Cotton Market

Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm

<table>
<thead>
<tr>
<th>Rs./Bale</th>
<th>Rs./Candy</th>
<th>USD Cent/lb</th>
</tr>
</thead>
<tbody>
<tr>
<td>20191</td>
<td>42200</td>
<td>76.05</td>
</tr>
</tbody>
</table>

Domestic Futures Price (Ex. Warehouse Rajkot), March

<table>
<thead>
<tr>
<th>Rs./Bale</th>
<th>Rs./Candy</th>
<th>USD Cent/lb</th>
</tr>
</thead>
<tbody>
<tr>
<td>20830</td>
<td>43535</td>
<td>78.46</td>
</tr>
</tbody>
</table>

International Futures Price

- NY ICE USD Cents/lb (May 2019) 73.13
- ZCE Cotton: Yuan/MT (May 2019) 15,355
- ZCE Cotton: USD Cents/lb 103.84

Cotlook A Index – Physical 81.90

Cotton Guide: No major cues however still continues to hold/buy on lower levels. Other than Cotton the other markets may have influenced on cotton price this week.

Cotton weekly 04th March to 8th March

Market Review and Trade dispute holds trader steady:

In the last week we proposed of accumulating long position in cotton while also hinted the fall could be minimal from here. By end of the week while we reassess the market the ICE cotton though has advanced and moved to 74+ cents but the Indian cotton continues to trade mixed near 42,000 rupees per candy.
The trading volumes have been slow and the open interests are steady means market is still nervous about the US-China trade talk which has been lingering for quite some and reaching nowhere for a conclusion. However, there have been slight positive outcome that the deal may be signed somewhere in mid to late March but as the President displayed in his negotiations with North Korea he still retains the right to walk away if he believes the deal is insufficient.

Positive signs continue to build up as new information about which agricultural commodities will be included in China’s attempts to close the trade deficit, and administration officials make public comments about major breakthroughs on the issues of currency manipulation and deal enforcement.

However, with the uncertainty prevailing in the market traders across the world holds a very cautious approach. Traders will be closely watching the last few catch-up reports from the CFTC and next week’s Export Sales report, particularly the pace of shipments. Nevertheless, it is unlikely that any other information will take traders out of their wait-and-see mode before the trade dispute is settled.

**Important events to watch for in the week ahead**

1. Cotton On-call Report as of 22nd February - Reporting on Monday
2. Cotton - Commitment of Traders Report as of 26th February - Report on Tuesday
4. Cotton On-call Report as of 01 March - Reporting on Thursday
5. Cotton - Commitment of Traders Report as of 05th March - Report on Tuesday
6. CAI- World Cotton Conference, Mumbai
7. Among the regular economic releases, the US Unemployment report is scheduled on Friday - Critical to watch for. The US dollar may be influenced

**Cotton Price Outlook:**

There have been positive vibes in the market at the ICE platform however; we shouldn’t forget that it yet has to break 75 cent on the higher side to confirm a bullish move.

We have been commenting almost every week for the past two months that the confined range of 71 to 75 is still holding up and any side breakout shall determine a fresh trend. We
see 75 as key resistance for the coming week and break of which shall push price to move 77+ cents. On the lower side for the week we keep 72.50 as key support level.

At the Indian market Rs. 41800-42000 is seen as good base for Shankar 6 variety supported by raw cotton MSP. However, gains have been also very minimal because no major demand coming in from exports and the mills hold a steady trend. We expect Indian cotton to trade in the range of Rs. 41,800 to Rs. 42,500 per candy ex-gin. Indian cotton March contract future at MCX to trade in the range of Rs. 20500 to Rs. 20800 per bale.

Other Influencing Markets Update

1. The Oil price is expected to remain sideways to lower in the coming week. The trading range for the week shall be 58 to 54 largely on the weaker side.

2. Commodities by and large will remain on the weaker side amid marginal firmness in the US

3. Indian rupee is expected to remain volatile. For the week the range will be 70.65 to 71.40

The early report coming in for 2019 global Cotton Production estimates could be a hindrance factor for major rally in Cotton price:

The crop seems to be coming in a bit lighter than USDA’s February prediction of 18.39 million bales but not by much. Attention already is turning toward the next crop in many traders’ minds. USDA’s initial U.S. production forecast of 22.5 million bales is still the most visible estimate in the market and serves as the baseline for analysts’ thoughts about future production. However, excessive rain and flooding in the Mid-South and Southeast and excessive dryness and drought development in West Texas are complicating the picture.

The ICE future contracts settled in negative figures on Monday. The fall started yesterday post 6 pm from 74.48 cents/lb to 73.10 cents/lb with a period of 4 hours. Usually the major changes take place post 6 pm IST when the western world is active. The range for the most active ICE May contract was 74.64 cents/lb as a high figure whereas the low figure was seen to be 73.09 cent/lb, The ICE May contract thus settled at 73.13 cents/lb with a negative slide of (-72) points. The ICE July contract also settled with negative figures of (-76) points at 74.09 cents/lb.

The total volume seen on ICE on Monday was 28,753 contracts as compared to the previous 24,826 contracts which is an increase of 3,927 contracts. The volume for the most active ICE May contract was at 15,854 contracts as compared to the previous 14,974 contracts. The total open interest increase by 1,097 contracts to 223246. The May and the July OI increased by 138 and 502 contracts, respectively to 121,521 and 43,530 contracts.
The MCX contracts on the other hand settled with positive figures on Monday. The MCX March contract settled at 20,830 Rs/Bale with a positive increase of 210 Rs. The MCX April contract also settled with positive numbers at 21,110 Rs/Bale with a positive increase of 200 Rs. As MCX was open just for the second half the volume was at 2532 lots.

The arrival figures in India are estimated to be 98,000 lint equivalent bales for Monday due to the Indian Festival of Maha shivrati (source cotlook), including 33,000 registered in Maharashtra, 32,000 in Gujarat, and 15,000 in Andhra Pradesh. The Average prices of Shankar 6 moved higher to 42,200 Rs/Candy. The cotlook Index A was adjusted to 81.90 cents/lb which is an increase of 1.05 cents/lb.

For today, on the technical front, ICE cotton May futures took support from the lower band of the upwards sloping channel near 72 zones and moved towards the 13 day EMA 72.70. Positive divergence between price and the strength indicator (RSI) restricted the downside in price. RSI in the daily charts is hovering around 45 levels suggesting sideways trend for the day. So for the day price is expected to remain in the range of 71.80-73.84 with sideways to positive bias. In the near term strong supports exists around 70.00, followed by 69.50 levels. Likewise crucial resistance seen around 74.40 and 75.68 levels. In the domestic markets trading range for Mar futures contract will be 20640-20920 Rs/Bale.

Currency Guide

Indian rupee may witness mixed trade against the US dollar however general bias remains weak. Rupee has recovered from recent lows as lack of further flare up in tensions between US and Pakistan eased geopolitical risks. Correction in crude oil price from recent highs has also supported rupee. However, weighing on rupee is general recovery in US dollar amid higher bond yields and Fed’s less dovish monetary policy stance. Also weighing on rupee is weakness in equity markets. Asian equity markets trade lower after losses in US market yesterday. Weighing on market sentiment are concerns about health of Chinese economy as the government lowered GDP growth estimate for 2019 while economic data disappointed. Market players are also eyeing development relating to US-China trade talks. Wall Street Journal reports suggested that US and China could reach a formal deal by the end of the month but nervousness will persist unless there is concrete announcement. Rupee has stabilized on easing risks of further escalation in India-Pakistan tensions however higher crude oil price and choppiness in equity markets will limit upside. USDINR may trade in a range of 70.7-71.25 and bias may be on the upside.

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

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INTERNATIONAL NEWS

Global Cotton Consumption Growth Projected to Slow, With Prices Flattening

Global cotton consumption is projected to slow to an increase of only 0.4 percent in the 2018-2019 season, as many of the top consuming countries are seeing a slackening of usage of the raw material, according to a monthly update from the International Cotton Advisory Committee (ICAC).

This would mark the third straight year of consumption growth, though it is well below the 9.4 percent increase posted in the prior year, according to ICAC data. And part of that can be owed to President Trump’s trade war.

“The future of U.S.-China trade tariffs remains uncertain, and while they might soon be lifted, they might also be increased,” ICAC said. “That lack of clarity is making it difficult for growers in the Northern Hemisphere to make their planting decisions for the coming season.

Among the countries and regions expected to see slowdown in cotton consumption are East Asia, with a 6 percent increase projected compared to 14 percent the year before; Bangladesh is seen growing 7 percent from 15 percent in 2017-18, and Vietnam is projected to have just a 3 percent rise compared to seven straight seasons of double-digit growth.

China is expected to see its consumption growth slow to 8 percent after posting a 15 percent increase 2017-18.

On the other hand, Turkey, Indonesia and Uzbekistan are all projected to increase their consumption by double digits.

Global cotton production is forecast to be down 2.5 percent to 26.04 million tons this year, while ending stocks are projected to decline 6 percent to 17.64 million tons.

This slowdown in supply and demand looks to lead to a flattening of prices. ICAC noted that the Cotlook A index, an average of global prices, is forecast to dip to 87 cents per pound in 2018-2019 compared to a mean price of 88 cents per pound in the prior year.
The U.S. Department of Agriculture reported that spot quotations for U.S. cotton averaged 67 cents per pound for the week ended Feb. 28. This was up from 66.88 cents per pound a week earlier, but down from 78.60 cents per pound in the year-ago period.

Source: sourcingjournal.com- Mar 04, 2019

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**China is losing water in US trade war**

Water is hidden in everything we use, eat and wear. Crops must be irrigated, cotton for clothing must be washed, and fuel sources must be fracked and processed with water. Much like with carbon, water consumption has a footprint. It comprises not only the water we use for drinking, laundry and other daily needs, but also the hidden water in our products.

<table>
<thead>
<tr>
<th>Product</th>
<th>Virtual water content (litres/kg)</th>
<th>Tariffs imposed by China</th>
<th>Tariffs imposed by US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pork</td>
<td>5988</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Beef intestine</td>
<td>15415</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Vegetables</td>
<td>322</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Fresh fruit</td>
<td>962</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Cereals</td>
<td>1644</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Dried fruit</td>
<td>962</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Wine</td>
<td>610</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Rubber</td>
<td>13058</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Aluminium</td>
<td>88</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Copper*</td>
<td>74</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Automobiles</td>
<td>383720</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Pipes (steel)</td>
<td>39</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Dyes and paints</td>
<td>250</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Raw hides and leather</td>
<td>17093</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Cotton</td>
<td>2495</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Wool</td>
<td>170000</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Silk</td>
<td>64103</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td><strong>Total virtual water content (litres/kg)</strong></td>
<td><strong>646222</strong></td>
<td><strong>38513</strong></td>
<td></td>
</tr>
</tbody>
</table>

This “virtual” water plays a significant role in the global goods trade. As goods are shipped and traded around the world, the water used to make or grow them is therefore also traded. When significant changes in the trade status quo occur, so does a nation’s water imports or exports – and thus its overall water supply.

The US–China trade war is shifting the way water is spent between the two nations. In 2017, China was the United States’ largest trading partner. Before the imposition of tariffs, China exported many water-intensive products to the US, helping to make China the world’s largest exporter of hidden water, and the US the largest importer.
As trade between the two nations stymied, the “water balance” has also changed. For example, China imported zero soybeans from the United States in November 2018. Compared to November 2017, the 4.7 million tons it imported from the US not only represent US$1.8 billion of lost value for US farmers, but also 5.08 billion cubic metres of virtual water not received by China.

Under this new reality, the US and China must adjust their water budgets or else risk shortages. China’s per capita available freshwater supply is one quarter that of the US, making it especially at risk of a water shortage.

Despite the US’s significantly larger water resources, China exported a net 2.4 billion metric tons of virtual water to the US in 2012 – enough to support 6.3 million households for a year. Nearly half (46%) of this imbalance was accounted for by water used to manufacture general machinery and equipment in China, which was then shipped to the US. Another 19% went into textiles. Agriculture accounted for the next largest portion. Machines, clothes and crops are by far the most water-intensive goods traded between the US and China.

Both countries have tarifed many such goods. As trade in them has slowed, the water balance has shifted. Below, a list of tarifed goods from these three industries and their virtual water content (in litres per kilogram) indicates a clear difference in the virtual water tarifed by each country. China’s tarifed goods in these categories have approximately double the virtual water content of the US’s. As tarifed goods are traded less, this indicates China is now receiving comparatively less virtual water from the US, and the virtual water trade imbalance is increasing.

In addition, overall goods traded, including goods unaffected by tariffs, between the US and China has changed. Since the trade war began in July 2018, the US has actually imported more Chinese goods than it did before. In the three months after tariffs were implemented, US exports of goods to China decreased by an average of 18% compared to the three months before. However, US imports of Chinese goods increased by 7% in the same period.

Surprisingly, the total trade imbalance of goods has increased by 17% since the beginning of the trade war – a 10-year high. As China exports even more goods to the US, and receives fewer in return, the water imbalance between the two nations will grow further.
For example, China’s textiles sector, which makes 65% of all clothing in the world, not only uses up to 40,000 litres of water per kilogram of textile, but also creates 600 litres of wastewater per kilogram. This chemical-ridden water often directly enters rivers and streams. As China continues to export more clothing, it doubly endangers its water supply – first, by sacrificing thousands of litres of freshwater, then again by polluting its rivers. Employing over 10 million workers, the future of China’s textile industry is uncertain unless its virtual water use is properly managed.

As trade talks resume, the United States and China should take the world’s most precious resource into consideration as they negotiate. As China sends increasingly more of its water abroad in the form of exports, the country’s ability to manufacture goods is put at risk. Without considering the impact of virtual water in traded goods, the United States and China risk endangering the very export-oriented industries that rely on an ample water supply.

Source: chinadialogue.net - Mar 04, 2019

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China-Chile free trade deal to boost bilateral ties, cut tariffs

More items will be exempted from tariffs after the upgraded free trade agreement between China and Chile came into place, with the exemption likely to cover 98 percent of the items for bilateral trade, the Ministry of Commerce said on Friday.

The China-Chile free trade area will become the country’s highest-level one in terms of the opening-up in goods trade, the ministry said in a statement.

The renewed free trade agreement, signed in 2017, took effect on Friday. According to it, China will gradually eliminate tariffs on some wood products from Chile within three years, and Chile will immediately eliminate tariffs on Chinese goods like textiles, clothing, home appliances and sugar products.

"The protocol will further explore the potential of China-Chile bilateral economic and trade cooperation, and enhance the level of trade liberalization and facilitation between the two countries," the ministry said.
Wei Jianguo, vice-president of the China Center for International Economic Exchanges, said China-Chile economic and trade cooperation can be further enriched, which is conducive to deepening ties between China and Latin America.

Wei said China has an increasing demand for Chile's agricultural products such as fruit and meat and partnership in areas of e-commerce and environment has great potential.

Official data showed bilateral trade reached $42.8 billion in 2018, an increase of 24 percent year-on-year, accounting for almost one third of Chile's total foreign trade. Chile mainly exports mineral and forestry products to China, while it mainly imports textiles, light industrial products, electronic and machinery products from China.

The China-Chile FTA, signed in 2005, was the first FTA that China signed with a Latin American nation. In 2017, China and Chile upgraded the FTA, which covers protocol dealing with government procurement, competition policy and e-commerce businesses.

In terms of service trade, the two sides will open up more sectors to each other on the basis of the agreement, the ministry said.

For instance, China will open more than 20 sectors including legal services, entertainment services and distribution, while Chile will promote the opening-up of more than 40 sectors including express delivery, transportation and construction, according to the ministry.

Chile and China have reaffirmed their commitment to multilateralism and free trade principles, as protectionism and anti-globalization prevail, Luis Schmidt, Chile's ambassador to China, said in an earlier interview with China Daily.

"We really appreciate that such an important country as China has assumed the defense of free trade and multilateralism, and has been playing a leading role in the fight against climate change," he said.

Source: hinadaily.com.cn- Mar 03, 2019
USA: Industry Pushes for Passage of USMCA and Import Tax Relief Act

Trade might be playing second fiddle to Congressional investigations on issues related to election meddling and other White House behavior, but President Trump’s actions on global commerce are still getting much attention from the apparel and retail industries.

The American Apparel & Footwear Association (AAFA) on Monday announced its full support for quick passage by Congress of the U.S.-Mexico-Canada Agreement (USMCA).

The USMCA is essentially a replacement for the 25-year-old North American Free Trade Agreement (NAFTA). It was negotiated between the three countries in somewhat contentious talks after Trump said he would scrap NAFTA if he couldn’t get the trade updates he was after.

“Our North American apparel and footwear value chain is an integral component of the future of our industry. USMCA provides the stability and predictability that we need for our companies to invest in the region as we grow our footprint,” said Rick Helfenbein, president and CEO of the AAFA.

“Today, more than 200,000 American jobs in our industry are supported by NAFTA. We are calling on Congress to approve the USMCA this year and for the administration to quickly and seamlessly implement it.”

AAFA had backed the USMCA negotiations and called for the pact to be trilateral in order to not harm to the industry’s supply chains after Trump threatened to strike separate bilateral trade deals before ultimately signing the trilateral USMCA in late November.

Tom Glaser, vice president of VF Corp, and president of supply chain at the company, who is also chairman of AAFA, said, “To meet the needs of today’s retail environment, apparel and footwear companies need to have a diverse supply chain that can meet consumer expectations.

The North American region is a key part of this matrix and the USMCA will be an important part of its future.”
Employing a graphical representation to indicate the need for swift passage and enactment of the accord, AAFA pointed out that jeans produced in Mexico contain many U.S.-made components, from sewing thread spun in North Carolina and fabric woven in Texas and Georgia, to buttons and snaps made in Kentucky and Georgia, and pocketing from California.

One of the other chief trade issues of the Trump administration has centered on the unilateral imposition of tariffs in an attempt to control trade flows. This has particularly involved imports from China that has led to the world’s two leading economies to trade punitive tariff measures and caused uncertainty among companies in many industrial sectors.

The National Retail Federation (NRF) has called on Congress to pass legislation introduced last week that would require a process be established to exclude some items from the Trump administration’s tariffs on $200 billion worth of Chinese imports.

“We are encouraged by the progress made between the United States and China, but tariffs are still taking a toll on hardworking Americans across the country,” said David French, senior vice president for government relations at the NRF. “Establishing a timely and efficient tariff exclusion process is the least Washington can do for American businesses that have no alternative supplier and for working families that rely on everyday products... We urge Congress to move swiftly in approving this commonsense legislation.”

The first two lists of tariffs on Chinese imports, imposed last summer under Section 301 of the Trade Act of 1974 included exclusion processes, allowing American importers to apply for tariff relief. However, the third list, which took effect last September and targeted $200 billion of Chinese goods, including many consumer products, does not have an exclusion process.

The Import Tax Relief Act, introduced by Sen. James Lankford, (R.-Okla.), and Chris Coons, (D.-Del.), and Rep. Ron J. Kind, (D-Wis.), and Jackie Walorski, (R-Ind.), would require the administration to provide an exclusion process for the third tariff list and any future tariffs under Section 301. Under the legislation, exclusions would be required to be granted for imports that have no commercial availability outside of China, those for which a tariff would cause an increase in consumer prices for low- and middle-income families, and those that do not directly benefit from China's non-market policies, including elements of its “Made in China 2025” program.
According to data released by Tariffs Hurt the Heartland—a campaign backed by NRF—recent tariffs imposed by the administration cost U.S. businesses $2.7 billion in November 2018 alone.

Source: sourcingjournal.com - Mar 04, 2019

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Indonesia, Australia sign long-awaited trade deal

Indonesia and Australia on Monday signed a long-awaited trade deal after months of diplomatic tension over Canberra's contentious plan to move its embassy to Jerusalem.

Indonesian trade minister Enggartiasto Lukita and his Australian counterpart Simon Birmingham wrapped up the multi-billion-dollar agreement in Jakarta, some nine years after negotiations first started.

The pact will include improved access for Australian cattle and sheep farmers to Indonesia's 260 million people, while Australian universities, health providers and miners will also benefit from easier entry to Southeast Asia's biggest economy.

Greater access to the Australian market is expected to spur Indonesia's automotive and textile industries, and boost exports of timber, electronics and medicinal goods.

Bilateral trade was worth US$11.7 billion in 2017, but Indonesia is only Australia's 13th-largest trading partner and the economic relationship has been viewed as underdone.

Both ministers touted the deal as indicative of deepening ties between the two countries, which have occasionally butted heads on foreign policy issues, including Australia's hardline policy on asylum seekers.

Birmingham said the deal marked a "new chapter of cooperation" between the two neighbours.
"The signing of the Indonesia-Australia Comprehensive Economic Partnership Agreement brings our two nations closer together than ever before," Birmingham told reporters.

Lukita said the signing had the potential to transform the economy of both countries.

"Today is definitely the brightest moment of the Indonesia-Australia relationship," he said.

The deal has been in negotiation since 2010 and was expected to be signed before the end of last year, but it stalled when Prime Minister Scott Morrison proposed the relocation of Australia's embassy to Jerusalem.

Morrison first floated the shift in October, ahead of a critical by-election in a Sydney suburb with a sizeable Jewish population. Indonesia, the world's most populous Muslim nation, was angered by the proposal.

Both Israel and the Palestinians claim Jerusalem as their capital. Most nations have avoided moving embassies there to prevent inflaming peace talks on the city's final status -- until President Donald Trump unilaterally moved the U.S. embassy early last year.

In December, Morrison formally recognised west Jerusalem as the capital of Israel, but said the contentious embassy shift from Tel Aviv will not occur until a peace settlement is achieved.

The Australian PM stood by his decision despite outcry from neighbouring Muslim countries. Indonesia in response simply said it had noted the decision.

**Tariffs gone**

The agreement will eventually see the elimination of all Australian trade tariffs, while 94 percent of Indonesian duties will be gradually eliminated.

Australian investment in Indonesia totalled $597 million in 2018, but that is expected to increase under the new deal, which also included provisions for greater protection of foreign direct investment.
"Indonesia is a good market for Australia because of the large population (and) the increasing movement of the middle class," economist Kresnayana Yahya, from Surabaya's ITS university, told AFP.

The less developed eastern reaches of Indonesia could significantly benefit from Australian investment, he added.

The trade deal also comes just ahead of national polls in which Indonesian President Joko Widodo is pushing his economic record in the battle for re-election.

Source: e.vnexpress.net- Mar 04, 2019

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**Trump Says Washington to Terminate India, Turkey Duty-Free Status**

The United States will terminate India's duty-free status after it failed to provide the United States access to its markets, US President Donald Trump said in a letter to Congress.

"I am providing notice of my intent to terminate the designation of India as a beneficiary developing country under the Generalized System of Preferences (GSP) program," Trump said on Monday.

"I am taking this step because, after intensive engagement between the United States and the Government of India, I have determined that India has not assured the United States that it will provide equitable and reasonable access to the markets of India."

The GSP allows specific products from 120 developing countries and territories to enter the United States duty-free.

India has maintained high tariffs on US goods such as flowers, natural rubber, automobiles, motorcycles, alcoholic beverages and textiles.

The Trump administration has also terminated Turkey's duty-free status based on its increased level of economic development, Trump said in a separate letter to Congress.
US companies accelerate their shift from China

US manufacturers are accelerating their shift out of China, coming to terms with a new reality that the Trump administration's tariffs are not likely to go away any time soon.

President Donald Trump’s lead trade negotiator, Robert Lighthizer, warned lawmakers that the United States would need to keep the threat of stiff tariffs on China in place for years, even if a trade deal is inked, as part of an enforcement mechanism that would include frequent reviews of whether China was abiding by any agreement.

That confirms what many companies have already concluded. Even if the hot phase of this trade war passes, tensions will linger and continue to reshape the economic relationship between the world’s two largest economies.

These Are the Countries That Stand to Benefit From the US-China Trade War

The trade war between the United States and China has led to hundreds of billions in tariffs and disruptions in the global market — but it’s not all doom and gloom.

In fact, a number of countries are profiting from the monthslong friction between the world’s two largest economies. A study released this month by the United Nations Conference on Trade and Development looked at the repercussions of the tit-for-tat tariff hikes, finding that the countries that could benefit most are the ones that have substantial economic capacity to compete on a global scale.

“The effect of U.S.-China tariffs would be mainly distortionary,” said Pamela Coke-Hamilton, who heads UNCTAD’s international trade division. “U.S.-
China bilateral trade will decline and [be] replaced by trade originating in other countries.”

**Retail at Risk**

While Washington has imposed tariffs on $250 billion in Chinese goods, Beijing has responded with levies on $110 billion in U.S. products.

According to the American Apparel & Footwear Association, 41 percent of clothing, 72 percent of shoes and 84 percent of accessories sold in the U.S. hail from China.

Trade organizations including the Footwear Distributors & Retailers of America have criticized the trade war, warning not only of the potential harm to the United States’ reputation but also the impact of rising import-export costs on consumers.

“IT’s very difficult to see how [mounting tariffs] don’t negatively impact all Americans in every walk of life,” FDRA president and CEO Matt Priest said in a prior interview with FN. “The president claimed that trade wars are easy to win, but what our industry has always known is coming true: Trade wars are costly, unnecessary and do harm to the American economy.”

Canaccord Genuity Inc. analyst Camilo Lyon also previously told FN that several U.S.-based footwear firms have recently looked to take advantage of China’s growing consumer economy by selling more of their wares in the country.

China has been the “most important growth market for many U.S. brands,” according to Lyon, with Tapestry, Michael Kors and Steve Madden among the footwear and apparel makers with substantial businesses in the region.

**Next-Door Neighbors**

Southeast Asia has been viewed as a promising beneficiary from the trade war, with Vietnam already stepping up its footwear exports in an effort to capture some of China’s dominant market share. The country had exported nearly $11.8 billion worth of footwear between January and September last year — a 10.5 percent increase over 2017’s total, reported its Ministry of Industry and Trade. It ranks second after China among the U.S.’s biggest
sources of footwear, exporting 405 million pairs of shoes to America in 2017, per FDRA data.

As the largest economy in Southeast Asia, Indonesia can also take advantage of an exodus from China — the country exported about 104 million pairs of shoes in 2017. During a CNBC interview at the World Economic Forum in January, Minister Airlangga Hartarto indicated that a number of companies producing footwear and textiles have already begun to explore opportunities outside of China.

Additionally, Tom Lembong, chairman of the country’s Investment Coordinating Board, shared in an interview with Bloomberg two months ago that Indonesia could anticipate billions of dollars in investment from corporations shifting away from China.

“For Vietnam, Indonesia, Cambodia and other countries, over the last 20 years, we’ve lost so many factories to China,” Lembong told the business news agency. “Having them come back is qualitatively very positive for us, in terms of jobs, in terms of balance of payment and the like.”

Europe & Beyond

Of the $250 billion in Chinese exports slapped with tariffs, about 82 percent will be captured by companies in other countries, while Chinese firms retain 12 percent and U.S. businesses keep only about 6 percent, according to the UNCTAD. On the other hand, out of the $85 billion in U.S. exports subject to levies, about 85 percent will be taken by companies in other countries, while U.S. firms hold on to less than 10 percent and Chinese businesses grab only about 5 percent.

The UNCTAD suggested corporations in Europe, Mexico, Japan and Canada could stand to collect tens of billions of dollars in export orders as a result of the long-drawn-out financial dispute. Countries in the European Union are forecasted to take the biggest share of exports, seizing an estimated $70 billion of U.S.-China trade (about $50 billion of Chinese exports to the U.S. and $20 billion alternatively). Mexico, Japan and Canada will each take upwards of $20 billion, the report estimated.

“Bilateral tariffs alter global competitiveness to the advantage of firms operating in countries not directly affected by them,” the UNCTAD said.
Industrial upgrade moves fast in Xinjiang

Farmers at a small village in western Xinjiang hardly had any days off this winter. Production at a walnut processing factory is going full throttle to meet demand.

Yusup Tursun and his wife are walnut farmers in Kupchi Village in Yecheng County on the edge of the Taklimakan Desert. The couple has been hired by a new walnut processing facility in the village, with the husband a quality inspector and his wife working part-time cracking nuts.

As a main base for walnut production, Yecheng has over 38,000 hectares of high-quality thin-shell walnut groves. "It used to be quite difficult to sell the walnuts. The factories, with so many products, have made it easier for the sales," Yusup said.

Seven companies make products from the nuts -- walnut milk, walnut candies and edible oil. The shells are made into coloring agent and pollutant-absorbing carbon. Diversity in the walnut products pushed the industry output to a new high of 2 billion yuan (about 299 million U.S. dollars). Three in every five people work in the walnut industry in Yecheng, where 550,000 people live.

Across Xinjiang, processing facilities are established to add value to agricultural products. Transport and logistical services are improved to boost the sales of Xinjiang's signature agricultural products such as Hami melons, Korla pears and Turpan grapes.

Up the value chain

Xinjiang is also moving up the value chain in two of its traditional industries -- cotton and coal. As one of the main cotton production bases in China, Xinjiang holds sway in the textile industry. By making full use of its cotton resources and geographical advantages as a portal for opening up, the region no longer sees itself as just a production base for raw materials.
Starting from 2014, China's leading garment and apparel makers including Ruyi Group, HoDo Group, and Huafu Fashion Co. Ltd invested in the region and built factories. These factories have produced added benefits and created jobs for the local people. Xinjiang produces 1.5 million tons of yarn and over 40 million ready-made garments every year. More than 400,000 people work in the industry.

In the eastern part of the coal-rich Junggar Basin, workers have found that the snow is cleaner than before. The Zhundong Economic Technological Development Park, about 200 km west of Urumqi, is home to China's largest coal field. A stringent environmental requirement is applied to the park, said Ren Jianpin, director of the management committee of the park. Coal enterprises are required to control coal dust, install equipment to recycle water and coal slags are processed into construction materials, he said.

The park is focused on boosting high-end industries in aluminum and silicon materials, which generate more value and have less impact on the environment, he said.

**Going hi-tech**

Last year, a large-scale bio-based plant went into operation in Usu City to turn corn into nylon. The Cathay Industrial Biotech, a Shanghai-based biotech company, is the investor.

Nylon is usually made from petroleum, and the use of crops such as corn and wheat to make recyclable and environment-friendly nylon has promising business prospects, said Wang Hongbo, vice general manager of the company's Usu branch. The Usu branch will have an annual output of 100,000 tons of bio-based polyamide, and it is expected to boost the development of downstream industries in the future, he said.

The oil-rich city of Karamay has also received a hi-tech boost as cloud computing firms eye the dry and cold weather in the area. Karamay is home to many key state-level projects and IT-industry leaders, including a global cloud service data center for Huawei, data centers for the China National Petroleum Corp. (CNPC) and China Mobile.

Xinjiang is making new breakthroughs in precision machining, new materials, manufacturing and textiles.
Data from the regional statistics bureau show that the value added of the hi-tech manufacturing in Xinjiang rose by 32.1 percent year-on-year in 2018.

**Further opening up**

As a core area on the Silk Road Economic Belt, Xinjiang has maintained solid growth momentum in foreign trade. Foreign trade volume between Xinjiang and 36 countries and regions along the Belt and Road (B&R) totaled about 291.5 billion yuan (43.5 billion U.S. dollars) in 2018, up 13.5 percent year on year.

Economic observers say that there is still much room for Xinjiang to scale up its processing trade to raise the level of imports and exports.

Xinjiang will further develop an export-oriented economy in 2019 and participate in economic exchanges with neighboring countries, according to the regional government's work report released in January.

Source: china.org.cn- Mar 03, 2019

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**Ethiopian, Kenyan leaders visit Chinese-built flagship industrial park**

Ethiopian Prime Minister Abiy Ahmed and Kenyan President Uhuru Kenyatta on Friday visited Ethiopia's flagship Hawassa Industrial Park.

The trip to the Chinese-built industrial park, 275 km south of the capital Addis Ababa, came as part of Kenyatta's state visit to Ethiopia.

The two leaders visited some of the 22 textile and apparel manufacturers operating in the industry zone, according to the Office of the Ethiopian Prime Minister's Office.

The industry park, currently employing more than 25,000 locals, is considered as Ethiopia's flagship industry zone featuring sector specialization, export-orientation, vertical integration, sustainability and skills development.
The Ethiopian government considers the industrial park as a model for the construction of other industrial zones across the country.

Inaugurated in July 2016, Hawassa Industrial Park has hosted many African leaders during their visit to Ethiopia.

Recently visitors included Eritrean President Isaias Afwerki and Rwandan President Paul Kagame.

According to the Ethiopian government, African leaders' visit to the Hawassa industrial park and other infrastructure sites across the country is mainly aimed at sharing Ethiopia's positive experience.

Built by China Civil Engineering Construction Corporation, the Hawassa industrial park was completed in only nine months.

Source: china.org.cn- Mar 03, 2019

Donald Trump says US to terminate India's duty-free status for failing to provide market access

India has maintained high tariffs on US goods such as flowers, natural rubber, automobiles, motorcycles, alcoholic beverages and textiles.

Arguing that New Delhi had failed to assure America that it would provide equitable and reasonable access to its markets in numerous sectors, US President Donald Trump on Monday informed the US Congress about his intent to terminate the designation of India and Turkey as a beneficiary developing country under the Generalised System of Preferences (GSP) programme.

In a letter to the Speaker of the US House of Representatives, Nancy Pelosi, Trump said he was determined that New Delhi had "not assured" the United States that it would "provide equitable and reasonable access" to the markets of India.
"I will continue to assess whether the Government of India is providing equitable and reasonable access to its markets, in accordance with the GSP eligibility criteria," Trump said in his letter, a copy of which was released to the press.

In a separate letter, Trump also informed the Congress of his intent to terminate the GSP beneficiary designation of Turkey. This was primarily because the economy of Turkey had improved a lot in the last four-and-a-half decades, he said.

"In the four-and-a-half decades since Turkey's designation as a GSP beneficiary developing country, Turkey's economy has grown and diversified," he said. "Increases in Gross National Income per capita, declining poverty rates and export diversification by trading partner and by sector are all evidence of Turkey's increased level of economic development.

In addition, Turkey has graduated from other developed countries' GSP programs due to its increase in economic development or through reciprocal arrangements," he argued. Trump's letter to Pelosi could be seen as a major setback in India-US bilateral relationship, in particular in the arena of trade and economy.

In a separate statement, the US Trade Representative (USTR) said India's termination from GSP followed its failure to provide the US with assurances that it would provide equitable and reasonable access to its markets in numerous sectors. Turkey's termination from GSP followed a finding that it was sufficiently economically developed and should no longer benefit from preferential market access to the US market, the statement said.

"By statute, these changes may not take effect until at least 60 days after the notifications to Congress and the governments of India and Turkey, and will be enacted by a Presidential Proclamation," the USTR said.

Under the United States GSP programme, certain products can enter the US duty-free if the beneficiary developing countries meet the eligibility criteria established by Congress. The GSP criteria include, among others, respecting arbitral awards in favour of US citizens or corporations, combatting child labour, respecting internationally recognised worker rights, providing adequate and effective intellectual property protection and providing the US with equitable and reasonable market access.
Countries can also be graduated from the GSP programme, depending on factors related to economic development. The Trump Administration had launched an eligibility review of India's compliance with the GSP market access criterion in April 2018.

"India has implemented a wide array of trade barriers that create serious negative effects on United States commerce. Despite intensive engagement, India has failed to take the necessary steps to meet the GSP criterion," the USTR said.

The US had designated Turkey as a GSP beneficiary developing country in 1975. An increase in the Gross National Income (GNI) per capita, declining poverty rates and export diversification by trading partner and by sector were evidence of Turkey's higher level of economic development, the USTR said.

Source: newindianexpress.com- Mar 05, 2019

Bangladesh seeks tariff benefits for increased cotton imports from US

BGMEA informed the ambassador that Bangladeshi spinners are keen to set up spinning mills in the USA

Bangladesh will import more cotton from the United States if the American government offers duty benefits for apparel items manufactured of American cotton.

BGMEA president Md Siddiqur Rahman made the proposal at a meeting with the US Ambassador to Bangladesh, Earl R Miller, at the trade body’s headquarters in the capital on Sunday.

In addition, BGMEA informed the ambassador that Bangladeshi spinners are keen to set up spinning mills in the USA, if the US government would grant tariff benefits for RMG made with yarn imported from such factories in the USA.
“Since Bangladesh is the largest importer of cotton, we could import more cotton from the USA. In that case, we need to know what kind of duty benefits the US government will offer on the export of clothing made of American cotton,” BGMEA president Siddiqur Rahman told reporters after a meeting with the US envoy.

Bangladesh does not enjoy duty free market access facility for apparel products in the US market.

According to Bangladesh Textile Mills Association (BTMA), Bangladesh imports nearly 8 million bales of cotton from across the world annually, of which 6.93% is from the USA.

According to international trade administrator Otexa’ data, Bangladesh exports to the US market stood at $5.20 billion, up by 5.72% in January-November of 2018. Apparel exports to the US market saw a 6% jump to $5 billion in the period.

The BGMEA will write a letter to the US government soon, expressing its interest and seeking duty benefits in exporting apparel goods, according to Siddiqur.

“I told the US ambassador that a few spinners showed keen interest to establish spinning mills in your country and they will invest to produce yarn if the US government offers duty benefits for RMG goods exported to the US, made of US cotton,” said the BGMEA leader.

The BGMEA underscored the need for restarting negotiations to restore the Generalized System of Preferences (GSP) suspended in 2013 over workers’ rights and workplace safety.

Citing the US envoy, Siddiquir said “Labor rights and human rights situation have improved in Bangladesh after the Rana Plaza collapse, but there was no evaluation of rights and safety issues in last two years.”

But during the talks, he assured the ambassador that Bangladesh has met all the 16 conditions attached for the restoration of GSP trade facilities, said Rahman.
The business leader also said that the duty free market access will ultimately benefit US consumers and increase bilateral trade as well as help Bangladesh in creating jobs, he added.

At the meeting, the US ambassador also wanted to know about the termination of 11,000 apparel workers centering the recent unrest over a new wage structure, the BGMEA president said.

However, he disputed the number and said that the figure was not more than 4000 and they were terminated as per the law.

Source: dhakatribune.com- Mar 04, 2019

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**Bangladesh: Garment makers seek duty benefit from US**

Garment manufacturers yesterday urged the US and Bangladesh to sign a cotton purchase agreement so that they could get duty privileges on export of apparel items to American markets and ship more products.

“We have proposed that the US allow us to export garment items to American markets duty-free if we manufacture the apparel items using the cotton from the US,” said Siddiqur Rahman, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Rahman made the comments at a press conference after meeting with US Ambassador to Bangladesh Earl R Miller. The envoy discussed various trade issues with the apparel exporters at the BGMEA office in Dhaka. He, however, did not talk to the press.

If the US agrees to the proposal, local millers will import cotton from the US under a special arrangement for Bangladeshi apparel manufacturers to make garment items from the yarn and fabrics for American customers, Rahman said. He said under the agreement the US can allow the duty benefit on condition that all the garment items would be made from the yarn and fabrics using American cotton.
Two local spinning mills have already proposed that the government allow them to set up mills in the US to produce yarn there and make garment items in Bangladesh. But, the proposals were not approved, Rahman said.

Earlier, US cotton exporters also raised the issue and the BGMEA agreed to the proposal, according to Rahman.

“Now, it is up to the governments of both sides to take the proposal forward.”

Such trading arrangement in garment business had been incorporated in the now-scraped Trans Pacific Partnership Agreement keeping Vietnam in mind.

Bangladesh does not produce cotton and meets 98 percent of the requirement through imports. Of the imports, 40 percent comes from India and nearly 10 percent from the US.

“If the US agrees to our proposal, we will increase the cotton import from America,” Rahman said.

The US is the single largest export destination of Bangladesh. Local apparel exporters face 15.62 percent duty on the shipment of garment items to the country as the American government does not allow duty-free import of garment items. Bangladesh exports more than $6 billion worth of products every year to the US, of which 95 percent are garment items.

The BGMEA also proposed that the US reinstate the generalised system of preferences which was scrapped for Bangladesh in 2013 over poor labour rights and workplace safety.

Replying to a query, Rahman said nearly 4,000 workers were terminated during the labour unrest centred on wage revision in January, not 11,000 workers as claimed by rights groups.

No worker got back their job as they were paid compensation as per labour law, he said.

Source: thedailystar.net- Mar 04, 2019
Pakistan: Govt set to extend Rs600b subsidised loan to textile sector

With a view to increase the investment in the textile sector and broaden the industrial base of the said sector, the government is set to extend subsidised loan credit to textile sector up to Rs600 billion under the Export Financing Scheme (EFS) and Long Term Financing Facility (LTFF).

Under Export Financing Scheme (EFS), the government is to increase credit limit to Rs400 billion from Rs226 billion for textile exports and enhance the limit of Long Term Financing Facility (LTFF) to Rs200 billion from existing Rs103 billion for investment in the textile sector.

The loan credit under the EFS will be available at subsidised mark-up of 03 percent and under LTFF at 05 percent.

"Yes, we have prepared the summary for ECC (Economic Coordination Committee) seeking the credit limits under EFS and LTFF not only to increase the textile products’ export, but also enhance the investment in textile sector,” a senior official at textile sector told The News.

The textile exporters, the official said, have started feeling the heat as the share of subsidised credit limit has dwindled to 27 percent from 41 percent in a year and the textile sector has been relying heavily on commercial loans at the discount rate of 10.25 percent that has been jacked up from 5.75 percent.

The investment in the textile sector by borrowing the loans from commercial banks at interest rate of 10.25 percent is simply quite impossible which is why the authorities in the textile ministry have decided to suggest to ECC seeking the increase in the credit limits to textile exporters at subsidised interest rates of 3-5 percent under EFS and LTFF.

More importantly, during the last 13 months, Rupee has devalued by 35 percent against the US dollar, which is why cost of financing for textile project has substantially increased along with the requirement of working capital and in the last 5 years’ time, the import of textile machinery remained almost stagnant.
And to this effect, textile ministry, he said, is all set to submit the summary to ECC asking for the surge in loans’ limit to textile sector under EFS up to Rs400 billion from current loan credit of Rs200 billion for increasing the exports.

“Likewise, for more investment in the sector, the ministry is going to propose to ECC to increase the LTFF limit up to Rs200 billion from current Rs102 billion.”

In addition, the textile ministry, the official said, is also set to recommend the increase in project financing limit top Rs03 billion from existing Rs1.5 billion. “This will not only help cover the financing cost but also to encourage the large scale plants having edge in the economies of scales.”

It is pertinent to mention that State Bank of Pakistan (SBP) has since long been operating two vital schemes, including Long Term Financing Facility, for investment in plants and machinery and Export Financing Schemes (EFS) to provide the working capital. Both the schemes are export oriented and for the availability of credit to the textile exporters.

According to the document prepared for the ECC, the total exposure of textile value chain by December 2018 stood at Rs1.000 trillion in which the Long Term Financing Facility stays at Rs112 billion and loans under Export Financing Scheme is Rs226 billion.

The official document also unfolds saying that by December 2017, total loan exposure stood at Rs816 billion in which LTFF was Rs87 billion and EFS was Rs187 billion. The share of subsidised loan has decreased to 27 percent from 41 percent in a year and the textile sector has been relying heavily on commercial loans, and the discount rate has hacked up to 10.25 percent from 5.75 percent during the said period.

The sitting government has already done a lot to decrease the input cost for export oriented industry by providing the electricity at 7.5 US cents per unit and system gas at Rs600 per MMBTU and Re-gasified LNG at $6.5 per MMBTU.

Source: thenews.com.pk - Mar 04, 2019

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HOME
NATIONAL NEWS

China asks for duty-free import of 85% of its products into India

India has offered to open up 74% of its market to Chinese goods in phases but China is not satisfied with the proposal.

China has asked India to allow duty-free import of 85% of its products into the country. During the countries' bilateral discussions, Indian officials were told that China was willing to give duty-free access to 92% of Indian exports, provided the bar was raised for Chinese products. India has offered to open up 74% of its market to Chinese goods in phases but China is not satisfied with the proposal, mentioned reports.

The demand from the Asian giant is putting pressure on the policymakers as they are looking to create the world's largest free-trade agreement under the Regional Comprehensive Economic Partnership (RCEP).

According to a report in Times of India, India offers lower concessions to China as compared to other countries where over 90% of imports can come duty-free. However, even the current arrangement deals with risk of Chinese goods dominating Indian markets, which would further impact the trade deficit estimated at $63 billion in the last financial year.

Officials also acknowledged that India has little option other than to open up the market gradually with a long tariff phase-out period so that Indian players have time to adjust to the competition, as mentioned in the daily.

During a RCEP meet last week, trade ministers from the 16 participating countries decided to intensify negotiations so that it can conclude over the next few months. A final decision of concessions across sectors is only expected after the new government comes to power this summer.

Talks for RCEP have been underway for over six years now but India has been concerned over cheap imports that would enter the country and devastate certain sectors. Apart from India and China, ASEAN members, Japan, South Korea, Australia and New Zealand are in the process of negotiation with 2019 as the deadline.
**Chinese cheer for Indian exports**

India’s bilateral trade deficit with China has shrunk this year, though Indian exports are still dominated by primary products.

Amidst growing concerns about the trends in India’s export growth over the coming months due to perceptible signs of a cooling global economy is an unexpected area of cheer. Dynamics of India’s trade with its largest trade partner — China — are showing surprisingly good results in the current fiscal.

<table>
<thead>
<tr>
<th>Period</th>
<th>Exports*</th>
<th>Imports*</th>
<th>Trade balance*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr-Dec 2018</td>
<td>34</td>
<td>-4.5</td>
<td>-12.1</td>
</tr>
<tr>
<td>Apr-Dec 2017</td>
<td>36.1</td>
<td>23.8</td>
<td>21.3</td>
</tr>
<tr>
<td>Apr-Dec 2016</td>
<td>-0.7</td>
<td>-2.3</td>
<td>-2.5</td>
</tr>
<tr>
<td>Apr-Dec 2015</td>
<td>-24.3</td>
<td>1.5</td>
<td>7.9</td>
</tr>
<tr>
<td>Apr-Dec 2014</td>
<td>-14.2</td>
<td>18.7</td>
<td>31.3</td>
</tr>
<tr>
<td>Apr-Dec 2013</td>
<td>9.9</td>
<td>-2.2</td>
<td>-6.1</td>
</tr>
<tr>
<td>Apr-Dec 2012</td>
<td>-24.7</td>
<td>-7.7</td>
<td>-0.4</td>
</tr>
<tr>
<td>Apr-Dec 2011</td>
<td>22.5</td>
<td>29.8</td>
<td>33.2</td>
</tr>
<tr>
<td>Apr-Dec 2010</td>
<td>39.1</td>
<td>46.2</td>
<td>49.7</td>
</tr>
<tr>
<td>Apr-Dec 2009</td>
<td>11.5</td>
<td>-14.1</td>
<td>-23</td>
</tr>
<tr>
<td>Apr-Dec 2008</td>
<td>-3.6</td>
<td>32.2</td>
<td>51.9</td>
</tr>
<tr>
<td>Apr-Dec 2007</td>
<td>23.7</td>
<td>57.1</td>
<td>84.5</td>
</tr>
</tbody>
</table>

*% change over previous year

In the first nine months of 2018-19, India’s exports to China have grown by an impressive 34 per cent (as against less than 10 per cent overall), while imports from its northern neighbour have declined by nearly 4.5 per cent (as against an increase of 14 per cent overall).

This combination of positive export growth and negative import growth is a rare occurrence in India-China trade, having occurred only twice earlier since the middle of the previous decade. One of these included 2009, the year in which the Chinese economy had felt the impact of economic downturn.

As a result of the export upswing being witnessed in recent months, India’s trade deficit with China during April to December 2018 was $41.3 billion, down from nearly $47 billion in the corresponding period in the previous fiscal. This is the steepest decline in trade deficit for the first nine months of any financial year.
India thus seems poised to register the sharpest decline in its trade deficit with China for an entire financial year. This would also reverse the rising trend in trade deficit, which had touched an all-time high of $63 billion in 2017-18. What was remarkable about this figure of trade deficit is that it accounted for nearly 40 per cent of India’s overall trade deficit.

Over the past two decades, India-China trade has changed drastically. At the turn of the millennium, China was the outside the list of top five import sources for India, having a share of less than 3 per cent in India’s total imports.

In 2000-01, India’s imports were $1.5 billion and exports were $831 million, and the trade deficit was a modest $671 million. Imports from China recorded dramatic increase from 2003-04, up from $4 billion to $32 billion in 2008-09. By 2014-15, imports from China had exceeded $60 billion, and in the previous financial year, imports were over $76 billion.

On the other hand, India’s exports to China remained extremely sluggish. From $3 billion in 2003-04, exports reached $10 billion in 2007-08. Indian exports peaked at $18 billion in 2012-13, but five years thereafter it could export no more than $13 billion. Consequently, the trade deficit expanded drastically to over $63 billion in 2017-18.

**Electronics, pharma dominate**

<table>
<thead>
<tr>
<th>Product</th>
<th>Imports from China ($ million)</th>
<th>Total Imports ($ million)</th>
<th>Share of China (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone and communication apparatus</td>
<td>15,394.20</td>
<td>21,057.20</td>
<td>73.1</td>
</tr>
<tr>
<td>Semiconductor Devices</td>
<td>3,900.20</td>
<td>4,747.50</td>
<td>82.2</td>
</tr>
<tr>
<td>Automatic Data Processing Machines, includes computers</td>
<td>3,681.30</td>
<td>5,733.90</td>
<td>64.2</td>
</tr>
<tr>
<td>Heterocyclic Compounds (raw material for several import drugs, including anti-malarials)</td>
<td>834.20</td>
<td>1,257.50</td>
<td>66.3</td>
</tr>
<tr>
<td>Antibiotics</td>
<td>824.40</td>
<td>1,017.20</td>
<td>81.0</td>
</tr>
<tr>
<td>Monitors and projectors</td>
<td>769.50</td>
<td>1,425.80</td>
<td>54.0</td>
</tr>
</tbody>
</table>
More than the increase in imports, it is the composition of India’s trade with China that is of real concern. Imports from China are primarily in two commodity groups — electrical and electronic equipment and pharmaceuticals.

In 2017-18, almost 60 per cent of India’s import requirements of electrical and electronic equipment were met by China, as were more than 75 per cent of the active pharmaceutical ingredients, the raw material used by India’s generic pharmaceutical industry.

China supplied more than 80 per cent of the antibiotics imported by India, and well above 60 per cent of electronic products and components. Thus, some of the key sectors of the Indian economy are critically dependent on China.

In sharp contrast, India’s top exports were mostly intermediate products and raw materials. These included cathodes, petroleum oils, intermediate products for the producing films and plastics and iron ore and concentrates.

The broad sectoral trends of the exports of China and India show that for the latest year, manufactured products constituted 55 per cent of India’s non-oil exports to China, while the corresponding figure for China was as high as 95 per cent. This implies that primary commodities had a significant share of India’s exports, which is consistent with China’s strategy to source raw materials from its trading partners.

Now that India’s exports have jumped by more than a third in April-December 2018, as compared to the corresponding period in the previous year, has the commodity composition also changed in India’s favour?

The product group contributing the most to the increased exports to China was petroleum products. In terms of volume, the increase was by over two and a half times during April-December 2018 as compared to the previous year. Favourable movement in product prices in most of 2018 resulted in a three-fold increase in value of exports.

Augmentation of Reliance Industries’ aromatic production capacities over the past couple of years has positioned the company as one of the major producers of paraxylene, orthoxylene and benzene (the building blocks for polyester fibres and several other petrochemical intermediates).
This increased production has found its way into the export market; China emerging as one of the major destinations.

Among the group of products pushing India’s exports to China in the recent months are two primary products — fish and crustaceans and raw cotton. Exports of both these product groups in the current fiscal increased by at least three-fold as compared to 2017-18.

Although India’s exports to China have registered impressive increase, and have also contributed to the lowering of the trade deficit with its largest trade partner, there remains a significant area of concern. This stems from the fact that the recent export trends merely reinforce India’s role as a supplier of raw materials and intermediates to China.

Thus, in the absence of adequate manufacturing facilities that could have helped in processing the increased production of raw materials and intermediates, these products are being exported and India is foregoing domestic value addition.

With the government failing in its attempt to incentivise “making” in India, increased exports to China should, therefore, be seen as a stream of opportunities missed for creating jobs in the country and adding additional incomes in Indian hands.

Source: thehindubusinessline.com- Mar 04, 2019

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**IDBI Bank receives nod to handle import, exports transactions with Iran: Sources**

India used to pay its third largest oil supplier in euros using European banking channels. But this channel is also blocked from November last year.

The IDBI Bank has received government nod to handle import and export transactions with Iran, a move which would help in promoting two-way trade amid US sanctions on the Persian Gulf nation, industry sources said.

US President Donald Trump had in May last year withdrawn from the 2015 nuclear accord with Iran, re-imposing economic sanctions against the
Persian Gulf nation. Some sanctions took effect from August 6, 2018 while those affecting the oil and banking sectors started from November 4, 2018. According to sources, IDBI Bank has been identified to route the payments. UCO Bank had in the previous round of sanctions handled rupee payments. India used to pay its third largest oil supplier in euros using European banking channels. But this channel is also blocked from November last year. Iran is India's third-largest oil supplier after Iraq and Saudi Arabia. It was India's second biggest supplier of crude oil after Saudi Arabia till 2010-11 but sanctions by the West over its suspected nuclear programme relegated it to the seventh spot in the subsequent years. In 2013-14 and 2014-15, India bought 11 million tonnes (MT) and 10.95 MT of crude, respectively from Iran.

Bilateral trade between India and Iran increased to $13.8 billion in 2017-18 from $12.9 billion in the previous fiscal. However, India's exports were only worth $2.5 billion to that country. The Federation of Indian Export Organisations (FIEO) said that more banks should get permission for trade with Iran.

"This will generate healthy competition between UCO and IDBI encouraging them to be more customers friendly and thereby benefitting exim community," FIEO President Ganesh Kumar Gupta said.

Source: moneycontrol.com- Mar 04, 2019

E-com to drive Indian consumer growth's next level: report

E-commerce will drive the next level of Indian consumer growth starting this year, says a report by Deloitte India and Retailers Association of India. India's e-commerce marketplace is worth $200 billion now, is growing at a compound annual growth rate of 32 per cent and is poised to grow to $1.2 trillion by 2021 as the space grows at a massive pace, it said.

The report, titled ‘Unravelling the Indian Consumer’, lists some factors for this growth that include changing purchase patterns, high-intensity online shopping and heightened use of smartphones, according to a press release from Deloitte.
Mobile-commerce is growing at an exponential pace with such transactions in India increasing from ₹200 billion in fiscal 2015-16 to ₹3,000 billion in 2017-18.

The millennial population has mostly championed this trend across tier one, tier two, and tier three markets.

Social media-related commerce in India has been on the rise, with 28 per cent millennials purchasing products due to social media recommendations and 63 per cent millennials staying updated on brands through social media.

Experiential retail offerings have picked up with the use of advanced data analytics, bots and drones, beacons, cloud-platforms and virtual reality to understand consumer needs.

The report emphasises that despite the stress faced by the Indian rupee and the rising crude oil bill, Indian retail market would grow at a compound annual growth rate of 7.8 per cent between 2021 and 2026.

Source: fibre2fashion.com- Mar 05, 2019

Indian exports to Africa inch up

India’s exports to Africa increased from 7.5 per cent in 2009-10 to eight per cent in 2017-18.

Of the 54 African countries, there was significant trade with 47. Many of these countries rank high in terms of ease of business.

For Indian exporters, Africa presents an almost unlimited market.

The country’s biggest market on the African continent is South Africa. South African chain store buyers, independent retailers, boutique owners, home textile and soft furnishing buyers, agents, wholesalers, importers and other industry professionals are interested in Indian products particularly fashion garments, embroidery, sequins, beadwork and the hand washes that India is famous for.
India has set up an apparel training centre in Nigeria. This will rebuild the cotton and textile value chain of Nigeria.

India is South Africa’s second-largest clothing import source market. It is recognised as one of the best sourcing destinations for garments, textiles, footwear and leather. India is the largest producer of jute, the second largest producer of cotton, silk and cellulosic fiber, the third largest producer of raw cotton and the fourth largest producer of synthetic fiber.

There is growing investment by Indian companies in Africa in a range of sectors including textiles and such as telecommunications, hydrocarbons, agriculture, manufacturing and IT.

Source: fashionatingworld.com- Mar 03, 2019

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**India tops Global Consumer Confidence Survey**

The global consumer confidence in India is at peak.

This was revealed in the latest Conference Board Global Consumer Confidence Survey, which is conducted in collaboration with Nielsen. The survey which was conducted over the internet, polls more than 32,000 consumers in 64 countries across Asia-Pacific, Europe, Latin America, the Middle East, Africa and North America.

India had a Consumer Confidence Index (CCI) score of 133 in the fourth quarter of 2018 edging past the Philippines (131) and Indonesia (127). India maintain its number one position from the third quarter when it scored 130 on the index whereas Philippines and Indonesia were joint fourth in Q3 of 2018 with an identical score of 126.

South Korea has the most pessimistic consumers in the world. People there are worried about rising inflation, lower wage growth, a weak stock market, unemployment and global trade uncertainties.

Meanwhile, the Global Consumer Confidence Index increased one point to 107 in fourth quarter of 2018, the highest in 14 years.
The main indicators measured by Conference Board CCI are optimism towards job prospects, health of personal finances and spending intentions in the next 12 months.

Globally, consumers perceptions towards job prospects and personal finances remain positive but consumer sentiment towards spending remain low and less optimistic because of anticipated higher prices due to higher oil prices creating inflationary pressures, uncertainty with regards to global trade, falling currency and rising interest rates affecting borrowing costs.

With the exception of North America where consumer confidence is at its highest for years, developed economies are generally less optimistic. With a reading of 100 on the CCI considered positive, European consumers tended to be the least optimistic with an average score below 90. Whereas their Asian and North American counterparts tended to be more upbeat. Consumers in the Latin America, Middle East and Africa are considered to be cautiously optimistic with a score in the nineties, but all regions have seen improvements in consumer confidence in the last year.

The survey shows the CCI in the Asia-Pacific increased three points to 117. Major markets such as China, India, Indonesia and Japan all improved. Although the CCI for Asia-Pacific is generally good, people in the more mature economics like Australia, New Zealand, Singapore and Hong Kong are more cautious about their spending but these countries continue to offer good opportunities for consumer businesses.

While consumer confidence remains high in China, there are signs from retail spending data that consumers are spending less - an impact as a result of trade tensions with the US. The residents in the second largest economy in the world are also beginning to be less positive about jobs.

On balance, consumers globally are somewhat more confident compared with a year ago.

The global uptick in confidence is a positive sign for economic and business growth in 2019. Consumer confidence surveys are seen as a proxy measure to gauge short term demand by assessing people's views on the economy. A positive trend indicates the possibility of higher spending by consumers in the short-term and that may boost economic growth.
However, several economic headwinds are expected to affect global GDP like the yet unresolved trade dispute between China and the US, rising interest rates, inflationary pressures and uncertain oil prices.

Indeed, some economists expect that GDP growth will moderate in 2019. Fears of significant pullback of global trade could undermine growth outlook for both emerging and mature economies particularly those that depend on global trade.

This is after a steady rise in GDP in recent years despite trade fears, fluctuating oil prices and worries about the impact of Brexit. According to International Monetary Fund data, real global GDP growth has been inching up since 2015 at a rate of between 3.3 percent in 2016 to 3.7 percent in 2018. However, growth is not even with emerging markets growing at a higher rate of 4.7 percent in 2018 compared with 2.4 percent in the advanced economies.

For India, the results of this survey mirrors a Reserve Bank of India (RBI) survey released in early February which indicates that consumer confidence in India is at a two year high. The RBI survey was conducted across 13 major Indian cities.

The rise in consumer sentiment is likely due to inflation hitting an 18-month low in December as oil prices stabilised and the rupee appreciated. Although 76 percent of respondents in the RBI survey expect inflation to rise in 2019, consumers say they expect a rise in income and employment opportunities in the same period.

The results of this survey come at a time when PM Modi’s government is facing criticism due to a lower job creation rate resulting in unemployment touching a 45-year high in 2017-18 according to the National Sample Survey Office’s periodic labour force survey released recently.

Going forward, India’s consumer confidence may be dampened by poorer macroeconomic fundamentals like a weak currency, widening deficits, rising prices, mounting bad loans and stricter credit conditions. However, this impact is expected to be buffered by ramped up government spending and social programmes leading to the general elections.

Source: business-standard.com - Mar 04, 2019
India needs land, labour reform to aid manufacturing-chief economic adviser

The share of manufacturing in the economy has grown just 1.5 percentage points in the last three years to 18 percent, and good exports have shown little sign of a pick up in the last five years.

India’s next government will have to bring in land, labour and financial sector reforms to improve the productivity of the manufacturing sector and boost economic growth, India’s chief economic adviser said. “These are the critical areas, we need to work on,” Krishnamurthy Subramanian told Reuters in an interview.

Several business leaders said a delay in land acquisition for private factories, decades-old restrictive labour laws and higher borrowing costs discourage many investors who therefore prefer to build new plants in countries like Vietnam, Thailand, and Bangladesh.

The share of manufacturing in the economy has grown just 1.5 percentage points in the last three years to 18 percent, and good exports have shown little sign of a pick up in the last five years. India’s economic growth rate has decelerated to a five-quarter low of 6.6 percent in the last quarter of 2018, dragged down by lower growth in consumer demand and government spending, raising concerns among policymakers and politicians.

But brushing aside concerns about an economic slowdown, Subramanian said the present government’s economic reforms have contributed to an average annual growth rate of 7.3 percent over the past five years.

Subramanian, who was a student of former Reserve Bank of India governor Raghuram Rajan at the University of Chicago Booth School of Business, was appointed as chief economic adviser by Prime Minister Narendra Modi last December for three years.

Modi tried to push land and labour reforms after he took charge in 2014, but had to shelve them after strong opposition from political parties and labour unions. Industry has for years sought approvals for easy acquisition of land at a cheap price for setting up factories, flexible labour laws to hire and fire workers, a subsidised social security network for employees, and lower interest costs for funding to compete with other countries.
Land costs have more than doubled over the past five years, and hiring costs have gone up significantly, hitting labour intensive sectors like textile, leather and gems and jewelery, business leaders said.

The country faces an uphill task to create jobs and shift millions of unemployed and underemployed youth from the rural farm sector to urban areas. As many as 75-100 million young people are expected to come onto the Indian labour market in the five-year term of the next government.

A general election must be held by May. As for low food prices, Subrmanian said that increasing farm production is taking its toll on prices. “We have a population that is growing at less than one percent and the food is growing more than 3 percent,” he said referring to fall in prices of food items.

“Because there is a surplus, the prices will go down,” said Subramanian, adding that India’s farm sector faced a real crisis and needed government intervention.

The average annual income of farm households was just 30,000 rupees ($423.71), he said, and the government's plan to directly transfer 6,000 rupees annually to each of about 120 million farmer households would help them as well as the economy.

On the state of the economy compared to 2014 when Modi took charge, Subramanian said the economy was on a stronger footing thanks to economic reforms, higher state spending on infrastructure and fall in inflation which has strengthened the domestic consumer demand and private investments.

“We are poised for growth because some of the requirements for a sustained growth without speed breakers have been erected,” he said adding the economy could grow at 7.2 to 7.5 percent in the next fiscal year beginning April 1.

Source: financialexpress.com- Mar 04, 2019
Inverted rules

Restore old GST norms on inverted duty

The Goods and Service Tax law was introduced with the intent to remove cascading effects of various taxes and to have free flow of input tax credits. True to its intent, enabling provisions were also incorporated in the GST legislation wherein refund of accumulated credit on account of inverted duty is permitted unlike Excise Duty/Service Tax legislations.

Inverted duty structure means the scenario wherein the inward supplies are being taxed at a higher rate than the outward supplies. Such imbalancing tax structure results into accumulation of tax credits in the hands of the tax payers with no clear foreseen usage. Such issues of the erstwhile regime have been addressed in GST legislation and the manner of determination of eligible amount of refund on account of inverted duty structure has been prescribed.

The refund of accumulated credit will be granted once it is established that the goods or services are covered under inverted duty structure. The intention of the legislation is to grant the refund of accumulated credit resulting on account of procurement of inputs and input services only. However, in April 2018, the relevant provision for granting the inverted duty refund were tweaked to restrict the scope of refund to inputs only and not to input services.

Further, in June 2018, the said amendment was given retrospective effect i.e. from the date of implementation of GST, July 1, 2017. The rationale given for restricting the scope of refund is the legislative intent to grant the refund for inputs used in outward supplies only. These amendments have resulted in inconsistency between general principles provided in the GST legislations read with the manner of determination of refund as prescribed.

In view of the retrospective amendment, several assesses who had received the refund of input services were served with notices to return the amount of refund along with interest, resulting in litigation. Also tweaking the provision with retrospective effect has created a lot of financial hardships to taxpayers with blockage of funds as GST credit. Restricting the refund for input services in such occasions will lead to higher costs which ultimately would be borne by consumers at large.
Various representations have been filed to restore the earlier practice of granting refund of input services.

However if we strictly abide by the legal provisions, it appears that draftsman have erred in amending the rules as the legal provision nowhere distinguish between inputs and input services. Further, differential treatment have been accorded in case of refund on account of exports and inverted duty structure even though parent provisions are same for both the refunds.

Such restrictions have direct impact on the Make in India initiatives and ease of doing business since the taxpayer falling under lower tax brackets will be piled-up with ever increasing GST credits.

The ideal solution is to restore the earlier provisions. However, as an interim measure the government should provide the refund on those input services which have direct nexus with the manufacturing activity like labour, job-work etc. In the era of ease of doing business, it is time to reckon that services are inevitable part of manufacturing activity.

Trade and industry at this juncture need encouragement from the government through efficient and competent tax policies resulting into overall development of the country.

Source: financialexpress.com- Mar 04, 2019

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Farmers getting raw deal? Paper says MSP calculated on old data

The pricing of crops has been central to farmer agitations across the country and this has pushed the Centre to hike Minimum Support Price (MSP) for several crops by 50% over the cost of production in the 2018 budget.

Now, new research, led by economist R Ramakumar, argues that the MSP is calculated on the basis of three-year-old projected data and should in fact be 20-30% higher than the current rate.

The paper, “Underestimation of Farm Costs,” argues that the Commission of Agricultural Costs and Prices (CACP), which calculates the MSP,
underestimates the cost of production for a range of crops and sets the MSP much lower than it should be. The paper compared the CACP’s projection of the cost of production in 2014-15 with final figures on the actual cost of production that year and found a 20-30% gap. The final figures were only recently released.

Ramakumar is NABARD Chair professor at Tata Institute of Social Sciences (TISS). The co-author is TISS researcher Ashish Kamra. The paper is forthcoming in the journal Review of Agrarian Studies.

“Our research argues for an urgent modernization of the CACP’s data collection mechanism,” says Ramakumar. “The lag in data has been depriving farmers of a higher MSP particularly in a period where input costs have been rising sharply.”

Former CACP chairman Abhijit Sen disagrees and points out that the data lag is factored into the calculations. This makes the margin of error only 10% and that too, in either direction. “While it’s true that old price data is used to calculate the cost of production, this is updated using more current data on wages, consumer price indices and wholesale price indices. So the calculation of cost of production could have a margin of error of about 10% which could be higher or lower,” he says.

The CACP uses cost estimates generated by the Centre’s Directorate of Economics and Statistics (DES) under the comprehensive scheme for studying the Cost of Cultivation of Principal Crops in India. But the comprehensive scheme data is available only after a lag of two-three years, the research paper points out. This means the latest data available to the CACP for calculating the cost of cultivation for 2018-19 would be 2015-16, the papers says.

The CACP then constructs a composite input price index (CIPI) combining these estimates with the latest prices of inputs like labour, seeds, fertilisers, irrigation charges and so on. Then it projects the cost of cultivation for states and nationally.

The researchers, instead, constructed CIPI using “actual plot level data” or data collected directly from each plot of farmers in the CACP surveys.
“For projecting the MSP in 2015, CACP used prices of three years ending 2012-13. It released the actuals for 2014-15 in 2018. We compared the actuals for 2014-15 with the CACP’s projections for that year and found a 20-30% gap.” The researchers found a “consistent underestimation of input costs in the CACP’s estimation procedure.”

The researchers assessed estimates for MSPs on cotton using the one set projected by the CACP and their own estimates for the period 2008-09 to 2014-15. They found that the use of plot-level data resulted in the MSPs being at least 30% higher (assuming the same markup of MSPs over cost of production).

Acknowledging the issue of underestimation, the CACP has been using a correction factor. But this did not fix the issue of delayed data on which MSP is calculated, the paper noted.

Source: timesofindia.com- Mar 04, 2019

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India at Disadvantage By Cutting Trade-Ties, MFN Status with Pakistan: Experts

Trading patterns are analysed with the help of data from Trademap Pakistan imported more than $2.7 billion of goods from Saudi Arabia and $1.7 billion of products from India in 2017. Saudi Arabia is the fourth largest source of imports into Pakistan while India is the seventh largest source.

Furthermore, Pakistan imported $7.5 billion of goods from the UAE in 2017, its second largest source of imports after China. Therefore, recent developments will impact the trading patterns for Pakistan.

According to data from BP’s Statistical Review of World Energy 2018, Pakistan consumed approximately 589,000 barrels of oil (bpd) per day, with a growth rate per annum of 4.8% between 2006 and 2016. On the other hand, its refining capacity was only 401,000 bpd, increasing 3.7% per annum between 2006 and 2016.

Pakistan imported $13.7 billion of mineral fuels in 2017 and $3.1 billion of crude oil, mainly from Saudi Arabia and the UAE. Mineral fuels constitute
54% of total imports from Saudi Arabia and 85% of imports from the UAE. However, 88% of the mineral fuels imported from Saudi Arabia comprised crude oil, with considerably smaller amounts of other forms of mineral products.

On the other hand, approximately 30% of the mineral fuels imported from the UAE were in the form of crude oil. Pakistan imported $4.3 billion of furnace oil, high-speed diesel and motor spirit from the UAE in 2017.

With a $10-billion oil refinery planned to be built in Gwadar, which is expected to slash imports of refined petroleum products into Pakistan, imports of crude oil will likely increase. The refinery is expected to produce 300,000 bpd. Once it starts operations, the composition of mineral fuel imports will likely shift towards crude oil, substituting the imported refined petroleum products. With Saudi Arabia as an investor and a major supplier of crude oil, imports of crude oil from it may further increase. In the short run, imports of plant, machinery and equipment will increase in total imports. In the long run, the reliance on imported refined petroleum may fall.

However, it is essential that the government boosts exports of refined products as well as develops complementary downstream industries, such as petrochemical and other synthetic products that can benefit from the refined as well as residual products produced by the new investments. Even though profit repatriation is expected from foreign investors, better trade policies will help decrease the current account deficit.

**Imports from India fall**

India recently retracted the most favoured nation (MFN) status awarded to Pakistan, imposed additional tariffs on goods imported from Pakistan, cancelled export orders from Pakistan and banned the export of certain products to Pakistan such as tomatoes.

According to the data extracted from Trademap.org, Pakistan exported $335 million of goods to India in 2017, which was approximately 1.5% of total exports from Pakistan. The range of products exported was limited, mostly comprising cement, gypsum and dried dates.
Pakistan exported $90 million worth of fresh or dried dates, $65 million of Portland cement, $14.4 million of medium oils and preparations, $13.9 million of gypsum and $13.6 million of tanned leather. Pakistan is by far the largest source of Portland cement and fresh or dried dates into India. Pakistan is also one of the leading exporters of Portland cement and dried dates around the world. In essence, exports from Pakistan to India are limited to a few products in which Pakistan has a relative advantage in the global market.

Furthermore, cement and dates contributed only 1.4% of total exports from Pakistan to all its trading partners in 2017. On the other hand, out of $1.7 billion of goods imported by Pakistan from India in 2017, $555 million was paid for chemicals or allied products, $203 million for raw cotton, $141 million for cotton yarn and $68 million for polymers of propylene in primary form. In essence, India supplied mainly raw material and intermediate goods to Pakistan.

Pakistan reduced imports of vegetables from India in 2017. For instance, it imported more than $100 million worth of fresh or chilled tomatoes from India in 2016, approximately 86% of total import of the commodity from all partners. However, in 2017, it stopped the import of tomatoes.

Similarly, more than 50% of the total raw cotton imported into Pakistan was sourced from India in 2014 and 2015. In 2017, the share of Indian raw cotton fell below 27%.

The United States replaced India as the largest source of raw cotton as $279 million worth of the commodity was imported from it. This is primarily due to the resurgence of the US as a significant exporter of raw cotton globally.

Furthermore, Saudi Arabia has been a major source of polymers of propylene. In essence, Pakistan has shifted away from Indian imports, replacing it with other sources.

According to the World Bank’s “Glass Half Full: The Promise of Regional Trade in South Asia”, trade potential between Pakistan and India is estimated at $37 billion. Uncertainties in the relationship between the two countries not only impede trade but have rather led to trade diversion in recent years.
Considering the recent economic opportunities and challenges, Pakistan must further strengthen its trading relationship with important trading partners by pursuing trade and investment agreements. It must take full advantage of the renewed geopolitical and economic interests.

Source: eurasiantimes.com- Mar 04, 2019

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Experts from industry call for separate textile ministry

Textile mills of Indore are the worst hit across state owing to increased cost of operations, limited scope of incentives to old units and labour issues, industry experts from textile said on Saturday.

Seven textile mills in Indore have been shut for decades and industry experts demanded a revival plan to start at least one of them at National Textile Summit held on the 75th anniversary of the Textile Association (India) MP unit. Raising concerns over shutting of textile units in the region, experts stressed on linking incentives and technology to old textile mills to help them upgrade and compete with new players.

National Textile Association joint secretary Awadhesh Sharma said, “Across the state, textile mills of Indore have failed to perform well because of high finance cost and labour issues. Lack of skilled workers is also one of the deterring factors.” Leading industry experts and textile mills shared their views on uplifting textile production and revive dead units in state. National Textile Association has demanded a separate ministry for textile industry.

National Textile Association secretary Ashok Veda said, “Mills can be made cost effective if units are established in the area, where raw material is easily available.

Also cottage industry should be promoted to save them from shutting down.” There are 45 textile mills in state and 15 mills in Indore. Madhya Pradesh is the third largest cotton growing state in the country.

Source: timesofindia.com- Mar 04, 2019
Textile units sweat it out to make freshers industry-ready

Lack of skilled talent has weighed on efficiency and output of textile mills forcing units to spent thousands on training workforce and coming up with a separate workforce hunt department.

Corporate human resource head HS Jha at a leading textile mill said, “We are imparting training to fresher’s to take them on roll. On an average we spent around Rs 50,000 on a single person before hiring. The cost of training and keeping a separate team to hunt for possible work force is very high.” Jha has over 5,000 workforce in his textile mill.

According to National Textile Association MP chapter, most textile mills operating from Indore and nearby areas are running at loss while seven mills have been shut for decades. According to textile units, training period extends from 2 to 4 months depending upon job profile and background of candidate.

Textile sector is the largest employment provider after agriculture. Industry participants said cost for training and exercise involved in reaching out to possible workforce escalates every year.

A senior executive at another leading textile mill that exports 50 per cent of its garment said, “There is no provision by state government to provide training to people for textile mills despite state being a textile hub. The courses in ITIs are not updated.”

According to industry experts, regional mills are hiring workforce from Haryana, Kanpur and Maharashtra. There are over 20 textile mills in Indore, Ujjain, Nagda and Khandwa, according to trade estimates while the state houses over 50 textile mills.

Madhya Pradesh Textiles Mills Association secretary MC Rawat said, “To promote textile mills, the government should introduce proper skill courses. There should be provision to help industries upgrade and incentives for old units.”

Source: timesofindia.com- Mar 04, 2019
India Design Week to launch its first edition of Spring Summer

India Design Week is coming up with its first edition of Spring Summer season in April 2019. The design week aims at giving the platform to artisans of art and craft, handloom sector which is on the verge of extinction and also to promote young talent in the field of Textile, Knitwear and Lifestyle along with fashion which is again an untouched segment of the fashion industry.

"With India Design Week we strive to focus on Positive Fashion, creating a platform designed to celebrate diversity, sustainability, craftsmanship and new talent where the young designers, artisans can connect to direct buyers and get appreciated for their art and efforts," said Deepshikha Chaudhary, Founder of India Design Week.

"Creating a platform to save dying crafts and boost young talents of other sectors like Knitwear, textile and lifestyle of India are our originality. India has a vast range of rich crafts and tradition, and Fashion and textile is an essential dose of any person's lifestyle and if we combine it with Indian craft its identity changes completely," said Nidhi Chaudhary, Founder, India Design Week. Platform designed to boost young designers and artisans. This summer artisans and designers will get a new platform as India Design Week commences this April.

The event will have runway shows along with the Exhibition to showcase fashion, textile, knitwear, lifestyle and accessories designers as well as other art and craft artisans will put their products to sell. The artisans will display the different varieties of products from different parts of India.

The event will be held on 29th and 30th April at CIDCO Exhibition Centre, Vashi, Navi Mumbai. It will be interesting to see new talents, a variety of crafts, culture coming together under one roof. The sisters came up with the idea to bring the artisans of different states and young designers together on a national platform where they can showcase their real talent. This story is provided by NewsVoir.

Source: business-standard.com- Mar 04, 2019