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USD 67.32| EUR 79.44 | GBP 90.25 | JPY 0.61

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
21609	45200	**85.40**

Domestic Futures Price (Ex. Gin), June

Rs./Bale	Rs./Candy	USD Cent/lb
23170	48466	**91.57**

International Futures Price

NY ICE USD Cents/lb (July 2018)	94.94
ZCE Cotton: Yuan/MT (Jan 2019)	17,700
ZCE Cotton: USD Cents/lb	**106.52**
Cotlook A Index – Physical	**99. 6**

Cotton guide: The last week movement was very interesting for cotton. The spread between July and December was about to make a historic move by getting into invert however, the same was failed and by end of the week the difference was at 2.34 cents where July ended the session at 94.94 cents per pound and December at 92.60 cents.

Another insight that was observed in the gone by week was the December contract made a new season high while July failed to breach the recent high. We have been discussing in detail in our daily report on the cotton movement and reasons for rising price for the past few weeks. We think the trend isn't over year and the possible target that is estimated is $1USD per pound for Cotton price.

The trading volume continues to be high while the aggregate open interest is just off the record high. Total open interest is at 322,095 contracts, very near the all-time-ever high of 322,353 contracts set on Monday (June 4).

On the Chinese front the trading volumes are higher for the past one fortnight and the open interests are also up. Nonetheless we saw good amount of price correction as part long liquidation, forced measures and increase in the trading margin at ZCE. However, after all price correction the trend is now set for fresh positive move.

This morning ICE cotton is trading almost steady while ZCE cotton is up by 175 points at 17875 Yuan/MT. We think the direction may be on the positive while rapid action in the price will be felt based on the weather pattern in the China, news of crop loss due to recent rainfall and activity in the US especially pertaining to West Texas drought kind situation. We believe market may remain positive in the near term.

We shall be discussing in detail in our today's weekly report. On the MCX front the June future ended the session at Rs. 23130 per bale and the new crop contracts have made historic high price.

Currency Guide:

Indian rupee appreciated by 0.07% to trade near 67.45 levels against the US dollar. Rupee is stabilizing today after the sharp depreciation post RBI decision. Stability in crude oil price has also underpinned rupee. The US dollar is choppy against major currencies amid positioning ahead of central bank meetings this week.

However, weighing on rupee is weaker risk sentiment amid increasing tensions between US and allies over trade policies. Rupee may witness choppy trade amid lack of fresh cues but some depreciation is likely as risk sentiment remain weak on trade war concerns. USDINR may trade in a range of 67.3-67.7 and bias may be on the upside.

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

Indicative Prices of Overseas Ring Spun Cotton Yarn in Chinese market:

Indicative Prices of Cotton Yarn in China Date: 9/06/2018 ***Prices in US$ FOB***		
Country	**20s Carded**	**30s Carded**
India	2.80	3.10
Indonesia	2.56	2.85
Pakistan	2.44	2.82
Turkey	3.10	3.30
Source: CCF Group		

China yarn

Impacted by slumping futures, cotton yarn sales kept subdued and price was stable on the whole with some lowering levels. Polyester yarn offer was stable while rayon yarn kept rising. Polyester/cotton yarn and cotton/rayon showed stable on the whole while polyester/rayon yarn increased.

International yarn

The cotton yarn market has been steady in Pakistan. Local demand has been fairly good and those downstream manufacturers in need of cover have been obliged to meet sellers' asking rates.

In Egypt, industry members have called for greater encouragement of the consumption of domestic cotton by local mills. Yarn prices in Bangladesh continue to lag behind raw replacement costs. The freighters' strike in Brazil has disrupted deliveries, causing some mills to reduce their operations.

Source: CCF Group

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INTERNATIONAL NEWS

Don't Split NAFTA

A single trilateral agreement is much better than a set of bilateral ones.

Steel and aluminum tariffs levied against Canada, Mexico, and the European Union have strained relationships with our closest allies. The recent announcement from the Trump administration that it would like the North American Free Trade Agreement (NAFTA) to be bilateral arrangements rather than a trilateral agreement only creates more tension.

While it might seem that America's leverage would be greater in negotiating with one partner instead of two, it's not. A retreat from a multilateral approach would be a significant change in American trade policy, presenting three sets of risks that could reduce American manufacturing competitiveness, limit our ability to enter into trade agreements of any kind, and begin to throttle international trade.

The reason is simple: American manufacturing is more competitive when our companies can source and sell in legal and regulatory environments that have minimum variations. A multilateral or plurilateral arrangement such as NAFTA, under which all parties make the same commitments to each other, creates a broadly unified business environment. It also reduces the cost of compliance with divergent legal or regulatory requirements in different jurisdictions. Even where governments exclude certain sectors or move toward tariff-free trade at different rates, any convergence of rules and regulations reduces the cost of production.

While it may sound like the U.S. can get a better deal negotiating separately, bilateral agreements inevitably involve diverging rules. These divergences raise costs for American manufacturing and make it harder to compete on the global market.

Moreover, negotiating with countries individually raises the political cost of entering into trade agreements. The U.S. Congress generally does not like trade votes — it puts members on the record about agreements that impact constituents directly. They much prefer to let the president take on this responsibility.

How many trade votes has Congress taken in the past ten years? You could count them on one hand. By negotiating with countries individually instead of in groups, we are asking Congress to vote on many more trade-related pieces of legislation. This makes it less likely the United States will be able to conclude any trade agreements.

Finally, NAFTA is a cornerstone of the multilateral structure of the World Trade Organization. To transform NAFTA into bilateral arrangements could lead to general questioning of the multilateral nature of international trade. Multilateral arrangements represent a package of trade-offs that make the nation wealthier and are a “secret sauce” for prosperity because this system contains a bias toward market openings. On the other hand, bilateralism tends to engender vested interests and discourage market openings.

Multilateral trade is driven by a concept referred to as “most favored nation” (MFN). Trade is promoted and wealth is created if every trading partner in good standing receives the treatment accorded to their “most favored” trading partner. As a result, any market-access advantage that is granted in a negotiation must eventually be extended to all other trading partners.

In a purely bilateral setting without MFN, there is no incentive to open up markets. Why would Canada make a deal with us if they know that we can turn around tomorrow and give Mexico a better deal?

The U.S. government likes to present its approach as a novel idea that will yield greater prosperity than the approach that the preceding 15 presidents followed. In fact, it represents a return to the trade policy followed by the United States in the period from the end of the Civil War to the Great Depression and the Second World War.

It’s no coincidence that the experiment with protectionism, mercantilism, and government-managed trade ended with depression and war: It is a recipe for poverty and conflict.

Source: nationalreview.com- June 09, 2018

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Colombia looking to join new TPP

TPP may get back to a dozen signatories, with Colombia declaring its interest in the agreement.

New Zealand Trade and Export Minister David Parker has said Colombia has informed Wellington of its intention to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) once it comes into force.

NZ is the depositary of the trade agreement signed between Australia, Canada, New Zealand, Singapore, Vietnam, Malaysia, Japan, Mexico, Peru, Brunei, and Chile.

The original TPP was signed in February 2016, but the agreement was subsequently dumped by the US soon after Donald Trump took office.

Trump has said he prefers bilateral trade deals that promote his "America first" protectionist policy, despite warnings that he risked abdicating trade leadership in the Asia-Pacific region to China.

Parker said on Friday that it was important to defend and promote rules-based trade systems, and keep agreements like CPTPP open to other nations to join.

In April, Trump signalled the US may rejoin the TPP, but quickly changed his mind, informing the world of his decision via Twitter.

"While Japan and South Korea would like us to go back into TPP, I don't like the deal for the United States," Trump said after meeting Japanese Prime Minister Shinzo Abe.

"Too many contingencies and no way to get out if it doesn't work. Bilateral deals are far more efficient, profitable and better for OUR workers. Look how bad WTO is to U.S."

The gross domestic product of Columbia is roughly equivalent to that of existing TPP members Singapore and Malaysia.

Australian Prime Minister Malcolm Turnbull previously said that South Korea, Indonesia, and Thailand were interested in joining CPTPP.

Turnbull has also floated the idea of the UK signing up post-Brexit.

Source: zdnet.com- June 08, 2018

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EU imposes 25% additional duty on US apparel

The European Commission's College of Commissioners has endorsed the decision to impose additional duties on the full list of US products notified to the World Trade Organisation (WTO), as part of the EU's response to the US tariffs on steel and aluminium products. The list of US products includes t-shirts, trousers, shorts and cotton bed linen.

Following the decision to apply additional duties to selected imports from the US, the Commission expects to conclude the relevant procedure in coordination with Member States before the end of June so that the new duties start applying in July, the Commission said in a press release.

As per the list of products notified to the WTO, a 25 per cent additional duty is proposed to be imposed on t-shirts, singlets and other vests of cotton, knitted or crocheted; t-shirts, singlets and other vests of wool or fine animal hair or man-made fibres, knitted or crocheted; t-shirts, singlets and other vests of textile materials, knitted or crocheted (excl. of wool, fine animal hair, cotton or man-made fibres); men's or boys' trousers and breeches of cotton denim (excl. knitted or crocheted, industrial and occupational, bib and brace overalls and underpants); men's or boys' shorts of cotton (excl. knitted or crocheted, swimwear and underpants); men's or boys' trousers and breeches of synthetic fibres, industrial and occupational (excl. knitted or crocheted and bib and brace overalls); women's or girls' cotton denim trousers and breeches (excl. industrial and occupational, bib and brace overalls and panties); women's or girls' cotton shorts (excl. knitted or crocheted, panties and swimwear); and bedlinen of cotton (excl. printed, knitted or crocheted).

"The application of the rebalancing duties is fully in line with WTO rules, and corresponds to a list of products previously notified to the WTO. The WTO Safeguards Agreement allows for a rebalancing corresponding to the damage caused by the US measures with EU exports worth €6.4 billion (2017) being affected. The EU will therefore exercise its rights immediately on US products valued at up to €2.8 billion of trade. The remaining rebalancing on trade valued at €3.6 billion will take place at a later stage – in three years' time or after a positive finding in WTO dispute settlement if that should come sooner," the press release said.

"This is a measured and proportionate response to the unilateral and illegal decision taken by the United States to impose tariffs on European steel and aluminium exports. What's more, the EU's reaction is fully in line with international trade law. We regret that the United States left us with no other option than to safeguard EU interests," said EU commissioner for trade Cecilia Malmström.

Source: fibre2fashion.com- June 09, 2018

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China: Yearly cotton imports to hit 2m tons by 2019/20

China is set to return as a major cotton importer, taking 10 million to 15 million bales (2 million to 3 million tons) each year by 2019/20, said Tim Bourgois, head of the cotton platform at major trading house Louis Dreyfus Company.

Imports are expected to be around 5 million bales in 2017/18, he said.

The forecast comes after China's cotton industry association said earlier last week that the Chinese government would increase the import quota to boost overseas purchases.

Once the world's top cotton importer, China has seen its imports shrink from more than 5 million tons in 2011/12 to around 1 million tons in 2017, due to its efforts to reduce state stockpiles of the fiber.

Now, after several years of auctions to low state stocks and with demand improving, buyers are expected to return to the market to supplement a production deficit at home.

Domestic cotton usage is expected to increase by 1.5 million bales to 41.5 million bales in 2018/19, said Bourgois.

The group has lobbied the government to increase the import quota to meet demand from textile companies, Gao Fang, executive vice president of the China Cotton Association, told Reuters.

Production growth in China has been lean due to limited farmland and high labor costs. Details on the timing and volume of the quota were not known, Fang said.

Market participants said last week that the plan was also likely related to pressure from the US for higher imports of US farm goods. China has agreed to significantly increase its purchases of US goods and services, and cotton is one of the top agricultural exports of the US.

The industry is also lobbying for more cotton supplies amid a hike in prices that could drive more manufacturers to use cheaper manmade fibers instead.

Production of viscose staple fiber will increase further in 2018, pulling down prices, said Zhu Beina, president of the China Cotton Textile Association. The association expects the cotton textile sector to be using 4 million tons of viscose fiber by 2019.

Source: globaltimes.cn- June 10, 2018

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Sri Lanka: The garment Industry's technology challenge

For many years, discussion of the global garment industry has been dominated by the following question: Where were your clothes made, and by whom? But today, there is a more relevant question: How were your clothes made, and by what?

What you wear is going high-tech, whether you know it or not. After decades of labor-intensive production by workers in the Global South, artificial intelligence (AI) and robotics are replacing humans on the factory floor. But, while these shifts will bring new benefits to consumers – such as faster delivery and custom clothing – they will come with costs.

Changes to the garment industry's business model are threatening the livelihoods of millions of people in low- and middle-income countries, and how these economies adapt will have far-reaching implications.

Today, more than half of the world's textile exports, and about 70% of its ready-made apparel exports, come from developing economies. In Asia, some 43 million people are employed in the garment, textile, and footwear industries, with women accounting for three-quarters of the workforce.

From China to Bangladesh, textile and apparel manufacturing has facilitated female empowerment and lifted entire generations out of poverty. Simply put, the end of these jobs would be devastating.

But keeping them will not be easy. To understand what businesses in the Global South are up against, consider the competition they face. For example, last year the online retailer Amazon was granted a patent in the United States for an "on demand" apparel manufacturing system that can customize orders and optimize production from anywhere, for less. The company has already won permitting approval for its first production plant, which will be in Norristown, Pennsylvania.

These moves come two years after Amazon announced its own clothing line. And, with futuristic inventions like AI analysis of fashion trends and even a "blended-reality" mirror to dress online shoppers virtually, Amazon's engagement in – and influence on – the clothing business will only deepen.

In many ways, these innovations will be good for the textile and apparel industry. Not only will they make shopping more fun; they will also increase production efficiency and lower costs.

Major brands will eventually be able to respond more quickly to consumer tastes while keeping inventories low and limiting the production of excess clothing. In fact, it may be only a matter of time before high street fashion brands swap the "made in" labels from developing countries for "Made by Amazon Manufacturing Services."

The trouble is, all of these changes will mean fewer jobs for many people. As factories face closure, communities will lose income and economies will teeter. The question now is what policymakers should do about it.

For many industries, navigating what the World Economic Forum's Klaus Schwab has called the Fourth Industrial Revolution means regulating technology.

But in the textile and apparel trade, that alone will not solve the problem. Instead, the industry must adopt a more human-centric, globally conscious approach to business. New technologies should be evaluated with human costs in mind – measured in terms of lost incomes, shattered livelihoods, and uprooted families.

Moreover, technology companies must do better at collaborating with apparel manufacturers to manage future platforms. As traditional factory jobs evolve, technology-servicing roles will become more important. Just as sewing machines break and need calibration, so, too, will the apparel printers and packaging systems of the future.

Finally, to help ease the transition from manual to modern manufacturing, businesses and governments must begin improving current employees' tech literacy. If today's workforces are to remain relevant in the economies of tomorrow, employees will need the skills to contribute.

And yet, to make any of this possible, leaders in developing countries must come to terms with a hard truth: large pools of cheap labor are no longer a strategic advantage in the global economy. Industrial reinvention is urgently needed.

Governments should advocate for trade agreements that cushion the impact when manufacturing jobs are lost, while laying the groundwork for the transition to more tech-heavy industries.

From factory floors to government offices, bold measures are needed if the Global South is to remain relevant to the global garment industry. Change is not coming to the world of apparel manufacturing; it is already here.

Source: sundaytimes.lk- June 10, 2018

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US: Is There an Upside to Adding Tariffs to Apparel?

The majority of business organizations, industry associations, economists and think tanks have come out against President Trump's on-off-on again proposed tariffs, largely because of two things: tariffs have never achieved the intended results in the past; and the president's tweets aside, there are no winners in a trade war.

In our industry, the American Apparel & Footwear Association (AAFA), the National Retail Association (NRA) and the Retail Industry Leaders Association (RILA) are leading the fight against the administration's proposed tariffs noting that, in essence, tariffs are actually a tax on American consumers. That is not stopping one association, in our industry no less, from taking the contrarian tact and actually calling for new 25 percent tariffs, on top of onerous existing import duty rates, on apparel and textile products coming from China.

The National Council of Textile Organizations (NCTO), is lobbying the U.S. Trade Representative's office on behalf of the U.S. textile industry to add apparel and textiles to the government's initial proposed list of categories that will make up the first $50 billion in targeted China imports. The 25 percent proposed tariff on clothing would be on top of the duties currently leveled against clothing, which make up a significant portion of all the import duties collected by the government.

Apparel, footwear and travel goods represent only 6 percent of all U.S. imports but account for 51 percent of the duties the U.S. collects, Steve Lamar, AAFA executive vice president, said at a recent presentation at the Texprocess Educational Symposium in Atlanta.

Those duties are already baked into the prices that consumers are paying for clothing, but any new tariffs would force almost instantaneous price hikes from Nordstrom to Walmart and every retailer in between.

We know that long before he became president, Donald Trump railed against U.S. policies that allowed cheap foreign imports and the countries producing those products. In his opinion, those imports caused a mass exodus of 'good paying' U.S. manufacturing jobs and swelled our trade deficits, most notably with China.

Trump has referred to American trade policies as dumb and blamed them for China's ability to take advantage. So, it was no surprise when the administration announced a series of tariffs this year, first on steel and aluminum imports, citing national security concerns, then on a specific series of products from China (not including clothing, but including equipment used in textile and clothing manufacturing), citing unfair trade practices including the lack of intellectual property protections and forced technology transfer by U.S. companies doing business in China.

In the brewing of a potentially massive trade war, this was followed by another round of proposed tariffs, on a yet-to-be specified series of products from China totaling an additional $100 billion. We had, and may still have, all the makings of a full-blown trade war, which the president has boasted on Twitter that we would easily win, but which would devastate our economy, jobs and consumers.

In NCTO's defense, they are citing the right reasons for wanting to punish China: the theft of proprietary technology and information from U.S. textile manufacturers; and, the AAFA has firmly agreed with the administration that action must be taken against China on the intellectual property front.

In recent testimony before the USTR, NCTO president and CEO, Auggie Tantillo, cited Chinese companies' blatant copying of new textile designs from U.S. manufacturers as well as copying fiber, spinning and yarn innovations. His proposed remedy, to punish and prevent China from any more copying, however, is to effectively tax the U.S. consumer.

The supply chains of U.S. retailers and brands, that import 42 percent of all their apparel from China, are full of product for summer, back-to-school, and the holiday season that cannot be moved. In the same session as Steve Lamar at Texprocess last week, NCTO director of public affairs, Lloyd Wood claimed there were plenty of other places for retailers and brands to source their apparel, preferably in the U.S. or Western Hemisphere using U.S. textiles. The shift to more Americas sourcing is slowly happening and may be an admirable goal but with capacity and investment limitations, it cannot happen overnight.

So, what's the potential impact? Take a $50 pair of jeans that has a 70 percent initial markup and is being imported for $15. The FOB is probably $12.75, so the extra 25 percent tariff would add $3.19 to the landed cost. For the retailer or brand to maintain their margin, they'd now have to sell those jeans for almost $61, a 21 percent increase in the retail price. Consumers cannot afford to spend 21 percent more for clothing so they'll buy less and the ripple effects will be felt not only in our industry but throughout our economy.

While NCTO's efforts to protect the intellectual property of the U.S. textile industry and punish China for its unfair trade policies are to be applauded, slapping tariffs on clothing will not only not work, it will harm every American, including the people they are trying to protect.

Source: sourcingjournal.com- June 08, 2018

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China: State cotton reserves sales for Jun 7, 2018

On Jun 7, CNCRC planned to auction 30,009.811 tons of cotton while the actual trading volume was 18,050.35 tons, including 6,450.99 tons of upcountry cotton and 11,599.4 tons of Xinjiang cotton. Target was 60.15% fulfilled.

The trading prices were averaged at 14,872yuan/mt (up 505yuan/mt from the prior day) and calculated 3128 cotton prices scored at 16,446yuan/mt (up 309yuan/mt from the prior day).

By Jun 7, CNCRC plans to sell 1.86 million tons in total, and the actual traded volumes are 1.208 million tons, with trading proportion of 65%. Highest trading price scores at 17,700yuan/mt and the lowest price at 12,700yuan/mt.

Details:

Upcountry cotton was traded 6,450.99 tons, with trading proportion of 35%, average trading price at 14,129yuan/mt, highest price at 16,090yuan/mt and lowest price at 13,160yuan/mt;

Xinjiang cotton was traded 11,599.4 tons, with trading proportion of 100%, average trading price at 15,285yuan/mt, highest price at 17,280yuan/mt and lowest price at 13,840yuan/mt;

Weekly trading volumes and prices					
Date	Planned volumes	Traded volumes	Traded ratio	Average price	Calculated 3128 price
2018-6-4	30010.449	29806.38	99.32%	15430	16707
2018-6-5	30000.969	22578.783	75.26%	14598	16254
2018-6-6	30006.854	14542.416	48.46%	14367	16137
2018-6-7	30009.811	18050.35	60.15%	14872	16446
Total	120028.083	84977.929	70.80%		

Source: chinatexnet.com- June 07, 2018

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Bangladesh: Law to maintain quality of textile products coming; Bill placed

A bill titled 'The Textile Act, 2018' was placed in Parliament on Sunday, aiming to maintain the quality of textile products as Bangladesh earns huge foreign currency from apparel exports.

State minister for textiles and jute Mirza Azam placed the Bill in the House and it was sent to the respective scrutiny committee for further examination.

The committee was asked to submit its report within 15 working days.

As per the draft law, a directorate will be formed with a director general as its head who will be appointed by the government.

The DG will work as its registrar and an officer responsible to inspect quality and standard of various elements used in the textile products, including paint and other chemicals.

The government can establish a laboratory of international standard to carry out such activities. About the provision of punishment, the proposed law states that the registration of any company can be suspended or even cancelled for giving wrong or false information while getting registered.

Source: newagebd.net- June 10, 2018

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Pakistan unlikely to feel impact of global trade war

The world has got engaged in a trade war with major economies imposing tariffs and duties, a move which can have far-reaching implications for global trade.

With countries like the US, China, the EU and Canada all taking retaliatory measures, which may lead to tariff aggravation, the impact on Pakistan is likely to be benign due to limited integration with the global supply chain. However, things may change, if the situation escalates.

Consequent to fears of the trade war, some experts anticipate only a limited impact on the global economy.

Tit-for-Tat

In line with his agenda of 'America First', US President Donald Trump introduced tariffs on its allies, which sparked a global trade war as the allies responded with retaliatory tariffs.

Tariffs of 25% on steel and 10% on aluminium imports were decided in March, and in a striking act, they came into effect on June 1 that targeted close allies Canada, Mexico and the European Union.

A day later, the industrialised countries announced counter-balancing measures. EU Chief Jean-Claude Juncker said the 28-nation bloc would introduce a settlement dispute with the World Trade Organisation (WTO).

In the meantime, the US and China also concluded third round of trade talks without a breakthrough.

The White House has announced tariffs on $50 billion worth of Chinese goods. China will not take the measures lightly and has promised to hit back with tariffs on US goods, which will escalate the trade war.

'Pakistan unlikely to suffer from US-China trade war'

Global impact

Trump's unpredictable and erratic tariff regime has created perceptions of a downturn in global trade, but some experts do not expect a large-scale impact.

The world is aware of the consequences of Smoot-Hawley Tariff Act of 1930, adding to the considerable strain in international economic climate.

The punitive tariffs of that time, however, gave a much greater weight to the overall import volume as compared to current tariffs, which takes a much lesser proportion of the trading volume.

In one of its latest editions, The Guardian has reported that exports of steel and aluminium from the EU to the US make up just 0.3% of worldwide goods and represent a tiny 0.05% of the bloc's GDP.

Thus, the tariffs on just $60 billion out of trillions are unlikely to disrupt the global trade.

Speaking about the impact of the trade war on global economy, former WTO ambassador Dr Manzoor Ahmed told The Express Tribune that the recent tariff measures and the 1930s tariff war were so far not comparable in size.

He said in the 1930s, the US imposed tariffs on more than 20,000 products and for over 3,000 products, tariff rates were increased by 60%, which meant quadrupling previous tariff rates.

However, the current tariffs are limited in scope and they just apply to two products worth about $60 billion of imports, which means covering about 2% of US imports of about $2,400 billion, he added.

Ahmed said the world is far more globalised now than it was before, which will not allow the situation to go out of hand.

All parties are aware of the consequences, which gives the reason to speculate that the current trade spat will be resolved through ongoing negotiations rather than aggravating towards a full-fledged trade war.

US secretary in China to avert trade war

Impact on Pakistan

Although the global climate has been strained by the ongoing talks on the trade war, Pakistan remains far from the melee.

It is not likely to be disrupted by the split between the western alliance as we export very little of the products that are targets of the tariffs. We have a very small volume of trade with the US with no trade in steel and aluminium.

Speaking on the impact on Pakistan, Ahmed said, "Pakistan will hardly feel any impact in the short term as the tariffs are mostly on products not of our interest."

He said if the tariff war escalates to products such as textiles and clothing, "we could gain some market share at the expense of other countries." However, if the tariff war results in a global recession, Pakistan's economy could suffer as happened in the 2008 economic crisis, he added. Pakistan is not a major international economic power and thus has a very small amount of trade with the US, largely favouring Pakistan in this scenario.

G7 divides to G6 plus Trump over trade war threat

NUST Dean Ashfaque Hasan also echoed similar sentiments, adding that the US is not using any Pakistani products, which are in surplus. "Pakistan's total trade with the US has a value of $4.5 billion, which does not matter in the overall trade relation with the rest of the world," he said while talking to The Express Tribune.

He said the administration is talking about a huge number, which is in billions and the developing countries are not the bone of contention here. The main target of the US is China and EU and thus Pakistan should not be over-concerned on the ongoing global trade war as it is not so much integrated with the global value chain.

Source: tribune.com.pk- June 10, 2018

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Pakistan: The political economy of export packages

At the end of its tenure, the PML-Nawaz government extended the Prime Minister's Export Package for another three years. It also lifted the ban on sugar exports. How beneficial have these two decisions proved to be?

In January 2017, an export package worth Rs180 billion was unveiled for providing subsidies in the form of duty drawbacks to the five export-oriented sectors: textiles and clothing, carpets, medical and surgical equipment, sports goods, and leather.

The current decision not only extends the duration of the package but also provides coverage to some other sectors, such as light engineering goods, mechanical and electrical appliances, and fruits and vegetables.

The purpose is to add competitiveness to exports by bringing down the cost of doing business. In order to assess the impact of the package, we need to look at Pakistan's recent export performance.

Since the package was announced in January 2017, analysis may be done on a financial year basis based on the Pakistan Bureau of Statistics data.

During ten months of the fiscal year 2018 (July-April), textiles and clothing exports grew 8.13 per cent to reach $11.13bn compared to $10.29bn over the corresponding period of fiscal year 2017.

Exports of readymade garments, knitwear, bedwear, fabrics, and yarn registered increases of 11.96pc, 14.65pc, 4.77pc, 83.09pc, and 7.2pc, respectively. The reason behind these rises is the relatively high cotton prices, which have persisted in 2018 — between January and April 2018, the average international cotton price was $0.91 per pound.

However, during this period, the exports of carpets declined 5.18pc to $63.6m from $67.1m, while the exports of sports goods increased 7.29pc to $275.3m from $256.6m, exports of leather manufactures increased 6.78pc to $435m from $407.4m, and the exports of medical and surgical equipment increased 14.4pc to $318.m from $278.4m.

On the other hand, a faster export increase was registered in other sectors, such as sugar (309.4pc), vegetables (37.8pc), chemicals and pharmaceuticals (21.74pc), petroleum sector (128pc), engineering sector (11.78pc), fruits (4.74pc), and rice (24.77pc).

The phenomenal increase in sugar exports was underpinned by the generous subsidies granted by the government to sugar mills to overcome the vast difference between international and domestic sugar prices.

This brings us to the recent decision to make sugar freely exportable. Previously, exporting was prohibited to prevent the commodity's price from rising sharply in the domestic market. However, in the face of a glut, the government would lift the ban on sugar exports occasionally to prevent its price from falling drastically.

The exorbitantly high domestic prices for sugar relative to international prices made the commodity uncompetitive. For instance, in 2017, the average world and domestic sugar prices were $383 and $480 per tonne, respectively. As a result, the government had to provide a subsidy of Rs10.7 per kilogramme to sugar mills to enable them to export 2m tonnes of sugar in 2017.

The total subsidy amount was in excess of Rs 21bn, which is equivalent to $200m (at the exchange rate of 105). In 2017, sugar exports increased to $161.3m from $132.3m in 2016. Thus, the increase in sugar exports was almost equal to the subsidy granted.

Although the sugar exports went up substantially in 2017, it was at the expense of taxpayers' hard-earned money. The major reason for the price differential is sugarcane support prices set by the government, which distort the market and harm consumers, who not only have to buy expensive sugar but also subsidise sugar exports.

Instead of reforming the price support system so as to make it less distortive, the government has lifted the ban on sugar exports. However, it is certain that in view of the enormous price differential, sugar millers, an exceedingly powerful lobby, will not be able to export without state subsidies.

This is surely not a desirable way to enhance exports. Export subsidies are also forbidden by the World Trade Organisation rules. Continuous subsidisation of businesses, whether it

takes the form of revenue forgone or direct cash transfers, perpetuates lack of competitiveness and other structural constraints to export growth.

A better option would be to allocate funds for increasing the productivity of the workforce, which holds the key to competitiveness. If subsidies have to be provided, the purpose should be to encourage innovation or at least product upgradation and quality improvement.

Source: dawn.com- June 11, 2018

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Something rented, something new Rent the Runway is taking clothes-sharing mainstream

AT ABOUT 4.30am the first of thousands of black garment bags arrive by truck at a vast warehouse less than ten miles (16km) from Lower Manhattan. The bags brim with designer dresses and other trendy clothing and accessories. Workers begin inspecting the garments. A billowy, patterned blouse smells a bit ripe.

A floor-length red gown has a tear. A stain sullies the floral pattern of a silk sundress.

Turnaround is quick. The blouse is sent to washing machines, the gown goes to one of the 75 seamstresses lined up next to a wall of thread, zippers, buttons and other adornments in every imaginable colour and the silk dress makes its way to the “spotters”: experts who know how to get tough stains out of delicate fabrics. Most items are in and out in less than a day.

Such efficiency is essential for Rent the Runway (RTR), a New York-based, privately-owned startup with a value of almost $800m that rents out clothes, handbags and jewellery. Its dry-cleaning warehouse is the world’s biggest, processing 2,000 items per hour.

RTR started with formal dresses that women rented for weddings and other events. Now nearly three-quarters of its 9m clients across America use it for work clothes. For $159 a month, its “unlimited” and most expensive plan, subscribers can rent four items at any one time.

Constant novelty seems to outweigh the “yuck” factor of wearing something that rubbed against someone else’s skin not long ago. Some two-fifths of American women who have heard of the service (or any of its younger competitors) say they would be willing to rent outfits. Renting a ball gown when an occasion arises runs at about a sixth of what it would cost to buy it. Cleaning and insurance for minor damages are always included.

To lure more customers, RTR has opened bricks-and-mortar shops in New York, Chicago, San Francisco, Los Angeles and Washington, DC. Foot traffic is up by 80% from the same time last year, says Anushka Salinas, who oversees sales. The firm had revenues of over $100m in 2016, the latest year for which it gives numbers, and says it is profitable at the level of operating earnings.

At the Manhattan shop at 9am on a Wednesday, two women in their twenties explain that they often drop in on their way to work to pick up clothes to wear that day and change at the office. Another young woman who chooses casual outfits for the weekend says her subscription is a money-saver because she has stopped buying clothes.

Customers do have niggles. Sometimes monthly subscribers receive frocks that have not been pressed or cleaned. A bridesmaid’s dress rented by Reagan Sims, a customer in Washington, DC a couple of years ago worked well. But more recently a dress she ordered for an annual ball that she organises came in a size she could barely squeeze into (RTR gave her a full refund).

Another snag can be shipping. RTR has a strict policy for non-returns, charging customers a late fee of $50 per day after a 24-hour grace period. These charges accrue and can match the retail price. Late arrivals are another headache for customers, as well as patchy inventory. Ms Salinas admits that when RTR introduced its subscription services it did not have enough inventory to meet demand. RTR has since scaled up its supply, and there are now hundreds of units of each style and size.

Other brands are expanding upon RTR's model. Christine Hunsicker, co-founder of Gwynnie Bee, a RTR rival with a niche in plus-sizes, is launching a service for conventional retailers looking to rent some inventory. The deal includes the digital technology, cleaning and warehousing services needed to run a clothes-rental business.

Several American clothing brands, including Ann Taylor (popular for business attire) and NY&Co (a fixture in shopping malls) are testing the package. Rakesh Tondon, the boss of Le Tote, another rental startup, predicts that more retailers will launch rentals in the next five years as they see the potential.

Jennifer Hyman, RTR's chief executive, once said that she wants to put Zara and H&M, the giants of high-street retail, out of business. She is nowhere near that. But her clothes-renting model looks more than just the latest fad.

Source: dawn.com- June 11, 2018

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Textile processing units to comply with all TNPCB norms

With a view to ensuring compliance with Tamil Nadu Pollution Control Board norms, over 35 textile processing units and industries at SIPCOT, Perundurai, by adopting zero liquid discharge technology, among other steps.

This was decided at a meeting convened here by the Southern India Mills' Association (SIMA) and Perundurai SIPCOT Textile Processors Association, which deliberated on pro-active measures to be taken up to protect the environment.

The June 7 meeting unanimously decided to enforce self-discipline to ensure sustainability with regard to the environment, a SIMA press release said here today.

Each textile processing unit would ensure compliance with TNPCB norms by adopting zero liquid discharge technology, apart from conserving water and recording effluent treatment performance data with water quality watch centre of the Board, the release said.

It was also decided to engage a competent and credible external body, Nataraj said, adding this would create further confidence in the minds of all stakeholders.

He said each textile processing unit has invested between Rs 10 crore and Rs 30 crore for ZLD effluent treatment plants and spent huge recurring expenditure to comply with environmental norms.

Nataraj said textile processing is the weakest link in the entire textile value chain, particularly in Tamil Nadu and availability of quality water and treatment of textiles in a cost-effective manner have become the major challenge for the processing sector to sustain its viability and survival.

He pointed out that Tamil Nadu is one of the fastest growing states complying with various laws in the country and had also pioneered in the adoption of ZLD technology to treat textile effluents to protect the environment.

The State Industries Promotion Corporation of Tamil Nadu Ltd (SIPCOT) has encouraged industrialists to follow the regulations and comply with various statutes and has promoted a large number of industries, Nataraj said.

Source: business-standard.com- June 09, 2018

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Cotton price rise has textile sector worried

Rates may remain high next season also on China imports

The recent increase in cotton prices is emerging as an issue of concern to the textile industry, the main consumer of cotton.

A month ago, the price of Shankar 6 variety of cotton was ₹43,000 a candy. It is almost ₹46,000 a candy now.

S.K. Rangarajan, president of the South India Spinners' Association, said that yarn prices had gone up for some varieties. "The market might not absorb any further increase in yarn price," he added.

Apart from price, the mills also faced quality issues in domestic cotton this year. Further, the industry fears that prices might remain high next season as well as China was importing cotton. According to textile mills, the higher cotton prices reflected on yarn prices. For, some yarn varieties, the prices had gone up by 15 %.

The mills that had covered cotton at the beginning of the season would benefit now.

Low stocks

Those who were buying for daily needs might be affected. Cotton stocks with small and medium-scale mills would be low. Internationally, China was said to be importing large quantities, according to industry sources.

The mills fear that as the season comes to an end, the prices might go up further. Since cotton is the main raw material, the entire textile value chain will be affected.

Source: thehindu.com- June 09, 2018

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Gujarat tops e-way bill collection since April despite teething problems

Strong manufacturing sector helps state forge ahead of Maharashtra, Karnataka, UP and Haryana

Despite industries such as textiles and ceramics, among others facing teething problems, Gujarat has emerged as the leading state in generating e-way bills during April, May and the first week of June.

The state has generated over 10.72 million inter- and intra-state e-way bills, followed by Maharashtra (8.13 million), Karnataka (8.05 million), Uttar Pradesh (7.64 million) and Haryana (7.63 million), respectively.

Rolled out on April 1, the e-way bill system under the new Goods and Services Tax (GST) regime requires businesses and transporters moving goods worth more than Rs 50,000 from one state to another to generate and produce an e-way bill. The new regime mandates for e-way bills to be generated for intra-state movement of around 19 commodities as well.

For the period of April, May and first week of June, Gujarat recorded a collection of 4.9 million, 5.2 million, and 573,453 e-way bills, respectively.

According to R R Patel, joint secretary-checkposts in the commercial tax department of the Government of Gujarat, the state's strength in manufacturing played a major role in the high e-way bill collection. "Being a manufacturing state, Gujarat had a high frequency of inter-state as well as intra-state goods movement. This led to the state posting the highest number so far," Patel told Business Standard.

Among the goods, cement, chemicals & fertilisers, tobacco, cotton and yarn led the e-way bill collections for Gujarat.

Further, Patel also attributed the trend to around 23 mobile squads conducting surprise checks.

However, despite sectors like textiles and ceramics facing a decline in capacity utilisation due to impact from the GST regime, the state did not see much impact on goods movement, said Patel.

"Only fabric sector which was out of value added tax (VAT) but was brought under tax regime under GST was new to the whole system of e-way bill. Hence, we saw some impact there but it was marginal," he added.

Earlier, a similar system had been implemented online during the VAT regime. "Under the VAT regime, we had already uploaded the 402 and 403 forms online with transporters and businesses being aware of generating such bills for transit electronically. Hence, when the tax regime changed, many of them had no trouble switching to the e-way bill system," said Patel.

According to another senior state government official, the high e-way bill collection is also a result of several district and taluka level awareness programmes conducted by the government. "

Awareness programmes were held with various stakeholders including industry associations, chartered accountants, and bar associations, among others. This too helped pave way for smoother transition to the e-way bill system," the official added.

Among the other top e-way bill collecting states following Gujarat, Maharashtra collected 2.99 million, 4.18 million, and 964,778 bills in the months of April and May, and the first of week of June.

On the other hand, Karnataka collected 3.73 million, 3.89 million, and 444,047 bills, respectively, for the said period, followed by Uttar Pradesh (2.73 million, 4.41 million and 500,095), and Haryana (2.62 million, 4.51 million and 506,837).

Source: business-standard.com- June 09, 2018

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Exports down by 5.6% in 2017-18; Tamil Nadu govt blames central policies

The state government on Friday admitted that the total exports and domestic turnover of knitwear in Tirupur in the last financial year (2017-18) was Rs34,000 crore with exports going down by 5.6% from the previous year due to competition and changes in duty and tax structure, such as Goods and Services Tax (GST).

About six lakh employees work for 6,500 knitwear and apparel units in Tirupur, helping to rake in Rs50,000 crore worth exports a year. Handlooms and textiles minister O S Manian alleged that the Centre's demonetisation and GST resulted in the exports falling sharply, reflecting the national trend. "Indian exports are also subjected to a levy of 11.4%.

More so, there is no customs duty levied in other countries, especially Bangladesh and Sri Lanka (on import of yarn to produce fabric and garments meant for exports), except in India," the minister said, pointing to the concerns raised by chief minister Edappadi K Palaniswami to Prime Minister Narendra Modi.

Another serious concern is a backlog of Rs500 crore dues under Rebate on State Levies from the Centre to the exporting units of Tirupur since April last year. The ROSL has been slashed from 3.5% to 1.7%, while the excise portion of duty drawback of 5.7% also been withdrawn.

"The state government pleaded with the GST council and reduced the tax on handloom and powerloom sector to 5%," Manian said. Incidentally, a performance budget tabled in the assembly said the number of cooperative handlooms and powerlooms units in the state dipped by 7,165 and 9,641 respectively last year. Value of production of handloom cloth and sale fell by 18% and 19% in the last two fiscals.

Handlooms and textiles department sources said the serious setback of cooperative sector began when demonetisation restricted the withdrawal of sum from district central cooperative banks. The climatic change too played havoc. The production of cotton remained minimal and could only meet 5% of the total requirement of the TN spinning mills.

"The sector is on the brink of collapse," DMK MLA Jayaramakrishnan said. The imports resulted in rise in price of handloom products steeply. The price of cotton in the early 2016 hovered around Rs28,000 per candy but the rates have shot up to Rs45,000 now. Manian said increasing critical inputs cost had a huge impact on prices of silk sarees.

Source: timesofindia.com- June 09, 2018

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Investment and demand to grow in FY'19: CII survey

Capacity utilisation and employment to go up

With investments and demand set to grow in India capacity utilisation and employment will increase in FY-2019, say industry leaders.

"The economy is in a sweet spot right now as the adjustment process regarding major reforms of the past few years is largely stabilised and industry is ready for a fresh phase of investment while capacity utilisation builds up," said Rakesh Bharti Mittal, President, Confederation of Indian Industry.

A CEOs opinion poll conducted by the Confederation of Indian Industry consisting of over 80 senior corporate leaders showed that 82 percent of the CEOs expect GDP growth to be higher than 7 per cent for the fiscal 2018-19 and 10 per cent of them expecting growth to be above 7.5 per cent.

Over 80 per cent of respondents expect capacity utilisation to increase in the fiscal year from the current 74 per cent. The leaders polled expect further increase in consumption demand and rise in private investments during the coming year. There is an overall belief all these will give fillip to employment generation.

On the international trade front, while CEOs expect exports to increase, imports are expected to increase as well thus leading to increase in trade deficit. "Exports registered 10 per cent growth over 2017-18 as the global economy is recovering and we expect the momentum to pick over the current year.

Going forward, we must leverage stronger overseas demand and shifting global value chains through trade facilitation and competitive products," Mittal said in the statement.

However rising raw material and fuel costs will be a key challenge. The industry leaders felt that credit and capital availability is of concern especially for the MSME sector. Bank loans could remain 'sluggish' for the next two-three years, and recapitalisation of public sector banks is an imperative going forward, the survey suggested.

Source: thehindubusinessline.com- June 10, 2018

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Income Tax department clears Rs 7,000 crore GST refunds of exporters

Over Rs 7,000 crore or half of the pending GST refunds of exporters has been cleared in the first nine days of the ongoing special refund fortnight.

"More than Rs 7,000 crore of IGST/ ITC refunds sanctioned till now during the ongoing Special Refund Fortnight," the Central Board of Indirect Taxes and Customs (CBIC) said in a tweet late last night.

It asked exporters and traders to visit their jurisdictional GST office or Customs House/Port and settle pending claims during the Special Refund Fortnight from May 31 to June 14, 2018.

About Rs 14,000 crore of refunds of exporters were stuck due to various mismatches and CBIC has organised the special fortnight to fast track clearances.

The CBIC has also allowed clearance of GST refunds based on PAN of exporters if such refunds are held up due to mismatch in GSTIN mentioned in shipping bill and return forms.

Source: timesofindia.com- June 9, 2018

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Industrialisation holds key to development

Two decades ago, there were 27 textile mills functioning in and around the city. Today, only three are operational. The textile sector, a major job giver, is not alone.

While sectors such as engineering and automobiles are non-starters in the region, industries manufacturing tyres, rubber parts for auto industries and domestic purposes, garments, knitting and hosiery, powerloom and ancillary units are functioning in the industrial estates at K. Pudur, Kappalur and Uranganpatti and outside. While the textile park near Vadipatti is functioning well, it is not the case with industries in K. Pudur and Kappalur as the operators have plenty of woes.

When The Hindu visited some of the industries and interacted with the entrepreneurs and workers in the region, they said that many small and cottage units were no more viable due to competition from cheaper goods imported from China. For modernisation of plants, they required huge capital and expertise. Due to lack of support from the government and pressure from financial institutions to repay loans, many have wound up their business.

Factors such as the GST, demonetisation and unfavourable political atmosphere have all contributed to the slugglish industrial growth. Skilled workers have been migrating to Tirupur in search of jobs and engineering graduates to Bengaluru, Chennai and other cities with IT industries. A

fter the district administration exposed how malpractices at big granite quarries in and around Madurai resulted in loss of ₹16000 crore to the exchequer, the State government initiated probe and eventually halted their functioning.

This has led to loss of jobs for more than 10,000 workers, who include engineers, diploma holders, technicians and semi and unskilled workers. While most of them had gone to Hosur for jobs in granite quarries, others had migrated to Andhra Pradesh, sources say.

Two new clusters

But former MADITSSIA president KR. Gnanasambandan exudes hope. “All these unfavourable circumstances do not mean the end of the road for Madurai industries. A negative image of Madurai on the social media should be countered with the positive ground realities.

Things will change for the bettter and local talents can be tapped. There is ample scope in Madurai for giving employment to students passing out of engineering and arts and science colleges,’ he said.

He said a textile cluster was coming up with 40 units near Kariapatti in Virudhunagar district and closer to Madurai. It would give employment to 2,000 people.

“An engineering cluster on 50 acres will start functioning in less than six months at Thumbaipatti near Melur in Madurai district. With 25 units, this cluster is expected to give direct employment to 500 people,” Mr. Gnanasambandan said.

MoU with industries

Madurai Kamaraj University advisor (university-industry collaboration) A. Selvaraj said memorandums of understanding with select industries in and around Madurai had been signed.

The aim was to enable employable students to have an opportunity to work in Madurai and thus prevent migration. The industries were also being encouraged to tap local talent, Mr. Selvaraj added.

While faculty members at the university appealed to the State government to improve the objectives of employment exchanges on the lines of private HR firms and make them pro-active, they urged the government to expedite Madurai-Thoothukudi industrial corridor project as it would attract major business houses.

Likewise, the local authorities should be given instructions to improve the infrastructure in the industrial estates and arrange for meetings with bankers for revival of sick units.

More importantly, youngsters should be made aware of the consequences of projecting Madurai in a negative way on social media and other platforms, the faculty members said.

Source: thehindu.com- June 11, 2018

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FTA, investments to figure in Prabhu's visit to Australia

The long pending free trade agreement with Australia and ways to promote investments will figure prominently during the visit of Commerce and Industry Minister Suresh Prabhu to Canberra on June 26.

"We will be discussing in detail the proposed free trade agreement during this visit," Prabhu told .

The negotiation for the pact, officially dubbed as Comprehensive Economic Cooperation Agreement (CECA) between India and Australia, was started in 2011 to provide fillip to both trade and investments between the countries.

Several rounds of negotiations have been completed for liberalising trade and services regime besides removing non-tariff barriers and encouraging investments.

But, both the sides have yet to resolve issues pertaining to goods (sectors such as agriculture, wines and dairy) and services (easing visa norms for movement of professionals).

India has stated that agriculture is a sensitive sector for the country and it has to protect its small farmers.

"I am going in June for trade talks and for the joint CEO forum meeting," he said.

Prabhu said that Australia can consider investing in agri sector infrastructure like cold storage and food processing as "this will be a win win for both the sides".

This meeting assumes significance as Australia is a member in the mega trade deal - Regional Comprehensive Economic Partnership (RCEP). The talk for this deal too is stretching as the 16-member bloc have yet to iron out differences on several issues.

In a free trade agreement, two or more trading partners significantly cut or eliminate customs duties on most of the goods traded between them. Besides, the countries liberalise norms to promote investments and services trade as well.

The bilateral trade between India and Australia increased to USD 18 billion in 2016-17 from USD 14.11 billion in the previous fiscal. Trade balance is highly in favour of Australia.

Further, talking about his US visit next week, Prabhu said that he would be meeting US Commerce Secretary Wilbur Ross and US Trade Representative (USTR) Robert E Lighthizer.

The minister will also hold discussions with dairy and medical equipment of the US as they have raised concerns about certain domestic policies in the sector.

Source: timesofindia.com- June 10, 2018

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Commerce Ministry working on mechanism to refund taxes paid by exporters under GST

Payments will make shipments more competitive, provide substantial relief to exporters

The Commerce Ministry is trying to find a mechanism to refund taxes, including embedded ones, that are still being paid by exporters after the implementation of the Goods & Services Tax (GST) regime.

“Such payments to exporters would not only make exports more competitive but would also be allowed under the World Trade Organisation (WTO) regime where questions are being raised on India’s export subsidies,” a government official told BusinessLine.

"The taxes that are not getting refunded under GST and which exporters are continuing to pay include electricity duty, VAT on petroleum goods, mandi tax, stamp duty and many embedded taxes. If a mechanism is found to refund these taxes, it could amount to substantial relief," the official said.

According to the Apparel Export Promotion Council, embedded taxes for the garment sector, which include the levies on cotton, electricity, and input tax credit restrictions for man-made fibres which is purchased from unregistered dealers, put an additional burden of about 4-5 per cent on the industry.

An informal committee set up by the Commerce Ministry to find alternative ways to compensate exporters once the WTO-incompatible export incentive schemes are withdrawn is closely examining how exporters could be compensated for the non-refunded taxes. The committee, headed by the Directorate-General of Foreign Trade and comprising representatives from the industry and think-tanks, is also studying experiences of other countries.

Review of taxes

Interestingly, the latest Economic Survey suggested that the GST Council should conduct a comprehensive review of embedded taxes arising from products left outside the GST (petroleum and electricity) and those that arise from the GST itself. The latter, for example, could include input tax credits that get blocked because of "tax inversion," whereby taxes further back in the chain are greater than those up the chain. "This review should lead to an expeditious elimination of these embedded export taxes, which could provide an important boost to India's manufacturing exports," the Survey said.

Many exporters are suffering from a credit crunch in the GST regime as the mechanism for refund of taxes is not yet robust. Although the Finance Ministry is trying to clear the back-log by organising fortnightly clearance camps, a substantial amount is still pending.

Source: thehindubusinessline.com- June 10, 2018

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