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IBTEX No. 6 of 2018 **January 08, 2018**

USD 63.35 | EUR 76.14 | GBP 85.89 | JPY 0.56

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19123	40000	**80.51**

Domestic Futures Price (Ex. Gin), January

Rs./Bale	Rs./Candy	USD Cent/lb
20280	42421	**85.38**

International Futures Price

NY ICE USD Cents/lb (March 2018)	78.50
ZCE Cotton: Yuan/MT (Jan 2018)	14,675
ZCE Cotton: USD Cents/lb	**87.14**
Cotlook A Index – Physical	**88.3**

Cotton & currency guide: The gone by week was reasonably interesting. Price swung between 77 to 80 cents per pound. The March contract touched its contract high. However, we saw good volatility in the market.

From technical standpoint we call it two outside reversal ranges which were witnessed at 77.30 and 80.05 concurrently. It's now the market of growers' interest for selling cotton at higher level and millers' fixation on every dip keeping the market to trade on both sides.

The March contract has posted a close at 78.01 cents just below the last week's average point and retreated from the high of 80 cents indicates market is facing strong resistance level.

From the other perspective hedge funds are at sideline; as per the latest report their fresh additions of positions are low.

We believe there may be two scenarios in the near term. A) Market may continue to trade in the given range of 77 to 80 cents or, B) A break below 77 cents would prompt heavy sell off in cotton by the hedge funds to pull the price down towards 75 cents or a break above 80 cents again will pump in more funds by the hedge funds to drive price higher towards 83s+ cents.

From the fundamental standpoint US cotton is facing low mike cotton while high grade cotton supplies are reducing. This may keep the US market under tightness in the near to medium term. In the meanwhile, US cotton weekly export sales since start of November 2017 is declining from 500K running bales to almost 280K bales. We believe with the lower quality of cotton may keep the weekly export sales from US steady in next few months which can keep cotton price steady.

On the other side of the world India's crop estimation remains dubious though Cotton Association of India (CAI) has kept the 2018-19 production at 37.70 million bales. However, private bodies and players in the market are expecting a large drop in the production to almost 32.5 million bales amid crop loss in Maharastra. We believe any surprise in the actual number and estimates would determine the domestic supply chain of cotton in India and may be required to import cotton to meet the requirement. This may have a cascading effect on the global stocks.

Overall we expect cotton market to remain impulsive. As said above either side break out of 77 or 80 cents convincingly would determine the fresh trading range for cotton.

On the domestic front spot price of Shankar-6 has reached to its new season high of Rs. 41,300-41350 per candy ex-gin (83.20 cents per pound). The average daily arrivals have also declined to 172,000 lint equivalent bales including 45,000 registered in Maharashtra, 38,000 in Gujarat, and 35,000 in Andhra Pradesh/Telangana.

However, the futures contract at MCX for January posted a close lower at Rs. 20240 per bale just Rs. 30 down from previous week. However, the counter was very volatile and made weekly high and low of Rs. 20500 and Rs. 19950 per bale respectively.

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

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INTERNATIONAL NEWS

Will Global Trade Survive 2018?

The future of the global trade system faces more risk and uncertainty than at any time since it was created after World War II. This year promises to be a decisive one for trade, with results likely for renegotiations on the future of the North American Free Trade Agreement (NAFTA), the U.S.-Korea Free Trade Agreement (KORUS), and the now Japan-led Trans-Pacific Partnership (TPP). Add to that the fate of the World Trade Organization, and 2018 could see a disruption of the global trade regime, which Trump views as the all-purpose villain destroying the U.S. economy.

Trade faces structural hurdles, challenges posed by fast-emerging new technologies, and not least, lingering populist-nationalist, anti-globalization backlash in the West. Last year's WTO ministerial meeting in Argentina ended indecisively on December 13. But the biggest wildcard impacting the future of trade is President Donald Trump's sharp reversal of the historical U.S. role.

Since it helped shape the General Agreement on Tariffs and Trade, the WTO's predecessor, in 1948, setting the rules for world trade, the United States has led every round of trade liberalization. For most of the past seven decades global trade grew twice as fast as the global economy.

This era is over. Trump rode into office on his fury at trade and all trade deals, which he cast as the all-purpose cause of middle-class malaise. He denounced NAFTA and rejected the TPP, the WTO, and KORUS. He withdrew immediately from the TPP, which experts often described as a pillar of U.S. Asia strategy, and forced renegotiations of NAFTA and KORUS.

To be fair, Trump has a point: The American public does (mistakenly) blame trade for many of its woes. While trade was a large factor in the 1980s and 1990s, in this century the technology and automation have caused the vast majority of job losses. Moreover, updating trade accords to address rules for new technologies like digital commerce, the environment, and other factors is reasonable.

The WTO has not completed a new round of global trade liberalization in two decades — the Doha Round is dead. And Trump has a point: China's admission to the WTO was based on assumptions that have proved false (for example, continued market reform and opening).

The United States did not anticipate that China would so rapidly become the world's foremost trading power and adopt predatory, mercantilist trade and investment policies.

But Trump's zero-sum view of trade defies economics. Though he calls for reciprocal, free, and fair trade, his only measure is whether the United States has a bilateral deficit. Trade accords are designed to open market access for trading partners' respective goods and services, not guarantee outcomes, surpluses, or deficits. By that measure, fair trade is an impossible standard. I have a deficit with my car dealer, but I have a new car — a fair exchange.

A nation's savings and investment, whether it consumes more than it produces, determines deficits. Any U.S. bilateral deal may decrease the deficit with a particular country, but like whack-a-mole, it would show up somewhere else, with another U.S. trading partner.

Trump's speech to Asia-Pacific Economic Cooperation CEOs in Da Nang, Vietnam, was close to an assault on the global trade system, including denouncing the WTO as unfair (though the United States has filed the most WTO disputes of any country, over 100, and won most). He rejected any multilateral accords, saying the United States would only negotiate bilateral agreements.

The sovereignty term is a reference to the WTO and multilateral accords generally. Trump has hamstrung the WTO dispute settlement mechanism, the organization's crown jewel, by blocking two judges and not appointing U.S. judges.

While there is widespread feeling that the WTO needs reform, Europeans complain that the United States has not offered any specific criticisms or solutions. Cecilia Malmström, the EU top trade official, said in an interview she feared that the United States risked "killing the WTO from the inside."

But Robert Lighthizer, the top U.S. trade official, praised the recent WTO ministerial, saying that it "will be remembered as the moment when the impasse at the WTO was broken," implying that the U.S. wants to mend, not end, the WTO.

He added, “Many members recognized that the WTO must pursue a fresh start in key areas so that like-minded WTO Members and their constituents are not held back by the few members that are not ready to act.”

Nonetheless, the Trump administration is gearing up to act unilaterally, and is likely to impose trade sanctions on China and impose penalties on intellectual property violations. These are likely to come about in 2018 and could spark a trade war.

In addition, the fate of NAFTA may soon be decided. Trump has made demands that it be renegotiated every five years, and for ending its dispute settlement mechanism and changing rules for auto manufacturers. Mexico and Canada see all three changes as deal killers. No major auto companies back Trump’s proposed changes, which would disrupt global supply chains. Similarly, Seoul is concerned that the KORUS agreement may be at risk.

If Trump moves forward with unilateral trade sanctions, a trade war is likely to ensue — one in which there would be few winners, and which would engender the sort of beggar-they-neighbor protectionism seen in the 1930s, eroding the rules-based order that the United States has long championed and enforced.

The United States, which accounts for only 13 percent of world trade, could find itself isolated under these conditions. The rest of the world is moving on. The EU is concluding trade pacts with Canada and Japan and seeking to pursue additional trade deals in Mexico and around the world.

A revised TPP-11 is likely to be finalized in 2018. Ironically, the net effect, if Trump acts on his willfully ignorant views, may be that the United States will no longer be party to new trade liberalization arrangements and U.S. exporters will lose many market opportunities.

Source: foreignpolicy.com- Jan 05, 2018

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China building new world of trade rules to serve changing needs

In 2018, China is likely to make great strides in promoting free trade agreements (FTAs) that will frame new rules and norms governing global trade and investment.

China will pursue negotiations of 10 FTAs in 2018, while carrying out feasibility studies for 10 other agreements, the Economic Information Daily, a publication of the Xinhua News Agency, said in a recent report, citing a Ministry of Commerce official.

China will also upgrade existing FTAs with countries like Pakistan. Amid increased anti-globalization and trade protectionism, China seems to be finding new enthusiasm for FTAs.

Trade can be a powerful engine for economic growth and poverty alleviation, and trade rules must ensure a fair, competitive environment for all, instead of serving as a means to exploit the world's poorest. But such goals are difficult to achieve perfectly under current global trade rules.

China used to be a passive follower of rules and standards covering global trade and investment, but this has to change. As the largest trading country in the world, China is the most important trading partner for many countries and regions. So China must shoulder responsibility for rewriting the rules of trade with those partners to adapt to the changing regional economic situation.

The pattern of international trade has changed dramatically from the era of merchandise trade in the 20th century as trade in services flourishes. E-commerce, patent rights investigations and other new concepts have become hot topics of discussion, so we have an urgent need to upgrade the framework of rules for global trade.

As for China, the FTA negotiations are expected not only to cut tariffs, but also to involve relaxing regulations for trade in services and capital controls. The new deals will also include so-called "21st-century rules" for digital issues, labor standards and environmental protection.

In 2018, China will actively explore new ways and areas of cooperation to rewrite the rules of trade for the 21st century. China aims to foster a high-quality global free trade network.

As part of this process, it will try to establish new rules and regulations that can benefit more markets and gain wide acceptance around the world. The country may also bind its new strategies for FTAs and the Belt and Road initiative together to promote trade and export development in economies along the route of the initiative, such as Pakistan.

If the new deals can serve as an engine for economic growth, China's free trade network will become a template for 21st-century trade deals.

Source: globaltimes.cn- Jan 05, 2018

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Vietnam: Ten new decrees to guide FTA tariff cuts

The road map, beginning this year, will extend until 2022 for several goods and commodities for which the tariffs will undergo a gradual progression.

The ministry said at a meeting held in Ha Noi yesterday that the 10 draft decrees on Viet Nam's special preferential import tariffs have to do with: the ASEAN Free Trade Area; FTAs between ASEAN with Japan, India, Australia – New Zealand, the Republic of Korea (RoK) and China; and between Viet Nam and the RoK, Japan, Chile and Eurasian Economic Union.

The new decrees make "appropriate updates" to the Government's Resolution No109/2016/NQ-CP and the list of ASEAN Harmonised Tariff version 2017 (AHTN 2017) issued in 2016.

They also aim to ensure stability in the application of special preferential import tariffs, said Pham Tuan Anh, Deputy Head of the MoF's Department of International Co-operation.

The decrees will make it easier for businesses to follow regulations, he added.

Since 2015, a series of imported goods and commodities to Viet Nam have received tax reductions under FTAs' commitments. As committed, the tariffs will be cut further during 2018-2022 period. On many, the drop to zero per cent happens this year.

The finance ministry has calculated the average tariff reduction rates each year for the 10 FTAs.

Under the Viet Nam - Eurasian Economic Union FTA (VN-EAEU FTA), for instance, 5,535 tariff lines will be cut to zero per cent, while gradual reduction will apply to 3,720 tariff lines, including milk and dairy products, automobile and auto parts, steel and steel products.

Under the ASEAN-China Free Trade Agreement (ACFTA), some tariff lines will reduce from the current five and 10 per cent to zero per cent this year, including chicken, coffee, raw tea, processed food, fabric, clothing and electronic equipment.

Seafood, wheat, confectionery, diesel fuel, machinery and electronic equipment are some of 704 tariff lines that will be cut to zero per cent this year under the Viet Nam-South Korea FTA (KVFTA).

Meanwhile, the Viet Nam-Japan Economic Partnership Agreement (VJEPA) will see 456 tariff lines cut to zero per cent, including sugar, construction stones, machinery, steel, aluminium and vehicle parts.

While the application of new import tariffs during the 2018-2022 period will reduce the import tax revenues, it will not have negative impacts on State Budget collection, Tuan Anh claimed.

He said the tariff lines were set on the basis of FTA commitments, the schedule of which has not changed. In fact, domestic enterprises stand to benefit from tariff preferences because their inputs cost will decline and production and business efficiency will improve.

This, in turn, would raise domestic tax collection and offset the reduction in import tax revenues, he said.

Source: vietnamnet.vn- Jan 07, 2018

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Pakistan: Rupee depreciation only a temporary relief for exporters

The Pakistani rupee, which was touted as one of the most stable currencies in Asia since 2014, depreciated 4.7% against the US dollar in December 2017.

Rising trade and current account deficits and declining foreign currency reserves were cited as major contributing factors to the rupee's weakness.

The real effective exchange rate is an index used to measure the export competitiveness of goods produced in Pakistan. The rate, 100 at the base year of 2010, was reported at more than 123 in October 2017 by the State Bank of Pakistan (SBP), suggesting that there was a strong preference for the consumption of imported goods in Pakistan.

Interestingly, the nominal effective exchange rate, which does not take price differentials across countries into account, was reported at 89 in October 2017 and has never exceeded 100 since 2010. This suggests that price levels in Pakistan are typically higher than those in trading partners, implying lack of export competitiveness of the goods produced domestically.

One of the most compelling challenges the economic policymakers face is to increase the competitiveness of domestic producers, particularly as the government seeks to stimulate industrial activities and induce business confidence before the upcoming general elections.

Cumulative exports between July and November 2017 were higher than those in the same period of 2016 and 2015. On the other hand, the deficit in November 2017 was over 34% higher than in the same period of 2016.

Though the export growth was positive in July 2017 – the first instance since July 2014, the increase in imports overwhelmed the rise in exports.

Such trade policies should be adopted that improve long-run competitiveness of domestic industries – but not on the basis of restrictive trade policies – and increase exports if Pakistan is to permanently reduce the imbalance in its external accounts.

According to the SBP, total export receipts rose 12% in July-November FY18 with support from all commodity groups.

On the other hand, import payments increased more than 23% between July and November FY18 compared to the same period of FY17. The growth in imports was primarily driven by the demand related to the China-Pakistan Economic Corridor (CPEC).

Interestingly, imports of raw cotton dropped more than 43%, suggesting that the demand for domestic varieties of cotton may surge again as the harvest has improved somewhat.

Pulses' imports also dropped by more than 23%, indicating improvement in agriculture production as well as growth in domestic agro-based industries.

Trade deals

The government is negotiating free trade agreements (FTAs) in order to give a boost to exports. On the other hand, the FTAs can also lead to a surge in imports.

However, this increase may not necessarily have an adverse impact on the economy. FTAs may not only provide greater varieties to the consumers, but can also give easier access to foreign raw material and intermediate goods needed for domestic industrial production and increasing value addition in the country.

The GSP Plus status awarded to Pakistan by the European Union in 2014 has provided a boost to exports of readymade garments and other finished textile products to the 28-nation bloc.

On the other hand, the FTA with China provides not only access to relatively cheaper imports of capital and intermediate goods, but also creates opportunities for Pakistani firms to participate in global value chains with companies based in the manufacturing hub of the world, China.

Several countries that are considered as export powerhouses report a large trade deficit with China. They benefit by adopting viable trade policies.

Source: tribune.com.pk- Jan 08, 2018

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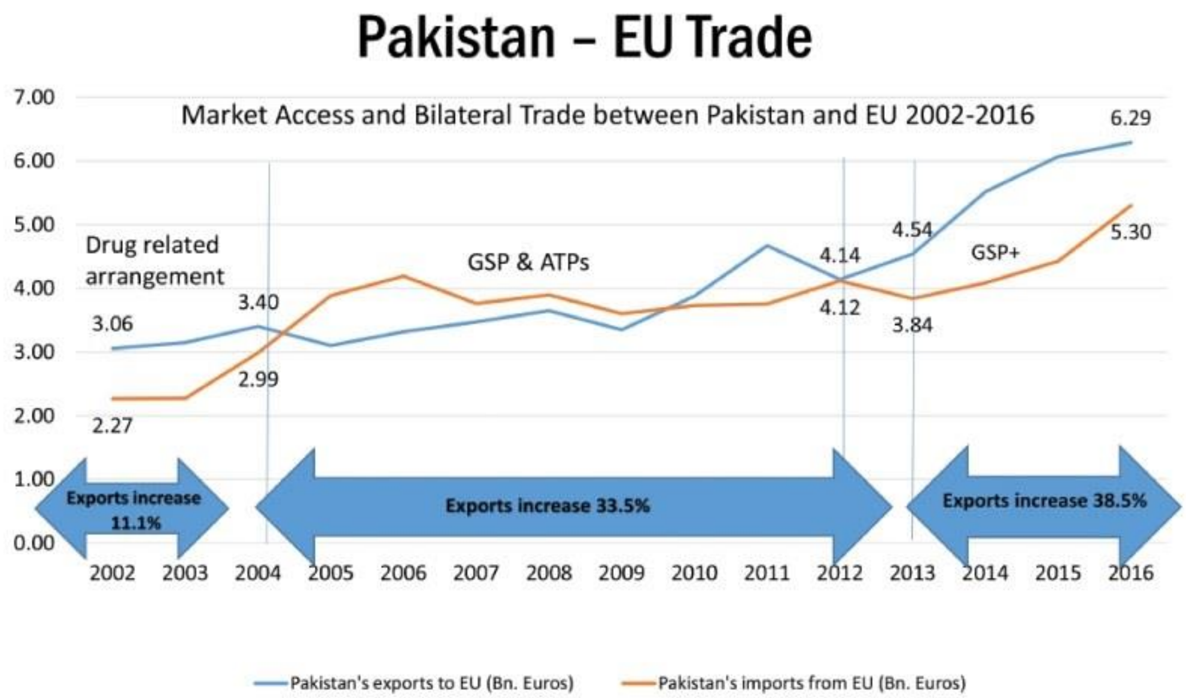
Pakistan: Early reports signal continuation of GSP+

Celebrating three years of bilateral progress and trade under the European Generalised System of Preferences plus scheme, Pakistan is optimistic about sailing smoothly through the review process of the preferential scheme early next month.



The pre-review signals emanating from top EU capitals favour the continuation of the scheme as an award for Islamabad's progress in promoting good governance and sustainable development.

Brussels will review the progress on implementation of 27 UN conventions pertaining to human rights, labour rights, climate change, narcotics control and corruption. The review is part of the scheme which only monitors progress in terms of the convention and then submits a country report to the EU parliament.

Pakistan's first review under the GSP plus was conducted in 2016 when the country massively used the tool of capital punishment in spite of strong resistance from some European capitals. Ahead of the scheduled second review, Pakistan has made tangible progress in terms of legislation and its implementation.

At the technical level, Pakistan has already held several rounds of meetings with Brussel-based EU officials, Pakistan based EU country ambassadors and some top officials in important EU capitals. Recently, two-members of the European parliament also visited Islamabad to get sense of the scheme and progress on the implementation of the conventions.

“We are very hopefully that the review will be successful”, a senior official of the commerce ministry told this scribe, adding Pakistan has already covered the basis for review and will do some more in the current month.

The early responses from these meetings also suggest that the second review will sail through smoothly owing to progress achieved so far when compared with the period when the first review was conducted in 2016.

Analysts believe that the Europeans have a tradition of reviewing performance in terms of a persistent upward growth trajectory instead of milestones. They say there are enough grounds to make a strong case for the successful review.

Moreover, data shows that imports from EU countries surged to 5.3 billion euro in calendar year 2016 from mere 3.84bn euro in 2013, reflecting a hefty growth of 38pc over a period of three years.

In December 2013, the EU parliament enacted the legislation that put in place its GSP scheme for the period of 2014-2023. Pakistan was included as one of the beneficiaries of GSP plus trade concessions amongst 13 other countries. The scheme was implemented from January 1, 2014.

For Brussels the review revolves around the parameters to assess progress achieved since 2014 in the areas of climate change, reduction in corruption level, labour rights, human rights etc. In Pakistan the only yardstick to measure the scheme’s success is the overall increase in export volume or sectoral shares. A few markers can be used to assess Pakistan’s performance.

Over the past three years, exports have not only been restricted to few commodities but are still concentrated in particular markets. Almost 75 per cent of total exports consist of seven over arching products.

Overall textile products exports surged to 4.87bn euro in 2016 from 3.14bn Euro in 2013, which represent an increase of 54.8pc. Of these exports of textile apparel & hosiery have grown from 1.4bn euro to 2.47bn 25ros in 2016, indicating an increase of 76.4pc.

The second biggest share went to home textiles—bed, kitchen, and toilet wear—which surged to 1.56bn euros from 980m euros, representing an almost growth of 60pc. The export of cotton, fabric and yarn also increased from 739m euros to 805m euros, an increase of nine percent.

Exports of carpets and rugs to the EU increased to 37.92m euros from 30.3m euros. It clearly shows that the value-added sectors posted a tremendous growth during the past three years.

In terms of percentage increase, Pakistan's exports to 10 countries witnessed more than 50pc growth over the three years of the GSP plus scheme. These are Luxenberg, Slovenia, Spain, Poland, Cyprus, Czech Republic, Denmark, Slovakia, Austria and Hungry.

The exports to countries of the Eastern bloc were considered to be one of the impacts of the scheme.

But trade analysts have an alternate take on this growth under GSP plus scheme. Cheaper imports because of duty waiver and competitive unit price are two main factors that caused exports to these countries to pick up.

It is stated that increase in export growth to EU was because of diversion of trade to avail zero duty export facility and double-digit depreciation of Euro against all major currencies. It is also not clear from the fact that no visible investments were made in the textile and sectors to enhance the production line.

Source: dawn.com- Jan 08, 2018

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France: Around 300 exhibitors expected at Apparel Sourcing

Around 300 exhibitors from about ten countries will show off their clothing manufacturing skills at the Apparel Sourcing Paris, the international show for clothing and fashion accessories manufacturing sourcing, being organised during February 11-14, 2018 in Paris. The show provides solutions for women, men and children clothing and accessories production.

"For the benefit of our visitors and our exhibitors alike, it is of paramount importance to us that the offer we develop at Apparel Sourcing Paris is in line with the current situation in the clothing market. To ensure we achieve this, we work all year assessing potential exhibitors and an on-the-ground presence allows us to forge constructive ties with the countries which are best able to offer the clothing manufacturing skills that meet the requirements of ready-to-wear brands.

We are therefore delighted to host a full-scale pavilion for Myanmar, which attended last September with just a delegation. We are however also glad to see the return of nine Ethiopian companies under the auspices of ETGAMA, the national association for clothing & textiles" says Michael Scherpe, president of Messe Frankfurt France.

The trade fair that provides solutions for women, men and children clothing and accessories production, has been reorganised to make searches easier for visitors, and new segments such as Active Urban, Smart Elegant and Underwear have been established.

Key players from sourcing countries have confirmed their attendance. While Bangladesh, India and Pakistan remain committed to the February event, manufacturers from Hong Kong register a significant increase along with the Chinese who are also boosting their numbers slightly this season.

Despite the exceptional opening of the Messe Frankfurt France's shows on Sunday (instead of Monday), clothing manufacturers nonetheless remain confident and have maintained their interest in the event, without significant impact on the smooth running and the quality of the offer.

The showcase on Shawls and Scarves, which consists of accessories for head, neck and shoulders, will also offer finished products to round off an outfit such as footwear, umbrellas, ties, gloves etc. Exhibitors are also diversifying with a resurgence of bags and ponchos. The artistic directors for the Messe Frankfurt France trade fairs have also announced the return of THE DRESSING, the space for trends that displays a mix of the most popular clothes and accessories produced this season.

The “Small Quantities” circuit, dedicated to fashion labels and designers, makes it possible for them to order even less than 50 items on occasion and the “Sustainable Sourcing” circuit guarantees products and firms that actively practice sustainable development, with plenty of “green” labels.

Source: fibre2fashion.com- Jan 06, 2018

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Vietnam's foreign trade records impressive achievement in 2017

Vietnam's total import-export turnover exceeded US$400 billion, reaching the highest level ever. After a long period of trade deficit, the balance of trade unexpectedly turned to a surplus, thanks to the government’s drastic reforms and enterprises’ continuous efforts.

Breakthrough policies

According to a report released at the Ministry of Industry and Trade (MoIT)’s meeting held in mid-December, Vietnam’s field of industry and trade has reached all targets set for 2017.

In particular, exports were one of the highlights in 2017, as export turnover is expected to reach more than US$ 212 billion, up over 20% over the same period last year, much higher than the export turnover of over US$ 176 billion in 2016 and the highest level since 2011; meanwhile import turnover increased by approximately 21%, most of which are imported goods to serve production; additionally, Vietnam maintained a trade surplus of about over US$2 billion this year.

According to the MoIT's analysis of export markets in 2017, overall global trade has improved as market demand has increased. In particular, some of Vietnam's export products also had the opportunity to boost their exports due to the impact of climate change, which in turn reduced the supply in some countries, thereby increasing the demand for importing Vietnamese products, typically rice products.

In addition to making the most of opportunities to promote exports to traditional markets, many Vietnamese agricultural products have been exported to new markets in the past year.

However, the breakthrough was achieved thanks to "the push" from administrative reform. Especially, the solutions on administrative reform in the field of industry and trade have brought positive results for enterprises.

According to Truong Van Cam, Vice President and General Secretary of Vietnam Textile and Apparel Association, in 2016, when the Minister of Industry and Trade Tran Tuan Anh signed the decision to abolish Circular No. 37/2015/TT-BCT, which stipulated the content limits and testing procedures for formaldehyde and banned cleavable aromatic amines from azo dyes in textile products, as well as inspection requirements, textile companies were very excited.

The abolition has helped textile businesses to save VND1.5 million for each sample test and shorten the customs clearance time from 2.4 to 3.8 days, creating opportunities for exporting textile and garment products and helping the textile and garment industry to keep its position as one of the industries with the largest export turnover.

Beside the textile and garment industry, the ministries and departments have also made efforts to remove all difficulties for businesses, despite the industry meeting many difficulties in the first months of the year.

In particular, a memorandum of understanding (MoU) on rice trade between Vietnam and Bangladesh for 2017-2022 signed last May, 2017 was one of the key driving forces for export activities.

Accordingly, every year, Vietnam will provide Bangladesh with one million tons of rice, depending on demand and world market prices.

With the publicity of contracts on the online portal of the Ministry of Industry and Trade, the document has helped rice enterprises to acquire more trade contracts, so that the rice industry will break through and reach a higher growth rate than 2017 (24%), with the absolute figure of 5.9 to 6 million tons, an increase of 1.1 to 1.2 million tons compared to 2016.

Opportunities for 2018

Opportunities for export growth in 2018 and the coming years are relatively bright, as Vietnam's competitive capacity is growing. Tran Thanh Hai, Deputy Director of the MoIT's Import-Export Department, said that in the Global Competitiveness Report, the World Economic Forum (WEF)'s ranked Vietnam 55th overall, up five places from last year and 20 from five years ago. The WEF notes that Vietnam has made significant improvements in technological readiness and labour market efficiency.

Furthermore, joining Free Trade Agreements (FTAs) with commitments to reduce tariffs on Vietnamese origin also increases competitive capacity and helps Vietnamese products to expand their market share in partner markets. In the period 2018-2022, the tariff roadmap will be cut further and progressively towards 0% for many commodities, creating new opportunities to increase export turnover, boosting economic growth. In addition, the confidence of foreign investors in Vietnam's development prospects continues to be strengthened, especially after the APEC summit and in the context of security in many countries being unstable due to terrorism.

Taking advantage of market opportunities and aiming at sustainable imports and exports, Deputy Director of the MoIT's Import-Export Department Tran Thanh Hai said that, besides continuing to disseminate and guide the implementation of signed FTAs, it is necessary to sign FTAs that have not been signed such as the FTA between Vietnam-EU. In addition, the Ministry of Industry and Trade should renovate their trade promotion activities in the direction of not being based on the State budget, but to also encourage outside trade promotion organisations to participate, he added.

In addition, it is necessary to strengthen the use of other trade remedies such as safeguard, anti-dumping, subsidies to protect domestic goods, and to restrain imports in line with Vietnam’s context as well as international commitments.

In particular, it is necessary to boost the supporting enterprises to overcome technical barriers, and meet the standards of the host country, which is an important activity for Vietnam's export turnover to continue to grow sustainably.

In 2018, the National Assembly has targeted the domestic product (GDP) growth rate of 6.5% - 6.7%. In particular, total export turnover increased 7% - 8%; and the trade deficit was equal to 3% of total export turnover.

Source: nhandan.org.vn- Jan 06, 2018

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Myanmar's national panel approves K4800 minimum daily wage

Myanmar's National Committee for Minimum Wage has decided to set the basic daily salary of workers at 4800 kyat (K). State and regional committees will receive suggestions or objections to the proposed rate, study those in consultation with workers and employers, and take a final call on the figure. The minimum wage now is K3600, set in September 2012.

The garment industry in Myanmar has been adversely affected over the past few years owing to the minimum wage issue. The Myanmar Labour Union Federation and the Cooperating Committee of Trade Unions (CCTU) have objected to the proposed new rate.

Workers in the country have been demanding a daily rate of K5600-6600. Ko Myo Zaw, a Confederation of Trade Unions of Myanmar member, argued that K5600-6600 was a more reasonable figure as workers struggle with high cost of living, especially in cities, says a report in a Myanmarese newspaper.

CCTU has urged the government and employers to study the real living cost of workers and their families and decide whether K4800 is sufficient to cover their daily living costs.

Source: fibre2fashion.com- Jan 08, 2018

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Bangladesh apparel exports fetch $2.8 in December 2017

Bangladesh's apparel exports continued to gain trend in the month of December 2017, back from the slump it experienced in the middle of last year.

In December, apparel exports contributed to over 83 per cent of the total combined exports from Bangladesh, as per latest statistics released by Export Promotion Bureau on January 4, 2018.

In October 2017, exports amounted to $2.29 billion. In total, the garment industry fetched $2.81 billion in the month of December, up from $2.52 billion in November 2017, a 11 per cent increase.

So far, December's apparel exports took the total to $14.77 billion for this fiscal year. In the July-December, December fetched 7.75 per cent more than what it did in the similar period in FY 2016-17.

In December, however, woven garments came on top at $1.46 billion, 51 per cent, of the total apparel export share. Meanwhile, knitwear fetched $1.35 billion. In November 2017, both knitwear and woven amounted to roughly around $1.25 billion.

In September 2017, Bangladesh's exports slumped significantly on the stretch of holidays and slowdown in exports of the apparel division. Then, the apparel export amounted to $1.62 billion –the combined output of the knitwear and woven segments.

The overall export performance of Bangladesh stood at $3.35 billion nearly 1.85 per cent lower to the target of $3.41 billion.

On a year-on-year basis, exports in December 2016 was $3.09 billion, marking an8.4 per cent change in December 2017.

Source: fashionatingworld.com- Jan 06, 2018

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Pakistan: Garments exports up by 14.69pc

Exports of ready made garments from the country during first five months of current financial year grew up by 14.69 percent as compared the exports of the corresponding period of last year.

During the period from July-November, 2017-18 about 15,008 thousand dozens ready made garments worth of US$ 1.18 billion exported as against the exports of 13,466 thousand dozen valuing of US$ 88.456 million of same period last year, according the data of Pakistan Bureau of Statistics.

Meanwhile, knitwear exports from the country also increased by 12.07 percent, as it was recorded at 47,549 thousand dozen worth of US$ 1098 million, which stood at 42,137 thousand dozen valuing of US$ 980.489 million of same period of last year.

During the period under review, country earned US$ 947.517 million by exporting bed wear as compared the exports of US$ 888.448 million of same period last year hence showing an increase of 6.65 percent.

In last five months of current financial year, exports of made up articles (excluding towels and bed wear) also increased by 7.92 percent, from $261.272 million to $281.967 million.

About 73,670 metric tons of towels valuing US$ 317.357 million exported in last five months against the exports of 76,962 metric tons worth of US$ 317.769 million of same period last year.

It may be recalled here that textile exports from the country increased by 7.66 percent during the first five months of current fiscal year as against the exports of the corresponding period of last year.

The overall textile exports from the country were recorded at $5.510 billion during July-November (2017-18) against the exports of $5.118 billion during July-November (2016-17).

Source: pakobserver.net- Jan 06, 2018

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NATIONAL NEWS

Indian resistance could spell trouble for RCEP

India is moving closer to rejecting the Regional Comprehensive Economic Partnership (RCEP), with a top government official declaring that the proposed 16-country agreement does not fit with the government's "Make in India" campaign.

The ominous signs are emerging just three weeks before a summit intended to celebrate the silver jubilee of formal relations between India and Asean, whose leaders have all been invited as special guests for Republic Day celebrations on Jan 26.

Negotiations are already two years behind schedule for the RCEP, an ambitious pact that would include the 10 Asean states plus China, India, Japan, South Korea, Australia and New Zealand. Friction between China and India over what will and won't be protected has been a major stumbling block, though far from the only one.

A report issued late last month by a parliamentary committee studying trade with Southeast Asia quotes Foreign Secretary S Jaishankar as saying that "observance of due restraint" was called for with respect to the RCEP talks. The country should "not conclude trade agreements which are not to our medium-term advantage", he added.

The foreign secretary reportedly made the comments when he appeared before the committee in June last year. While "dwelling on the likely benefits arising out of proposed RCEP", he said that "though larger free trade arrangements are important for getting preferential access to the markets, it is important to be cautious about the manner in which such arrangements work out in respect of our imports as well as our efforts to increase the share of the manufacturing sector in our economy".

Mr Jaishankar emphasised that India's "external trade arrangements must be supportive of the Make in India initiative", referring to the campaign by Prime Minister Narendra Modi to attract investors from around the world to set up more production bases in the country.

The foreign secretary expressed regret that the emphasis in trade agreements "is mostly on trade in goods and the same enthusiasm is not shared for trade in services. ... Reluctance to give market access for trade in services is a big challenge."

In what looks like a clear reference to the rising deficit in India's trade with Asean, Mr Jaishankar said that "a lot of our agreements have not served as well as they could have".

In the 2016-17 fiscal year that ended last March 31, the value of India-Asean trade increased to US$71.7 billion, but Asean exports exceeded Indian imports by $9.56 billion. The deficits were widest with Indonesia, Malaysia, Thailand, Brunei and Laos.

The RCEP aims to cover goods, services, investment, economic and technical co-operation, competition and intellectual property rights. Negotiations have dragged on for five years, through 20 rounds of talks involving trade officials, five ministerial meetings, three inter-sessional ministerials and one summit-level round.

The last round of negotiations was held in Hyderabad in July last year and the next round is expected to take place early this year.

India has long resisted pressure from other aspiring RCEP members to commit to opening up 90% of its traded goods to competition because the latter have not agreed to improve market access in services, one of the country's strengths, particularly in the IT field. They have also not accepted India's proposal to allow more movement of professionals and skilled workers across borders for short-term work.

New Delhi initially proposed three different levels of tariff reductions. It offered a 42.5% tariff concession to China, 80% to the 10 Asean members and 65% to the other four countries: South Korea, Japan, Australia and New Zealand.

Subsequently, Delhi agreed to extend the same concessions to all participants except China. India fears that if it extends the same tariff concessions to China, the latter might flood its market, swelling a trade deficit that reached $50 billion in 2016-17 and hampering its efforts to ramp up manufacturing. China as well as Asean nations, Australia and New Zealand have rejected India's proposals.

The government has also emphasised holding parallel negotiations on trade in goods and services. "On goods, negotiation is moving, but on services it is not moving at all. It cannot be moving so fast in goods, that nothing happens in services," said Nirmala Sitharaman, then commerce and industry minister (she moved to defence last September), during talks in Hanoi last May.

Biswajit Dhar, an economics professor at Jawaharlal Nehru University, said India was justified in expressing its reservations about what is on the table at the moment. He said the foreign secretary's statement to the parliamentary committee was a "reflection of India's discomfiture over the RCEP".

"The RCEP deal will be detrimental to Make-in-India and proposed industrial policy. I don't see how the process can move forward," Mr Dhar said, identifying agriculture and automobiles as sectors that would need protection.

He criticised the RCEP members for not considering India's demand for inclusion of services in negotiations and extending tariff cuts to China. "You cannot have your cake and eat it too. They must agree to negotiate services. [At the same time] India should be clear on the political message [on China]," he added.

Prime Minister Modi has invited all 10 heads of Asean governments for a commemorative summit on Jan 25. Led by Singapore Prime Minister Lee Hsien Loong, the chairman of Asean this year, the group will be the chief guests at Republic Day celebrations the following day.

Mr Dhar said he saw a disconnect between hosting Asean leaders and being intransient on the RCEP. But Dr B Bhattacharjee, a research fellow with the Indian Council of World Affairs, believes the two are separate issues.

"There should be no comparison between the two events," he told Asia Focus. "India's stand on the RCEP should not be seen as a counter to its intention to build close relations with Asean."

Dr Bhattacharjee expressed hope that a middle ground could still exist on the RCEP. "Australian Prime Minister Malcolm Turnbull spent four days in India in April last year. That shows his interest in the Indian market. The same is applicable to others," he said.

Source: bangkokpost.com- Jan 08, 2018

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Weight or number? CBEC begins review to bring uniformity to measurement of goods

Are toilet seats bought by the kilogram or on a per piece basis? Should tableware or porcelain be measured by weight or as a unit? Likewise with a coffee table — weight or number?

The answers may seem obvious but they're not. Differences in commercial practices and customs guidelines on the measurement of some goods may have wreaked havoc with the country's trade statistics, not to mention sparking a plethora of disputes and delays in the clearance of consignments.

The Central Board of Excise and Customs (CBEC) has now begun a review of standard unit quantity codes (UQC) to address the issue and help improve the ease of doing business while reducing the scope for disputes. India has already identified 'trade across borders' as one of the areas where it can show substantial improvement in ease of doing business.

India is ranked 119 on this count in the World Bank's latest rankings.

"There are issues particularly in some tariff lines... We are now looking at how we can bring about uniformity," said a government official. For instance, UQC for products under Heading 6911— tableware, kitchenware and other household articles, and toilet articles of porcelain or china—is in kilogram.

However, the trade transacts in units or by number of pieces. Moreover, there is no uniformity in UQC declarations by traders. These are not the same for a particular item at different customs locations. The World Customs Organization has prescribed standard UQCs that are used internationally. India implemented mandatory standard UQCs from 2013 as part of export-import declarations.

There are inconsistencies in the way these have been applied. Variance in codes is approved by field officials, which makes the system subject to discretion and interpretation. CBEC has reached out to the industry to arrive at ways in which the matter can be addressed.

"Use of standardised UQC as prescribed in Customs Tariff Act, 1975, is a challenge at times faced by trade due to different market practices," said Rahul Shukla, executive director, PwC.

"The same has been recognized by the customs authorities and they have supported the trade in resolving it as well on case-to-case basis." Shukla said the proposed move by CBEC to take another look at UQCs prescribed in the Customs Tariff Act and align them with practice was a positive move and in line with the continued commitment to trade facilitation.

"It will help if CBEC can consider allowing multiple UQCs for the same commodity or adopting a particular UQC which is used more frequently by trade," he said. India jumped 30 places to 100 in World Bank's overall ease of doing business rankings in the latest listing released in October after undertaking various reforms to improve the environment.

Source: economictimes.com- Jan 08, 2018

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Logistics performance ranking of states to be released today

The Commerce Ministry will come out with a Logistics Performance Index (LPI) tomorrow, ranking states in terms of the logistical support they provide to promote trade, a senior government official said. “This will be a perception based ranking and it is the first time in the world that it is coming at the sub-national level,” the ministry official said.

The index will act as a dynamic toll for the ministry to identify bottlenecks in this area. “We will be able to see why perception is negative for some states,” the official added.

The World Bank has assisted the ministry in preparing the index. The ranking is based on about eight parameters including transportation facilities available in states and documentation procedures.

The ranking aims at encouraging states to work and improve their logistics related infrastructure. Inadequate infrastructure is impacting the country's trade and investments. Logistics services such as customs and ports are Central Government matters but, "why they are functioning smoothly in certain states and not in others, the ranking would help us in understanding this also," another official said.

The issue would be discussed during the third meeting of the Council for Trade Development and Promotion on January 8. Exporters' body FIEO Director-General Ajay Sahai has said logistics cost in India is very high and there is an urgent need to work on this parameter. High logistics costs make exports uncompetitive.

Indian exporters have time and again demanded drastic cuts in railway freight rates to enhance price competitiveness in the global markets as the cost of exports is currently very high in India.

A Commerce Ministry strategy paper released in 2010 had emphasised the need to invest billions in improving infrastructure to boost exports. It had asked the government to invest in modernising roads, ports, railways, airports, power and customs stations.

In India, container transport mainly happens through roads due to various reasons including high railway freight rates, unreliable scheduling of freight trains and poor last-mile connectivity.

In the World Bank's Logistics Performance Index (LPI), India's ranking improved to 35th as against the 54th spot it occupied in the previous report. The report came in 2016 as it comes once-in-two-years.

Further, ministers from as many as 20 states are expected to participate in the meeting of the Council for Trade Development and Promotion. The official said Goa Chief Minister Manohar Parrikar has confirmed his participation. The issues that would come up in the meeting include ways to improve exports and issues of exporters.

Two books -- LEADS (logistics ease access in different states) and statistics export booklet compendium of states data -- will also be released on the occasion. The country's merchandise exports during April-November 2017-18 increased by 12.01 per cent to $196.48 billion.

Source: thehindubusinessline.com - Jan 08, 2018

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Apr.-Dec. cargo traffic at ports rise 3.64%

The country's 12 major ports recorded a 3.64% growth in cargo traffic during April-December 2017 at 499.41 million tonnes (mt), as per official data.

Eight major ports — Kolkata (including Haldia), Paradip, Visakhapatnam, Chennai, Cochin, New Mangalore, JNPT and Kandla — registered positive growth in traffic during the period.

"The major ports in India have recorded a growth of 3.64% and together handled 499.41 million tonnes of cargo during the period April to December, 2017 as against 481.87 million tonnes handled during the corresponding period of previous year," the Ministry of Shipping said. The highest growth was registered by Cochin Port (17.27%), followed by Paradip (14.59%), Kolkata (12.45%), New Mangalore (6.60%) and JNPT (5.94%).

Cochin Port growth was mainly due to increase in traffic of petroleum, oil and lubricants (24.10%) and containers (10.79%), the ministry said.

In Kolkata Port, overall growth was 12.45%.

Kandla Port

During April to December 2017, Kandla Port handled the highest volume of traffic at 81.12 mt, followed by Paradip (74.40 mt), JNPT (48.89 mt), Mumbai (47.53 mt), and Visakhapatnam (46.56 mt). Together, these five ports handled around 60% of the major port traffic.

India has 12 major ports— Kandla, Mumbai, JNPT, Marmugao, New Mangalore, Cochin, Chennai, Ennore, V. O. Chidambaranar , Visakhapatnam, Paradip and Kolkata (including Haldia)— which handle approximately 61% of the country's total cargo traffic.

Source: thehindu.com- Jan 06, 2018

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Odisha sheds 'MoU model' tag, rides on reforms to tap emerging sectors

Odisha, known for its ‘memorandum of understanding (MoU) model of development’, is veering to a reform-powered growth path, with focus on speedy approvals, to tap emerging sectors.

With the average time for a project approval in Odisha narrowing to 19.5 days and the state boasting of the highest conversion rate from investment intents to firm proposals, the stage is set to script a new growth story that goes beyond the favoured metals and mining space.

Experts deliberating at the Business *Standard* Odisha Round Table were unanimous about overcoming negative perception and branding the state in a positive light.

Sanjeev Chopra, principal secretary-industries said, “Odisha is a victim of perception. More often than not, people tend to speak of Odisha in a negative light. That’s very unfortunate. A report by Assocham ranks Odisha among the top three states in attracting live manufacturing investments and the number one in implementation rate (of projects). This has not happened through a stroke of luck but on the back of reforms and systems put in place.”

Chopra junked the MoU model of attracting investments, clarifying that the emphasis was more on timely approval to projects. “We, at the industries department, have not signed any MoU in the last three years. There is no need to sign any MoU. An MoU has no legal backing. We invite investors to come to us and we will give an approval within 30 days,” he said. Between 2002 and 2010-11, Odisha signed 92 MoUs. Forty-six of these have translated into production, which is the highest conversion rate in the country among MoU-signed projects, Chopra claimed.

Arun Mishra, managing director at Tata Steel SEZ Ltd and vice-president (project Gopalpur), said with its industrial ecosystem and as an education hub, Odisha was branching out to other sectors. “We have the knowledge and skills to help us to diversify into other sectors, which we did not dare to in the past. This government has come out with many initiatives that have taken care of people who are not into gainful employment pursuits and this gives solace to industry. If industry is burdened with social initiatives, then it becomes a drag.”

The state government has listed six new focus sectors in its Industrial Policy Resolution-2015. These are electronics manufacturing; tourism; ancillary & downstream industries in metals and chemicals; plastics & petrochemicals; food processing, including sea food; and textiles & apparel. In these six, Odisha aims to garner Rs 2.5 trillion of fresh investments by 2020.

L N Gupta, additional chief secretary-MSME, said Odisha has huge potential in food processing, especially sea food. “We are the ninth largest fish producer. Exports worth Rs 3,000 crore (Rs 30 billion) are likely to happen this year in the marine sector.” Gupta dwelt on the calibrated efforts taken up to change the landscape of entrepreneurship and build a start-up ecosystem in Odisha. “152 start-ups have been registered without the start-up portal, of which 10 per cent are helmed by women.

We are providing Rs 20,000 every month to registered start-ups and marketing & development allowance of up to Rs 15 lakh. We also have a learning & development programme developed by Upgrad, which has seen around 3,000 registrations. We have an informal partnership with Facebook to provide digital marketing skills to micro entrepreneurs.”

Opportunities also exist in steel downstream space, said R K Sharma, principal secretary (steel & mines). “I believe the number of downstream industries in steel would go up. We will ensure that there is no scarcity of raw materials as we will be able to bring many more mines for auctions.

The government will also endeavour for seamless transition for mining leases due to expire in 2020. Odisha has been leading reforms in the mining sector and we believe the sector can drive the state’s GDP (gross domestic product),” Sharma added. Vinod Nowal, deputy managing director at JSW Steel, said the company was hopeful of starting work on its 12-million-tonne steel project in Odisha in the next fiscal year. “We have applied for all clearances. Apart from steel, we may also go for some allied products and value addition.”

Nowal sounded confident of Odisha’s promise of being an industry friendly state. “My experience with the bureaucracy (in Odisha) is very high. The officials are very proactive. Politically too, there is not much interference.”

Source: business-standard.com- Jan 08, 2018

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