crore litres of water a day. Of this, 9 crore litres is recycled and re-used. Such strict stipulations hurt the domestic industry, say sources

Source: thehindubusinessline.com- Apr 01, 2018

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India must be practical in managing its trade policies

India has conceded a lot of trade and industry policy headroom. It dropped tariffs much more than was required by the WTO guidelines

Rumblings of trade wars, cyber invasions of countries, and mass expulsions of diplomats mark the end of the Panglossian, "world is flat", view of globalization. Social media is in the dock. The World Trade Organization (WTO) is in the intensive care unit. Economists bravely defending theoretical benefits of free trade are on the back foot.

The Indian government is hard pressed to create more jobs and sustainable livelihoods. Chinese products are flowing into the country, providing good value for consumers no doubt, but also killing Indian enterprises and jobs they provide. When the going gets tough, the tough must get going. "Make in India" will remain a slogan if both, the Indian government and Indian entrepreneurs, don't step up to their challenges.

M.K. Gandhi said that when he was fighting for India's political freedom, Jamsetji Tata was fighting for India's economic freedom. Tata put up a modern, integrated steel plant against great resistance from the British government. However, he was determined that India must have industrial capabilities. He turned to American consultants for technological guidance, and to Indian citizens for financial support when the London market turned him away.

After India's independence, its industrial policy nurtured the growth of capabilities within the country. Foreign companies were welcomed to partner with Indian enterprises. Phased manufacturing programmes were mandated, whereby, progressively complex products were made entirely within the country.

For example, Tata Engineering and Locomotive Company (now Tata Motors) was established next to the Tata steel plant in Jamshedpur with the help of Daimler-Benz of Germany in 1954. Within 15 years, Tata trucks had over 95% Indian content. Moreover, they met Daimler's international quality standards: indeed, Daimler exported them as Daimler trucks to many countries. The trucks had thousands of components made by dozens of Indian manufacturers. The supply chain developed within India created hundreds of thousands of jobs.

Tatas built on this foundation, and by the 1970s, exported products as Tata products proudly bearing the Tata logo on the grill in place of the Mercedes star. Moreover, having learned how to make a good truck, Tata's moved on to improve the design of the truck and even designing new products in its research and development centre.

Thus, the 407 light commercial vehicle was developed to successfully beat the competition from Japanese truck producers who were welcomed into India in the 1980s. Meanwhile, Tata's entry into new export markets continued. The suppliers of components to Tata—Bharat Forge, the TVS group, and many others—began to directly export.

Industrialization is a process of learning: of enterprises and people in a country learning to do what they could not do before. Indian government policies provided the carrot and stick for rapid learning. High import duties against import of assembled trucks provided the carrot and shield.

The time-bound, phased manufacturing programme, whereby imports of components would be forbidden after stipulated periods, provided the stick. With the same policies, Maruti and its suppliers grew in the 1980s. The supply base of components in the country attracted other automobile producers and Indian auto component producers expanded their exports.

A counter-factual story is Indian electronic hardware manufacturing. When India liberalized its trade in the 1990s, the hardware industry did not have the lobby power that the Indian auto industry had built. Thus, when the WTO asked countries to “voluntarily” sign the International Technology Agreement in 1996, and reduce import duties on electronic products to nil, India complied. China did not. It delayed for six years, shielding its industry and building its electronic products’ capability to become the factory of the world.

India has conceded a lot of trade and industry policy headroom, which it need not have so soon. It dropped tariffs much more than what was required by the WTO guidelines. This pleased consumers within the country, no doubt. And also foreign producers. Duty structures became “inverted”, with import duties on finished products reducing fast, which again pleased consumers and importers. This crimped the growth of manufacturing and the deepening of India’s industrial base.

Machine tools embody the technology of manufacturing industries. In 1991, Indian and Chinese machine-tool industries were comparable. By 2010, China’s industry was 50 times the size of India’s! Indeed, not only was India flooded with Chinese toys, garments, and consumer goods, Chinese power equipment manufacturers were winning large orders from India’s mega power projects. Indian manufacturers with world-class credentials, such as Larsen & Toubro and Bharat Heavy Electricals Ltd, complained that the playing field was no longer level.

Import duties had been dropped to zero for suppliers from China (and other countries), whereas they should have been maintained at around 10% to compensate for domestic duties and costs incurred by manufacturers within India, which was acceptable to WTO.

Now when India’s policymakers have picked up courage to raise duties on imported electronic hardware, a strategically important industry, free trade dogmatists say that evil protectionism is creeping back again.

WTO was expected to apply the principle of “less than full reciprocity in multilateral trade negotiations” with which its predecessor, General Agreement on Tariffs and Trade, had stimulated growth around the world.

Governments need policy headroom to craft the right combination of trade and industry policy that will enable growth livelihoods and incomes for their citizens.

WTO has pushed too hard, egged on by powerful lobbies in developed countries and by free trade ideologues everywhere, to eliminate all forms of support for growth of deep industrial capabilities in developing countries: with duties dropping too low, phased manufacturing programmes banned, and domestic preferences in purchase forbidden.

WTO needs fundamental reforms. More global trade is good, provided it is regulated justly. India should push for global trade reforms. Meanwhile, it must clear-headedly take care of its own interests for more “Make in India”.

Source: livemint.com- Apr 02, 2018

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Exclusive forum planned to promote trade, exports

Industries Department has adopted the proposal

An exclusive Commerce Mission for the promotion of trading activities, especially that of small and medium traders, and exports is likely to be instituted by the second quarter of the 2018-19 fiscal.

The Industries Department has adopted the proposal, which finds a mention in the draft industrial policy, in mission mode and is in advanced stages of formulating its structure and implementation.

The structure of the mission would be finalised in the next three months followed by its constitution in the following three months.

Identification and short-listing of stakeholders is under way since the department is determined to make sure that no eligible beneficiary is left out. Consultations with stakeholders would begin in April, a department official said.

Though known as Industries and Commerce Department, the realisation that a large commercial community involving small and medium traders did not receive the due importance over the years prompted the department to formulate an exclusive mission.

The need to give greater focus to exports has been cited as another driving force behind the initiative. “The contact of trading community remains largely limited to tax authorities, leaving their myriad problems largely out of the focus of the Industries Department.

Hence, we have decided to from the mission under which various interventions such as common parking lots and better and more professional organisation of trade fair are planned,” the official said.

Among the stated objectives of the proposed mission include promoting and fostering retailing in the State and organising promotional events along with the Tourism Department.

Support and assistance will be provided to enterprises to participate in major trade fairs and expositions in India and abroad while opportunity will be provided for Kerala businessmen and entrepreneurs to learn more about national and international markets.

Enterprise delegations from the State will be facilitated to visit national and international business forums to have trade and business meetings for entering mutually beneficial business relationship.

The mission proposes to market products, services and technologies produced by the enterprises in Kerala directly to the national and international buyers.

Sector-specific exhibitions inside the State for the promotion of products from sectors such as food processing, handloom and textiles, handicrafts, wood-based furniture, bamboo, etc., and products of Kerala Soaps, offering project consultancy services and facilitation to foreign investors are among other goals of the mission.

Source: thehindu.com - Mar 31, 2018

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Govt may have to stop export subsidies within the next nine months

Trade experts have said India's position is weak, with no historical precedent for a country winning a reprieve from the WTO on this matter

There is a possibility of the government having to stop export subsidies within the next nine months, if it happens to lose the trade dispute registered by its American counterpart at the World Trade Organization (WTO).

Last month, US trade representative Robert Lighthizer's office challenged India at the WTO over the entire spectrum of its export promotion schemes. The allegation is that they provide undue benefit, against WTO rules, for Indian exporters.

"Timelines for a prohibited subsidy dispute are normally half of the other disputes. The only way it could go on beyond nine months is if the issue gets appealed. We don't know how the current logjam at the Dispute Settlement Body (DSB) is going to affect it," said Abhijit Das, head of the Centre for WTO Studies here.

After the US complaint, the commerce ministry said we had 60 days to respond and settle the dispute through consultation, as established by WTO rules. However, it now appears the allocated time for initial consultation, as well as for every single level of the dispute process, will be effectively cut in half.

"Consultations would have to get over within 30 days. Thereafter, if the dispute isn't resolved, the US will be at liberty to seek establishment of a panel. Once done, about six months will be required for it to come up with a report. Thereafter, if India decides to appeal, the appellate body would have about 60 days to decide the matter," Das added.

Crux

On China, the Donald Trump-led US administration has continued to threaten 'reciprocal tariffs' over the past two months. On this country, it has alleged an estimated $7 billion worth of benefits to exporters through six major promotion schemes, when WTO rules prohibit nations with the economic credentials of India from doing so. This includes the Merchandise Exports from India Scheme and the Export Promotion Capital Goods Scheme — these provide support to thousands of entities through ‘scrips’ that can be used to pay basic customs duties.

Delhi has argued the law invoked by the US — the Agreement on Subsidies and Countervailing Measures (ASCM) — allows it a window of eight years to phase out these subsidies. ASCM was framed when WTO was set up. It aims at gradually lowering and finally prohibiting of export subsidies provided by nations, so that global trade becomes equitable.

However, a limited exception is there for specified developing countries. These may continue to provide export subsidies till they reach a defined economic benchmark of $1,000 per capita income.

India was initially within this group of excepted countries but was informed last year by the WTO secretariat that it had crossed the threshold back in 2015. The US now points to this as proof of India knowingly having bent the rules to boost its shipments, by having continuously expanded export promotion schemes.

Delhi has stood its ground. “Article 27 of the agreement also provides for special and differential treatment. When the agreement came into force, developing countries above the threshold were provided eight years to bring down export subsidies.

We had clearly assumed that the same period of eight years is available to countries as and when they cross the threshold,” commerce secretary Rita Teaotia had said earlier. “India has submitted a paper to the negotiating group on rules to this effect every year since 2011,” she had added.

However, trade experts have said India’s position is weak, with no historical precedent for a country winning a reprieve from the WTO on this matter.

“Also, India’s current argument is based on an earlier argument that itself hasn’t been accepted from 2011 till now by a single nation,” noted a senior Geneva-based expert.

Accidental luck

However, one ironical help in buying Delhi time on this might be coming from the US itself. The Trump government continues to block the appointment of appellate body members who are effectively chosen as judges by the DSB, the principal body tasked with arbitration between nations.

“The US has single-handedly and consistently blocked the appointment of judges to the seven-member appellate body. Three members have retired and a fourth is set to retire soon,” senior trade expert and Jawaharlal Nehru University professor Biswajit Dhar said. The lack of these judges slows the process and reduces the scope for an immediate trade remedy for developing or smaller economies which badly need it, he added.

After the fourth member retires later this year, the strength will dip to two, rendering the body useless — each case requires at least three sitting members. Even if that doesn’t happen, the number of cases currently open means the work pressure on the appellate body is huge, as of now, and will only get worse, a senior official said. “This might actually help India but we aren’t progressing on the issue by counting on it,” he added.

Source: business-standard.com - Apr 02, 2018

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E-way bill validity to begin from the date transporter fills up details: Finance ministry

The finance ministry on Saturday said the validity of an e-way bill will be counted from the day transporter fills in the details in the goods and service tax (GST) form for the first time.

The electronic way bill system will be rolled out from 1 April as per which businesses and transporters have to produce before a GST inspector e-way bill for moving goods worth over Rs50,000 from one state to another.

In a clarification, the finance ministry said that the validity period of e-way bill will start only after the details in Part-B of Form GST EWB-01 are updated by the transporter for the first time.

Giving example, the ministry said supposing a consignor fills in the details in Part A of Form GST EWB-01 on Friday and handover his goods to the transporter. When the transporter is ready to move the goods, say on Monday, he can fill the Part B of Form GST EWB-01 and the validity period of the e-way bill will start from Monday.

As per the rules approved by the GST Council, for goods travelling a distance of less than 100 km the e-way bill will be valid for a day from the relevant date. For every 100 km thereafter, the validity will be additional one day from the relevant date. The “relevant date” will mean the date on which the e-way bill has been generated and the period of validity will be counted from the time at which the e-way bill has been generated and each day will be counted as 24 hours.

The ministry in another clarification said in case there are two transporters for moving goods from one state to another, then only one e-way bill will be required to be generated.

Giving example, the ministry said consider a situation where a consignor is required to move goods from City X to City Z. He appoints transporter A for movement of his goods. Transporter A moves the goods from City X to City Y. For completing the movement of goods i e from City Y to City Z, transporter A now hands over the goods to Transporter B. Thereafter, the goods are moved to the destination i e from City Y to City Z by transporter B.

In such a situation, Part A of Form GST EWB-01 can be filled by the consignor and then the e-way bill will be assigned by the consignor to transporter A. Transporter A will fill the vehicle details, etc in Part B of Form GST EWB-01 and will move the goods from City X to City Y.

On reaching City Y, transporter A will assign the said e-way bill to the transporter B. Thereafter, transporter B can update the details of Part B of Form GST EWB-01. Transporter B will fill the details of his vehicle and move the goods from City Y to City Z, the ministry added.

Touted as an anti-evasion measure and would help boost tax collections by clamping down on trade that currently happens on cash basis, the e-way bill provision of the goods and services tax (GST) was first introduced on 1 February.

However, its implementation was put on hold after the system developed glitches in generating permits. With several states also starting to generate intra-state e-way bills on the portal, the system developed a snag. The next roll out date has been decided as 1 April.

Source: livemint.com - Mar 31, 2018

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E-way bill rollout smooth, but experts cautious

1.71 lakh e-way bills generated from midnight on Saturday till 5 pm Sunday.

In a relief to the government, nationwide rollout of the electronic way (e-way) bill system for inter-state transport of goods, above a threshold value, went smoothly on Sunday, with multiple tax experts saying that their clients didn’t face any system glitch. However, they have cautioned that the system needed to be monitored for at least a week, as traffic intensity changes.

Karnataka was the only state which also notified the e-way bill system for moving goods within the state on Sunday, while other states are to follow the system in phases over the next one month .

The GST Network, IT backbone for GST, said that the designated platforms for generating e-way bills performed smoothly on Sunday. It stated that 1.71 lakh e-way bills had been generated from midnight on Saturday till 5 pm Sunday. This is much lower than daily average of 6-7 lakh e-way bill generated during the trial period since January 16.

E-way bill mechanism is one of crucial anti-evasion mechanism along with invoice-matching and reverse charge mechanism. Government officials estimate that its implementation could accrue nearly `10,000 crore in the monthly GST mop-up.

Abhishek Jain, Partner, EY said, “No major hiccups on the first day of the relaunch of the inter-state e-way bill system. The e-way bill portal seems to be much stable this time. However, it would be important to watch how the portal functions for few more days to be absolutely sure.”

GSTN said that nearly 11 lakh taxpayers had registered for e-way bill so far. However, the government had appealed to all taxpayers to register without delay rather than wait for the last day. Under e-way bill mechanism, businesses and transporters have to produce an e-way bill before a GST inspector for moving goods worth over Rs 50,000.

The registrants on the e-way bill portal are a fraction of of over one crore registered on GSTN. All taxpayers with the exception of some service providers would need to generate e-way bill to carry out businesses.

The e-way bill provision of GST was first introduced on February 1 after states complained of revenue shifting. However, its implementation was put on hold after the system developed glitches in generating permits. With several states starting to generate intra-state e-way bills on the portal, the system developed a snag.

Since then, the platform has been made more robust, so that it can handle load of as many as 75 lakh inter-state e-way bills daily without any glitch. The system has been designed and developed by National Informatics Centre (NIC). Karnataka as been using the e-way bill platform since September last year for intra-state movement of goods.

The GST Council, last month, had decided on a staggered rollout of the e-way bill starting with inter-state from April 1 and intra-state from April 15.

Source: financialexpress.com - Apr 02, 2018

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Govt to use AI, blockchain technology for seamless cargo movement

Beside saving cost and time, it could help India vastly improve its ranking on the 'trading across borders' parameter

Zero human intervention in cross-border trade is something the finance ministry says it is exploring, using blockchain technology and artificial intelligence (AI) for cargo movement.

Beside saving cost and time, it could help India vastly improve its ranking on the 'trading across borders' parameter under the ease of doing business ranking by the World Bank.

The department of customs is exploring the methods mentioned earlier, as also use of robotics and machine learning. This is in line with the government's digitisation agenda.

"Through these, a cargo or consignment will be cleared without human interface at all," said a senior official. He said the department was looking at possible implementation by next year.

Blockchain, the underlying technology for cryptocurrencies, is essentially a distributed ledger that records transactions in sequential blocks, creating encrypted data that can be shared between several parties through the supply chain, updating these instantly, without risk of fraud. This will do away with the need for physical documents and its processing by customs officials.

Such a facility will initially be limited to certain importers or exporters. Members of the Authorised Economic Operator programme, for instance. This currently offers reduced examination and inspection, and acceptance of pre-arrival import declarations. Members get direct port entry, deferred duty payment facility, fast-tracking of adjudication and refunds, and risk-based assessment.

"There will be other categories, as well, to which the facility will be extended," said the official.

India is ranked 146 out of 190 countries on the World Bank's ease of doing business ranking on the 'trading across borders' measure. It takes 267 hours or a little more than 11 days for clearance of an import consignment, against 8.7 hours for OECD countries. Some European nations already use a fully-automated system that offers end-to-end clearance of consignments. The cost per consignment in India is $536 as compared to $111.6 in OECD countries.

"Cost and time will be significantly cut through the proposal," said the official, adding that the proposed mechanism would require checks on machines only once or twice a year. Budget and cost are being worked out.

In his Budget speech for 2018-19, Finance Minister Arun Jaitley had said the government would explore use of blockchain for ushering in a digital economy. Also that it would invest in research, training and skilling in robotics, AI, digital manufacturing and big data analysis this year, to transform the economy by combining cyber and physical systems.

Automated movement would also allow the customs department to better allocate its resources, including the time of its officials.

Source: business-standard.com - Apr 02, 2018

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Powerloom unit inaugurated in Imphal in north-east India

A powerloom unit with 11 looms was recently inaugurated in Imphal's industrial estate Takyelpat by Thongam Biswajit, textile, commerce and industries minister of India's north-eastern state Manipur.

Despite concerns over the survival of traditional handloom, the introduction of the powerloom unit will increase production and raise weaver's income, he said.

He suggested that traditional handloom weavers can be protected by exclusively reserving production of certain items by them, according to a report in an English-language daily in north-east India.

The state government will release a list of such reserved items next month, he said.

Biswajit also announced a power incentive for powerloom weavers.

Source: fibre2fashion.com- Apr 02, 2018

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