USD 70.97 | EUR 80.04 | GBP 91.28 | JPY 0.64

**Cotton Market**

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<tr>
<th>Spots Price - Shankar 6 (Ex. Gin), 28.50-29 mm</th>
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<td><strong>Rs./Bale</strong></td>
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**Domestic Futures Price (Ex. Warehouse Rajkot), February**

| **Rs./Bale** | **Rs./Candy** | **USD Cent/lb** |
| 20510 | 42866 | 76.90 |

**International Futures Price**

| **NY ICE USD Cents/lb (March 2019)** | **70.55** |
| **ZCE Cotton: Yuan/MT (May 2019)** | **15,250** |
| **ZCE Cotton: USD Cents/lb** | **101.84** |

**Cotlook A Index – Physical**

| **81.80** |

**Cotton Guide:** In a single day ICE cotton fell more than 3% back to 70 cents/lb. When it failed to break 75 repeatedly, it meant that it had to test the lower bottom. We need to remember that 10 odd days are left for March to enter notice period at ICE, we can expect more liquidation. A break below 70 means 69 cents can be much likely seen.

ICE futures sunk in the range of -123 and -200 for 2019 contracts. The ICE March contract nosedived to 70.55 with a change of -200 points i.e. 2 straight cents. It settled near the low of 70.30. The candlesticks portrayed 3 hours of Bloodshed starting 8 pm IST to 11 pm IST. The Bulls tried to get the prices a take the prices high but efforts were in vain or could just have some Marginal success. The ICE May contract settled at 71.76 with a drop of -193 points, whereas the ICE July contract settled at 73.13 cents/lb with a decline of -188 points.
The MCX contracts fell but not as drastically as ICE did. We need to remember one important aspect of Indian Cotton i.e. the MSP will not allow Indian Cotton to sink deep. The MCX February contract settled at 20,510 Rs/Bale with a negative decline of (-70). The MCX March contract settled at 20,800 Rs/Bale whereas the MCX April contract settled at 21,100 Rs/Bale. Both the March and the May contract settled with negative declines of (-60).

The seed cotton arrivals in India are estimated to be around 166,000 lint equivalent bales (source cotlook) which includes 54,000 registered in Maharashtra, 44,000 in Gujarat and 26,000 in Andhra Pradesh. The prices of Shankar 6 are around the 42,100 Rs/Candy Mark. On the other hand the cotlook index A has been readjusted to 81.80 with a negative figure of -0.25 cents/lb.

ICE cotton futures witnessed sharp decline toward its recent lows of 70.60. Earlier price almost retraced 38.2% of the range ( 81.85-70.65) during last week and erased its gains as weakness in the strength persists in the market. The RSI in daily charts continued to trade below 50 suggesting momentum is still missing for price to move above the 21 day EMA . In the near term strong supports exists around 70.30, followed by 70.00 and 69.60 levels in March futures. Likewise crucial resistance seen around 71.80, 72.35, followed by 74.60 levels. For the day price is expected to consolidate in the range of 69.60-71.60 range with downside bias. Only a close below 69.60 would push price further towards 69 levels. In the domestic markets trading range for Feb futures contract will be 20300-20650 Rs/Bale.

**Currency Guide**

Indian rupee may witness choppy trade against the US dollar but general bias remains weak. Rupee appreciated by 0.2% but ended well above the session highs. Rupee has seen some recovery in last few days amid correction in crude oil price and RBI’s boost to domestic economy. Brent crude trades near $62 per barrel after yesterday’s 1% decline. Crude has weakened amid global economic concerns and uncertainty about OPEC-Russia cooperation on production cuts. However, weighing on rupee is general strength in US dollar, choppiness in global equity markets and concerns about fiscal health of the economy post Budget announcement. The US dollar index rose 0.4% Monday marking its eight consecutive gain. The US dollar has risen against major currencies amid concerns about health of European economies, uncertainty about Brexit and dovish tilt of major central banks. Asian equity markets are mixed as market players await more clarity on US-China trade talks and possibility of another US government shutdown. Reports noted that US congressional negotiators late Monday have reached a deal in principle on border security to avoid another federal government shutdown. Meanwhile, the Trump administration said the US president still wants to meet China’s Xi Jinping in an effort to end the trade war. Rupee has come off the lows but continues to linger near 71 levels. We expect choppy trade to continue but general strength in US dollar will weigh on the currency. USDINR may trade in a range of 70.9-71.4 and bias may be on the upside. Further cues will come from inflation and industrial production data due later today.

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allwyn.stewart@kotakcommodities.com, Source: Reuters, MCX, Market source
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INTERNATIONAL NEWS

USA: Retail Cargo Imports Stay Robust Ahead of Possible March Tariff Hike

Facing a March 1 deadline for threatened 25 percent tariff hikes on imports from China, cargo shipments arriving at major U.S. container ports remained at higher-than-usual levels in December, according to the Global Port Tracker report from the National Retail Federation and Hackett Associates, released Monday.

U.S. ports covered by Global Port Tracker handled 1.97 million twenty-foot equivalent units (TEU) in December, up 8.8 percent from November and 13.9 percent above year-earlier levels. That brought 2018 to a record 21.8 million TEU, an increase of 6.2 percent over 2017’s previous record of 20.5 million TEU.

“With trade talks with China still unresolved, retailers appear to be bringing spring merchandise into the country early in case tariffs go up in March,” said Jonathan Gold, vice president for supply chain and customs policy at NRF. “We are hopeful that the talks will succeed, but until the trade war is behind us, retailers need to do what they can to mitigate the higher prices that will inevitably come with tariffs.”

U.S. tariffs of 10 percent on $200 billion worth of Chinese goods that took effect last September are scheduled to increase to 25 percent on March 1, potentially including apparel and footwear unless negotiations that began in December are successful.

January cargo imports were estimated at 1.83 million TEU, up 4.1 percent from a year earlier. February shipments are forecast to rise 5.7 percent to 1.78 million TEU, March imports are seen increasing 3.8 percent to 1.6 million TEU, and April cargo is forecast to rise 7.7 percent to 1.76 million TEU.

To round out the first half, Global Port Tracker forecasts May shipments to be up 3.4 percent to 1.89 million TEU, and June’s to rise 0.3 percent to .86 million TEU. That would bring the first half of 2019 to 10.7 million TEU, up 4.1 percent over the first half of 2018.
“U.S. containerized imports continue to be robust, with retailers and other businesses trying to beat potential tariff increases in March,” Hackett Associates founder Ben Hackett said. “The problem is that warehouses and storage facilities are running out of space.”

Source: sourcingjournal.com - Feb 11, 2019

Denim Imports Show Signs of a Shifting Sourcing Strategy

The denim industry has become a microcosm of the diversification of apparel sourcing catalyzed by the tariff-infused trade war between the U.S. and China.

Asian sourcing powerhouses Bangladesh, Vietnam, Cambodia and India all posted double-digit percentage gains for U.S. imports of blue denim apparel for the year to date through November, according to belated data released by the U.S. Commerce Department’s Office of Textiles & Apparel (OTEXA).

The report, delayed roughly one month due to the partial federal government shutdown, revealed that imports of the category—95 percent of which are jeans—from China increased just 1.4 percent in value to $871.97 million the first 11 months of 2018. This keeps China in the top supplier slot, but leaves many countries quickly gaining ground.

In the same period, denim apparel imports from Vietnam jumped 44.53 percent to $277.37 million, while Bangladesh’s shipments rose 12.34 percent to $536.54 million.

Imports from Pakistan gained 12.18 percent to $227.6 million, Cambodia’s shipments increased 23.65 percent and imports from India rose 45.58 percent to $34.01 million. Imports from high-end supplier Japan were up 13.16 percent for a value of $18.66 million.

Speaking on a panel at the recent Bluezone in Munich, designer Shirley Zheng of House of Gold, which operates denim mills in China, said, “we definitely took a little hit” from the U.S.-China trade war.
While the mill’s European customers are still buying textiles from China, she said prices for packaging and manufacturing in China are getting too high for most, so House of Gold is looking outside of China for large-scale production in countries like Pakistan, Bangladesh, Vietnam and Mauritius.

The broader approach to sourcing of denim magnifies the overall production strategies for apparel away from China’s dominance just a few years ago to include a wider range of options to control prices, incorporate speed-to-market and include more local for local manufacturing.

The Western Hemisphere is a prime example of those trends and remains a player in denim production. Imports to the U.S. from the Western Hemisphere increased 3.87 percent in the period to $957.81 million.

Mexico remains the No. 2 denim apparel supplier with imports in the first 11 months of 2018 rising 3.1 percent to $757.81 million. This despite the geopolitical gyrations surrounding renegotiation of the North American Free Trade Agreement into the U.S.-Mexico-Canada-Agreement, which is pending approval by legislators in the three countries.

Nicaragua’s shipments were up 10.09 percent to $100.93 million, imports from Colombia advanced 39.61 percent to $56.81 million and Guatemala’s shipments rose 17.16 percent to $30.08 million.

African countries also continue to gain momentum as denim apparel suppliers. Imports from Lesotho rose 9.88 percent in the 11 months to $75.56 million, while Madagascar’s shipments were up 11.68 percent to $22.21 million and Tanzania’s increased 31.78 percent to reach $11.85 million in value.

Source: sourcingjournal.com- Feb 11, 2019
World production of all fiber rises in 2018, natural fibers on the rise

World production of all fibers rose to 111 million metric tons in 2018, a one-year increase of four million tons, and a rise over the past decade of 35 million tons. Of the world total, natural fibers accounted for 32 million tons in 2018, an increase of less than two million tons in 10 years. The share of natural fibers in world fiber production fell from 41 per cent in 2008 to less than 30 per cent in 2018.

World production of synthetic filament is 50 million tons; of this polyester filament alone is about 45 million tons. Synthetic staple production is 22 million tons, and production of cellulosic fibers is seven million tons.

Cotton production in 2017-18 is estimated at 26.72 million tons. World production of jute fell to less than three million tons because of poor weather in India and Bangladesh. Jute markets in Bangladesh and India showed increases in value and decreases in volumes during 2018.

A decreased jute production caused by poor weather means that consumption exceeds production, and stocks are being reduced. It is likely that prices could continue to increase during 2019. Production of wool fell in 2018. Wool production figures have been declining since 2000.

Source: fashionatingworld.com- Feb 11, 2019

Cambodia faces risk of losing trade preferences from EU

Cambodia is facing the risk of temporarily losing its non-tariff export privilege to the European market, as the European Union (EU) on Monday started the 18-month process under the Everything But Arms (EBA) trade scheme, according to its statement.

The European Commission, which coordinates trade policy for the 28-member EU, said in the statement that the decision will be published in the EU Official Journal on Feb. 12, kicking off a process that would run until August 2020.
The EU announced in October last year that Cambodia could lose its special trade access to European markets under the EBA preferences, citing concerns over human rights and labor rights issues in the country. However, EU Commissioner for Trade Cecilia Malmström said: "It should be clear that today's move is neither a final decision nor the end of the process. But the clock is now officially ticking and we need to see real action soon."

"Our engagement with the situation in Cambodia has led us to conclude that there are severe deficiencies when it comes to human rights and labour rights in Cambodia that the government needs to tackle if it wants to keep its country's privileged access to our market," she said.

The process consists of a six-month period of intensive monitoring and engagement with the Cambodian authorities, followed by another three-month period for the EU to produce a report based on the findings, the statement said. After a total of twelve months, the Commission will conclude the procedure with a final decision on whether or not to withdraw tariff preferences, it said, adding that any withdrawal would come into effect after a further six-month period.

The EU is a major trading partner of Cambodia, especially for textiles and footwear sector. As a Least Developed Country, Cambodia has enjoyed exports of all products, except arms and ammunition, to European markets with duty-free for decades. According to the EU's data, Cambodia exported products to the bloc worth of 4.9 billion euros in 2018.

Ken Loo, secretary general of the Garment Manufacturers Association in Cambodia, said in a statement in October last year that over 46 percent of Cambodia's total exports of apparel and footwear were to the EU.

He said the garment and footwear sector employed around 700,000 workers and another two million out of the kingdom's total population of 16 million also economically depended on the sector.

"A temporary suspension of the EBA or any short-term unilateral sanctions may have long-term negative impacts on the lives of our workers and their families," he said.

Source: xinhuanet.com- Feb 11, 2019
Guatemala's apparel and textile sector to touch $2 bn in sales this year

After a 7 per cent increase in exports during 2018, Guatemala's apparel and textile sector expects to reach $2 billion in sales this year. Crisis in Nicaragua and an 8 per cent increase in customer demand in the United States were some of the reasons for growth reported last year by textile companies in Guatemala.

According to the Bank of Guatemala (Banguat), during the first 11 months of last year sales of costume items to the U.S. represented 91 per cent of the total sold by local companies. Figures show between January and November 2017, and the same period in 2018, exports to the US registered an 8 per cent increase, from $1.111 million to $1.200 million.

Source: fashionatingworld.com- Feb 11, 2019

Bangladesh aims at self-sufficiency

Bangladesh needs additional investments in the export-oriented garment sector to reduce its dependence on imported fabrics. Domestic textile millers can supply four billion meters of fabrics, so Bangladesh imports six billion meters of fabrics from China and three billion meters from India.

Currently, Bangladesh’s textile millers can meet 85 per cent of the demand from the knitwear sector and 35 per cent from the woven sector. At least another 20 big textile mills have to be built which can supply quality fabrics to the garment exporters. Right now quality fabric is being supplied but in insufficient amounts.

However, there are difficulties in attracting fresh investments in the sector. Among these are high interest rates and scarcity of industrial land. Gas connections and effluent treatment plants are needed. Bangladesh needs to improve the capacity of its primary textile sector.

Increased supply of local raw materials also decreases the lead time, which is very important in the competitive apparel business. The primary textile sector needs to be able to add more value in the garment sector, which
typically rakes in more than 82 per cent of the export receipts in a year. Bangladesh wants to targets $50 billion in garment export receipts by 2021.

Source: fashionatingworld.com- Feb 12, 2019

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**Vietnam targets record textiles and clothing exports**

The Vietnam Textile and Apparel Association (VITAS) has set ambitious for its export turnover in 2019 of US$40 billion, a figure that would mark a 10.8 per cent year-on-year increase for the country.

In 2018, Vietnam reached a US$36 billion turnover for garments and textile products and so if the new projections in growth are met, the country would become one of the three largest exporters of textiles in the world.

VITAS anticipates the country’s trade surplus to reach US$20 billion this year along with hopes that employment will be ensured, as well as a wage increase, for more than two and a half million of its workers.

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which came into effect last month, is expected to boost the country’s economy by 1.3 per cent and export turnover by four per cent.

This is also expected to cut import tariffs and diversify product availability in associated member countries. “Enterprises have tried to limit imports of raw materials but still have to import over 60 per cent of foreign raw materials, of which 50 per cent comes from China,” chairman of the HCM City Textile and Garment – Embroidery Association Phạm Xuân Hồng said. “Therefore, enterprises need to understand the regulations, customs procedures and logistics laid out in CPTPP.

“The State should support businesses by creating a fair playing field and minimising administrative procedures to raise competitiveness in domestic market,” he said. "CPTPP is considered one of the factors attracting foreign investment in the raw materials manufacturing industry. However, this industry carries risks of environmental pollution if outdated technology is used."
According to Vũ Đức Giang of VITAS, order statuses so far are positive and align with export projections.

Source: knittingtradejournal.com- Feb 11, 2019

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Vietnam’s textile-garment industry hopes for breakthroughs in 2019

Vietnam’s textile and garment sector is hoped to make breakthroughs in 2019 based on successes and momentum last year.

According to the Vietnam Textile and Apparel Association (VITAS), 2018 was a successful year for the textile and garment industry with a total export turnover of over 36 billion USD, up over 16 percent year-on-year, making Vietnam one of the three biggest exporters of textiles and garments in the world.

VITAS Chairman Vu Duc Giang said last year, the world saw complicated developments, rising trade disputes and scientific-technological advances. In that context, the association proposed many measures to the Government, and relevant ministries and sectors to remove policies that cause difficulties for businesses operating in this field, he said.

With the results achieved in 2018, Vietnamese textile firms have witnessed positive signals for orders in 2019.

Many businesses have already received orders for the first six months of 2019 and even the whole year. Vietnam’s products are highly competitive and the country gradually completed the textile supply chain because flows of capital investment in the textile and dyeing industry, and material has been on the rise.

The upcoming enforcement of new generation free trade agreements is a positive factor supporting for production and business activities of the sector in 2019.
On that basis, VITAS has set a target of 40 billion USD in export turnover, up 10.8 percent compared to 2018. The sector is expected to enjoy a trade surplus of 20 billion USD, and create employment and increase income for 2.85 million workers.

Experts said in 2019, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is hoped to create a boost for many industries of Vietnam, including the textile and garment sector. In addition, the textile and garment sector is also waiting for more orders shifted from China to Vietnam due to the US-China trade war.

According to Pham Xuan Hong, Chairman of the Board of Directors of Saigon 3 Garment Joint Stock Company, domestic enterprises will be enabled to choose orders with high price and easier requirements when a lot of orders are moved from China to Vietnam.

In order to catch up with these opportunities, local businesses need to gradually improve technologies and invest more in new technologies, he said.

However, opportunities will always go with challenges, experts said.

According to the Ministry of Industry and Trade, 2019 will continue to be a challenging year for the sector to integrate into the global textile supply chain.

Especially, the fourth Industrial Revolution will have great impacts on the textile and garment industry in the coming time, forcing it to change and strongly increase investment in equipment and personnel.

Many consumers now require origin certifications and environmentally-friendly products, so textile and garment enterprises need to ensure global standards of materials to ensure health of customers.

Bui Kim Thuy, Chief Representative of the US-ASEAN Business Council (USABC), said Vietnam is participating in 16 free trade agreements (FTAs). Ten out of 12 signed agreements have been enforced, such as the ASEAN Trade in Goods Agreement (ATIGA), the ASEAN-China FTA, the ASEAN-Korea FTA, while the two remainders, the CPTPP and the ASEAN-Hong Kong (China) FTA, have not yet come into force.
The participation in various FTAs helps Vietnamese enterprises to have more choices in exporting goods abroad. However, those are also bringing challenges to the sector, she said.

Thuy stressed that if businesses do not meet regulations on origin of goods, it will be difficult for them to take full advantage of incentives from FTAs.

Source: en.vietnamplus.vn- Feb 10, 2019

Pakistan: Exports to get boost if businesses participate in global value chains

The Finance Supplementary (Second Amendment) Bill 2019 provides incentives to improve business environment in Pakistan.

Incentives include payment of sales tax refunds through promissory notes, exemption from sales tax for imported plant and machinery for Greenfield industrial units, reduction or removal of customs duty on raw material and changes to export-oriented schemes in order to facilitate small and medium enterprises (SMEs).

Furthermore, the government has also taken steps to ease visa requirements for travellers and investors in Pakistan. Although such measures project the current government as business and investment-friendly, the export-oriented policies promoting industrial transformation are necessary to achieve the desired outcome.

It is important to highlight that the success of the China-Pakistan Economic Corridor (CPEC) depends on complementary policies that promote integration of Pakistan into global and regional value chains.

As CPEC is part of a multinational transportation network and involves the setting up of industrial zones, it is obvious that the government must improve its overall competitiveness in the business environment to attract foreign investment and reduce the cost of trading across borders to achieve the objective of CPEC.
According to the Board of Investment (BOI), Pakistan received foreign direct investment (FDI) of more than $3 billion in FY18. In FY15, the FDI into Pakistan was less than $1 billion. Before FY14, Pakistan received a majority of the FDI from richer countries such as the US, the UK, Switzerland, the Netherlands, the UAE and Hong Kong.

However, since FY14, China is the most important source of FDI in Pakistan. Historically, oil and gas has been the sector of choice for the FDI in Pakistan.

However, in FY18, approximately $1 billion worth of FDI was reported in the power sector and more than $708.5 million in the construction sector. Unfortunately, FDI inflows into manufacturing industries, such as textile and chemical, are negligible.

Value addition in the manufacturing sector as a percentage of GDP, extracted from the World Development Indicators, is declining in Pakistan. From 14% in 2012, it decreased to 12% in 2017. This value is the lowest since 1962. It had peaked at 17.5% in 2005.

The percentage change in large-scale manufacturing items, reported by the State Bank of Pakistan, has been negative for July to November 2018 over the same months in 2017. On the other hand, both exports and imports as a percentage of GDP have fallen since 2013.

Exports as a percentage of GDP were at 8.2% in 2017 – the lowest since 1972. Although Pakistan has reported highest imports in absolute terms, these were only 17.6% of GDP in 2017. They were lower than the level between 2005 and 2014.

**Export-boosting policies needed**

In essence, the burgeoning trade deficit is more a consequence of a lack of export growth over the last five years. Therefore, it is imperative that policies are introduced to increase exports. Although the initiative is taken by the government, it is essential to ensure that Pakistani businesses participate in global and regional value chains.

Participation in global value chains (GVC) will have tremendous benefits for Pakistan, but it will require export-oriented policies. GVCs involve different
stages of output across different countries. It requires free flow of investment, goods as well as knowledge across countries.

Therefore, the countries which provide the most competitive mix of inputs, including raw material, physical capital and human capital, are likely to be the most important destinations to attract GVCs.

Pakistan even with its abundant labour resources and domestic production of cotton has yet to make a mark in global exports of clothing articles. Analysing trade data of the UN Comtrade, it can be noted that with only $5 billion worth of exports of clothing articles, Pakistan has 1% share in the global market worth more than $450 billion.

On the other hand, Bangladesh exported more than $34 billion and Vietnam exported more than $24 billion of clothing. The two countries have taken advantage of tariff concessions awarded by developed countries, which have helped enhance their position as important participants in GVCs.

Furthermore, countries such as Cambodia and Indonesia have exported higher-value clothing than Pakistan.

On the other hand, the demand for imports of intermediate goods to make apparels increases as a country participates in GVCs. For instance, Vietnam imported more than $14 billion worth of intermediate apparels (as classified by the World Integrated Trade Solution).

**Govt working on policies to boost exports**

Similarly, Bangladesh imported $8 billion worth of intermediate goods in 2015 in order to convert them into final goods. Even large cotton-growing countries such as China and India import inputs, such as fabric and yarn, to improve their competitiveness. Participation in GVCs will require rationalisation of tariffs and abandoning the practice of imposing regulatory duties on imports.

Pakistan undertook tariff reforms in the mid-2000s, which not only increased its imports but it was also accompanied by a significant export growth.
Analysing data available with the World Bank’s World Development Indicators, the trajectory for import-weighted tariff rates on the import of primary goods is found to be relatively flat since 2008. On the other hand, the import-weighted tariff rates for Bangladesh, India and Vietnam have been more volatile in recent years, indicating that they are willing to adopt tariff policies to accommodate import demand.

Therefore, Pakistan needs to adjust its tariff policies to account for the demand of its imported inputs if it is to increase its participation in GVCs. As recommended by the United Nations Conference on Trade and Development (Unctad) in its report on entrepreneurship and structural transformation, policies to promote business growth in Pakistan must be consistent and coherent across government bodies.

The government must ensure that public support is provided to the right firms that are likely to achieve high growth rates and have a favourable impact rather than the firms that are in the declining phase.

Finally, the government must promote linkages between different firms within and across sectors, trading domestically as well as in international markets. This will ensure the best mix of inputs to produce the most competitive range of output and increase exports of Pakistan.

Source: tribune.com.pk - Feb 09, 2019

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Pakistan ‘very close’ to securing IMF bailout

Pakistan is likely to secure an International Monetary Fund (IMF) bailout soon to stave off a balance of payment crisis and help shore up its economy, Finance Minister Asad Umar said on Monday, as talks between Islamabad and the fund continue.

A day earlier, Prime Minister Imran Khan met IMF chief Christine Lagarde in Dubai to discuss a bailout. The meeting had ended with a pledge to continue talks, and while there had not been any indication of a breakthrough, Umar said an agreement was coming into view.
“Our differences have narrowed,” he told business groups in Peshawar. “It seems we have come very close to having an agreement with the IMF,” he observed.

Asad Umar said differences between Pakistan and IMF have decreased following Prime Minister Imran Khan’s meeting with Lagarde. “IMF has changed its position,” he said in an address at the Chambers of Commerce and Industry in Peshawar.

The finance minister said Pakistan’s economic situation will only improve if the local business community and policymakers work hard and make the right decisions. The minister also stressed the need to increase regional trade and improve relations with neighbouring countries in order to boost the economy.

The finance minister said while it is good that Islamabad’s relationship with Beijing is progressing and work on China-Pakistan Economic Corridor is underway, “there is need to improve relations and boost trade with countries in both the west and east of the region we live in”. He insisted that Pakistan needed to increase trade with Iran and Afghanistan with ‘complete focus’.

Asad Umar noted that officials from Western countries often say that regional trade is important and that Pakistan should improve trade relations with India. “They are not wrong [...] but I ask them why doesn’t this principle apply to Iran?” he said. “As far as the east is concerned, it seems that there can be no progress until elections are over in India. Half of their election campaigns are based on anti-Pakistan rhetoric, so right now they are busy with that. Once the elections are over, we hope that their behaviour will be better,” he said.

Asad Umar acknowledged that trade had slowed down due to the closure of Torkham border and pointed out that the prime minister had already announced that the crossing should remain open 24 hours. However, he said, due to the slackness of government departments, progress in this regard was slow.

He revealed that during Prime Minister Imran Khan’s visit to Turkey earlier this year, Islamabad and Istanbul had agreed on working on a strategic economic framework. Pakistan will hand over the first draft of the framework to Turkey in February, he said.
The Turkish delegation that is working on the framework is being led by the Turkish vice president, while the Pakistani side is being led by the finance minister himself.

“I said to the Turkish vice president that this [framework] should not just be limited to us. Our vision for the next 10, 20 years should be for Iran to become a part of this [economic framework] as well,” he said. “Iran, Pakistan and Turkey should obviously be a part of it. [Through this framework] Pakistan should become a gateway for Turkey so they can trade with India and China. And Turkey should become a gateway for Pakistan so we can trade with Europe and Central Asia states.”

The minister said the government had not stopped PayPal from entering into the Pakistani market. “PayPal is not stopped on my desk, the State Bank or in any other government institution. We are pursuing PayPal,” he said, stressing that he was aware of PayPal being an excellent source of income for Pakistani youngsters who work from home.

“They face immense difficulties without PayPal or any effective online payment system. I have taken the initiative myself and sent a message to PayPal CEO that this was important and I was willing to fly to US to hold a meeting,” he said.

Meanwhile addressing a press conference in Islamabad, Adviser to Prime Minister on Commerce, Textile, Industry and Investment Abdur Razak Dawood Monday asserted that the federal government has no intent of devaluing rupee. He refuted speculations that raising the tariffs of electricity and gas came into discussion during talks with the IMF.

Source: dailytimes.com.pk- Feb 12, 2019
Uzbekistan to boost textile industry, unlock export potential

Uzbek President Shavkat Mirziyoyev signed a decree Monday to deepen reforms in the textile industry to fully reprocess raw cotton domestically and increase export potential of the country.

The decree, titled "On measures to further deepen reforms and expand the export potential of the textile and garment and knitwear industry," instructs the government, within three months, to develop and approve the Concept of accelerated development of the textile and clothing-knitting industry for the period 2019-2025.

Under the concept Uzbekistan should be able to reprocess all the produced cotton domestically and increase the export volumes of textile products to 7 billion U.S. dollars per year by 2025, according to the document.

The decree also provides various stimulating measures for enterprises engaged in export of textile products starting from April 1, 2019.

Uzbekistan, the world's sixth-largest cotton producer, produced 2.3 million tons of raw cotton in 2018.

Traditionally, cotton is Uzbekistan's most important cash crop. But in recent years the country has been taking serious steps to develop its textile industry to produce value-added products rather than exporting raw cotton.

According to the statistics of the National Statistical Committee of Uzbekistan, the textile exports of Uzbekistan maintained a rapid growth in 2018. The annual export of textiles reached 1.6 billion U.S. dollars, up by 41.4 percent from the previous year.

"My biggest goal is to provide people with work, a source of income. From now on, we will export less cotton, process it in the country and produce value-added products," President Mirziyoyev said during his visit to Jizzakh region in 2018.

Source: xinhuanet.com- Feb 12, 2019
Pakistan: Cotton price steady

Prices stayed firm amid cautious trading on the cotton market on Monday following reports that the IMF is going to lend $6 billion to Pakistan.

A fresh wave of rupee depreciation against the dollar is being anticipated along with imposition of some new taxes.

Sluggish performance of the cotton yarn market also kept spinners away from the trading ring.

Unsold stocks lying with ginners are reported to be around 1.2 to 1.3 million bales while phutti (seed cotton) arrival has almost came to a standstill.

According to market estimates, there is a daily requirement of around 15,000 to 20,000 bales. However, many leading textile spinners are now focusing on imports to meet their demand.

The world leading cotton markets gave a mixed trend. Indian cotton prices were generally steady. The Chinese cotton market would open today after spending a new Lunar year long holidays from February 4 to 10.

The Karachi Cotton Association (KCA) spot rates were firm at weekend level at Rs8,600 per maund.

The following deals were reported to have changed hands on ready counter: 1,400 bales, station Hasilpur, at Rs8,000; 736 bales, Faqirwali, at Rs7,900; 200 bales, Kahror Pakka, at Rs8,100; and 400 bales, Pir Mehal, at Rs7,400.

Source: dawn.com - Feb 12, 2019
NATIONAL NEWS

VP Venkaiah Naidu likely to visit Paraguay, Costa Rica next month, dates to be announced soon

India is showing renewed interest in the Latin American region with two key heads of state – President Ram Nath Kovind and Vice President M Venkaiah Naidu – expected to visit a few countries in the region next month. Both the visits are being seen as significant though belated as these come at the end of the Modi government’s tenure. These visits are efforts to step up political engagement and increase trade and investment in the region.

Speaking to the Financial Express Online on condition of anonymity, a senior officer said that, “The Vice President Venkaiah Naidu is expected to visit Paraguay and Central American nation Costa Rica early March. Dates are in the process of being confirmed.”

While there have been several visits in the region at the ministerial level in recent times, these two visits will be back to back covering countries like Bolivia, Chile, Paraguay and Costa Rica.

According the officer quoted above, during the visit to the region, the Vice President will be accompanied by a high level business and official delegation, and the talks with leaders of both will focus on increasing trade and investments in various sectors as well as addressing Diaspora in these countries.

The Central American nation Costa Rica tops the Happy Planet Index, and is known to use a quarter of the resources it has. It is also the only country in the world which has no Army.

The Costa Rican President, Carlos Alvarado Quesada, had recently said at Davos 2019: “Seventy years ago, Costa Rica did away with the army. Eight per cent of our GDP is invested in education because we don’t have to spend on the army. So our strength is human talent, human well-being.”

A senior officer of Costa Rica in an earlier interaction had said that “With the global competitive scenario changing, and the emerging economies, including India are increasingly contributing to the expansion of trade and investment flows, opening new opportunities for countries worldwide. There
are lot of opportunities to work together with India in the renewable energy sector, tourism.”

According to reports, Costa Rica generates more than 99% of its electricity from renewable sources. The country over the last few years has been exploring new opportunities with India in an effort to deepen and strengthen relations.

“Both countries are in the process of negotiating an agreement to promote investment and bilateral business relations. There have been discussions between the Ministry of foreign trade of Costa Rica and the Ministry of Commerce and the industry of India in an effort for an early conclusion of an Agreement for the Reciprocal Promotion and Protection of Investments and Framework Agreement to Promote Economic Cooperation between both countries,” said the officer quoted above.

There is a great potential for strategic alliances between Costa Rica and India in the area of business processing services, agro products, knowledge processing operations, digital animation and software development sectors, among others. There are also opportunities in mining sector for minerals and Gold and Zinc Mines.

Sources said that India can focus on expanding business relations with Costa Rica. Made-in-India motorcycle is already exported to Costa Rica and Indian company Havells Sylvania has a factory in San Jose.

In fact, the credit for making Costa Rica as the America Headquarters for Havells Sylvania goes to company’s former director of America, Kapil Gulati in 2010. After quitting the company Gulati has made Costa Rica his home and has been organising regular Yoga sessions and Indian classical dance sessions, in addition to Indian cuisine cooking classes at his restaurant chain ‘Taj Mahal’.

In Paraguay, when Naidu meets with Paraguayan President Abdo Benítez, the focus of talks will be on expediting the negotiations for the expansion of the India-MERCOSUR Preferential Trade Agreement (PTA), which is in line with Prime Minister Narendra Modi’s strategy of expanding India’s trade basket.
As has been reported by The Financial Express Online earlier, the countries that are part of the India-MERCOSUR (Brazil, Argentina, Paraguay and Uruguay) PTA have been in discussions to increase the tariff lines in order to boost the trade volumes. The expansion of the agreement will enhance trade relations between the countries involved, and the trade volume target is set at $30 billion in 2030. However, due to differences amongst the members of the groupings, the expansion of the India-MERCOSUR PTA is getting delayed.

In fact the Minister of Commerce and Industry Suresh Prabhu has been keen about expanding trade ties with the countries in the region has reached out personally to some of the leaders of the group requesting them to fast track the expansion talks.

Both sides have already exchanged lists of items where each side is seeking greater market — India has exchanged a wish list of 4,836 tariff lines mentioning 8-digit HS codes with MERCOSUR in July 2016 and the MERCOSUR grouping has exchanged their wish list of 3,358 tariff lines.

During talks with the President of landlocked Paraguay, the focus will be on energy and food security needs of our region, enhanced connectivity and trade and investment facilitation that builds on the complementarities in of both sides.

Today, India imports Soybean oil and its fractions, Sunflower-seed, safflower or cotton-seed oil and Fixed vegetable fats and oils from Paraguay which is nearly $-253 million in 2017. There are lots of opportunities in Paraguay market for Indian Companies in Agriculture, fertilizers, agriculture equipment, Pharmaceutical drugs (Generic medicine), and Indian Textile industries. The South American country is a good producer of Cotton.

In traditionally isolated and under populated Paraguay, food, beverages, and tobacco sub-sector has been the core manufacturing activity, followed by textiles, clothing, leather, and shoes comprised the third largest manufacturing sub sector. These industries are traditional, grounded in the nation’s abundance of inputs like cotton fibers, cattle hides, and tannin extract. The sub sector accounted for about 10 percent of all manufacturing.

Source: financialexpress.com- Feb 11, 2019
Covering cotton yarn under MEIS will boost India’s exports: Textile industry body

The union government must include cotton yarn under Merchandise Exports from India Scheme (MEIS) to help boost India’s exports and penetrate new markets, especially in Africa. To benefit the farmers with better price for raw cotton, the Centre shall also bring the cotton yarn under MEIS coverage, said the Confederation of Indian Textile Industry.

In a statement, CITI chairman Sanjay Kumar Jain said that despite abundant availability of raw materials and the second-largest cotton spinning infrastructure in the world, the cotton yarn exports are struggling in the absence of government support.

He pointed out that India’s cotton yarn and fabric exports are struggling because of the duty disadvantage faced by the Indian exporters in major markets. There has been continuous decline in exports of cotton yarn and fabric during the 2013-14 to 2017-18 period.

India’s exports of cotton yarn declined by 25% from $4,570 million in 2013-14 to $3,443 million in 2017-18. In the same period, fabric exports declined by 7% from $4,941 million to $4,598 million, he added. The confederation is requesting the government to enhance MEIS for fabric from 2% to 4%, at par with made-ups.

The weaving sector is labour intensive like the made-ups and garmenting sectors. Weaving is mostly carried out in the unorganised sector especially in the rural and semi-urban areas.

The sector employs women labour substantially. Hence, if the MEIS rate for fabrics is increased from 2% to 4%, it is estimated that exports of fabrics will increase by $1 billion per annum, Jain emphasised.

Jain pointed out that Indian spinning mills performed well in exports during 2013-14 when the cotton yarn was covered under schemes such as 2% incremental export incentive, 2% interest subvention and 3% focus market incentive and the sector could penetrate into alternate markets other than China. However, suddenly all incentives were withdrawn leading the spinning mills high and dry.
China which is the largest importer of cotton yarn has shifted from India to Vietnam/Indonesia as they have duty free access while Indian yarn carries 3.5% import duty.

From 2013 to 2017, there has been a decline in India’s cotton yarn exports to China by 48% while exports from Vietnam and Indonesia has increased at a remarkable rate of 129% and 55% respectively in the same period, Jain said further.

According to him, India’s raw cotton is going to various markets at zero duty. India exported $1,894 million worth raw cotton in 2017-18.

Exporting of raw cotton bales instead of value addition by converting to yarn and fabric is leading to loss of valuable foreign exchange, employment and better remuneration to farmers.

Similarly fabric exports from India are at serious disadvantage vis-a-vis exports from competing countries due to duty differentials in leading exports markets.

Markets like the EU, China, Turkey and Vietnam impose an import duty in the range of 8-12% on Indian fabric while duty free access is given to countries such as Pakistan, Cambodia, Bangladesh and Cambodia.

Falling of Indian cotton yarn and fabric exports is impacting the whole value chain from farmers, spinners to weavers/knitters as there is considerable exportable surplus in country but we are not able to be overcome the tariff disadvantage despite being competitive in both spinning and weaving.

As per the Financial Stability Report by RBI, the stressed advanced ratio of textiles sector stood at 18.7 in September 2018. Further, he highlighted that growth in clothing has not been supportive to consume the extra capacity leading to pressure on the yarn and fabric capacities.

The exports of garments has declined from $17.4 billion in 2016-17 to $16.7 billion in 2017-18.

Source: financialexpress.com- Feb 12, 2019
India must step in to prevent trade conflicts

Washington seems blind to the fact that in the run-up to a tightly contested national elections, New Delhi would find it politically more expedient to exchange blows than come to a settlement that could be criticised by the opposition.

India and the United States are squaring up for an exchange of blows on trade issues as space for a negotiated agreement is running out. The United States Trade Representative’s Office (USTR) has run out of patience over a two-year dispute on medical device price controls, not least because New Delhi suddenly walked away from a negotiated settlement.

The USTR now wants zero-tariff privileges for Indian textiles and other imports, under the World Trade Organization’s (WTO) generalised system of preferences, be revoked. The most obvious Indian retaliation would be to impose tariffs on US steel and aluminium imports, something it has delayed despite the unilateral imposition of similar tariffs on India.

Neither of these actions will have significant economic impact. The real danger would be for this tit-for-tat to trigger an escalatory series of actions. Of concern would be the formal dispute spreading to incorporate a whole set of new sources of trade friction such as data localisation norms or the rules governing e-commerce investment. Neither side is faultless in the present economic fracas.

Much of India’s problems arise from arbitrary decisions by domestic regulators who have little understanding of India’s multilateral trade obligations, complicated by a political unwillingness to override these decisions no matter how foolish they may be. Washington seems blind to the fact that in the run-up to a tightly contested national elections, New Delhi would find it politically more expedient to exchange blows than come to a settlement that could be criticised by the opposition.

Trade disputes are hardly new in Indo-US relations and are common between any two nations that have a substantial economic relationship. The environment today is different for two reasons. One is that the Trump administration divorces strategic and trade issues. It sees no contradiction in having friendly strategic relations and a confrontational trade policy with the same country.
The US is also running two separate trade policies. President Donald Trump's revolves around trade deficits and temporary obsessions like Harley-Davidson motorcycles. The USTR remains concerned about policy shifts that undermine US corporate interests.

Two, India is struggling with a whole set of new norms regarding the digital economy, ranging from data privacy to payments structures, that it has yet to settle at home.

The Modi government had mooted the idea of putting all these issues into one basket and working on a US-India trade pact. It is perhaps time to dust off this idea and begin a process designed to prevent potential trade conflicts, most of which are easily predictable.

Source: hindustantimes.com- Feb 11, 2019

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Rise in Indian cotton imports likely with falling domestic production

India's cotton imports may jump 80 per cent from a year ago. Production could fall to the lowest level in nine years due to low rainfall in key growing regions. Since production is not sufficient to fulfil local consumption from March onward imports are expected to pick up.

Due to the dry weather farmers were forced to uproot plants early. They couldn't go for third or fourth pickings. Rains in Gujarat and Maharashtra, which account for more than half of India's cotton production, were nearly a quarter below normal during the June-September monsoon season in 2018.

Indian farmers have adopted genetically-modified seeds that are resistant to boll worms but that hasn't stopped infestations. India is likely to produce 33 million bales in the current season. Last year's output was 36.5 million bales.

The drop in output is likely to lead to lower cotton shipments from India. India's exports could fall 27.5 per cent from a year ago, the lowest level in a decade.
The drop in Indian supplies could help rivals such as the United States, Brazil and Australia increase exports to key Asian buyers such as China, Bangladesh and Pakistan.

Higher imports by the world's biggest cotton producer could support global prices, trading near their lowest in more than a year.

Source: fashionatingworld.com- Feb 11, 2019

Odisha government opens migration support centre in Tirupur

The Odisha government has opened a migration support centre in the city to provide guidance and support to people who have migrated from the coastal state to Tamil Nadu.

On Saturday, the centre was inaugurated by post-placement services officer of the Deen Dayal Upadhyaya-Grameen Kaushalya Yojana (DDU-GKY) scheme Dhananjay Dwivedi at Rakkiyapalayam Pirivu on Kangeyam Road in the city. It was attended by human resources managers of 12 knitwear companies.

The centre would mainly address the grievances of unskilled labourers trained under the DDU-GKY scheme.

It is the third centre set up the Odisha government besides the two in the National Capital Region (NCR), Delhi, and Bengaluru.

Odisha was the first to open such centre, mandated under the DDU-GKY scheme, in Tamil Nadu. Knitwear cluster in the city has employed a largest concentration of Odia people, besides people from states like Jharkhand, Bihar, Assam and West Bengal.

“Since textile business was one of the major employment generating fields, many people from Odisha, especially from its rural pockets, have been migrating to textile hubs, including Tirupur and Bengaluru. Many people were trained under the DDU-GKY scheme in Bhubaneswar and migrated to these hubs,” Dhananjay said.
“More than 5,000 candidates who received training for sewing machine operator job have been placed in knitwear units in Tirupur. More than 80% of them were women. Many of them were working in the industry for more than two years.

One of the main objectives of the scheme was to ensure that they sustain in the jobs. For which, we provide incentive of Rs 6,000 if they complete six months in the same job, and additional Rs 2,000 if their stay prolonged a year, besides providing supports,” Dhananjay said.

Tirupur centre’s manager N Ramasamy said, “We would address problems faced by the employees in workplace, and the issues may be related to remuneration or other problems including harassment. We would directly talk to the companies and try to solve the problems. Otherwise, we would guide them to get basic amenities.”

The migration support centre would seek coordination from the companies to inform about the retention status of those employees, so that the Odisha government could provide the incentives to the right candidates and take steps to solve their problems, socially and professionally.

A 24-year-old migrant worker from Khendujar district in Odisha said, “When I was struggling to get job in my native, I got know about DDU-GKY scheme and then I got training for SMO.

Now I am working in a knitwear unit in Tirupur. Now, we have moral support with the inauguration of the support centre.”

Source: timesofindia.com- Feb 12, 2019
Record participation by Indian exhibitors at Ambiente trade fair in Germany

Over 500 exhibitors from India are showcasing their products representing Indian handicrafts at Ambiente 2019, the world’s leading trade fair for consumer goods being held here in Germany's commercial hub where India is the partner country.

Ambiente, an annual trade fair of home decors, kitchenware and textiles, is organised by Messe Frankfurt, a global trade fair organisation with more than 4000 exhibitors from about 80 countries participating in the event being held here from February 8 to 12.

Around 35 special Geographical Indication (GI) tagged products representing the crafts of India are the main highlight of the fair this year, Messe Frankfurt's India head Raj Manak said.

Traditional crafts such as Rajasthan's gemstone carvings and metal craft, Kashmir's Kani Shawl, Delhi's Mughal wood carving, West Bengal's Masland Mat weaving are showcased. Additionally, five Indian craftsmen are also giving live demos at the fair, Manek said.

Talking about India's presence at the fair, Manek said for the first time at Ambiente, more than 500 Indian exhibitors are participating at this international trade fair compared to 386 in 2018, making India one of the top participants at the global fair.

Textiles Ministry along with Messe Frankfurt India has launched a global campaign called Handmake in India at the fair to promote local Indian handicraft products.

It is estimated that Rs 1,200 crore on spot business by over 500 Indian participants and another Rs 2,000 crores of business enquiries were generated during Ambiente 2019, according to Rakesh Kumar, Director General, Export Promotion Council for Handicrafts, India.

"With more than 4000 exhibitors from about 80 countries, a trade fair cannot get more global than this," Nicolette Nauman, the vice-president of Ambiente said.
She further said Ambiente is the preferred ground for decor trend spotting, colour trends and getting the first look at some of the most revolutionary products in the living and dining categories.

Source: business-standard.com- Feb 11, 2019

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India-US talks on February 14

A pledge by India to reduce trade imbalance through greater crude imports, US firms’ concerns on the new e-commerce policy and retaliatory tariffs imposed by both nations will dominate the agenda on February 14, when officials sit down for the India-US Commercial dialogue.

Being held after a hiatus of a year, the annual talks will see Commerce and Industry Minister Suresh Prabhu discuss trade policy differences with US Commerce Secretary Wilbur Ross.

India expects Washington DC to push hard against the tough rules on foreign direct investments in e-commerce that have rattled US giants like Walmart.

Officials suggested the US was demanding a clear indication from India on reducing the trade deficit. The US is also in the process of terminating the Generalised System Preferences (GSP), which has allowed duty-free access for 3,500 Indian products to US markets. Officials added India might not put up a fight in this regard.

Fleeting chance

Last year, both countries had given a wide berth to contentious trade issues in the 2+2 dialogue, instead focus on defence and foreign affairs. The predecessor to the talks, the erstwhile ‘India-US Strategic and Commercial Dialogue’, had started in 2015. However, after two annual rounds, a decision was taken to carve out trade issues into a separate annual discussion — ‘India-US Commercial Dialogue’.
In the first edition of trade talks, Prabhu had gone to Washington DC in October 2017. But both the nations coming to repeated blows over trade issues throughout 2018 had stopped talks from materialising.

US President Donald Trump’s administration has dragged India to the World Trade Organization multiple times over New Delhi’s export-promotion schemes and restrictions on solar cell imports. India, too, has lodged a case against steel and aluminium tariffs imposed by the US.

The latest decision to again defer the already announced tariff duty hikes was taken in an effort to create goodwill and bring the US to the discussion table, a senior commerce department official said. New Delhi has decided to postpone the tariff hikes again till March 2.

**Trade package**

Sources said a bilateral trade package is being worked on. This will include changes in import duties on US information and communication technology products, and preferential tariffs for Indian exports, apart from data localisation norms. However, the upcoming talks will steer clear of this, as US policy dictates that only the powerful United States Trade Representative’s office discuss such matters, an official said.

India’s relation with its second-largest trade partner has been choppy during the Donald Trump presidency. While exports to stateside have grown — $47.87 billion worth of Indian shipments reached US ports in 2017-18, up from the $ 42.21 billion a year before — America’s irritation with a wider trade deficit has also grown.

New Delhi is also hoping that the talks will help break the deadlock over the US case against India on misuse of export promotion schemes in contravention of World Trade Organization rules.

The US has alleged an estimated $7 billion worth of benefits were transferred to exporters through six major promotion schemes, like the Merchandise Exports from India Scheme and the Export Promotion Capital Goods Scheme.

The scheme provides support to thousands of entities through ‘scrips’ that can be used to pay basic Customs duties.
While New Delhi has argued the law invoked by the US — the Agreement on Subsidies and Countervailing Measures — allows India a window of eight years to phase out these subsidies, it has remained jittery because the schemes effectively support exports in crucial labour-intensive sectors.

Source: business-standard.com- Feb 12, 2019

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**India is no ‘tariff king’, Mr Trump**

*The highest tariff in Japan, South Korea and even the US is far higher than in India*

Trump is talking about India again. On January 24, he said India charges a high 150 per cent import tariff on US whiskey which is bad as the US charges no tariff on Indian whiskey. In October last year, he dubbed India the ‘tariff king’.

He hopes to stop countries from taking advantage of America and, thereby, solve the $800 billion US trade deficit problem through the United States Reciprocal Trade Act (US-RTA).

Let us understand how far Trump is justified in calling India the tariff king. And the impact of the US-RTA on the already fragile world trade.

Sure enough, India imposes high duties on many items — 150 per cent on whiskey and wines; 60-75 per cent on automobiles; 50 per cent on mango juice; and 40 per cent on marble blocks. But is India the only one doing so?

‘World Tariff Profiles 2018’, published by the WTO, lists the data on the highest tariffs charged by countries. Sample the highest tariffs of a few countries: Japan, 736 per cent; Korea, 807 per cent; the US, 350 per cent; Australia, 163 per cent; India, 150 per cent. So India is not alone.

Next, let us see the examples of high tariff items. First the US. It charges very high tariffs on several items: 350 per cent on tobacco; 163.4 per cent on peanuts; 24-48 per cent on footwear, 25 per cent on textiles; 32 per cent on sweaters; 28 per cent on trousers; and 25 per cent on trucks.
A few duties are a nightmare to calculate or implement. Wristwatch is a case in point. For every wristwatch the tariff is 93 cents plus 4.8 per cent on the value of the case plus 2.2 per cent on the value of strap, band, and bracelet. One needs to know the values of each component separately.

Japan places high restrictions on the import of rice, footwear, dairy products, and processed food, to name a few. It, for instance, levies a tariff of 38.5 per cent on buffalo meat; 30 per cent or 4,300 yen/pair on shoes; 29.8 per cent plus 99-1,023 yen/kg on most dairy products; and 29.8 per cent on processed food.

South Korea also has an equally complex import duty structure in place: 360 per cent or 1,800 won/kg on garlic; 243 per cent or 206w/kg on honey; 630 per cent or 666 w/kg on sesame seed; 51.7 per cent or 17,215 won/kg on almonds; 50 per cent on oranges; and 36 per cent on cheese.

Most countries have a reason for charging high tariffs on a few items. Japan may like to protect its rice farmers, the US its tobacco farmers, and India its growing wine industry. Yet high tariff items do not represent the tariffs at which actual trade happens for most items. Average tariff and trade-weighted tariff better represent a country’s tariff profile.

India’s average tariff, at 13.8 per cent, is higher than the US’s average tariff of 3.4 per cent. India is nearer to South Korea (13.7 per cent) and China (9.8 per cent). India’s average tariff for industrial products, which account for over 90 per cent of India’s imports, is 10.7 per cent.

And trade-weighted average tariffs, which are arrived by dividing all trade with all duties collected, is just 5.5 per cent for industrial products. Trump should have talked about the prevailing average tariffs.

But that would not have much news value because of the low number. The tariff king label for India does not stick as most countries, including the US, levy higher duties on some products.

**Impact of the US-RTA**

The US had surrendered its flexibility to increase tariffs at the WTO in 1995 when it agreed to bind its tariffs at a very low level. Any tariff increase now falls foul of its WTO commitments. This is why Trump had to invoke the
rarely used national-security clause of the WTO to increase duties on steel, aluminium, and other items last year. Fearing the US will lose the WTO dispute on this issue, Trump is blocking the appointment of panel judges for the WTO appellate body.

The WTO rules do not allow a country to levy tariff on a bilateral basis. The US-RTA intends to do this and hence will fall foul of the WTO rules. The WTO MFN principle says a country must charge the same rate from all WTO members, except for those it signs an FTA. In that case, lower and not higher duties are allowed. Tariffs can only be increased on the grounds of dumping, but dumping needs to be investigated and proven.

The US-RTA will focus on both tariff and non-tariff measures (NTMs). NTMs are imposed to ensure minimum health and safety standards. If the US does not like the NTMs imposed by a country, it may dub these as non-tariff barriers and force a country to withdraw them. This will create chaos in an already fragile trading situation.

Countries, while negotiating a trade agreement, bargain for all tariff lines together without seeking product-level reciprocity. But Trump says two countries should have the same tariff on a product. If implemented, this will bring much grief to US exporters as well. For example, the US sells motorcycles to India while India sells jewellery to America. Low US tariff on India-made motorcycles are of little use to India as it may not export motorcycles to the US.

Similarly, low Indian tariff on the US made jewellery may of little use to the US which does not export jewellery to India.

A Republican senator introduced the Bill on the US-RTA in the US Congress on January 24. If the Bill is passed, the world may as well go back to the pre-world war era of bilateral tariffs. While the US Congress is dominated by Democrats who do not want to give Trump more power, even many Republicans oppose the Bill as it would restrict trade.

Source: thehindubusinessline.com- Feb 12, 2019
ITC, Patanjali chart out plans to give haute couture an Indian touch

As more and more people look to reconnect themselves with Nature to get in touch with Mother Earth, brands are following suit. The farm-to-table concept is spilling over to the beauty and apparel sectors as well.

Apparel brand ITC Wills Lifestyle has made the shift to 100 per cent natural, breaking ground as the first mainstream Indian apparel brand going back to nature. As has consumer goods company Patanjali Ayurved Ltd (PAL) which has noticed a shift in consumerism.

West-centric couture

PAL’s advertising agency unearthed an insight during its research: Fashion in India continues to be West-focused. “Barring a few such as FabIndia and Manyavar and a few local players, there is no national level India-centric fashion brand.

Moreover, Indians feel slightly defensive about Indian fashion compared with Western fashion, unless it is ethnic wear,” said an official, detailing the findings of by the agency.

PAL wants to bring Indian fashion fabrics and styles into everyday life and thus was born Patanjali Paridhan. To prove that Indian fashion is best suited to our body types and climatic conditions, and to celebrate the country’s rich and varied fabric heritage, Patanjali Paridhan decided to create a movement: ‘Tann Maan Dhan Indiapan’, to remind people of the rich heritage of fashion that has been surrendered in the blind pursuit of Western fashion.

KN Singh, CEO, Patanjali Paridhan, points out that India was once the biggest exporter of clothing, textile and styles. “Changing language and cultures every 200 km ensured a blend of different weaves, textures and styles. However, we have moved to adopting too much of Western clothing and styling.

The aim is to bring the focus and interest back to Indian clothing,” he said. After revolutionising the FMCG industry, Patanjali aims to build on the same brand values to provide a range of apparel under the Patanjali Paridhan brand.
Even as the move is expected to help State handloom corporations and weavers, prices of the apparel are to be marked down by 60 per cent of international brands.

The ad campaign is conceptualised by L&K Saatchi and Saatchi. Anil K Nair, Managing Partner, L&K Saatchi and Saatchi, said brand Patanjali is built on a “strong foundation of values that include pride and respect for our cultural identity, being comfortable in our own skin, celebration of our rich heritage, and being aspirational. And also moving public consciousness from a western-fashion-orientation to desi coolness and swag.”

ITC Wills Lifestyle, rebranded as WLS, is offering apparel that is 100 per cent natural.

Abneesh Roy, Senior Vice-President at Edelweiss, points out that the tectonic shift comes at a time when consumers are increasingly becoming conscious of their impact on environment.

**Conscious consumerism**

It is the new age of conscious consumerism where anxious consumers are rejecting an industrial system that appears increasingly toxic and damaging to health, and are turning toward natural products as a solution.

Vikas Gupta, Divisional Chief Executive Officer, ITC LRBD, said, “Evolved consumers understand the consequences of their actions – on themselves, their communities and the planet.

As global Indians demonstrate greater confidence and appreciation of the authenticity of Indian roots and heritage, they seek garments that reflect their identity.

Our new direction is an amalgamation of these insights, inspired by all that is real and catering to consumers who value responsibility and originality.”

The company’s entire product cycle — from ideating and designing desirable garments, to sourcing and then manufacturing has been reoriented to live up to this promise.
Product range

In a world dominated by disposable garments, fast fashion and relentless consumerism, WLS will have only natural elements, be it fabric, or threads, or buttons, and labels.

All garments will be made of cotton, linen, silk or woolen materials, and will be fully biodegradable.

WLS’ new brand logo, Tattva, represents the confluence of all the primary elements — earth, wind, fire, water and space.

The brand has been working towards this new promise through various exclusive collections over the last few seasons such as the Fabrics of India platform, Elements Collection and the 130s Basket Weave Blazers.

Source: thehindubusinessline.com- Feb 12, 2019