TEXPROCIL NEWS CLIPPINGS

An ISO 9001:2015 CERTIFIED COMPANY

INFORMATION BUREAU TEXPROCIL

The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 212 of 2019 November 02, 2019

US 70.70 | EUR 79.14 | GBP 91.51| JPY 0.65

Cotton Market (Nov 01, 2019)		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19617	41000	**73.64**
Domestic Futures Price (Ex. Warehouse Rajkot), November		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19320	40379	**72.52**

International Futures Price	
NY ICE USD Cents/lb (December 2019)	64.44
ZCE Cotton: Yuan/MT (January 2020)	13,130
ZCE Cotton: USD Cents/lb	84.61
Cotlook A Index – Physical	**76.45**

Cotton Guide: Yesterday, prices slumped down. Yes, the overall trend is positive, but yesterday was exceptional as it was the month end. In other words it was the time where positions are squared off, which caused the triple digit losses for the two most active contracts and double digit losses for the ICE contracts.

On the other hand, the export sales figures were lower than expected, well lower than the previous figures seen.

Let's have a look at the export sale figures:

Upland Sales- Net upland sales of 108,100 Running Bales (RB) for 2019/2020 emanated a decline of 23 percent as compared to the previous week.

Country	Increases in Running Bales
Turkey	60,500
Pakistan	60,500
Vietnam	31,400
South Korea	6,400
Bangladesh	5,600
Table 1: Upland Sales	

Reductions were noted for Indonesia 60,500 Running Bales, Philippines 4,400 RB, Hong Kong 1,100 RB, while the next marketing year 2020/2021 grabbed total net sales of 71,300 RB which was bagged by Indonesia.

Upland Export Shipments- The shipments saw a decline by 1 percent as compared to the previous week. Shipment figures were 149,000 RB.

Country	Upland Export Shipments
Vietnam	46,200
Indonesia	16,700
Mexico	15,800
Pakistan	11,200
China	9,900
Table 2: Upland Export Shipments	

Pima Sales -

Pima sales were seen to show figures of 21,700 RB.

Country	Increasers in Running Bales
India	9,000
Pakistan	6,400
China	1,800
Thailand	1,800
El Salvador	1,500
Table 3: Pima Sales	

Pima Shipments - Exports of 7,500 Running Bales were down 32 percent as compared to the previous week.

Country	Pima Export Shipments
India	6,300
Pakistan	400
Austria	300
Peru	200
Table 4: Pima shipments	

The ICE December contract settled at 64.44 cents per pound with a change of -126 points. The ICE March 2020 contract settled at 65.88 cents per pound with a change of -101 points. The ICE May 2020 contract settled at 66.87 cents per pound with a change of -82 points. What were of big importance were the volumes which were at 67,954 contracts. This is the highest figure seen after several months. Another factor that dragged the prices of Cotton was a slump seen in Crude Oil.

The MCX contracts on the other hand were seen to show declines of 3 digit figures as well. The MCX November contract settled at 19,320 Rs per Bale with a change of -120 Rs. The MCX December contract settled at 19,310 Rs per Bales with a change of -100 Rs. What was noteworthy were the volumes which were at 1675 lots.

With ICE increasing and MCX & Domestic Physical cotton prices, we can expect Indian exports to pick up pace. The Cotlook Index A has been updated a cent higher at 76.45 cents per pound with a change of +100 points. Old Shankar 6 prices are at 41,000 Rs per Candy whereas the new North Indian Crop is at 38,000 Rs per Candy.

On the fundamental front, we are of the strong view that ICE will keep on to be positive in the near term whereas the MCX prices will show a sideways movement.

On the Geopolitical front, if we hear the news of a meeting between US and Chinese delegates next month, then the ICE prices will immediately trade higher due to optimism.

On the technical front, In daily chart, ICE Cotton after giving an Inverse Head & shoulder pattern breakout, is trading within range in an upward sloping channel. However, price is having the immediate support of 61.8% Fibonacci extension at 63.80. Meanwhile, price is below the daily EMA (5, 9) at 64.76, 64.67 still having a positive crossover, implying some sideways to positive bias. The momentum indicator RSI is at 57, also indicating sideways bias for the price. The immediate resistance for the price would be at 66.40, 100% Fibonacci extension level. Thus for the day we expect price to trade in the range of 66.00-63.80 with positive bias. In MCX Nov Cotton, we expect the price to trade within the range of 19250-19500 with a sideways to bullish bias.

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

NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	US manufacturing contracts for third straight month
2	ASEAN leaders to push for China-backed trade pact
3	COTTON USA Partners with Oritain for Traceability of Origin for U.S. Cotton
4	Why trade wars have no winners
5	The global outlook could be worse than 'low for long'
6	While Trump Builds Tariff Walls, Asia Bets on Free Trade
7	Sewbots Transforming The Textile Industry
8	Pakistan: Steady trend witnessed on cotton market

	NATIONAL NEWS
1	India to appeal against WTO dispute panel's ruling on export promotion schemes
2	Cotton yarn mills stare at bleak exports and domestic demand
3	Merkel, Modi to deepen efforts to restart India-EU FTA talks
4	Garment makers gear up to boost subdued exports
5	India manufacturing activity growth dips to 2-yr low
6	US, India discussing deal for GSP reinstatement: report
7	RCEP Summit: Can Modi make a deal?
8	GST collection remains below Rs 1 lakh crore mark at Rs 95,380 crore in October
9	India should hold off on RCEP agreement
10	Unemployment rate in India rose to a three-year high of 8.5% in Oct: CMIE

INTERNATIONAL NEWS

US manufacturing contracts for third straight month

U.S. manufacturing output dropped for the third straight month in October as trade tensions and a slowing global economy took a toll on American factories.

The Institute for Supply Management, an association of purchasing managers, said Friday that its manufacturing index blipped up to 48.3 last month from 47.8 in September, the first uptick since March. But anything below 50 signals a contraction and manufacturing has been on a three-month losing streak.

New orders, production and hiring all contracted. But export orders increased in October after a September decline.

Twelve of 18 manufacturing industries contracted in October, led by primary metals, clothing and textile mills.

President Donald Trump's trade war with China and conflicts with other trading partners have created uncertainty for manufacturers. They have delayed purchases and investments because they don't know whether or when Trump will lift taxes on imports and which countries he might target next.

"A business owner can't make decisions fast enough to keep up," said Kip Eideberg, senior vice-president of government and industry relations at the Association of Equipment Manufacturers.

Toymaker Hasbro, for instance, last month reported that the trade war is wreaking havoc on its supply chain and confusing its customers.

Also Friday, the Labor Department reported that the United States shed manufacturing 41,000 jobs in October — though that loss reflected a strike at General Motors.

Despite the manufacturing slump, the U.S. economy continues to grow, supported by a relatively healthy services sector and healthy consumer spending. Services firms added 157,00 jobs last month.

But the uncertainty over trade has kept manufacturers from prospering despite a relatively healthy economy and Trump's 2017 tax cuts. "Overall, this should be a time when manufacturers are hiring people and making investments," Eideberg said. "And they're just not doing it."

Source: airdrietoday.com- Nov 01, 2019

HOME

****

ASEAN leaders to push for China-backed trade pact

Southeast Asian leaders will race to get a sprawling China-backed trade pact over the line at a regional meeting in Thailand this weekend, as Beijing's bruising trade war with Washington rumbles on.

If signed, the Regional Comprehensive Economic Partnership (RCEP) will be the world's largest trade pact and is seen as a way for Beijing to cement trade ties in Asia as Washington retreats from the region.

Leaders are hoping for a breakthrough in RCEP talks at this weekend's meeting of the Association of Southeast Asian Nations (ASEAN) after seven years of negotiations over the deal, which would comprise 30 percent of global commerce and half the world's population if signed.

"They will try to get enough together so they can sign something," even if it is not a final deal, said Juan Sebastian Cortes-Sanchez, a Singapore-based policy analyst at the Asian Trade Centre.

But members risk losing steam after dozens of rounds of negotiations and several missed deadlines to sign the pact.

Commerce ministers met Friday after an hours-long negotiation session to hammer out sticking points, as India digs in over concerns its market will be flooded with cheap made-in-China goods.

"There is one last step that every country has to find the solution to," said Thai commerce minister Jurin Laksanawisit at the start of the meeting.

Chinese premier Li Keqiang will attend the three-day summit in Bangkok – officially kicking off Saturday amid a backdrop of heavy security – where simmering tensions in the South China Sea will also top the agenda.

Indian Prime Minister Narendra Modi will also be there, as he battles fears at home that key industries like metals, textiles and dairy could be hard-hit by the RCEP, which loops in 10 Southeast Asian economies along with Japan, India, New Zealand and Australia.

New Delhi's foreign ministry said Thursday "critical" issues remain to be ironed out, while Indian farmers planned nationwide protests on Monday to demand more input into the deal's terms.

United States snub

This week's ASEAN summit comes as Washington and Beijing push for the signing of a partial agreement in a bid to roll back months of tit-for-tat tariffs on billions of dollars-worth of goods that have rattled both economies.

The RCEP is seen as a way for China to assert its trade dominance in Asia after the US pull-out of the Trans-Pacific Partnership (TPP) in 2017, which would have been the world's biggest free trade deal.

Australia and New Zealand have called for better labour and environmental rights, without which RCEP critics fear trade standards could drop in Asia.

It could also work to further isolate the US from Asia after its pull-out from the TPP, which has since been reborn as a watered-down version without Washington.

If the RCEP is signed it will be "another blow to (the United States') ability to be able to engage with Asia Pacific," Cortes-Sanchez said.

In what is being read by some as a snub to this weekend's meeting, the US will send national security advisor Robert O'Brien and commerce chief Wilbur Ross.

US Vice President Mike Pence attended last year's ASEAN summit in Singapore, and President Donald Trump was at the 2017 meeting in the Philippines.

But Trump's failure to show this year is a "missed opportunity", said analyst Thitinan Pongsudhirak of Thailand's Chulalongkorn University.

"Showing up counts for everything," he said.

Sea tensions

Disputes over the flashpoint South China Sea will also dominate weekend talks as members attempt to inch ahead with a so-called "code of conduct" for the resource-rich waterway which Beijing claims most of.

China has long been accused of deploying warships, arming outposts and ramming fishing vessels –stoking anger from other claimants.

Tensions have flared in recent weeks as a Chinese survey vessel toured Vietnam-claimed waters, prompting fiery demands from Hanoi for it to leave.

The incident "will be a major sticking point" for code of conduct talks, said Le Hong Hiep of the ISEAS-Yusof Ishak Institute.

Analyst Lynn Kuok said despite recent tensions in the sea, code of conduct talks will grind on in the lead up to a 2021 deadline for a deal.

"It is better for parties to be talking than not at all," said Kuok, of the International Institute for Strategic Studies.

Japan's leader Shinzo Abe and President Moon Jae-in of South Korea will also be in Thailand for an East Asia summit on Monday.

Security was beefed up across Bangkok – with 17,000 police and security officers deployed – after multiple small bombs went off at an ASEAN meeting in August, injuring at least four in operations blamed on southern Thai insurgents.

Source: theaseanpost.com- Nov 02, 2019

HOME

****

COTTON USA Partners with Oritain for Traceability of Origin for U.S. Cotton

COTTON USA and Oritain have signed a partnership to provide industry leading, forensic verification of origin for all U.S. cotton.

A global first for the cotton industry, this collaboration will give brands and retailers the assurance they need to make responsible sourcing and purchasing decisions.

"We're thrilled that COTTON USA is taking the lead when it comes to traceability," said Rupert Hodges, Executive Director, Oritain. "We want to support COTTON USA, who are making a conscious effort to find real, workable ways of farming more sustainably. The result is an incredibly high-quality crop that not only performs well but supports the environment. Now through Oritain, customers who choose U.S. cotton can have total confidence that they are getting the product that they sourced."

While this level of traceability is new, the U.S. cotton industry has always strived to produce and deliver high quality cotton that is the most sustainable cotton in the world. This goal is already being realized through improved fiber properties, increased productivity and a shrinking environmental footprint. All cotton-producing regions in the U.S. are aiming to further reduce greenhouse gas emissions, soil loss, water, energy and land usage.

"This partnership with Oritain will provide COTTON USA with a unique selling point in both domestic and export markets," said Bruce Atherley, Executive Director, Cotton Council International. "Now U.S. cotton will offer the highest level of end-to-end traceability in the industry, combined with a raw material that is leading the way in terms of sustainable practices – two things that global clothing brands now demand from their suppliers."

To achieve the level of traceability that the industry is demanding, Oritain applies forensic science to detect trace elements in the cotton itself. Soil composition and other environmental factors give the cotton an inherent "fingerprint" specific to each location – what Oritain calls the Origin Fingerprint – and provides absolute proof of where particular cotton was grown. Cotton can be tested at any stage from farm to shop floor, giving buyers complete assurance that the product has not been substituted along the way.

Guaranteeing origin will address traceability challenges faced by the global cotton industry, including minimizing the risk of supply chain partners blending the product with lower quality fibers.

This new partnership follows a successful pilot program and rigorous blind test for Oritain, during which samples collected across Arkansas, Mississippi, Oklahoma and Tennessee were subsequently identified with 100% accuracy.

"Global supply chains are incredibly complex, and the potential for blending and other illegal activity in the production of cotton textile products is large," said Hodges. "Given that Oritain's Origin Fingerprint cannot be altered or faked, COTTON USA and their customers can be safe in the knowledge that their product is exactly what it says it is."

Source: cottongrower.com - Oct 31, 2019

HOME

****

Why trade wars have no winners

Public support for free trade is shrinking and the long-standing political consensus that trade liberalization is beneficial is under attack. The US in particular has recently shifted towards protectionism by imposing tariffs and continuously threatening its largest trading partners, in particular the EU and China. Brexit, too, is partly driven by a protectionist attitude: although the UK intends to enter into Free Trade Agreements (FTAs) with other countries, the move away from the single market is itself a rejection of free trade within the EU.

The US strategy

Despite the potential of the Trump Administration's trade strategy to attract voters in poor, deindustrialized regions who feel left behind by globalization, it puts the enormous achievements of the last decades – both in the US and globally – at risk. Expanded trade between 1950 and 2016 has increased US gross domestic product (GDP) by $7,014 per capita and $18,131 per household. The increased costs of imports as a consequence of the 2018 trade dispute, on the other hand, have resulted in annual consumer and producer losses of 0.37% of GDP and an aggregate welfare loss of 0.04% of GDP.

Have the benefits of globalization been sufficiently equitably distributed in the US? There is a question about whether successive administrations have done enough to mitigate or slow the disruption caused by globalization in local communities, for example, when a traditional industry such as steel-making declines because it can be done more efficiently in another country.

To date, the US government's own domestic fiscal and industrial policies – not free trade or globalization – have determined whether the economic benefits of globalization have been shared widely throughout society or whether they have increased inequality. They have determined whether a rust belt town dependent on a declining industry receives funding, retrains workers or offers tax breaks to attract new investment to diversify and evolve its economy. Public anger is backed by data showing America's low and middle-income households have seen little of the huge economic growth unleashed by free trade in recent decades. It may be politically expedient to suggest China has somehow forced Americans to buy too many of their goods rather than look at policy at home, but this directs public perception and anger in the wrong direction, deliberately or otherwise.

American businesses, workers and consumers do not benefit from protectionism. Although protectionism can shield domestic jobs in individual sectors, repeated claims that high tariffs will protect domestic jobs or even create jobs need to be treated with great caution since secondary effects may lead to job losses in other sectors. Higher tariffs increase trade costs, leading to a lower disposable income per household. For example, in 2009 the US Administration under President Obama temporarily increased tariffs on Chinese car and light truck tyre imports. Within two years, employment in the US tire manufacturing industry grew with 1,200 new jobs, but tyre prices increased. This reduced US household purchasing power, resulting in approximately 3,500 job losses in the retail sector.

The Trump administration often points to the US trade deficit with the EU and China, which it wants to tackle. This message may be of benefit in terms of politics but is too simplistic. The notion that trade deficits are bad in principle ignores that importing cheap intermediate goods makes US manufacturers more competitive on the global market, boosting exports to elsewhere. Furthermore, foreign firms exporting to the US may be owned by US investors or work with US-owned service providers such as law firms or auditors, redirecting profits to the US. Lastly, domestic consumers benefit from imports as competition and increased product variety lower prices.

We must not forget that trade disputes are not a one-way street, but always imply the danger of retaliatory measures. Such measures caused a $15.28 billion reduction in US exports of goods in the second half of 2018 alone. Additionally, the US has become vulnerable, because retaliatory measures by a number of countries have many US exports to be taxed in global markets. Reciprocal retaliatory measures may lead to escalation, which is the greatest danger to global growth. The 1930 Smoot-Hawley Tariff Act raised tariffs on more than 20,000 goods, inducing large trading partners to take retaliatory action. This diminished two-thirds of world trade, aggravated the Great Depression and contributed to the creation of a feeding ground for totalitarianism around the world. The risks here are not small.

According to current estimates, an escalation in protectionism worldwide would lead to a permanent loss of 4% of GDP for the EU and 3% for the US. A large share of the US' Euro-area imports are intermediate goods used in manufacturing and then re-exported to other countries. An escalation would destroy the complex supply chains formed in recent decades. Where intermediate goods cross borders multiple times before the final product is made, applying tariffs increases the price of the final product and hits manufacturers hard, while consumers bear the negative consequences of higher prices.

We must not be naive but rather recognize that unfair foreign practices need to be fought off. This legitimate aim can justify protectionist measures to a certain degree, but trade disputes won't do the job. In particularly critical fields, we must protect our key strategic industries through effective foreign investment reviews. Elsewhere diplomacy is the only way forward and whenever a forum for debate is needed, the right place is a reformed World Trade Organization (WTO).

EU still committed to free trade

Protectionist policies in the US are a major concern for the EU, because the US is a particularly important trading partner. In 2018, 21% of the EU's exports in goods went to the US and 13% of imports came from the US.

In stark contrast to the US, the EU holds on to its belief in free trade. It is not free of protectionist voices, however such policies do not shape the EU's current strategy. Rather, in line with its Market Access Strategy, the EU successfully tackles trade and investment barriers through diplomatic actions, dispute settlement in the WTO and, most importantly, new trade agreements. Recently, the EU has concluded agreements with, Singapore, the Mercosur states (Argentina, Brazil, Paraguay and Uruguay), Japan and Vietnam. These agreements will, however, only partly make up for the disruptions caused by Brexit and the US strategy. Owing to the long-standing trading relationship, new trade agreements cannot easily compensate for the damage that might be done to complex supply and value chains formed across the Atlantic Channel.

The EU is driven by the understanding that trade and globalization have increased prosperity for the vast majority of families, businesses and workers.

For historical reasons, the EU is also very much interested in using trade to maintain stability. Trade relations helped to limit the danger of economic competition degenerating into geopolitical rivalry in the post-World War II order. The exchange of goods also promotes an exchange of cultures and humanizes trading partners. Trade disputes, on the other hand, may escalate, putting international security at risk.

No long-term winners

Trade disputes do not produce winners in the long-term, although calculations are often presented to the contrary. A recent calculation by the Ifo-Institute found that Germany and other EU economies may benefit if the US implements further tariffs on Chinese imports. These findings were somewhat superficially cited in major newspapers, however, the calculation did not take into account the negative effects of investor uncertainty nor the possibility of a devaluation of the Chinese currency.

Of course, in individual cases, certain countries may temporarily benefit from bilateral trade disputes since the flow goods may be diverted. Vietnam's exports to the US, for example, have increased by 40% this year, because Chinese businesses have relocated their distribution to Vietnam in order to circumvent US tariffs.

Click here for more details

Source: weforum.com - Nov 01, 2019

HOME

****

The global outlook could be worse than 'low for long'

The surest way out would be for governments to work together, while moving to bolster growth at home

At last week's meetings of the World Bank and International Monetary Fund, I repeatedly heard the same dismal view: The global economy is in for low growth and historically low interest rates for a long time. "Low for long" isn't even the worst of it. In the event of a new recession, governments have limited monetary and fiscal firepower to stoke demand. The economic and political fallout of a serious downturn could get ugly.

Does it have to be this way? Certainly not, if governments address the causes of the current slowdown. Most of the finance ministers, central bankers and officials gathered in Washington had no trouble naming the biggest single factor: Trade tensions, they believe, are now the main thing holding growth back. Economists at the World Trade Organization agree. They estimate that global merchandise trade will grow by only 1.2 per cent in 2019. As recently as April, their projection was 2.6 per cent. This is a dramatic deceleration.

Two conclusions emerge from the data. First, uncertainty about access to markets and inputs is causing businesses to postpone investment. This means less output and job creation. Rising trade protection also means that capital and labour get deployed less efficiently. Underinvestment and misallocated resources in turn weaken productivity, leading to further losses in output and trade.

Weak investment might already be holding trade back: New data suggest it will grow only half as fast as output this year. Second, slower growth in output and trade appears to be synchronised across regions. It's the dangerous obverse of a coordinated recovery, in which demand in one region supports growth in another. Today, no single region or major economy is growing strongly enough to pull the world out of the ditch.

The surest way out would be for governments to work together, while moving to bolster growth at home. Reducing trade-related uncertainty would be valuable in its own right and would boost the efficacy of whatever monetary and fiscal headroom countries still have. But there's little sign of such cooperation.

On the face of it, the new trade restrictions don’t amount to much: So far, they account for less than 5 per cent of world merchandise trade. But this is to understate their impact. The real damage to growth arises from uncertainty over future market access for all goods and services. Before committing resources to a new project, businesses want to understand the risks. If new tariffs might wipe out profits, investors will pause, regardless of how cheap capital might be. In this way, trade uncertainty increases the danger that low interest rates will drive funds into riskier, higher-yielding financial assets. That kind of investment doesn’t add to capacity or improve productivity. Instead, it exacerbates financial volatility and fragility.

Failure to cooperate on trade also makes fiscal stimulus less effective. Increased public spending may come with calls to prevent demand from being met by foreign suppliers, reducing the benefits of a coordinated fiscal push. A decade ago, coordinated fiscal stimulus and a commitment to avoid protectionism helped countries bounce back from the worst of the 2008-09 crisis faster than would otherwise have been possible. That’s a far more promising approach.

To restore confidence to the global economy, rolling back the trade restrictions introduced over the past two years would be an important start — but only a start. Ending the most conspicuous “trade wars” and making progress on bilateral trade agreements can yield fast results, but the gains aren’t secure. Growth built on strong structural foundations requires a broader approach, involving more governments and firmer multilateral commitments.

Governments have an excellent opportunity to make progress of that kind and send a signal that they are ready to break the cycle of underinvestment and slow growth. They can commit to complementing ongoing bilateral processes with wider engagement — at the Group of 20, the World Trade Organization and other multilateral forums — to restore order to global trade.“Low for long” is eminently avoidable — if policy makers resolve to end the uncertainty that is now threatening to become entrenched. If they fail, and let impediments to trade persist or get worse, their citizens had better brace themselves for what lies ahead.

Source: business-standard.com - Nov 02, 2019

HOME

****

While Trump Builds Tariff Walls, Asia Bets on Free Trade

It's crunch time for the biggest trade deal you've never heard of.

This weekend's summit of the Association of Southeast Asian Nations has been dominated by the U.S. decision to send a downgraded delegation, deepening fears among Asian allies that Washington isn't really serious about its own Indo-Pacific strategy. But the sidelines of the meeting could see an even bigger development: the preliminary signing of the world's most ambitious trade agreement, which would only serve to cement intra-Asian integration and underscore America's strategic withdrawal from the region.

What is this trade deal?

The Regional Comprehensive Economic Partnership (RCEP) is a sprawling free trade agreement between 16 Asia-Pacific countries—the 10 members of ASEAN, plus China, Japan, South Korea, Australia, New Zealand, and India—that account for half the world's population and about one-third of global GDP. In the works since late 2012, with more than two dozen contentious rounds of talks since then, the deal for a long time seemed on a fast track to nowhere, overtaken by other regional trade deals and even high-profile bilateral pacts like that between Japan and the European Union.

But in recent years, the Trump administration's withdrawal from another Asian trade pact—the Trans-Pacific Partnership (TPP)—and its lurch toward outright protectionism have spurred the 16 RCEP countries to sort out long-standing differences and come close to finalizing what would be the biggest free trade pact on Earth. On Monday in Bangkok, representatives of the 16 RCEP nations are expected to announce a "significant conclusion" to the trade talks, which would mean that they've reached a broad agreement and would be able to wrap up the final details of the accord next year.

How does RCEP compare to the TPP?

The Obama administration pushed the original TPP, envisioned as a free trade agreement between the three North American countries and nine other Asia-Pacific countries. That would have been the world's biggest trade deal, covering almost 40 percent of global GDP. The TPP, in addition to lowering tariffs on thousands of goods, also had high standards for labor and environmental protections and new rules for intellectual property rights, currency manipulation, and more.

But that original TPP died in President Donald Trump's first week of office; its successor, the 11-member Comprehensive and Progressive Agreement for Trans-Pacific Partnership, went into effect late last year but naturally accounts for a much smaller share of global GDP without the United States. The expected income benefits of the new TPP are also smaller than the original plan: $147 billion compared with about $492 billion, according to the Peterson Institute for International Economics.

RCEP is both more and less ambitious than the TPP, even if there is some overlap in membership. The biggest difference is who is involved: The TPP specifically excluded China, giving the United States and many allied countries a way to push back against Chinese economic dominance. RCEP, in contrast, includes China, and potentially India, making it very much an Asian-dominated trade grouping.

On the other hand, RCEP is less ambitious than TPP, aiming mostly to lower tariffs between member nations and taking some steps to open up trade in services and updates to dispute settlements and the like. But it doesn't include any of the stringent labor or environmental standards from the original TPP. The shallower nature of the trade agreement, even across such a huge swath of the globe, also means its expected benefits are smaller: about $286 billion, more than the watered-down TPP but less than the original.

Many potential RCEP members, such as Australia and New Zealand, were initially less than enthusiastic about the modest provisions of the 16-member pact. But as Trump's use of tariffs and his trade war with China have sent chills through the global economy and raised questions about the very survival of the decades-old global trading order, they've become willing to settle for less just to help prop up that threatened order.

So what's been the holdup?

In a word: India. For decades, India has been leery of opening its industrial and agricultural sectors to too much competition, and that's just what joining RCEP would do; fears of a flood of cheap Chinese goods are especially intense, since India's bilateral trade deficit with China is roughly half of its entire deficit with all RCEP members. India has also not tangibly benefitted from the handful of free trade pacts it has signed in the past, dampening enthusiasm for joining a megadeal. Sectors including steel and aluminum, textiles, dairy, and other agriculture have all warned that joining RCEP could put millions of Indians out of work.

India's government, which just won reelection with a strong majority, is right-wing. But that doesn't mean it embraces free trade by any stretch, said Alyssa Ayres of the Council on Foreign Relations. "Some elements in India on that far-right spectrum are saying, 'We can't have more open trade because we'll be flooded with more imports from China.' It's a big fear and an understandable one," she said.

But Indian Prime Minister Narendra Modi won his first election promising to boost growth and jobs. Will his big reelection mandate translate into a more open India?

That's the big question. Modi came into office promising growth and a more competitive Indian manufacturing sector, which could point toward the country swallowing some short-term pain in exchange for the long-term benefits of joining RCEP, gaining preferential access to new markets for goods and services and boosting its own firms' competitiveness over the long run. But Modi's economic platform hasn't advanced free trade but rather the opposite, raising tariffs on a wide range of goods, even in the most recent budget.

"They've been going backward on trade openness," Ayres said. That's what makes it hard to know just what India will do on Monday in Bangkok. It could decide that the costs of sitting on the sidelines while all of Asia's other big economies ink a free trade deal outweigh the pain of more imports.

(Studies suggest that India would benefit modestly from joining RCEP but would lose more by not joining.) Or Modi could decide that domestic development reforms, such as improving health care and sanitation, will deliver more benefits than taking a chance on greater trade openness.

"I'm not sure how you square the circle on this, unless you take a Modi-level decision and say, 'We need to be a more open economy because that will be our ticket to greater prosperity,'" Ayres said.

What would RCEP mean for the United States?

If the 16 prospective RCEP members do ink some sort of preliminary deal on Monday, it will deal another blow to the United States and its position in the Asia-Pacific, which already took a hit when the rest of the TPP members ratified the trade pact without Washington.

Even as the Trump administration tries to decouple the U.S. and Chinese economies and force global manufacturing firms to move out of China, RCEP would further promote intra-Asian economic integration, insulating the region more from the United States both economically and strategically.

Under Trump, the United States has struggled to reach even modest new trade agreements with Mexico, Canada, South Korea, and Japan. Meanwhile, many of those countries have already forged ahead in the slimmed-down TPP and could open up more regional trade opportunities with RCEP. That would mean fewer markets for U.S. goods and even stronger Asian supply chains that could compete against U.S. manufacturers.

But there's a strategic component to RCEP, too—much like the original vision behind the Obama administration's embrace of the TPP. RCEP, if completed, would amount to a free trade agreement between China and some of America's closest allies, such as Japan, South Korea, and Australia, not to mention Vietnam, Singapore, Indonesia—and India.

"Their closer economic interdependence with China could give Beijing strategic leverage over these U.S. allies," the National Bureau of Asian Research concluded in a study.

Source: foreignpolicy.com - Nov 01, 2019

HOME

****

Sewbots Transforming The Textile Industry

Automation in the textile industry started over two centuries ago with John Kay's invention of the flying shuttle. The machine not only enabled an increase in production but also brought down the number of people required to operate the weaving loom, from two to one.

While the earliest attempts of automation during the industrial revolution were directed at minimizing human efforts in labor-intensive processes, the tremendous advancements achieved in the field of technology in the past few decades have made it possible to completely eliminate human intervention from many quarters of the manufacturing industry.

Groundbreaking developments in recent years in the fields of Robotics and AI have allowed the textile industry to progressively adopt automation in their manufacturing processes.

Advanced computer-assisted design software and computer-controlled cutting systems have aided in alleviating the bottlenecks in the production process considerably. However, complete automation of apparel creation had always presented the manufacturers with certain challenges.

The unpredictable nature of fabrics that are prone to stretching, warping, and folding has always been a major obstacle in the complete automation of sewing garments making human intervention unavoidable. With the launch of SoftWare Automation's latest assembly line of fully automated sewing robots, named Sewbots, even this last mile of automation in the textile manufacturing industry has been covered. In this article, Vilkor looks at the potential of sewing robots to transform the functioning of the textile industry.

SoftWear's patented technology uses a highly calibrated machine vision that is capable of detecting distortions and robotically making adjustments accordingly. Believed to have higher accuracy than the human eye, it boasts of possessing high precision tracking of needle placement with variations less than half a millimeter. This could prove to be highly advantageous for an industry for which consistency in size and fitting is vital.

The birth of the Atlanta based machine and robotics startup can be traced back to Georgia Tech, one of the top research universities in the country with a special focus on technology. After 7 years of research and development, working on projects with DARPA (Defense Advanced Research Projects Agency) and the WALMART Foundation, the company went into business in 2015 with a line of robots that could assist in the manufacturing of a range of products including home goods, footwear, and apparel.

SoftWear Automation's CEO, Palaniswamy Rajan, claims that the Sewbot work line can bring out nearly twice as many finished t-shirts in an eight-hour shift as manual sewing can produce in 24 hours. China-based clothing manufacturer, Tianyuan Garments Company, which is known to produce garments for Adidas and Armani, has already set up of 21 production lines of Sewbots in their Arkansas factory.

By drastically cutting down the labor requirement and increasing the rate of production by more than double, the Sewbot can potentially spark off a drastic transformation in the functioning of the apparel industry. An increase in the cost of manufacturing is duly reflected in the retail cost of the apparel. Instead of scrambling from one cheap labor nation to another for cutting down the manufacturing cost, apparel companies can now invest in sewing robots for cost-efficient manufacturing.

This could encourage a trend of onshoring in apparel production instead of companies resorting to cheap labor nations for cutting down the manufacturing cost. Therefore they help in shifting the supply chain closer to the consumer and major markets in the U.S. and Europe, enabling the production of high-quality products for a low cost. By accelerating the 'speed to market' of products, consumers can get hold of the current trends within impressive timeframes, thereby allowing manufacturers to cash in on the seasonal surges in the market.

The greater accessibility of technology brought on by lower costs has incentivized apparel producers to jump on the automation bandwagon. Big players like Amazon, Nike, and Adidas have already embraced this shift in the industry and are employing automation in designing and cutting processes.

Riding on the technology-enabled automation wave that is taking over the manufacturing industry, a significant number of companies are investing their resources in developing robotics and AI guided technology. Jonathan Zornow's startup Sewbo Inc. has come up with yet another innovative solution for the complete automation of apparel manufacturing. With the help of a non-toxic polymer, Polyvinyl alcohol, the fabrics are temporarily stiffened, making it easier for the robots to manipulate the fabric just like a metal sheet. The water-soluble substance is then rinsed off in hot water once the pieces of clothing have been completely assembled.

Amongst these developments, there is an increasing concern over the possible unemployment of millions of traditional sewing professionals who depend on the job for their livelihood. Studies conducted by organizations like the OECD and World Bank also point towards this impending danger that could be brought on by automation. The developing countries of South Asia and Southeast Asia, like India and Bangladesh, whose economy is greatly dependent on textile manufacturing, are going to be the worst hit by this phenomenon. Proponents of AI say that although the complete transition could take up to a decade, it is, however, inevitable.

Source: roboticstomorrow.com - Nov 01, 2019

HOME

****

Pakistan: Steady trend witnessed on cotton market

Prices maintained steady trend on the cotton market on Friday in the process of trading activity, dealers said.

The official spot rate was unchanged at Rs 9450, they added. In ready session, over 10,000 bales of cotton changed hands between Rs 9075 and Rs 9750, they said.

Rates of seed cotton per 40kg in Sindh were at Rs 3600-4500 and in the Punjab prices were at Rs 3800-4800, they said. In Balochistan, seed cotton prices were at Rs 4200-4900, they said.

In Sindh, Binola prices per maund were at Rs 1400-1700 and in Punjab rates were at Rs 1550-1750, they said and adding that polyester fibre was at Rs 187.

According to the market sources, as usual mills were active buyers to meet their urgent needs. Non-availability of better type is causing unprecedented rise in the prices, they said.

Cotton analyst, Naseem Usman said that prices may go up in the coming days due to shortage of fine type. He said that Balochistan cotton prices hit Rs 10,000 level and prime cotton was available at Rs 9900.

Other traders said that light rains in Rahim Yar Khan and Upper Sindh may damage standing crop, which are already short in demand.
Reuters adds: ICE cotton fell nearly 2% on Thursday on weak export sales and uncertainty over a trade deal between the United States and China.

Cotton contracts for December fell 1.93% to 64.43 cents per lb as of 10:55 a.m. EDT (1455 GMT), having earlier slid to its lowest since Oct. 22, at 64.33 cents.

The following deals reported: 200 bales of cotton from Rohri at Rs 9075, 1000 bales from Khairpur at Rs 9100/9200, 1000 bales from Saleh Pat at Rs 9300/9450, 1000 bales from Ghotki at Rs 9600/9700, 400 bales from Dherki at Rs 9750, 400 bales from Pano Aqil at Rs 9750, 200 bales from Mirpur Mathelo at Rs 9750, 400 bales from Rajanpur at Rs 9200, 1000 bales from Fort Abbas at Rs 9375/9400, 800 bales from Haroonabad at Rs 9375/9400, 600 bales from Fazilpur at Rs 9400, 400 bales from Multan at Rs 9450, 200 bales from Shujabad at Rs 9500, 1000 bales from Jalalpur at Rs 9500, 800 bales from Ahmedpur at Rs 9500 and 800 bales from Sadiqabad at Rs 9700, they said.

Source: brecorder.com- Nov 02, 2019

HOME

****

NATIONAL NEWS

India to appeal against WTO dispute panel's ruling on export promotion schemes

The New Foreign Trade Policy (2020-25) is likely to be in place with alternative schemes by the time some existing ones are withdrawn

India has decided to appeal against a World Trade Organisation dispute panel's verdict which ruled that its popular incentive schemes for exporters such as the Merchandise Export from India Scheme (MEIS) and the Export Promotion Capital Goods (EPCG) scheme flouted multilateral trade norms and should be withdrawn.

"New Delhi is going to appeal against the ruling. There are a number of things that we don't agree with. The panel decision is being scrutinised by our legal team at the moment, and we will elaborate on the matter soon," a senior government official told BusinessLine.

Once India appeals, it will have a time-frame much beyond the 90 days-180 days suggested by the panel for withdrawing the schemes.

"It seems that the government will have enough time to implement the new Foreign Trade Policy (2020-25) scheduled to be announced in April 2020, where at least some of the schemes could be replaced with the ones that are compliant with existing norms.

In case of others, where the country firmly believes that no rules have been broken, India can fight it out at the WTO," a Delhi-based trade expert said.

WTO dispute panel's ruling

A WTO dispute panel, on Thursday, backed several claims filed by the US against export promotion measures adopted by India and rejected New Delhi's contention that it was exempted from the prohibition on export subsidies under the special and differential treatment provisions of the WTO Agreement on Subsidies and Countervailing Measures (SCM).

The panel, however, rejected the US' claims that the exemption from central excise duty on domestically procured goods under the EOU/EHTP/BTP schemes and the exemptions from customs duties on importation under DFIS are subsidies contingent upon export performance.

WTO's recommendations

As per the recommendations, India needs to withdraw the prohibited subsidies under the EOU/EHTP/BTP Schemes, EPCG Scheme, and MEIS, within 120 days from adoption of the report.

Since the withdrawal of tax-related incentives for SEZ units could require amendment to the SEZ Act, the panel recommended a 180-days time-period for the same, after the adoption of the report. For schemes like the DFIS, which can be amended through a notification, a shorter 90-day time-period for withdrawal has been given.

In case India files an appeal against the ruling, the time available for withdrawal will get further extended, especially since the normal functioning of the Appellate Body is likely to get disrupted in December this year with the US continuing to oppose the appointment of new judges.

While the Centre was initially considering replacement of the MEIS scheme voluntarily by January 1, 2020, with the Remission of Duties or Taxes on Export Product (RoDTEP) scheme — a scheme to remit all input taxes at the State or Central level, which is compliant with WTO norms — the recent fall in India's exports made it consider an extension of the scheme till the end of March 2020 as remissions were higher under it.

The WTO has called out for removal of most of India's export incentives because India's per capita Gross National Income has increased beyond $1000 per annum, which is the threshold beyond which export subsidies are not allowed.

Source: thehindubusinessline.com- Nov 02, 2019

HOME

****

Cotton yarn mills stare at bleak exports and domestic demand

Cotton yarn mills are staring at a double whammy as exports fell to $38%, by value, in April-September of FY20 to $1.27 billion and domestic demand has been impacted by economic slowdown.

“The continuous fall in exports of cotton yarn is a matter of deep concern”, said KV Srinivasan, chairman, Cotton Textiles Export Promotion Council (TEXPROCIL). Exports of cotton yarn to markets such as China, Bangladesh, Vietnam, South Korea, Colombia and Turkey had dropped, he added.

Traders add that exports to the biggest market – China – have dipped 50% because of reduced demand on account of the trade war with the US.

“High cotton prices in India and global trade wars have created an uncompetitive situation for Indian spinners and Indian prices were up to Rs 4,000 higher than global prices until September end,” said Prabhu Damodaran, convenor, Indian Texpreneurs Federation.

However, currently, gap between the global and domestic prices has reduced. From Rs 45,000 in August, the rates have come down to Rs 41,500 (per candy). Global prices stood at Rs 40,000 approximately.

“The excess yarn is now dumped in the local markets. But the local demand is not enough to absorb the oversupply and as a result, there is a 10% dip in price,” said P Nataraj, MD, KPR Mills.

The company, one of the largest integrated yarn producer, is witnessing a 40% drop in yarn exports.

To battle the situation, mills were reducing production by up to 30%, said Damodaran.

Source: timesofindia.com- Nov 01, 2019

HOME

****

Merkel, Modi to deepen efforts to restart India-EU FTA talks

To cooperate in in e-mobility, fuel cell technology, smart cities, inland water ways, coastal management, cleaning of rivers, environmental protection

German Chancellor Angela Merkel and Prime Minister Narendra Modi have stressed on the importance of a balanced free trade agreement (FTA) between India and the European Union, and agreed to deepen efforts to restart negotiations on the Bilateral Trade and Investment Agreement (BTIA), while working together to restore the full-functioning of the World Trade Organisation (WTO).

"Both sides reiterated their strong support for a rules-based international trading system, with the WTO at its centre. Against this backdrop, all efforts should be made to restore the full functioning of the WTO dispute settlement system, and reform the WTO without undermining its fundamental principles such as Special and Differential Treatment, consensus-based decision making and development objectives," according to a joint statement issued by the two countries following the bilateral meeting between the two leaders on Friday.

A win for India

Germany is one of India's largest trading partners in the EU. India and the EU have been working on a free trade pact, formally called the BTIA, for over a decade now, but the talks have been falling apart from time to time due to differences over market access issues and opening up of the services sector.

On the sidelines of the German Chancellor's visit, the two countries signed 22 MoUs and agreements in wide-ranging areas such as green urban mobility, artificial intelligence, education and smarts cities network.

The joint statement is significant for India, especially as certain members, including the US, are trying to strip India and other developing countries of the 'Special & Differential Treatment' status at the WTO. This allows poorer countries to have lower commitments for opening up markets compared to developed countries.

Deepening economic ties

Merkel, who is on a three-day visit to the country from October 31-November 2, attended a business forum and meeting to discuss ways to further foster partnerships. She also called on President Ram Nath Kovind.

"India and Germany will develop new possibilities of cooperation in e-mobility, fuel cell technology, smart cities, inland water ways, coastal management, cleaning of rivers and environmental protection," Modi said after the meeting. “I am very happy that far-reaching and strategic cooperation exist between India and Germany in every field, especially in new and advanced technology,” he said.

India also invited Germany to take advantage of opportunities in the field of defence production, especially in defence corridors in Uttar Pradesh and Tamil Nadu.

Both countries decided to intensify efforts for an early conclusion of an investment protection agreement between the EU, the EU Member States and India.

“India welcomed Germany’s decision to reinstate its policy to grant investment guarantees for eligible direct investments by German companies in India as a means to deepen bilateral economic ties,” the joint statement said.

The leaders agreed to promote a climate-friendly development of the Indian and German power markets in order to achieve the ambitious targets of the Indian government to provide 175 GW power from renewable energy until 2022 and 450 GW in later years and of the German government to provide 80 per cent of total power generation from renewable energy by 2050.

On Saturday, Merkel will meet business delegations from both countries and visit the Continental Automotive Components India at IMT Manesar, Gurgaon. She will also visit the metro station at Dwarka.

Source: thehindubusinessline.com- Nov 01, 2019

HOME

****

Garment makers gear up to boost subdued exports

Central database, garment university on the anvil

The readymade garment exporters are gearing up to counter subdued exports. They are working on modalities to make a central database or a portal for exporters where their products will be listed category-wise on the lines of e-commerce to facilitate buyers.

Through this mechanism, it will be easy for the buyers to reach out to potential exporters. Also, to counter skill shortage in the industry a proposal is in offing to set up a garment university, most probably in Gurugram.

Currently, individual exporters reach out to their respective buyers and negotiate. Moreover, the importers don't have much options.

"Once the portal is in place, we will ask the exporters to list their products category-wise such as T-shirts, shirts and trousers on the lines of e-commerce platform.

When an importer will search for a particular product, the software will send mailers/alerts to all exporters who produce such items and also to the importer. This will increase buyer-seller interface and help both importers and exporters," said an exporter wishing not to be quoted.

"The portal will be a boon for Punjab and Haryana as these two states house over 200 readymade garment exporters having base of around 2 million workers," said Harish Dua, an exporter from Punjab.

On being asked about other initiatives, he said to counter skill shortage in the industry there is a proposal to set up a university dedicated to garment sector in Gurugram.

Currently, the Apparel Export Promotion Council runs Apparel Training and Design Centre (ATDC) which offers shop floor, supervisory and managerial-level trainings/courses within the education and training ecosystem.

According to exporters, exports of readymade garments are very important for a country as it is a labour-intensive sector.

Readymade garments exports increased by merely 2.2% to $7.8 billion in April-September period. Industry insiders say the miniscule exports were due to the fact that Indian textiles were not competitive enough and around 10% costlier than other countries.

According to Care Ratings, Bangladesh, Sri Lanka and Vietnam have low production cost as compared to India and their exporters enjoy preferential duty access in key markets. This has also contributed to making India's exports less attractive.

According to experts, Indian exporters face higher trade barriers as compared to countries like Bangladesh, Vietnam and Pakistan in the US and the European Union (EU).

The average tariffs levied on Indian textile exports are around 6% in the EU and 6.2% in the US as compared to zero per cent and 3.9%, respectively, on the exports from Bangladesh.

Source: tribuneindia.com- Nov 01, 2019

HOME

****

India manufacturing activity growth dips to 2-yr low

Manufacturing activity in India continued to weaken in October, with factory orders and production rising at the weakest rates in two years, according to a recent monthly survey by IHS Markit India, which found job creation softened to a six-month low, while companies were reluctant to hold excess stock and lowered input buying in response.

The headline seasonally adjusted IHS Markit India Manufacturing Purchasing Managers' Index (PMI) fell to a two-year low of 50.6 in October from 51.4 in September, implying only a marginal improvement in the health of the manufacturing industry, a news agency reported.

In PMI parlance, a print above 50 means expansion, while a score below that denotes contraction.

"Weakening demand had a domino effect in the manufacturing industry, knocking down rates of increase in production, employment and business sentiment," said Pollyanna De Lima, principal economist at IHS Markit.

With quantities of purchases contracting for the third month in a row, Lima pointed out that input costs fell for the first time in over four years during October.

Source: fibre2fashion.com- Nov 02, 2019

HOME

****

US, India discussing deal for GSP reinstatement: report

India and the United States are discussing a deal to allow the latter to reinstate the generalised system of preference (GSP) for India in exchange for certain market access commitments, says a Congressional Research Service (CRS) report.

A deal could not be announced in September during Prime Minister Narendra Modi's visit for the UN General Assembly, it said.

The Generalised System of Preference (GSP) is the largest and oldest US trade preference programme and is designed to promote economic development by allowing duty-free entry for thousands of products from designated beneficiary countries.

"The US and India are holding negotiations to address bilateral trade frictions. They reportedly are discussing a deal for the US reinstatement of GSP for India in exchange for certain market access commitments from India," CRS said in its recent report on India-US trade relations.

In June, the US terminated India's designation as a beneficiary developing nation under the GSP programme.

"The government-to-government Trade Policy Forum (TPF) has not met regularly in recent years amid growing trade frictions. The private sector-based CEO Forum also is an opportunity for bilateral engagement," it said.

"Modi's strong electoral mandate may embolden the Indian government to press ahead with its reform agenda with greater vigor. Recent slowing economic growth in India raises concerns about India's business environment," the report added.

Source: fibre2fashion.com- Nov 02, 2019

HOME

****

RCEP Summit: Can Modi make a deal?

Since 2013, 16 nations, including the 10 members of the Association of South East Asian Nations (ASEAN) and six of its free-trade partners-India, China, South Korea, Japan, Australia and New Zealand-have been locked in negotiations over a supersized trade deal.

Known as the Regional Comprehensive Economic Partnership (RCEP), the deal attempts to form the world's largest economic bloc, with a combined 39 per cent of global GDP. The deadline for negotiations is November 4, when the heads of state meet for the RCEP Leaders Summit. Even at this late stage, India's position is complicated, because a deal will have serious consequences for domestic industry.

As of October 10, negotiators had agreed on 21 of 25 chapters of a proposed RCEP deal. The remaining four chapters-relating to investment, e-commerce, rules of origin and trade remedies-are yet to be agreed upon.

Tariffs are a key sticking point, with India demanding that a larger number of sensitive items qualify for an 'auto-trigger mechanism' (whereby import duties automatically increase beyond a threshold). India also wants to use 2019 as the base year for calculations and to hammer out individual tariff rates with RCEP members.

The majority of RCEP members say that once tariffs are reduced, they should not be increased; that 2013 should be the base year for calculations (as that is when negotiations began); that rates should be largely uniform across countries; and that an 'auto-protect' trigger should only apply in exceptional circumstances.

India's concerns have to do with the consequences of an RCEP deal for domestic industry. India is already a net importer from the region. With domestic industries already taking a hit from cheap imports, many fear that a free trade agreement-bringing tariffs to near-zero levels-will increase the 'dumping' of foreign goods in India.

"Of the products [being traded between these 16 countries], China is already dumping 40 per cent in India. After RCEP, expect more dumps," cautions Biswajit Dhar, trade economist and professor at JNU. Abhijit Das, who heads the Centre for WTO Studies at Delhi's Indian Institute of Foreign Trade, explains that India is not price-competitive on a large number of products and could find a zero-duty regime hard to negotiate. "This would pose severe risks to the manufacturing sector," he says.

For instance, one specific fear is that RCEP will lead to dairy products from Australia and New Zealand flooding the Indian market. Giriraj Singh, minister of animal husbandry, dairying and fisheries, and his deputy Sanjeev Balyan are vehemently opposed to the deal, and have asked commerce minister Piyush Goyal to keep the dairy sector out of negotiations. Giriraj Singh's ministry is not even an outlier-agriculture minister Narendra Singh Tomar, textiles minister Smriti Irani, steel minister Dharmendra Pradhan and mines and minerals minister Prahlad Patel have either opposed the deal or sought more protection for farmers and domestic industry.

Many in the BJP and the Sangh parivar are wary of an RCEP deal. "RCEP will be extremely difficult for us to explain to our constituency, especially when the economy is still dealing with the impact of demonetisation and GST," says a top BJP leader.

This is why RSS affiliates like the Swadeshi Jagran Manch, Bharatiya Kisan Sangh and Bharatiya Mazdoor Sangh are dead set against the deal. On the other side of the political aisle, Congress leaders met at Sonia Gandhi's residence on October 25 and decided to join the RSS chorus against the deal.

For now, India is opting to slow-walk the negotiations. The PMO has not yet announced a travel plan for the prime minister; PM Modi is expected to meet other heads of states to resolve pending issues before the scheduled signings on November 21. In the meantime, on November 2-3, commerce minister Goyal is expected to join negotiators to attempt to reach a consensus on the remaining thorny issues.

Source: indiatoday.in- Nov 01, 2019

HOME

****

GST collection remains below Rs 1 lakh crore mark at Rs 95,380 crore in October

This is the third consecutive month when GST mop-up remained below the Rs 1 lakh crore mark.

India's goods and services tax (GST) collections grew marginally in October from the previous month as dealers stocked up for the festive season, but revenues declined 5.29% over the year-ago period.

GST revenues stood at Rs 95,380 crore, up from Rs 91,916 crore in September this year but lower than Rs 1,00,710 crore in October 2018, according to official data released on Friday.

Overall GST collections in April-October 2019 increased 3.38% year-on-year. While the domestic component grew 6.74% during April-October, GST on imports showed a decline.

GST collections have borne the brunt of a slowing economy. Official data released on Thursday showed that core sector output of eight major industries had contracted 5.2% in September, its worst performance in 14 years, demonstrating the severity of the slowdown. A slight pickup in GST collections holds out some hope for economy watchers, but most say they will watch November's revenues more closely to draw a firm conclusion.

Economists said the November GST revenue data would be the one to watch out for as it would cover the festival month.

"The year-on-year decline in the headline GST collections in October 2019 is disturbing, although it can partly be explained by the cumulative impact of GST rate cuts as well as subdued consumption growth," said Aditi Nayar, principal economist, ICRA Ltd, adding that next month's collections covering the festive period will provide critical cues on the extent of slippage in overall collections in this financial year.

Abhishek Jain, tax partner at EY, said: “With possibly a general demand slowdown in September, the GST collections were comparatively lower than expectations.”

However, he said that these numbers should rise in October owing to the festive season, and meet expectations in the coming month.

The government has a target of at least Rs 1 lakh crore in GST collections every month to meet its revenue estimates.

Of the total collections, central GST stood at Rs 17,582 crore, state GST at Rs 23,674 crore and integrated GST at Rs 46,517 crore, including Rs 21,446 crore collected on imports. Compensation cess collection stood at Rs 7,607 crore, including Rs 774 crore collected on imports.

The total number of GSTR 3B returns filed for September up to October 31 was 7.383 million, as per the official statement.

Source: economictimes.com- Nov 01, 2019

HOME

****

India should hold off on RCEP agreement

It should resolve its structural issues and become globally competitive before getting into such arrangements

The RCEP (Regional Comprehensive Economic Partnership), which has been under discussion since 2012 and has the potential to alter trade expressively from its pattern to global politics, is reaching a crucial stage. Shakespeare’s analogy — paraphrased — “to do, or not do”, could not have been more apt for India in the given sticky situation.

The members of this plurilateral framework put the obligation on India to persuade the other 15 economies on its demands by the end of October, failing which outstanding issues would be discussed before the heads of states scheduled to meet on November 4 in Bangkok to announce the conclusion of negotiations.

Bones of contention

Given that India already has existing FTAs with all the 14 members, sans China, the trade agreement would mean having a pseudo-FTA with China. India's trade deficit with China has more than doubled since 2012. It is a no-brainer that the situation will not become favourable for India in the current scheme of things. The deal in India faces collective resistance from domestic industry and farmer groups, amongst others, who fear China will use it to dump cheaper goods into India. Turning a blind eye to the elephant in the room could be irreparable.

The concern is not unfounded. India in the last two decades has signed multiple trade agreements and ended up burning its fingers. The prime example being ASEAN, with which India has signed an FTA for goods in 2008, and members of which are already a part of RCEP.

India's trade deficit with the bloc has increased unabated from $6 billion in 2009 to $21 billion in 2018. India's experiences with Japan and South Korea have also been similar. On the other side, Indian exports either increased marginally or had absolute declines during this period, with its overall exports share globally languishing at just 1.6 per cent in the last 10 years.

While the bone of contention for India in the RCEP is largely revolving around tariffs with China, there is also a wider issue of non-tariff measures (NTMs) which needs to be recognised.

It may also be noted that since the RCEP negotiations began almost seven years ago, the world has become more protectionist; more than tariffs, NTMs have become the norm. Data show that China itself imposes the largest number of NTMs on India, more than any other country, which includes technical barriers to trade, followed by sanitary and phytosanitary measures.

To answer critics who may argue that the RCEP provides an opportunity to be a part of the global value chain and would increase India's competitiveness, the fact remains that India is part of an agreement with ASEAN countries and has not benefited to any significant extent. In fact, India signing the WTO's Information Technology Agreement-1 in late 1990s has been responsible for the virtual extinction of India's hardware industry.

US negotiations

Amidst these developments, India and the US are apparently discussing a trade agreement. Details of the same are however not in public domain. While India has a $90-billion trade deficit with the negotiating members of the RCEP — which has increased unabated from $59 billion since the negotiation started in 2012 — on the other hand, India has attracted President Donald Trump's wrath for the US experiencing a trade deficit with India, which averaged $21 billion in the last five years.

The bargain with the US may not be any different from that of with RCEP. Whilst India and the US try to weave an agreement, the irony is that both are among the most active petitioners at the WTO.

Washington will insist that Delhi shrink its trade surplus, cut tariffs that shield India's manufacturing and agricultural sectors, and ease data localisation and e-commerce policies that guard the country's sovereignty in its growing digital economy. Dairy and agricultural products may also be a concern for Indian industry in this deal as well.

Proper evaluation

The Indian economy is going through a lull, and the world economy a greater transition. The trade patterns dominating the world since the formation of the WTO are poised to change.

Plurilateral trade agreements are increasingly becoming the flavour of the season, especially as trade protectionism occupies a singular position. Given such concerns about the trade agreements for India, the RCEP particularly could be a misadventure which India can ill-afford at this juncture.

At the same time, it will be naivety for India to consider replacing the RCEP agreement with a US deal, more so if it is to satisfy Trump's constituency as he enters an election year in a few months.

On the other hand, it will be equally undesirable for India to succumb to Chinese pressure — loss of the US market could only be made good if India makes a forced deal with China.

The RCEP, sans Australia, New Zealand and India, are all export-driven economies. FTAs so being negotiated should be on mutually reciprocal terms and should focus on services with equal vigour; and not have always goods preceding it. India is a huge market and it should not offer itself on a platter to others while hampering its domestic constituencies.

Industry should also proactively evaluate repercussions of such ensuing agreements independently and apprise the government of their concerns. The government, too, should take due cognisance of the lessons learnt from previous trade agreements and build in safeguard measures and auto-trigger mechanisms.

However, there is a flip side to India not signing trade agreements. For example, should the RCEP go ahead ignoring India’s presence, we could be facing tariff and non-tariff barriers from a united RCEP, and more so from China, thereby increasing the existing trade deficit — a call that India may not like to take.

Policymakers, on the contrary, need to increasingly counsel Indian companies to manufacture and produce goods that find global acceptance, whilst getting them out of complacency zone.

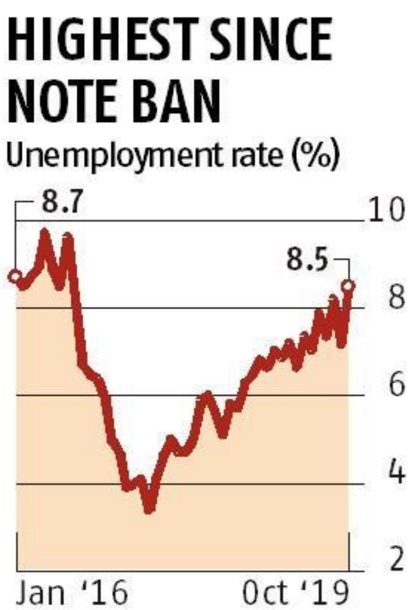
There is little doubt that India is more integrated today, and trade has been a critical conduit. Nevertheless, for all practical purposes, an economy in the given setting with structural infirmities may like to keep trade agreements in abeyance, and in the interim become globally competitive so as to keep apprehensions during such negotiations at bay in future.

Source: thehindubusinessline.com- Nov 01, 2019

HOME

****

Unemployment rate in India rose to a three-year high of 8.5% in Oct: CMIE

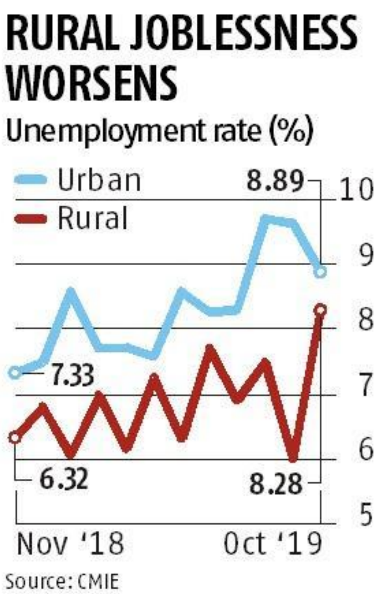


Unemployment was worse only in the pre-demonetisation period, according to the data, at 9.6% in August 2016.

The unemployment rate in India rose to a three-year high of 8.5 per cent in October, with rural joblessness pushing it up. While urban joblessness rate was 8.9 per cent, in villages it stood at 8.3 per cent, data from the Centre for Monitoring Indian Economy (CMIE) showed.

Unemployment was worse only in the pre-demonetisation period, according to the data, at 9.6 per cent in August 2016.

Mahesh Vyas, managing director and chief executive officer at the prominent and independent database agency, said that unemployment rates before demonetisation are not comparable with those today — rather, the 8.5 per cent of today is graver than a same rate before note ban — as the labour force itself shrunk after the November 2016 move.



"The high joblessness in the first half of 2016 was a different story altogether. Many rural women and youth across the regions left the labour force itself after demonetisation, reducing the denominator that is used to calculate the unemployment rate," he told Business Standard.

Exactly a month ago — in September — unemployment rate had dropped to 7.2 per cent overall, and further improved to 6 per cent in villages. It has drastically deteriorated in October. "After deeper analysis of this abrupt fall and jump, our investigation showed that a combination of agricultural activities such as late sowing and early harvest contributed to more labour requirement in the rural," said Vyas.

“Due to the risk of machines getting damaged, farmers in many areas such as Bihar employed manual labour in place of harvesters, helping create temporary jobs.”

Urban unemployment has consistently remained about 1 to 2 percentage points higher than that in the rural, according to the CMIE data. But the gap has narrowed to 0.6 percentage points in October, suggesting a graver deterioration in village jobs.

“A rate of 8 per cent in rural India is stressful, because there are not many fall-back options there, as in towns and cities. It would become a question of survival if the situation worsens further,” Vyas warned.

Source: business-standard.com- Nov 02, 2019

HOME

****