TEXTILE INTELLIGENCE CENTRE
iBtex.
INFORMATION BUREAU TEXPROCIL

GLOBAL UPDATE
TEXPROCIL
NEWS CLIPPINGS

The Cotton Textiles Export Promotion Council [TEXPROCIL]
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai - 400 004. Maharashtra State. INDIA
W. www.texprocil.org E. enews@texprocil.org T. +91-22-2363 2910 to 12 F. +91-22-2363 2914

IBTEX No. 27 of 2018 February 06, 2018

USD 64.38 | EUR 79.59 | GBP 89.85 | JPY 0.59

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19027	39800	**78.84**

Domestic Futures Price (Ex. Gin), February

Rs./Bale	Rs./Candy	USD Cent/lb
20040	41919	**83.04**

International Futures Price

NY ICE USD Cents/lb (March 2018)	76.57
ZCE Cotton: Yuan/MT (Jan 2018)	14,895
ZCE Cotton: USD Cents/lb	**91.23**
Cotlook A Index – Physical	**87.6**

Cotton guide: All through the day cotton market was quiet on Monday however later in the session corrected down. The most active March future ended the session lower near 76.57 USCTS/LB down by 73 points from previous close. The subsequent months also moved in the same line.

Market has been consolidating over 5 days in the range of 76.50 to 82 cents and unless either side is broken market may continue to trade range bound.

A move below 76 would pull the price down towards 73 and likewise a break above 82 means it may again touch the recent high of 84.65 or 85 cents.

There are no major triggers while the entire world would be waiting for the Thursday's USDA supply-demand report. Any clarity on US production, global stock positioning outside China will determine the market pulse in the near term.

More on the market the trading volumes have been relatively good. On Monday total volume was around 60K contracts slightly lower than previous day's volume. On an average last week's volume is higher than 60K+ contracts.

The trading activities are good recently due to speculative participation in the market in most form of long liquidation. Also as discussed there has been cut in open interest from its recent high 0.321 million contracts to almost 0.300 million contracts is the sign of participants exiting from the market.

As said above market is consolidating for the past few days but the bias has been onto bearish tone. Although there is no major trigger but movement of USD, US equity plunging down and broad based commodity sell off may have prompted cotton price to trade down. Overall we hold a sideways to lower trend for the day.

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

NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	Recipe to boost South Asian trade
2	US Leadership in International Trade: Recalibration or Retreat?
3	Pakistan seeks unilateral market concession from China
4	Pakistan's trade imbalance with Indonesia is its own fault
5	Minimum wage law talks conclude in Cambodia
6	International Cotton Conference to focus on sustainability
7	The missing link
	NATIONAL NEWS
1	What is E-way Bill? How it works, and how it put India's trade transport system on halt for one day
2	Bt cotton doubled production, minimised harm by pest: Govt
3	Textile survey reflects optimism among companies
4	Survey corroborates textile sector's plea
5	RCEP talks: India 'unhappy' with revised service offers, too
6	India-Asean trade on the rise
7	Textile leaders meet commercial tax commissioner
8	See huge market for technical textile in India: Arvind
9	Cottonseed firms to govt: Remove trait value on BG-II

INTERNATIONAL NEWS

Recipe to boost South Asian trade

Trade has been identified as a vehicle of inclusive and sustainable economic growth and poverty reduction mechanism in the Addis Ababa Action Agenda and the Agenda 2030 of the United Nations.

The South Asian Association for Regional Cooperation (Saarc) was created to neutralise the deep-rooted mistrust and asymmetries between the South Asian countries.

The main objective of the Saarc was to promote effective cooperation between the member states and these cooperative arrangements also encourage the member countries to formulate common positions on vital economic and social issues at global platforms.

Since its inception, the Saarc has been gradually developing in conjunction with the UN and other regional organisations. But ironically, the development of the Saarc has been symbolic rather than substantive.

Bilateral problems and unwillingness of political parties to integrate are the major problems in this region. This creates a gulf of difference between adoption of broader policies at the highest political levels and implementation of them at the root level.

Moreover, the Saarc Secretariat and other regional centres have not taken any proactive action like the Asean. If these basic flaws are not addressed and cured, the regional integration through South Asia will remain a distant dream.

There are substantial social and geographical gaps in different parts of states, which can increase transportation costs, decrease inter-connection and fuel institutional differences.

Intra-regional trade's performance may improve through the World Trade Organisation (WTO) initiative to develop the trade system between the Saarc states through regulations and governmental policies.

It is necessary to identify obstructions and possible assistance for trading within the Saarc.

Although South Asia is the world's fastest-growing region, it struggles because of decreasing capital inflow, increasing inflation and reduction in remittances from oil-exporting nations.

Economic growth rose from 6.8 percent in 2014 to 7 percent in 2015. South Asia's economic growth was projected to hit 7.1 percent in 2016 and 7.2 percent in 2017.

Presently, South Asia lags behind with low levels of trade in goods and performs very poorly in the ease of doing business where South Asian countries rank the lowest.

In 2011, the Saarc members pledged to promote a greater flow of financial capital and long-term investment. The South Asian Free Trade in Service focuses on issues like market access, progressive liberalisation, domestic regulations, recognition, dispute settlement, safeguarding measures and subsidies.

An investment-friendly environment is necessary because this region has failed to secure more than 2 percent of overall foreign direct investment (FDI).

In order to attract FDI, the member states should focus on establishing regional value chains or regional value platforms like the Asean countries.

They should also work to remove the restrictions for incoming FDI, such as scarcity of land to set up business. They should also address frequent corruption, bureaucratic delays and property disputes, which harm investment environment.

To attract foreign investment, these countries can also take certain steps to reduce corporate and personal income taxes in high priority sectors, subject to avoiding counterproductive regional competition. The South Asian countries should facilitate public-private investment partnerships, keeping in mind the need for developing regional and sub-regional energy and infrastructure projects. Such steps shall promote regional value chains in the apparel, service sector and other industries.

The Saarc countries should focus on reinforcing and streamlining existing value chains and developing new value chains.

Costa Rica is an example of new value chain possibilities.

In the country, coffee and banana export was the source of international business for 25 years. Then a massive economic boom occurred and it began exporting over 4,500 products to 150 nations.

This transformation is a result of innovative trade policies and trade agreements. Proper application of the South Asian Free Trade Area (Safta) helped increase intra-regional trade by over $2 billion, according to the World Bank.

The ratio of the intra-regional trade for South Asia is less than 5 percent, well below East Asia's 32 percent. The implementation of the Safta remains sluggish compared to other regional trade agreements because South Asian countries are willing to do more trade with the US or the EU.

Nevertheless, South Asia took a step towards unifying the rest of Asia. The Saarc was established to achieve the goal of doing $100 billion worth of intra-regional trade.

They are required to give the inspiration to value chains, textile and clothing value chains, uphold intra-region investments, improve connectivity-financial trade, define the scope of economic corridors formation, encourage service trade, and resolve the India-Pakistan dispute through regularising their trade relationship.

Through moving towards a customs union, South Asia's future prospective trade will illuminate among the regions.

Statistics of the Asian Development Bank reveal that South Asian intra-regional trade has risen from 2 percent since 1967, but it remains below 6 percent.

South Asia's intra-region trade vis-à-vis its global trade rose from 4.55 percent in 2010 to 5.58 percent in 2015.

On the other hand, the Asean boasts an impressive intra-regional trade figure of about 24 percent of its total trade with the rest of the world.

Statistics indicate that trade within the South Asian countries is increasing slowly but steadily. The intra-regional trade increased from 2.7 percent in 1990 to 4.3 percent in 2011. However, the corresponding figures for the Asean and the Asean +3 were 26 percent and 39 percent respectively.

Various obstructions stand in the way of realising the true potential of this region. In trade liberalisation, there are always winners and losers. Despite having a modest beginning, the Safta has set the pace for tariff reduction for least developed countries (LDCs) and non-LDC member states. South Asian countries should come under the umbrella of harmonisation of rules and standards under a mutual recognition agreement.

To boost intra-regional investment, flagship investors should be proactively attracted, the idea of joint borders with single clearance should be explored and more attention should be given to establish a liberal visa policy.

Source: thedailystar.net- Feb 06, 2018

HOME

****

US Leadership in International Trade: Recalibration or Retreat?

Trans-Pacific View author Mercy Kuo regularly engages subject-matter experts, policy practitioners, and strategic thinkers across the globe for their diverse insights into U.S. Asia policy. This conversation with Ambassador Rufus Yerxa – president of the National Foreign Trade Council (NFTC) and deputy director general of the WTO from 2002 to 2013 – is the 126th in "The Trans-Pacific View Insight Series."

Is the U.S. retreating from or recalibrating its leadership role in international trade?

There is clearly a significant danger for the United States and for world trade generally if the Trump administration applies its concept of economic nationalism in the wrong way – by building trade barriers in sectors where we are uncompetitive, withdrawing from our trade alliances, or starting trade wars with excessive use of unilateral tariffs or other forms of trade retaliation. The dangers are three-fold: first, we will be turning inward and losing our competitiveness; second, by shelving our existing preferential free-trade arrangements just when our competitors are expanding theirs, we will lose our competitive position in export markets; and third, by abandoning WTO principles and acting unilaterally, we will make it more likely that other countries will write global trade standards without us and further isolate us from the global economy.

So far, the Trump administration's rhetoric on this idea of economic nationalism has far exceeded its actions. But the administration's worrying belief in mercantilist trade polices as a panacea for all our economic ills runs the risk of moving our country decisively in the direction outlined above. In the end, such a philosophy may cause our economy and our workers far more harm than good.

American industries are willing to support a tougher line on enforcement of trade rules, as well as a more resolute stand against the nationalistic, unfair trade, and investment policies of China. But these things need to be done in the context of our broader support for the open trading system we led the world in building. If we send the signal that we do not believe in that system – even though it is there because of our leadership – we will lose the support we have built over 70 years for free and fair trade, and with it we will lose our leverage to shape the future of globalization.

What might the World Trade Organization (WTO) look like without U.S. involvement?

It is not a very pretty thought. The WTO system was designed to reflect core U.S. values, such as non-discrimination, transparency, and respect for the rule of law.

These values are embedded in the organization's rules, and help to commit other countries to the basic ideals of free market economics that America was built upon.

For example, the WTO has some fairly effective rules about subsidy practices, dumping, and non-tariff measures (such as technical barriers to trade). These are important safeguards for U.S. industries.

For the U.S. to disengage from the WTO system, particularly at this critical moment in the globalization process, would leave the door open for politically influential countries such as China and Russia to push a trade model based much more on state-run capitalism and authoritarian economics than on our free market principles. This could pose a long-term problem that could take decades to repair. In fact, it took decades for us to push the Europeans in the right direction on state intervention, and the WTO's predecessor, the GATT, was an important tool in that effort.

Now the Europeans have a respectable state aids code and have adopted far greater discipline on agriculture subsidies. But if China, Russia, and others with less attachment to free market economics become the dominant force in the WTO, the Europeans themselves could be drawn back towards their earlier model, just as a matter of survival! That would not be a good world for Americans.

What is your outlook on the U.S. administration's efforts to renegotiate NAFTA?

There is both good and bad news. The industries I represent are strong supporters of NAFTA, but they are also supportive of efforts to modernize this 23 year-old agreement and make it more relevant to the new world economy.

There has been progress in making some of the improvements we support in areas such as e-commerce, digital trade, customs, trade facilitation, services, and energy. However, there are deadlocks in a number of other areas, and regrettably, most are caused by proposals that U.S. negotiators have put on the table.

Most of them make NAFTA a more restrictive agreement with fewer opportunities to trade freely in North America, rather than expanding trade. In the autos and textiles sector, for example, the USTR has put proposals on the table on "rules of origin" that would severely restrict the U.S. auto industry and harm its global competitiveness.

The U.S. has made similarly regressive proposals in areas such as procurement and dispute settlement. We have strongly opposed these U.S. proposals, and ironically so have our two NAFTA partners.

As things now stand, an agreement based on these U.S. proposals is highly unlikely, but the danger is that President Trump might decide to withdraw from the agreement altogether unless these ill-advised proposals are accepted. This would be a disaster for American businesses and workers. NAFTA has been an extremely effective agreement in helping the U.S. and the entire North American economy compete more effectively.

Moreover, if the U.S. pulls out of NAFTA, Mexico and Canada will still have free trade agreements with much of the rest of the world, creating a scenario in which U.S. businesses will be at a competitive disadvantage to their European and Asian competitors when exporting to Canada and Mexico. This will put at risk the $600 billion export market we enjoy in those two countries.

Assess China's growing influence as a key stakeholder in reshaping global trade norms.

I think I addressed this problem in my earlier comments, but let me elaborate a bit. China is going to continue its growth, which will be good for the world economy and good for the U.S. if it involves respect for open trade and reciprocal treatment. However, there is a very real danger posed by China's current stated intent of using highly protectionist investment and technology policies to achieve its economic development, as outlined in its "China 2025" initiative.

China already practices policies such as forced technology transfer, and even uses outright governmental theft of trade secrets as a way of enhancing its technological prowess. This needs to change! China needs normative pressure from the rest of the world, and from institutions such as WTO, to reverse this philosophy, open its market to greater foreign investment and reduce its state-driven model of capitalism.

In the long run, I believe this will be in China's interest, because the state-driven model will eventually fail and face a need to change. But the sooner China wakes up to this reality, the better.

It has had short-term success with state capitalism, partly because the industrialized world has tolerated their development and absorbed a lot of their exports.

However, that tolerance is being tested, not just in the U.S. but in Europe and Japan as well. By showing a willingness to move away from its overly interventionist model, China will help the U.S. move back towards its traditional role as a believer in open trade.

Support for President Trump's hardline views on trade stem largely from the belief that we have lost many manufacturing jobs and even entire sectors of manufacturing to China's aggressive policies. While this may be overstated, since other factors such as technological change or underinvestment in our own competitiveness have played larger roles than trade, it will be impossible to maintain support for open markets here in the U.S. if China continues on its present path.

Describe three scenarios – good, bad, and ugly – for the future of U.S. leadership in international trade.

I am not a futurist, so I don't really like to outline hypothetical models. However, I think my earlier answers have described the "bad" and the "ugly" pretty clearly! To my member companies, the "good" would be to strengthen the United States economy with the right kinds of policies that make us more competitive in fields such as taxation, education, worker training, and infrastructure development, while maintaining our support for open trade and investment.

We would like to see more trade agreements along the lines of TPP, which committed countries to greater openness in areas such as digital trade, established disciplines on state owned enterprises, and increased respect for labor rights and environmental quality.

Finally, we believe the recent reduction of corporate tax rates and other changes in our tax system will actually help make U.S. industries more competitive globally, but they will be undermined if the United States turns inwards and abandons trade in a hastily-decided, poorly conceived effort to recreate the past through policies based on "economic nationalism."

The better path forward is to stick to our long-held beliefs and policies, which have helped give the world the greatest era of sustained peace and prosperity in modern history. I haven't seen anyone propose a better alternative to that world.

Source: thediplomat.com- Feb 06, 2018

HOME

****

Pakistan seeks unilateral market concession from China

Pakistan has sought unilateral market concessions from China on cotton yarn, rice, nuts, plastic waste, leather, nuts edible fresh or dried, trousers, frozen fish and crabs on immediate basis before embarking on the second phase of China Pakistan Free Trade Agreement (CPFTA).

Pakistan's high-powered delegation led by Federal Secretary Commerce Younas Dagha is going to participate in next round of talks for finalising 2nd phase of CPFTA scheduled to be held in Beijing on February 7 and 8.

In the upcoming round of parleys, Pakistan will make a request to consolidate all concessions awarded under the CPEC into a bilateral institutional mechanism, trade in services, agriculture zones, retain sovereign control over natural resources and agriculture produce, negotiate Voluntary Export Restraints (VERs) and exclude sensitive sectors from CPEC (minerals as done by Mexico in NAFTA).

A top official from Pakistan confided to The News on Monday that Islamabad had made a special request to Beijing to take remedial measures in the wake of eroded exports by granting concession on products before finalising revised FTA that could give boost to our exports on immediate basis.

Pakistan's high-powered delegation, the sources said, would remind their counterparts in scheduled parleys that following the first phase of CPFTA with China, the country's trade deficit increased from $2.9 billion to $12.66 billion over the last decade.

Pakistan's imports from China increased from 18% to 28% of its global imports. Pakistan's imports from China are 36% of Pakistan's non-oil imports while China's imports from Pakistan are 0.1% of the country's global imports.

Pakistan's imports from China are greater than 50% of global imports in 44% tariff lines.

China's exports to Pakistan increased from $4 billion in 2006-07 to $14.56 billion in 2016-17. Pakistan's exports increased from $0.5 billion to $1.47 billion during the same period.

The maximum decline is registered in textiles led by cotton yarn which contributed 59% of decline in total exports. In agriculture sector, oil-cake has registered the maximum decrease and contributed 9% of decline in total exports.

Following increase in investment-led imports Pakistan's global trade deficit has increased to $30.9 billion in 2016-17.

The CPEC and infrastructure investment related balance of payment (BOP) outflows for Pakistan are expected to rise in the next several years, peaking at about $3.5–$4.5 billion by FY 2024/25.

With an investment of $9.5 billion under CPEC in 2016-17, imports increased by $5.51 billion. If imports continue to rise in the same proportion with incoming CPEC investment, it is estimated to increase to $58.7 billion dollars in 2017-18.

"If exports stagnate, the trade deficit would increase from $30.9 billion in 2016-17 to over $40 billion in 2017-18", said the official. There is urgent requirement for containing a balance of payments crisis which hinged upon strong export recovery to strength Pakistan's external sector position and paving the way for meeting the upcoming requirement of debt payments.

The government, the top official said, had devised a strategy in the light of impact on domestic industry and China will be asked to liberalize to reduce tariff on 90% tariff lines, reduce sensitive list to 10% while retaining and deepening preferences.

Pakistan will request for managed trade in sensitive sectors on the pattern of Brazil-Argentina Auto Pact and linking tariff liberalization with investment of Pakistan Auto Policy 2016-21.

Source: thenews.com.pk- Feb 06, 2018

HOME

****

Pakistan's trade imbalance with Indonesia is its own fault

Pakistan and Indonesia – despite close political relations – have been trying to increase bilateral trade with insignificant success. The little success achieved has been lopsided in the latter's favour.

Indonesia, the world's fourth most populated country, has significantly increased its exports to Pakistan in the last few years. Pakistan, the world's sixth most populated country, on the other hand has been unable to increase its traditional exports (like textiles, grains, fruits, vegetables) in which it has an edge over other countries.

So where does the main problem lie? The main problem is with Pakistan's policies and its exporters and not Indonesia's acceptance of Pakistani products.

There is nothing wrong in doing trade with Indonesia despite the huge trade deficit. But what should be a concern for Pakistani policymakers is that the country is unable to take benefit of this trade relationship despite having huge export opportunities.

"Indonesia is a fast growing economy whose trade is increasing with almost every other country. So it is our fault if we are unable to increase our exports to Indonesia," Federation of Pakistan Chambers of Commerce and Industry (FPCCI) Vice-President Waheed Ahmed commented.

Trade between Pakistan and the Southeast Asian giant has been growing strongly for the last couple of years. The volume of bilateral trade grew from $700 million in 2010 to $2.3 billion in 2016, up 229%.

"Pakistan's problem is that it is not ready to explore Far-Eastern markets, including Indonesia. Unless, our exporters go for innovation and branding, the situation is not going to change," said Ahmed.

The two countries signed the Comprehensive Economic Partnership Agreement (CEPA) in 2005 and the preferential trade agreement (PTA) in 2012, which became operational in 2013.

Just as experts warned, the situation turned horrible for Pakistan since the implementation of the PTA in 2013.

During the recent visit of Indonesia's President to Pakistan, Commerce Minister Pervaiz Malik accepted that the imbalance in bilateral trade following the implementation of the PTA raised questions about the viability of the agreement and threatened the transformation of the original plan into a free-trade agreement (FTA).

According to a Pakistan Business Council (PBC) report of 2015, high potential items left out of the PTA between Pakistan Indonesia include three plastic items with trade potential of $140 million and 16 cotton items with trade potential of $500 million.

Indonesia's exports to Pakistan increased from $1.2 billion in 2012 to $2.2 billion in 2016-17 while Pakistan's exports to Indonesia unfortunately declined from $196 million to $137 million.

Pakistan's major exports to Indonesia include textiles and clothing, rice, vegetables and fruits (mainly oranges) while its major import item from Indonesia is palm oil.

"Pakistan can increase its rice exports to Indonesia but there are many structural issues," said Jawed Ali Ghori, managing director at Matco — one of the country's leading basmati exporter.

The Indonesian government directly imports rice which is why it is not easy for any basmati rice exporter to grab this market by just marketing its products there, he added.

Following the one-sided growth in bilateral trade, the two countries are now reviewing the PTA.

To address the imbalance, Indonesia has agreed to remove impediments to Pakistan's current exports and has unilaterally granted zero-rated market access for 20 priority items of Pakistan's export interest, including mangoes and rice.

Indonesia imports over $650 million worth of fruits and $550 million worth of vegetables annually. With over $650 million exports of fruits and vegetables, Pakistan can easily increase its exports to Indonesia.

Last year, Pakistan exported oranges worth about $19.8 million. Now that Indonesia has allowed quota free imports of oranges from Pakistan, fruit exporters believe the export of oranges could be increased by 40% this year.

However, all these measures are not enough to make any significant impact on Pakistan's exports to Indonesia. These are just a fraction of the trade deficit that Pakistan is running with Indonesia – a trillion dollar economy that is expected to grow much faster in coming years.

The government and exporters need to come out of their shells and explore new markets instead of relying on traditional North American and European markets to increase exports.

Source: tribune.com.pk- Feb 05, 2018

HOME

****

Minimum wage law talks conclude in Cambodia

A group in Cambodia, comprising employers, unions and the government, recently finished discussing the draft minimum wage law.

The talks were the last among three public workshops to discuss the draft law, said labour minister Ith Samheng. It will now be sent to relevant ministries, then to the government, and finally to the National Assembly for approval.

The draft law, with 33 articles across six chapters, would be beneficial to workers as it will promote a decent living, create job opportunities and increase productivity, a Cambodian daily quoted Samheng as saying.

From 1997 to 2017, the government increased the minimum monthly wage in the garment sector from $30 to $153. Starting this month, garment industry workers are paid $170 per month. When this law is approved, it will be mandatory for employers in other sectors to offer the minimum wage.

Source: fibre2fashion.com- Feb 06, 2018

HOME

****

International Cotton Conference to focus on sustainability

The 34th International Cotton Conference 2018 will focus on sustainable cotton and textile production. It will provide a forum for scientifically founded and practically useful insights into main problems areas of cotton and its supply chain. It will also discuss priorities of consumers as buyers. Cotton Insights is the theme for the 2018 International Cotton Conference in Bremen, Germany on March 21.

The three-day conference aims to bring together latest research and its practical benefits. It provides information on responsible cotton/seed cultivation, biotechnological modification of seeds and their application. Innovative processes for the development of new cotton products and equipment will be presented, including trade issues and the export of cotton.

The conference will host sessions and panel discussions on various topics. The topics will pour light on the entire cotton supply chain, including sustainability, cotton quality, seed breeding, digitalisation, research and textile processes. Jürgen Jansen, will moderate a discussion in his capacity as head of the secretariat of the German Partnership for Sustainable Textiles. He will introduce the topic and define the main points using the example of the textile partnership.

Allan Williams, R&D manager, Cotton Research & Development Corporation (CRDC), Australia, will emphasise on the need to measure progress in sustainable cotton production using objective, internationally recognised methods. Jesse Daystar, VP-Cotton Incorporated USA, will present latest life cycle assessment results covering the lifecycle of fibres and textiles through to end consumers.

Eddie Jernigan, Jernigan Global, will discuss why the era of cheap polyester is coming to an end in China. Richard A Venditti, a professor at North Carolina State University, US, will explain the impact of release of different types of micro-fibres from household laundry on water bodies and the state of biodegradability.

Source: fashionatingworld.com - Feb 05, 2018

HOME

****

The missing link

What's holding back greater regional integration in South Asia?

The concept of South Asia as a region is largely inherited from the British colonial legacy, with some exceptions. The year of 1947 and subsequently the year of 1971 saw the breaking down of the common integrated landmass of the Indian sub-continent into several pieces. The initiative for an integrated South Asia only started in the early 1980s with the formation of the South Asian Association for Regional Cooperation (SAARC) in 1985. Since then there have been initiatives like the SAARC Preferential Trading Arrangement (SAPTA) in 1993 and the agreement on South Asia Free Trade Area (SAFTA) in 2006 to boost the regional integration process in South Asia.

Results of these initiatives, however, have remained largely unsatisfactory. Furthermore, with enhanced and persistent political conflicts between two major countries, i.e. India and Pakistan, there are now questions about whether South Asia can sustain as an integrated region in the future.

Yet, an integrated South Asia is important for many reasons. The region has a shared history, shared culture, and hundreds of years of a common civilisation which ran through different corners of this region. There is also convincing evidence that deeper integration is needed for generating and sustaining economic growth in a region that is home to a significant share, and the highest density, of poor people in the world. Deeper regional integration through trade in goods and services and better transport facilities will improve the competitiveness of these countries to better participate in global trade. Promotion of a regional supply chain will be crucial in developing dynamic comparative advantages of these countries. Finally, “peace dividends”, through intra-country stable political relations, will be immensely high.

The aforementioned scenarios call for a deeper investigation into the causes behind the unsatisfactory progress of the integration process in South Asia. The most cited, and of course very important, factors in the “conventional” discourse are ineffective tariff liberalisation due to the presence of long sensitive lists in the FTA, non-tariff barriers, lack of trade facilitation, and lack of political will.

In this article, we explore three other factors which have not been discussed much in the regular discourse on regional integration process in South Asia. These are “size-imbalance”, “start-up stage” and “convergence of development process”. Here we argue that while tariff and non-tariff barriers, lack of trade facilitation and political will have their usual restraining effects, the aforementioned three other factors may qualify to be quite fundamental in understanding the unsatisfactory outcomes of the regional integration process in South Asia. For our analysis, we make comparisons among SAARC, ASEAN (Association of Southeast Asian Nations), NAFTA (North American Free Trade Agreement), EU (European Union) and some African regional trading blocs.

The “size-imbalance” factor relates to the gigantic dominance of India in South Asia. The shares of India in the total land area, population and real GDP of South Asia in 2016 are 62 percent, 75 percent, and 83 percent respectively. The two other big countries in South Asia are Pakistan and Bangladesh with shares in regional GDP of only 7.6 percent and 5.6 percent respectively. In contrast, among the ten ASEAN countries, Indonesia has the largest share of around 40 percent in all three cases (land, population, and GDP).

However, with respect to the share in GDP, there are also five other major countries in ASEAN, namely Thailand (15.4 percent), Malaysia (13 percent), Singapore (11.1 percent), Philippines (10.7 percent), and Vietnam (6.2 percent). In NAFTA, among the three countries, the US has the largest share in land (45.3 percent), population (66.4 percent) and GDP (84.7 percent). In the case of EU, in terms of the share in regional GDP, the leading countries are Germany (20.7 percent), France (15.4 percent) and the UK (15 percent).

This implies that the size-imbalance factor is something unique in South Asia (though NAFTA can be a similar case), and it is a structural factor which is something given and very little can be done to counter it.

However, this also highlights the fact that, in contrast to the leadership experience in any other comparable regional blocs (i.e. Indonesia in ASEAN and Germany in EU), there is a much more critical importance of India's leadership role in South Asia in taking the regional integration agenda forward.

The “start-up stage” factor relates to the stage of the level of development of the region, in terms of the average per capita GDP of the region, when the process of integration gets started. Interestingly, the South Asian regional integration process started at a much lower level of per capita GDP. For comparison, we consider 1992/1993 as the base year when ASEAN FTA was signed and when SAPTA was signed too.

In 1993, in ASEAN, intra-regional trade was 19 percent, which increased to 24 percent in 2016. In contrast, in SAARC, in 1993, intra-regional trade was only three percent, which increased to 5.5 percent in 2016. In 1993, SAARC had the average per capita GDP of USD 869, in contrast to ASEAN's average per capita GDP of USD 7,645. If we exclude the outliers in both regions (Brunei and Singapore in ASEAN and Maldives in SAARC), then in 1993, those averages would be USD 730 for SAARC and USD 1,700 for ASEAN.

There is no denying that both NAFTA and EU started their regional integration process at much higher average levels of per capita GDPs than that of SAARC. Until recently, SAARC hosted five LDCs (now four as the Maldives graduated from the LDC status in 2011) out of eight members. Therefore, looking at the per capita GDP differentials, one may argue that the “pull factor” for regional integration is rather weak in South Asia.

Most of the African regional trading blocs also have a similar “start-up stage” problem, and their regional integration processes also have been unsatisfactory as we observe in SAARC. All these issues indicate that there is a need for considerable “unorthodox” efforts for energising the regional integration process in South Asia, which should involve a much greater emphasis on intra-regional services and investment integrations.

Finally, the “convergence of development process” factor relates to the importance of the convergence of domestic development policies in the member countries for an effective regional integration process.

In ASEAN, for decades, most of the member countries have been converging with respect to their domestic development policies related to trade openness, foreign investment, macroeconomic management and social policies, which has led to the search for a “Southeast Asian development model” in the development economics discourse.

In contrast, in South Asia, such convergence is very weak, and, therefore, there is no such “South Asian development model”. This weak convergence of domestic development policies of the member countries in South Asia is a major restraining factor for a deeper integration.

Therefore, to energise and sustain South Asia's regional integration process, it is very important that the member countries get their domestic policies “right”.

Source: thedailystar.net- Feb 06, 2018

HOME

****

NATIONAL NEWS

What is E-way Bill? How it works, and how it put India's trade transport system on halt for one day

Even as the trial run for E-way Bill began from January 16, on the day of the roll-out, technical glitches took the toll and led to a halt of merchandise or goods movement on February 1.

As government's GST collection began falling in the month of October and November, the GST Council, concerned over lower indirect tax revenue mainly due to tax evasion, decided an early roll-out the mandatory compliance of inter-state movement of goods from April 1 to February 1. Even as the trial run began from January 16, on the day of the roll-out, technical glitches took the toll and led to a halt of merchandise or goods movement on February 1.

CBEC, later in evening, announced on Twitter that the government has decided to defer the roll-out of the system and rather extend the trial phase of the generation of the e-way bill both for inter-state and intra-state movement of goods. Media reports suggest that the mandatory roll-out may take place in another two weeks. Finance Minister Finance Secretary Hasmukh Adhia told PTI that the GST Network has been asked to come with a foolproof system before it is implemented again.

What is E-way Bill?

E-way is an electronic billing system for traders who are moving their goods for sale beyond 10 km radius. Under the system, transporters carrying goods worth Rs 50,000 will be required to get goods pre-registered before transporting them from one location to another.

While the mandatory compliance of inter-state E-way bill may roll-out soon once again, however, the for intra-state, the date is June 1. States such as Kerala, Rajasthan, Uttarakhand and Karnataka have already implemented the e-way bill system.

How E-way bill works

1. E-way is valid for all-India movement and transporters can generate the bill electronically and in self-service mode. Under the system, there is no need to visit any tax office and check post.

2. Transporters can generate e-way bill on the official website through the Mobile App, SMS and offline as well.

3. Transporters can visit the portal 'ewaybill.nic.in' and generate the e-way bill by registering themselves by giving the GSTIN

4. Those who are not registered can get themselves registered on the website using Aadhaar or PAN card

5. E-way bill can be generated by entering vehicle number

6. In case of breakdown or transhipment, the traders can update the vehicle number using the same E-way bill

7. Once generated E-way bill, however, cannot be cancelled for 24 hours.

Source: financialexpress.com- Feb 05, 2018

HOME

****

Bt cotton doubled production, minimised harm by pest: Govt

Since the introduction of Bt cotton in 2002, there has been a near doubling of cotton production in the country from 158 lakh bales in 2001-02 to 351 lakh bales in 2016-17, government says

The production of cotton in the country has nearly doubled since the introduction of Bt cotton in 2002, the government told the Rajya Sabha on Monday.

In a written reply to a question, union minister Mahesh Sharma also said the hybrids have helped to minimise the damages caused by pests like bollworm.

The minister, however, said evaluation of each application for environmental release of GM crops is done on a "case-to-case" basis after a thorough examination of health, environment and food and safety assessment.

His remarks assume significance as they come amid a controversy over the country's GM crop regulator, Genetic Engineering Appraisal Committee (GEAC), recommending the commercial use of GM mustard in a submission to the environment ministry.

Several groups, including RSS-affiliate Swadeshi Jagran Manch (SJM), have criticised the GEAC move, saying commercial use of GM mustard would impact allied agri-activities. "Since the introduction of Bt cotton in 2002, there has been a near doubling of cotton production in the country from 158 lakh bales in 2001-02 to 351 lakh bales in 2016-17, and increase in productivity from 308 kg/ha in 2001-02 to 568 kg/ha in 2016 17," he said.

After receiving representations from various stakeholders post the GEAC recommendation, the government referred the issue of GM mustard back to the GEAC. The minister was asked if the government agencies have portrayed a rosy picture on Bt cotton and whether there was a need for a scientific study about the impact of GM crops on health.

"Bt cotton hybrids have helped to minimise the damages caused by bollworm, reduce pesticide use, increase production, yield and net income of the farmers," Sharma said. Infestation by bollworm, a major pest of cotton, he said, has had a devastating effect on cotton crop during the late 1990s, with most of the available pesticides becoming ineffective to control it.

Bt cotton, which is resistant to bollworm infestation, was released during 2002-03. "As per the recent data of Ministry of Agriculture and Farmers Welfare, India has become the largest producer of cotton in the world in the year 2016," he said.

"Studies and risk assessment documents prepared by international regulatory agencies and by other countries are also referred for ascertaining the safety of the evaluated product," the minister said.

Source: livemint.com- Feb 05, 2018

HOME

****

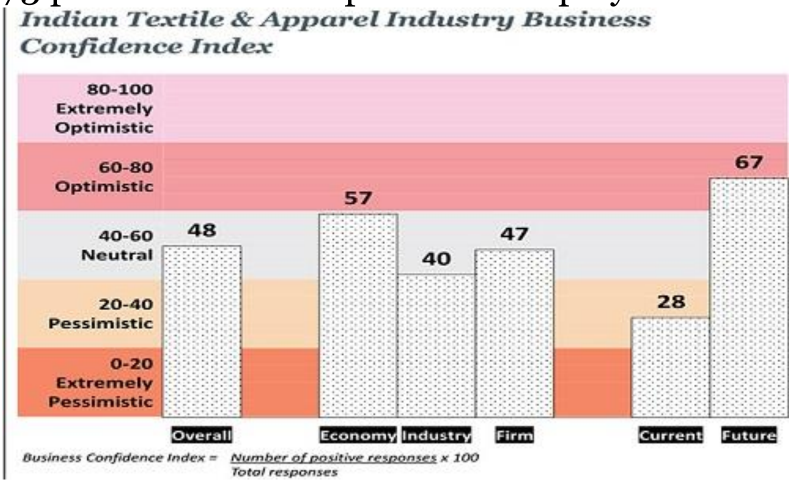
Textile survey reflects optimism among companies

Wazir Advisors' 'Business Confidence Index' is a barometer of what businesses think is going to happen in the near future. In India, so far there has been no textile and apparel sector specific confidence index which could provide forward looking data set or 'lead indicators' about the sector's anticipated performance. With an aim to fill this gap, Wazir Advisors commissioned a biannual Business Confidence Survey for the Indian textile and apparel industry.

The first survey was undertaken in November 2017 wherein responses from companies across size, sub-segment and geography were obtained using a structured questionnaire. The survey summarises the performance expectations of firms over the next 6-months for Indian economy, textile and apparel industry; and their own organization. Around 80 per cent of the respondents were involved in garment manufacturing.

Six Months Ahead: Positive expectations

In the survey undertaken 40 per cent of the respondents had less than Rs 100 crore of revenue; 54 per cent of the respondents were export oriented; 73 per cent of the respondents employed more than 500 persons and 40 per cent of the respondents said that the current overall economy is worst relative to the last six months. However, 80 per cent of the respondents said that they are expecting a better overall economy in the next six months. 53 per cent of respondents have shown a negative sentiment for the industry's current scenario, somewhat similar to the feedback received for current economic scenario.



However, almost two-thirds of the respondents expressed that conditions will be better in next six months.

Almost 73 per cent respondents said demand and profits have decreased because of GST while almost two-thirds reported increase in unemployment. Lower demand during initial months of GST implementation was a procedural issue rather than an economic one. Consumer demand got postponed in certain instances, but never decreased. Manufacturers reporting lower demand thus indicate depletion of stocks in the supply chain. Eventually, the supply chain will look to replenish stock levels and that would mean a much stronger demand from the suppliers in next 6 months.

The impact of GST on input cost did not have a clear trend as 33 per cent said it has decreased while 47 per cent said input costs have increased. At the firm level, the current scenario seems neutral to negative as 40 per cent respondents said there is no change compared to the last six months while one-third said that they are negatively impacted. However, 40 per cent of the respondents reported higher orders than last six months while one-third reported status quo. Majority of respondents nearly 73 per cent, held an optimistic outlook for the next six months with respect to the firm's performance.

For order book volume, 67 per cent expect it will increase further but a same number of respondents reported no change in investments in the next six months. Almost half the respondents expect the input costs to reduce in next six months but 40 per cent expect them to increase.

On the employment expectations, the answers were again mixed with 40 per cent expecting increase while 33 per cent expecting decrease 67 per cent of the respondents view increasing wages as the major constraint to business growth. imports, low demand, rupee appreciation and rising raw material costs were cited by 47 per cent of the respondents as a key constraint.

Unavailability of skilled labour was cited as a major challenge by 40 per cent of the respondents. The survey findings point out that Indian textile and apparel industry is at an inflection point today. The responses received indicate that on one hand, firms are feeling a lot of pain because of recent policy changes but on the other hand, they are extremely hopeful of the turnaround.

Source: fashionatingworld.com- Feb 05, 2018

HOME

****

Survey corroborates textile sector's plea

The exports promotion council for special economic zones (SEZ) today said the government should reconsider their demand to restore tax benefits for supporting growth of the sector and generating jobs as the budget did not bring any concrete measure. The Export Promotion Council for EOUs & SEZs (EPCES) said the budget has "absolutely nothing" important for the SEZs despite flagging the key issues affecting the sector.

The industry has asked for the removal of minimum alternate tax (MAT) and continuation of tax incentives being enjoyed by units in these zones. "The government should reconsider the restoration of the original SEZ Act as it can help the sector and generate employment," Vinay Sharma, Officiating Chairman of EPCES said in a statement. He further said that exports from these zones in December recorded a growth of 21 per cent.

Units in SEZ enjoy 100 per cent income tax exemptions on export income for the first five years, 50 per cent for the next five years thereafter, and 50 per cent of the ploughed back export profit for another five years. SEZs, which emerged as major export hubs in the country, started losing sheen after the imposition of minimum alternate tax and introduction of sunset clause. Till December 1, 2017, the government has approved 423 SEZs, of which 222 are operational.

Source: thehindu.com- Feb 04, 2018

HOME

****

RCEP talks: India 'unhappy' with revised service offers, too

India will register its unhappiness with the "inadequate" fresh offers in services made by partner countries negotiating the mega regional comprehensive economic partnership (RCEP) as members converge in Indonesia this week for a crucial round of talks.

"There has been some improvement in the fresh offers on services but it is marginal and falls woefully short of the market access India has been seeking," a person close to the development told BusinessLine.

Most of the 15 partner countries of the RCEP, particularly the 10-member ASEAN countries, have not made any substantial offers in Mode 4 related to movement of workers and professionals, despite repeated push by India.

Other members of the group, which includes China, South Korea, Japan, Australia and New Zealand, too, have not been forthcoming in the area.

“The RCEP, which calls for ambitious tariff dismantling in the area of goods, can make economic sense for India only if it gets a lot of concessions in the area of services.

Since the effect of tariff reduction is apparent right from day one and the benefits from services remain in the pipeline for a long time, it is important for the gains in services to be substantial to compensate for all this. Half-baked responses in services won’t do for India,” the official said.

The ASEAN, however, seems to be unperturbed about the imbalance in the negotiations so far between goods and services. It is putting pressure on India to commit to zero tariffs on more than 90 per cent of items for all members including China (with some deviations to protect certain items).

ASEAN hope

In a recent Indo-ASEAN meeting in New Delhi, Indonesia minced no words in conveying that the 10-member bloc expected India not to block attempts to conclude the RCEP this year.

“I believe India will stand with the ASEAN to conclude the RCEP this year….and will not disappoint,” said Indonesian Trade Minister Enggartiasto Lukita.

Commerce and Industry Minister Suresh Prabhu pointed out that India was looking for an outcome with a balance between goods, services and investments.

In services, India wants that at least the provisions on Mode 4 that were agreed upon as part of the FTA between ASEAN and New Zealand, Australia, should be included in the RCEP, but the ASEAN is not willing to agree to it.

The ASEAN-Australia-New Zealand FTA talks about facilitating the movement of natural persons engaged in the conduct of trade and investment and establishing streamlined and transparent procedures for applications for immigration formalities for the temporary entry of natural persons.

The RCEP aims to be the largest free-trade bloc in the world, covering about 3.5 billion people and 30 per cent of the world's gross domestic product.

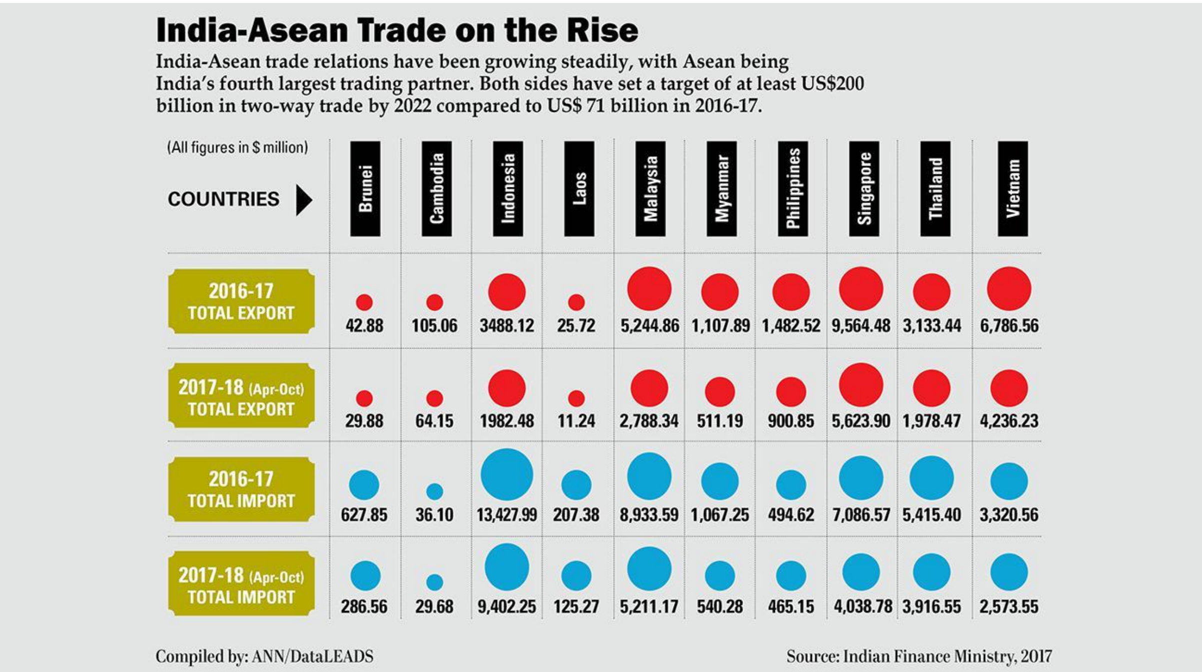
Source: thehindubusinessline.com- Feb 05, 2018

HOME

****

India-Asean trade on the rise

India-Asean trade relations have been growing steadily, with Asean being India's fourth largest trading partner. Both sides have set a target of at least US$200 billion in two-way trade by 2022 compared to US$ 71 billion in 2016-17.



The trade relations between India and the Association of South-East Asian Nations (Asean) comprising of Indonesia, Singapore, Philippines, Malaysia, Brunei, Thailand, Cambodia, Lao, Myanmar and Vietnam have seen an upsurge since the last decade.

India and Asean are in the process of negotiating agreements on trade and services and to improve cooperation. Both sides are working towards decreasing the import duty on their products to increase trade.

India signed a free trade agreement in goods in 2009 which was implemented in 2010 and FTA in services and investments in 2014 with Asean. And in 2015, India established a separate Mission to Asean and the EAS in Jakarta with a dedicated Ambassador to strengthen engagement with Asean and Asean centric processes.

Investment flows are also substantial both ways. In the years 2016-2017, India's share of total exports and imports was around 11.2 percent and 10.56 percent, respectively. India also has a Comprehensive Economic Cooperation Agreement with various countries of the Asean region which has resulted in rise in investments; around 10 percent of the total FDI equity inflows to India come from the Asean region.

Indonesia has emerged as the largest trading partner of India in the Asean region. India imports mainly coal, palm oil, copper ores and a few other products from Indonesia. Indonesia on the other hand imports machineries, accessories of motor vehicles, telecommunication equipments, animal feed, corn and wheat.

Singapore and Vietnam are the main markets for India which recorded exports trade worth US$ 9,564.48m and 6,786.56m respectively in the year 2016-2017. Exports from Malaysia were worth US$ 5,244.86m and imports at US$8933.59m in the year 2016-2017. India's export basket to Malaysia is diverse with meat, sugar, rice, wheat, vegetables, fruits, cotton yarn and electronic goods.

Trade between India and Thailand also increased with reduced tariffs and new initiatives by both the countries. India exported goods worth US$ 3133.44m and imported goods worth US$5415.40m respectively in the year 2016-2017.

Top products that India exports to Asean countries are petroleum, beef, and crustaceans, flat rolled products of iron, alloyed steel and diamonds. Beef is the most demanded product in Asean nations and India is the largest beef exporter in the world. India imports palm oil, coal, electronic gadgets, and automatic data processing machines from the Asean countries.

India is keen to strengthen its ties with Asean countries and it was in this context that Indian Prime Minister Narendra Modi recently invited the leaders of all ten Asean nations to join him in country's Republic Day celebrations.

Source: thedailystar.net- Feb 04, 2018

HOME

****

Textile leaders meet commercial tax commissioner

Commercial tax commissioner P D Vaghela has asked leaders of Surat's man-made fabric (MMF) industry to prepare a report on the losses incurred by the sector and the list of demands related to Goods and Service Tax (GST) to be submitted to the GST Council.

A delegation of industry leaders, including Federation of Indian Art Silk Weaving Industry (FIASWI), Southern Gujarat Chamber of Commerce and Industry (SGCCI) and power loom weaving sector, met Vaghela in Ahmedabad on Monday and requested that the state government consider yarn for free movement without e-way bill in the state.

FIASWI chairman Bharat Gandhi said, "The commercial tax commissioner heard the delegation members patiently and assured all possible assistance from the state government in resolving the issues related to e-way bill and GST. We have been asked to submit a detailed report on the losses and other issues to the government and the finance ministry for consideration in the upcoming GST Council meeting. The industry leaders have decided to wait for the GST Council meeting before deciding on their next course of action."

The industry has been demanding that the GST Council consider opening stock credit on the goods held by the weavers and traders pre-GST. Also, power loom weavers should get refund of the GST paid on the textile machinery purchased under Export Promotion Capital Goods (EPCG) scheme.

Leader of power loom sector Ashish Gujarati said, "The government is positive in its approach and we are sure that the e-way bill issue for the yarn movement in the state will be resolved. Rest of the demands will be fulfilled by the central government and the GST Council."

Source: timesofindia.com- Feb 06, 2018

HOME

****

See huge market for technical textile in India: Arvind

Arvind Q3 earnings were absolutely in-line as margins met expectations while the branded apparel business stands out with improvement in profitability and jump in EBIT.

We expect a lot of job creation in the textile sector, said Kulin Lalbhai, ED of Arvind in an interview to CNBC-TV18.

He further said that jump in textile revenue is on the back of strong volume growth.

However, rupee appreciation and duty drawback led to decline in textile EBIT in Q3, he added.

According to him, strong growth in brand business is due to operating leverage kicking in.

Talking about business, he said 'unlimited stores' has reported highest EBIT ever.

We are creating a global delivery system for garments business in Ethiopia, said Lalbhai.

We see a huge market for technical textile in India, he mentioned.

Source: moneycontrol.com- Feb 05, 2018

HOME

****

Cottonseed firms to govt: Remove trait value on BG-II

As pink bollworm has developed resistance to technology, no point in charging royalty from farmers: seedmakers

As the sales season approaches for next kharif, the cottonseed firms have asked the Central government to remove the royalty (or trait value) component on the Bollgard-II claiming that the technology proved to be ineffective last season.

Cotton-growing States have reported that on vast tracts the pink bollworm has developed resistance to the Bollgard-II technology, causing extensive damage to the crop.

The seed firms have argued that since the technology has become ineffective to protect the crop from the pink bollworm attack, there is no point in collecting any trait fee from farmers.

The Cottonseed Price Control Order (CSPCO) had fixed the trait value for BG-II at ₹49 on a 450-gm packet. The seed firms collect it as part of the sale and remit the same to Mahycho Monsanto Biotech Limited (MMBL) under the licence agreement. MMBL sub-licenses the technology (which it gets from the US-based Monsanto) to the cottonseed firms in the country. A delegation that includes National Seed Association of India (NSAI) President M Prabhakara Rao, Bhaskar Rao (Kaveri Seeds) and Samir Mulay (Ajeet Seeds), submitted a memorandum to Radha Mohan Singh, Union Minister for Agriculture and Farmers' Welfare, last week.

"We briefed him about the latest developments in the cottonseed sector in Maharashtra, resistance developed by pink bollworm to Bollgard-II and how it impacted the cotton crop last year," Prabhakara Rao, who is also the Chairman and Managing Director of the Hyderabad-based Nuziveedu Seeds, said.

Onus on MMBL

The memorandum specifically focussed on the developments in the cotton sector in Maharashtra, following the failure of BG-II in tackling the pink bollworm. Blaming MMBL for the failure of technology, it alleged that the dealers and seed firms are being penalised for the crop losses, leaving MMBL "scot-free".

Stating that the quality of the seeds has got nothing to do with the resistance developed by the bollworm, the NSAI said that it was technology that gave up. "The insect has developed resistance to the protein, produced by the Bt cotton plants. It happens because of the natural ability of the insect to adopt to changed environment," the memorandum said.

"If any compensation has to be paid, it will have to be paid by MMBL, the developer of the trait, and not the seed firms. More than 99 per cent of the Bt cottonseed sold in Maharashtra are carrying the BG-II trait for which MMBL is receiving the trait value every year from seed firms," the NSAI memorandum said.

Source: thehindubusinessline.com- Feb 06, 2018

HOME

****