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USD 73.01| EUR 83.31 | GBP 93.95 | JPY 0.64

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

Indicative Prices of Cotton Yarn in China
Date: 11/11/2018 ***Prices in US$ FOB***

Country	**20s Carded**	**30s Carded**
India	2.75	3.05
Indonesia	2.56	2.85
Pakistan	2.27	2.66
Turkey	3.20	3.45

China yarn

Yarn market moved down all around upon overall weak market environment. Price of polyester yarn stepped downward quickly and the spinners faced more sales pressure as downstream demand stayed in doldrums. Price of rayon yarn moved down further around 200-500yuan/mt in line with decreasing VSF. Cotton yarn market changed little on the whole and remained weak. Offers of cotton yarn slowed down to decrease, but discounts were provided in actual trading.

International yarn

In the cotton yarn market, downstream demand has failed to improve in Pakistan. Spinners have continued to complain of mounting stocks. Local yarn prices have declined in Bangladesh. Spinners' margins are being squeezed.

Source: CCF Group

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INTERNATIONAL NEWS

US-China trade war set to make big winners out of Asean countries

Asean's trade outlook is the most bullish in the world because its member states will be the big winners in the US-China trade war, according to top HSBC bankers at an economic forum in Singapore.

Attendees at the Bloomberg New Economy Forum in Singapore heard that the relocation of production out of China to lower-cost countries in the Association of Southeast Asian Nations had been taking place for a number years.

But the US-China trade war had prompted a sharp acceleration of that trend to avoid US import tariffs on Chinese goods.

Patrick Burke, chief executive officer of HSBC US, said a manufacturing client had already been thinking about moving his company's factories to Cambodia and Vietnam, but was now pushing ahead with that process at a faster pace.

"They really decided to start moving and take action because of the [US] tariffs," Burke told the South China Morning Post during the forum.

Tony Cripps, CEO of HSBC Singapore, told the forum Asean countries would be the main beneficiaries of the process of supply chain diversification, although he warned that a large scale shift would not happen overnight.

Some 86 per cent of corporations doing business in Asean countries are optimistic about their foreign trade prospects, above the global average of 77 per cent and higher than any other global trading bloc, according to the findings of an HSBC Navigator survey released earlier this week.

But at the same time, 75 per cent of Asean firms admitted that governments are becoming more protectionist in their key export markets, a score that is also the highest among all trade blocs in the world, exceeding the global average of 63 per cent, according to the same survey conducted this autumn.

“This seems counter-intuitive at first glance and it certainly raises the question of whether they are underestimating the trade risks that come with rising protectionism, or are shrewdly seeing opportunity among the trade disruption,” Cripps said.

HSBC noted that the trade war between the world’s two largest economies had opened up opportunities for Southeast Asian nations in export areas including electronics, textiles as well as automobiles and parts.

Countries like Thailand and Malaysia, which already have production networks in electronics, particularly hard disk drives, could more easily benefit from a shift of supply chains, according to the HSBC report, while Vietnam and Indonesia have become increasingly competitive in light manufacturing and textile exports.

Hard disk drives shipped from China are already subject to a US import tariff of 10 per cent, scheduled to rise to 25 per cent on January 1.

Moreover, an increased use of technology in production now tops the list of changes Asean firms plan to make to their supply chains in the next three years.

“It isn’t just about labour costs, companies are moving because they want to manufacture in a different way, using more technology in the process,” Burke said.

Even though Asean countries can benefit from US-China trade war, the HSBC officials warned that companies in the region would still need to prepare for the risk that trade tensions will continue over the longer term.

In a keynote speech to the forum on Tuesday, Chinese Vice-President Wang Qishan said China was ready to talk with the US to resolve the months-long trade war.

But Burke does not expect there to be a rapid resolution to the conflict.

“The views of the two sides are very different from each other, and both are very determined to do what they think is the right thing,” he said.

Cripps said companies thinking of relocating should pay close attention to local conditions, including the supply of raw materials and the amount of skilled labour in the countries they were considering.

“If companies are thinking about putting supply chains in Asean, the different countries in the region have different environments and regulations, so there is still more work [for the companies] to do,” he said.

The supply chain shift is a natural economic progression, and the gain for Southeast Asia does not mean a loss for China, especially when China is moving up the manufacturing value chain and shifting to a consumption-led economic growth model, Cripps said.

Burke also noted there were other options for companies rather than changing their supply chains.

“A woman who started a luxury clothing company told me that what she should do now was to raise her prices, particularly in Asia … because Asia now has the ability to pay more for luxury goods,” he said.

Source: scmp.com- Nov 07, 2018

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Industry Groups Want USTR to Raise Minimum Duty-Free Levels in USMCA

A coalition of major U.S. trade associations has challenged a provision in the U.S.-Mexico-Canada Trade Agreement (USMCA) allowing the United States to reduce the minimum value for goods that can enter the country duty-free to a potentially much lower amount, also known as the de minimis rule.

In a letter sent Tuesday to U.S. Trade Representative Robert Lighthizer obtained by Sourcing Journal, the groups said such a change “would harm American businesses, workers and consumers, reduce incentives to improve U.S. e-commerce infrastructure and undermine U.S. global leadership in e-commerce policy.”

As part of the North American Free Trade Agreement (NAFTA), which the USMCA replaces, the U.S. in 2016 raised its “de minimis” amount from $200 to $800. New language in the USMCA gives the United States the ability to lower the de minimis to an unspecified “reciprocal amount” with Canada and Mexico.

The trade groups said U.S. businesses have increased investments in domestic infrastructure to support the growth of e-commerce and consumer demand since that increase, and reversing that change would decrease incentives for such investments.

“American small businesses benefit from more rapid border clearance and reducing the burdens of importing low-value goods,” the trade groups, including the National Retail Federation, Retail Industry Leaders Association and the U.S. Fashion Industry Association, said. “These reduced logistics costs improve the bottom line of American small businesses across industries who import low-value components for assembly and value-added manufacturing operations. A higher threshold benefits high technology component manufacturers and apparel, textile and other retailers who import samples of merchandise.”

In addition, the trade groups said a higher de minimis also benefits U.S. importers and logistics firms “by reducing the time and cost to process millions of shipments and shaving a half-a-day or more from clearing each shipment.” Generally in preferential trade programs, goods entering the country are pre-qualified and marked for duty-free status, so they not only aren’t subject to an import tax, but require less documentation clearance.

Steve Lamar, executive vice president of the American Apparel & Footwear Association, which did not sign the letter, said, “We agree with the underlying sentiment of the letter and are working to make sure the USMCA implementing bill does not enable the U.S. to unilaterally lower its de minimis threshold. The $800 level is very popular in Congress, having been raised a few years ago in a bipartisan, bicameral manner.”

Lamar said AAFA also supports the effort to raise the Mexico and Canada levels. “However, any efforts by the U.S. to lower its de minimis unilaterally would have little impact in persuading our USMCA partners to raise theirs.”

USTR's industry Advisory Committee on Trade Policy Negotiations, weighing in on the issue, said: "We urge the administration not to contemplate lowering its own de minimis threshold. The U.S. de minimis threshold is a benchmark that we should encourage others to attain, especially in the e-commerce and trade facilitation areas. Unilaterally lowering the U.S. de minimis threshold would only hurt U.S. interests—companies and their workers engaged in e-commerce as well as their consumers—without achieving any gain for the U.S."

As the coalition letter noted, "USMCA should not result in parties reducing their commitments to measures that facilitate trade."

The letter also asked Lighthizer to remove the footnote at issue and work with his counterparts in Canada and Mexico to ensure they do not implement the USMCA in a way that "reduces or withdraws existing trade facilitating measures."

"Taking these steps would ensure that all three countries fulfill the goal of reducing frictions and facilitating trade across North America," the groups added.

The protracted USMCA negotiations to revise NAFTA were completed last month. The trade pact is expected to have enough bipartisan support to pass in the next Congress, but experts say several revisions, such as this one, are likely to be proposed and could threaten its ultimate passage if comprises cannot be reached.

Source: sourcingjournal.com- Nov 09, 2018

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USA: Cargo Imports Remain Strong Ahead of Potential Chinese Tariff Hike

Cargo imports at major U.S. retail container ports have slowed down from a pre-holiday peak, but remain at high levels as retailers strategically bring in merchandise before a threatened 25 percent tariff increase on Chinese goods imports set for January, according to the monthly Global Port Tracker report released Friday by the National Retail Federation and Hackett Associates.

“Imports have usually dropped off significantly by this time of year, but we’re still seeing numbers that could have set records in the past,” said Jonathan Gold, vice president of supply chain and customs policy at NRF. “Part of this is driven by consumer demand in the strong economy, but retailers also know that tariffs on the latest round of goods are set to more than double in just a few weeks. If there are shipments that can be moved up, it makes sense to do that before the price goes up.”

The latest tranche of tariffs, if imposed, is expected to include apparel that has been spared in previous tariff rounds against China. President Trump is scheduled to meet Chinese President Xi Jingping on Dec. 1, when a resolution to the trade conflict could be reached, although most trade and political experts consider that unlikely.

“President Trump’s trade war with China and the threat of even higher tariffs in 2019 have created a mini-boom in imports and businesses have rushed to bring goods into the country ahead of the tariffs,” Hackett Associates founder Ben Hackett said. “We are clearly in a politically motivated trade environment.”

U.S. ports covered by Global Port Tracker handled 1.87 million 20-Foot Equivalent Units in September, down 1.3 percent from August but up 4.6 percent year over year. A TEU is one 20-foot-long cargo container or its equivalent.

October imports were estimated at 1.89 million TEU, a 5.5 percent year over year gain. November shipments are forecast to rise 2.8 percent to 1.81 million TEU and December cargo imports are seen increasing 3.8 percent to 1.79 million TEU.

Heading into the new year, January shipments are forecast to be up 2.8 percent to 1.81 million TEU, while February's shipments are projected to rise 0.4 percent to 1.7 million TEU and March cargo imports are expected to increase 3.3 percent to 1.59 million TEU.

Global Port Tracker noted that imports set a monthly record of 1.9 million TEU in July ahead of 10 percent tariffs on $200 billion in goods from China that took effect in September.

While not overall records, October, November and December's numbers are each the highest on record for those months. Before this year, the highest monthly number on record was 1.83 million TEU set in August 2017.

The first half of 2018 totaled 10.3 million TEU, an increase of 5.1 percent over the first half of 2017. The total for 2018 is expected to reach 21.4 million TEU, an increase of 4.4 percent over last year's record 20.5 million TEU.

The report said while cargo numbers do not correlate directly with sales, the imports mirror this year's strong retail spending.

The NRF forecast last week that 2018 holiday season core retail sales will increase between 4.3 percent and 4.8 percent over last year. Retail sales for all of 2018 are forecast to be up at least 4.5 percent over 2017.

Global Port Tracker covers the U.S. ports of Los Angeles/Long Beach and Oakland, Calif., and Seattle and Tacoma, Wash., on the West Coast; New York/New Jersey; Port of Virginia; Charleston, S.C.; Savannah, Ga., and Port Everglades, Miami and Jacksonville, Fla., on the East Coast, and Houston on the Gulf Coast.

Source: sourcingjournal.com- Nov 09, 2018

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Global apparel consumption to grow at CAGR of 4 per cent

The global apparel consumption is forecast to grow at a CAGR of 4 per cent and reach $2.6 trillion by 2025.

Market growth rate of developed countries is expected to slowdown whereas large emerging economies will be the key drivers of growth.

China and India, with a large population base, will be the fastest growing markets in the segment.

Apparel consumption in 2017 is estimated to at $1.8 trillion, which formed around 2 per cent of the world GDP of $79.3 trillion.

EU-28 was the largest apparel consumer market worth $400 billion, which was followed by markets of the USA, China, and Japan.

These top four markets together constituted approximately 59 per cent of the global apparel consumption.

The next four largest markets were India, Brazil, Russia, and Canada, accounting for an additional 11 per cent share while the rest of the world held a 30 per cent share.

It is expected that over the next decade, domestic apparel market of India and China will attain high growth rates of 11 per cent each, to add a cumulative market size of $393 billion by 2025.

Source: fashionatingworld.com- Nov 09, 2018

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Pakistan: Country can enhance exports to China by 300pc

Pakistan has potential of enhancing its exports to China by three hundred percent to the tune of $3.6 billion from the existing level of $1.2 billion in the current financial year by just securing zero-tariff access in renegotiation of the free trade agreement (FTA) second phase with China for few products, mainly textile, rice, leather and carpet.

Industry experts pointed out multiple flaws in the existing bilateral trade accord, signed a decade ago, that skewed benefits mostly in favour of China.

Noted economist Dr Salman Shah said that Pakistan's trade deficit with China has further widened to $9.7 billion in FY18. China, the largest trade partner of Pakistan, has further increased its exports to $11.45b; an increase of $1.38b compared to FY17. However, exports to China increased by just $120 million to $1.74b, creating a trade gap of $9.7b which accounts for over 30 percent of the overall trade deficit of the country.

Saarc Chamber of Commerce and Industry senior vice president Ifitkhar Malik observed that following the FTA, Pakistan's trade deficit with China markedly widened, surging from $2.9 billion in 2006-7 to $12.7 billion in 2016-17 out of Pakistan's total exports of $22 billion.

He said that Pakistan could not use the concessions granted by China under the first phase, as it only exported 255 tariff lines and an average export value was around $550, which was around 3.5 percent of the total tariff lines of 7,550 on which China granted concessions to Pakistan.

Iftikhar Malik observed that China's demand for agricultural products is now increasing, as its imports witnessed massive growth with wheat import increasing by 67.3 percent, soybeans by 20 percent and beef by 14 percent. He said that exports of fruits can get a boost as thousands of tons of fruits can be exported to China.

The UBG chairman said that China is the world's largest importer of agricultural products and we have to grab our due share through the revisit of FTA between two countries which is mandatory for us.

Another noted financial analyst Sohail Ahmed said that among overall exports to China, cotton & yarn is valued around $940m (51 percent of total exports) followed by metals which are 17 percent of total. While other top commodities are cereals, leather, fisheries, fruits, construction and allied material and minerals.

Rice Exporters Association of Pakistan (REAP) Senior Vice Chairman Ali Hussam Asghar observed that rice export to China is on decline due to tariff barrier. However, it will give a big boost if Pakistan can also get duty free benefit in free trade agreement like ASEAN Countries. He requested the new government of PTI to take up this matter with Chinese Authorities.

He said that Pakistani is one of best basmati and Irri rice producer in the world and being a neighbor country China can import rice at cheap rates. Ali Hussam said that Pakistani rice exporters are putting their untiring efforts towards the growth of Pakistan's economy and looking new markets to enhance the rice exports to cross $2 billion by end of this fiscal year. He said that Pakistani rice exporters are updating their rice mills to meet the required standards of China and other countries to increase rice exports in general.

Reap senior vice chairman stated that exports of semi-milled or wholly-milled rice to China could earn $1.15 billion on zero-tariff market access in addition to the current $195 million. This would be apart from broken rice that possesses an additional export potential of $200 million.

Pakistan Hosiery Manufacturers Association chairman Adil Butt said that Pakistan and China had agreed to revise the FTA by the December-end 2015, but Chinese authorities were unwilling to accept Pakistan's demand to revive preferential treatment for exportable products under the FTA's second phase, which was to be implemented from Jan, 2014.

Pakistan's key exports to China were raw materials and intermediate products, such as cotton yarn, woven fabric and grey fabric. Value-added products were missing despite the fact that the country's key exportable garments were also included in the concessionary regime.

He said that Pakistan exports of boys' trousers, breeches, cotton t-shirts and knitted or crocheted vests could fetch $450 million in addition to $545 million. Other products that hold potential for extra exports in zero-tariff regime include girls' trousers, grain splits leather, t-shirts, paper and paper board, footwear, vegetable fats and oil and household articles. These products have been earning the country about $960 million now.

APTMA former chairman Gohar Ejaz has also sought government assistance to persuade China to establish a special credit line of $5 billion for new investments and joint ventures between manufacturers of both countries.

He said the facility should be provided by China under the pay-as-you-earn scheme on the buying-back basis to stimulate investment in exports from Pakistan.

He said that the Chinese local textiles and clothing market is projected to be worth $500 billion and Pakistani textile export constitutes a meagre 3 percent of their textile and clothing imports of $268 billion, indicating there is a huge opportunity there.

Pakistan Tanners Association chairman Agha Saidain observed that Pakistan is not benefiting from free trade agreement with China, as the leather industry is still paying around 9 per cent import duty on its export goods to China owing to non-implementation of zero-duty under FTA regime. With a view to enhance bilateral trade, Pakistan and China, around 11 years back, had signed an FTA under which both the countries decided to facilitate each others' exporters, exempting duty on their export. He said that in first stage, import duty on Pakistani leather export to China was reduced to 9 per cent from 14 per cent but in second stage this 9 per cent duty was to be reduced to zero some six years ago, which is not being implemented so far, he complained.

Pakistan Poultry Association former chairman and LCCI former president Abdul Basit said that free trade agreements signed with Malaysia as well as China, without taking the real stakeholders onboard, are damaging the local poultry industry, as the imports of processed chicken products under FTA with Malaysia are subject to zero percent import duty and from China at 16 percent import duty. On the other hand, local processors are unable to export their products to these countries as they are absolutely uncompetitive owing to hosts of reasons.

Source: nation.com.pk- Nov 10, 2018

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Uzbekistan eyes to get zero rate customs duties on textile products

Uzbek First Deputy Minister of Economy Mubin Mirzaev has met with members of the delegation of the European Parliament on relations with the countries of Central Asia and Mongolia, Uzbek media reported.

Following the talks, it became known that Uzbekistan intends to get from the EU zero rate customs duties on textile products.

During the meeting, the European side was proposed the following priority areas for further expansion of economic cooperation:

- creation of equal conditions for access of Uzbek textile products to the markets of EU countries, considering the ongoing reforms in agriculture. For example, for certain countries, zero rates of customs duties on textile products were established, while the customs duty rates for Uzbekistan amount to 7-12 percent;

- assisting in ensuring the conformity of the quality of agricultural products to EU standards, increasing human resources in this area;

- attracting foreign investments from EU countries for the implementation of projects as part of the public-private partnership for the development of road and transport infrastructure, social services, housing and utilities, development of alternative and renewable energy sources;

- rendering technical assistance in studying advanced European experience in improving the conditions for foreign trade and liberalizing foreign exchange control.

On July 1, 2017, the Textile Protocol came into force between Uzbekistan and the EU, which envisages providing Uzbek producers with tax and customs benefits, as well as unhindered access to European markets.

Source: azernews.az- Nov 07, 2018

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Vietnam warned against being 'transit point' for Chinese garments to go to US

Vietnam's textile & garment and footwear industries are expected to be the biggest beneficiaries from the US-China trade war. However, the risks are high as Vietnam may become a place for Chinese goods to transit before going to the US.

Pham Chi Lan, an economist, commented that the trade war may stagger the investment flow to Vietnam.

"The investment in Vietnam will increase, but there will be unwanted investments as well," Lan said.

Regarding the garment and footwear industries, experts stressed that origin of materials should be a matter of concern. The US has imposed a tax on $250 billion worth of imports from China, and the US may take action to restrict imports from countries which use materials from China.

If so, this will be detrimental for Vietnam's garment industry, which has to import materials from China.

Lan warned that to avoid the high tax Chinese businesses may bring semi-finished products to Vietnam to create finished products for export to the US, or they may cooperate with Vietnamese enterprises to label their products as made-in-Vietnam products and export to the US.

If the exports from Vietnam to the US increase sharply, the US will trace the origin of materials and impose an additional tax if the products are made with Chinese materials.

Internal problems

Nguyen Binh An, secretary general of the Vietnam Cotton & Yarn Association, noted that there have been big changes in the proportion of exports made by Vietnamese and foreign invested enterprises (FIEs). In 2000-2005, Vietnamese enterprises' exports accounted for 60 percent of total exports, while FIEs accounted for 40 percent. But now, the figures are 30 percent and 70 percent, respectively, and are expected to be 20 and 80 percent in the future.

Most garment exports are CMT (cut, make, trim) products. FIEs have bigger advantages over Vietnamese ones thanks to bigger resources, including market, labor force, training, technology and material sources.

Foreign investors come to Vietnam to open factories to exploit the cheap labor force and the loose environmental requirements.

The same thing is occurring with the footwear industry. Its growth rate was 15-21 percent in 2010, but the figure is only 10-12 percent now.

The problems in material supply sources hinder the development of the industries. In 2017, Vietnam's garment companies needed 9 billion square meters of fabric, but domestic sources could provide only 4 billion square meters.

In footwear industry, Vietnam has to import 75-80 percent of the volume of leather needed and 30 percent of soles, mostly from China, India and Taiwan. The projects on making materials cannot be developed as they are refused by local authorities for fear of pollution.

Source: english.vietnamnet.vn- Nov 07, 2018

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China investing in modernizing textile production in Uzbekistan

Chinese Ambassador to Uzbekistan Jiang Yan got acquainted with the project of the joint venture Uzwoolentex, which is being implemented on the basis of the complex "Narimteks" in the Fergana region of Uzbekistan, Uzbek media reported.

The project is being implemented with the participation of Chinese capital, and the project's the total value is $8 million.

The Narimteks LLC was opened in 2008 and was engaged in the tailoring of women's clothing at ordinary sewing machines. In 2012-2015, together with Chinese partners, the production process was modernized. Modern sewing, weaving and finishing machines were delivered and installed.

As a result, the company mastered the production of coats, jackets, suits and took a firm place in the consumer market, new jobs were created.

Source: kabar.kg- Nov 09, 2018

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Bangladesh: Local spinners missing out on cheap supply

Bangladesh could not use the cheap cotton from Uzbekistan over the last 10 years or so because of a restriction imposed by major clothing retailers due to use of child or forced labour by the Uzbek government in cotton harvesting.

Uzbekistan was the main source of cotton for Bangladesh before the ban was imposed in 2007, according to spinners and cotton importers.

Nearly 60 percent of the demand for cotton in Bangladesh used to be met by Uzbekistan, said Monsoor Ahmed, secretary of the Bangladesh Textile Mills Association (BTMA), the platform for spinners and weavers.

The Uzbek and Turkmen governments force farmers to grow cotton and citizens to pick cotton, all under the threat of penalty such as loss of land, jobs, expulsion from school, and docked pay, according to Cotton Campaign, a global rights group.

The rights group started campaigning against the use of Uzbek cotton in 2007 and nearly 170 major retailers signed the pledge.

However, no Bangladeshi importer brings cotton from Uzbekistan now or from Commonwealth of Independent States (CIS) countries like Turkmenistan because of use of child and forced labour in cotton harvesting.

“The Uzbek cotton is relatively cheap and the quality is good,” Ahmed said, adding that Bangladesh could have saved at least 5 to 10 cents per pound (480 pounds equal one bale) had it imported cotton from the former Soviet nation.

In fiscal 2017-18, the country imported 7.1 million bales of cotton, meeting 97 percent of the demand of the country's more than 440 spinning mills.

This year, Bangladesh will import more cotton as the demand has been soaring with higher shipment of garment, industry people said. Moreover, the import time was also shorter due to geographical proximity in comparison to the African countries, Ahmed said.

“We do not use any fabrics or yarn produced from Uzbek cotton for making garment items for at least 10 years now,” said Siddiqur Rahman, president of the Bangladesh Garment Manufacturers and Exporters Association.

Since the discontinuation of cotton import from Uzbekistan, which is the fifth largest producer worldwide, Bangladesh has diversified its sources to India, Africa and the US.

Currently, Bangladesh imports 40 percent of its cotton requirement from India, another 40 percent from African countries and 7 percent from the US. The remaining 3 percent demand is met from domestic growers and other sources.

Even two years ago, Bangladesh used to import nearly 60 percent of its cotton from India because of shorter lead time, competitive prices and better quality.

“If Bangladesh depends heavily on only one source, like India, for such an important raw material the country may face trouble anytime for different reasons,” Ahmed said. Bangladesh is the largest cotton importer now after China stopped procuring cotton from abroad to support its growers and to finish its previous stock.

Bangladesh is the second largest garment supplier worldwide after China with its 6.5 percent market share.

Last fiscal year, the country produced 1.65 lakh bales of cotton, which can meet less than 3 percent of the annual demand of 10 million bales.

Source: thedailystar.net- Nov 07, 2018

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Vietnam shouldn't bank heavily on trade war benefits: experts

Vietnam does stand to gain from the ongoing U.S.-China trade spat, but daunting challenges remain, experts warn.

There is "a wave" of companies shifting from China to Vietnam to avoid U.S. tariffs, said Mai Huu Tin, chairman of the U&I Investment Corporation.

U&I, based in southern province of Binh Duong, involves diverse business lines including property, financial services, farming and manufacturing with 30 member companies.

Many Chinese businesses have recently come to Vietnam to merge and/or acquire companies operating in the country, Tin said at a recent Vietnam Business Outlook 2019 conference.

A recent report by the American Chamber of Commerce in South China said that both American and Chinese companies operating in China have claimed they are losing market share, especially to companies from Vietnam, as the result of the U.S.-China trade war.

More than 70 percent of the U.S. companies are considering delaying or canceling investment in China, and relocating some or all manufacturing out of China, with Southeast Asia as the leading choice, the report said.

Half their Chinese counterparts were considering doing the same.

Even German, Japanese and Korean businesses operating in China are conducting market research in Vietnam to avoid Trump tariffs, Tin added.

Such transitions have actually been implemented or are being considered by major firms operating in China.

Last month, Goertek, a Chinese company assembling Apple's wireless earphone AirPods, asked all suppliers involved in its AirPod production to ship all necessary materials to Vietnam, he Nikkei Asian Review reported.

"Due to macro-economic factors -- such as external market fluctuations and China-U.S. trade disputes -- the company's operation and management has become more difficult," a report obtained by the Australian Broadcasting Corporation (ABC) quoted the company's chairman Jiang Bin as saying.

The same trend could be seen in footwear companies which mostly base their manufacturing in China. U.S. sports apparel company Brooks Running announced last month that it was considering shifting its manufacturing operations from China to Vietnam to avoid trade war tariffs.

The company's CEO Jim Weber said in a CNBC program that the transition, if happened, would allow his company to be more competitive in the world thanks to the lower tariffs in Vietnam.

But experts are concerned that these changes will not deliver long term benefits to Vietnam.

Economist Nguyen Tri Hieu said that he "doesn't put too much hope" in these transitions, as Vietnam has been attracting foreign direct investment from China because of cheap labor costs. Other countries in Southeast Asia have other competitive advantages, he said.

"Malaysia and Thailand have more advanced technology and more skilled workers. They, apart from Vietnam, are also strategic locations that FDI businesses will shift to in order to avoid the trade war tariffs," he told VnExpress International.

As for export, Vu Thanh Tu Anh, director of the Vietnam Fulbright Economics Teaching Program, said that the U.S. has mainly taxed Chinese mechanics, electronics and wooden furniture firms.

Chinese textiles and footwear have not been taxed. As these two sectors are Vietnam's strongest exports, Vietnam won't be able to gain advantage in exporting these items to the U.S. amidst the trade war, Anh said.

"If Vietnam focuses solely on the trade tensions, it would miss the bigger game."

Hieu was also concerned that China would export its goods via Vietnam to the U.S., and Vietnam could, therefore, also attract tariff impositions.

The U.S.-China trade war escalated in September with the U.S. levying an additional 10 percent tariff on about $200 billion worth of Chinese products. These tariffs would go up to 25 percent by the end of this year, it announced.

China retaliated immediately with 5 and 10 percent tariffs on $60 billion worth of U.S. products.

Source: e.vnexpress.net- Nov 07, 2018

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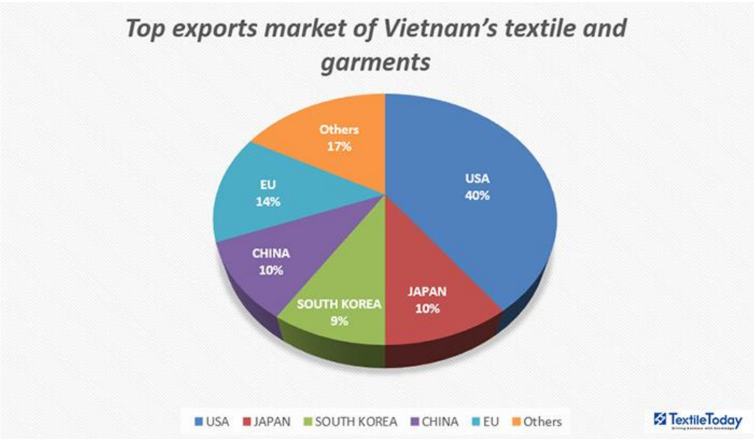
Vietnam's textile and garment exports continue to grow

The exports of Vietnam textile and garment sector climb over 17% in the first nine months of this year. A report that was published by Vietnam's National Textile & Garment Group (Vinatex) said this.

According to the data from Vietnam's Ministry of Industry and Trade, textile and garment exports were valued at US$ 22.56 bn in the period, representing growth of over 17% on last year. The main export markets are the US, the EU, Korea, China and the Comprehensive and Progressive Agreement for TPP (CPTPP) – or TPP-11-countries.



In 2017, Vietnam's textile and garment industry earned US$ 31 billion from exports, a year-on-year increase of over 10 percent. This growth momentum will continue in the next few years, with exports predicted to reach US$ 34-35 billion this year, and US$50 billion by 2020. Garment manufacturing accounts for the majority of businesses, at 70 percent.

According to new figures, the country's industrial production index is estimated to increase by 10.6% in the 9 months period; the highest growth since 2012.

Manufacturing continued to be the bright spot of the industrial sector and the main engine of economic growth with an increase of about 12.65%.

Do Thang Hai, Deputy Minister for Industry and Trade, said, "Trade and industry achieved remarkable results during the year, making a positive contribution to the national economy."

Vietnam is the world's third largest clothing exporter and has benefited as producers and buyers diversify their supply chains, helped by its low labor costs and industry focus on specialization, modernization, and increasing value addition.

Source: textiletoday.com.bd- Nov 08, 2018

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Pakistan: Agriculture, textile sectors to benefit from China boost

Agriculture and textile sectors are likely to be the primary beneficiaries if Pakistan's exports to China get doubled under the renewed discussions between the two countries, a brokerage said on Thursday.

Currently, the bilateral trade is immensely tilting in favour of China with Pakistan's exports much below than the imports from the neighbouring country.

Pakistan's exports to China amounted to $1.75 billion in the fiscal year of 2017/18, while imports from China were recorded at $11.5 billion, resulting in trade deficit of $9.75 billion.

In 2017, cotton and yarn exports to China fetched $940 million, followed by ores, slag and ash ($187m), copper and articles ($134m), cereals ($94m), raw hides and skins ($71m), articles of apparel and clothing accessories, knitted and non-knitted ($70m), fish and crustaceans, molluscs and other aquatic invertebrates ($60m), edible fruit and nuts, peel of citrus fruit or melons ($39m), salt, sulphur, earths and stone, plastering materials, lime and cement ($38m), and mineral fuels, mineral oils and products of their distillation, bituminous substances ($31).

Cotton and yarn exports account for 51 percent of total exports, followed by metals (17 percent).

Other top commodities are cereals, leather, fisheries, fruits, construction and allied material and minerals. "We believe companies like Nishat Chunian, Nishat Mills, and Gul Ahmed would be beneficiaries as they are already exporting yarn to China," Topline Research said in a report. "Also this would be opportunity for all the players to make entry into Chinese market." Pakistan is currently exporting two billion dollars worth of rice to global markets, which can further be enhanced by exporting to China. Matco Foods and Habib ADM are likely to benefit from increase in rice exports to China.

"Sugar sector can also benefit as the government already approved export of surplus sweetener.

Government officials have already underlined rice, sugar, textile and agricultural commodities, like fruits, in a plan to increase exports to China.

A Pakistani delegation recently concluded a four-day visit to China aimed at to garner support of the world's second biggest economy for the country's patchy economic growth. Chinese government agreed to widen market access to Pakistani exports, which are estimated to double from the existing level.

The government has been stressing the need of renegotiation of free trade agreement signed between the two countries, while industry officials have been pointing at mispricing in cross-border trade for long.

A business advocacy group emphasised standardisation and transparency in data collection.

"There are great discrepancies between Pakistan's and China's reported data (particularly for Pakistan's imports from China, where the discrepancy is $5.5 billion), due to possible under-invoicing, which would mean that severe revenue losses and tax evasion are taking place," Pakistan Business Council said in a report.

Source: thenews.com.pk- Nov 09, 2018

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Cotton textile exports grew 26% in Apr-Sep; trade war to open new avenues

However, exports of textiles and clothing declined by 3 per cent with exports of readymade garments registering a steep decline of 16 per cent during H1FY19

India's cotton textile exports grew by 26 per cent at USD 6,235 million in the first six months ended September 2018 and the on-going trade war between US and China will open up new export opportunities, the Cotton Textiles Export Promotion Council (TEXPROCIL) said here.

The country had exported cotton textiles (raw cotton, yarn, fabrics and made-ups) worth USD 4,917 million in April-September 2017-18, the association said in a statement.

However, exports of textiles and clothing declined by 3 per cent with exports of readymade garments registering a steep decline of 16 per cent during H1FY19.

India held a special place in global textile trade as the second largest textile exporter in the world. Today, cotton yarn & fabric exports account for over 23 per cent of India's total textiles and apparel exports.

Ujwal Lahoti, chairman of Texprocil, stated that the ongoing trade war between the US and China would possibly open up new opportunities for cotton textile exports from India and we should be ready to explore them.

The government was also in the process of putting in place alternative schemes to promote exports which would improve competitiveness, he said.

Lahoti welcomed the package for the MSME sector announced by the government. Interest subvention on pre-shipment and post-shipment finance for exports by MSMEs has been increased from 3 per cent to 5 per cent.

These measures would provide much needed support and encouragement to the MSME sector, which contributed significantly to the textiles exports. Under the package, GST- registered MSMEs would get 2 per cent interest rebate on incremental loan up to Rs 1 crore, he added.

He also noted that the jump in India's ranking in the World Bank's Ease of Doing Business will help boost exports.

Lahoti acknowledged that for textiles exporters, remarkable improvements are visible at the ports, customs and regional offices of DGFT EDI systems.

Source: business-standard.com- Nov 07, 2018

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Cotton prices harden on higher minimum support prices

CCI presence in market also keeping prices above MSP

The cotton season has commenced this year with an unusual trend — prices are up despite new arrivals.

The price of the widely-used Shankar 6 variety is ₹ 130.42 a kg against ₹105.34 a kg last November.

Since October 1, when the season started, more than 20 lakh bales are said to have arrived in the market. Trade and industry associations have given varying estimates for cotton production this year (October 2018 to November 2019), with expectations ranging from 343 lakh bales to 380 lakh bales. The daily arrivals of cotton have crossed one lakh bales now and are expected to go up.

The prices usually drop when the new season starts. However, this year, prices are remaining firm for several reasons, say the trade and industry representatives.

The main cause is the hike in minimum support price (MSP), says P. Nataraj, chairman, Southern India Mills' Association. The MSP is higher by 26% to 28 % this season, depending on the cotton variety.

Situation may change

The market prices are above the MSP by just 1% to 1.5%, says P. Alli Rani, CMD, Cotton Corporation of India (CCI). When the daily arrivals pick up, the situation might change, she says. Though the corporation has made minimum purchases now, it is present in more than 348 centres, ready for MSP operations if the prices fall. The presence of CCI in the market is also keeping prices above MSP, she says.

According to J. Thulasidharan, president of Indian Cotton Federation, sentiments are playing a bigger role in determining prices at present more than demand and supply.

The Cotton Advisory Board normally meets in October to estimate cotton production.

This year, it had not met so far. “We have written to the Textile Ministry to convene it soon and clear all the rumours and anomalies about the expected production and to give a clear picture of the crop position,” he said.

The movement of international prices will also have an impact on the domestic cotton prices. If China levies duty on import of cotton from the US, which is a major cotton producer, it will have an impact on the international and Indian cotton prices.

Atul S. Ganatra, president, Cotton Association of India, said domestic prices are high as the international cotton prices are up. Further, this year, there is a fear of a smaller domestic cotton crop. Prices might not reduce much for quality cotton as the season progresses.

Industry sources say the mills are buying cotton for their short-term needs, expecting arrivals to pick up and prices to stabilise.

Slow offtake

The yarn offtake is slow and is likely to revive from next week. Cotton yarn exports were good from April to August (553 million kg between April and August this year compared with 364 million kg during the same period last year).

Mr. Nataraj says the textile industry, which is the largest consumer of cotton in the country, is doing well and cotton consumption this year might be same as last year.

“We have to wait and see how the cotton pries will move.” At present international prices are higher than domestic prices.

Volume of purchase of Indian cotton by the mills will depend on the price movement, he says.

Source: thehindu.com- Nov 11, 2018

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India dismisses US’ notification that it has breached cotton MPS

It is Washington’s second notification similar to the one on India’s rice and wheat several months ago

India has dismissed a counter notification issued by the US alleging New Delhi’s market price support (MPS) for cotton breached the permitted levels of trade-distorting domestic support in the past seven years at the World Trade Organization (WTO), people familiar with the development said.

The US has alleged that India paid trade-distorting subsidies to its cotton farmers well in excess of the limit of 10% for developing countries. “It appears that India provides MPS for cotton vastly in excess of what it has reported to the WTO,” the US said in its nine-page notification that will be made public on 12 November.

Washington’s latest counter notification, which is the second of its kind after a similar notification on India’s rice and wheat several months ago, says: “India’s apparent MPS for cotton appears to have been between 53% and 81% of the value of production in each of the covered years (2010-2017).”

“India appears to be providing signification MPS both in terms of absolute value and as a percentage of the value of production (VoP), for cotton.” The US has questioned India’s notification on cotton, which was submitted a couple of months ago saying it has “dramatically” under-reported.

"For example, India's notification for MY(marketing year)2015/16 showed a value of support, converted from US dollars, of ₹1,176.48 million for cotton…By comparison, the United States estimates that India's MPS was ₹504.150 million for MY2015/16 for cotton."

The market price support for agricultural commodities is calculated as the difference between the applied administered price and external reference price prevailing in 1986-88 multiplied by eligible production.

India had all along opposed the methodology adopted for arriving at the MPS. India, along with more than 45 countries of the G-33 farm coalition, had demanded that the MPS must be calculated by using an external reference price of a recent period instead of 1986-88, which was built into the equation following the Uruguay Round of trade negotiations.

But the US and other erstwhile farm trade-distorting countries such as the European Union, Japan, Norway and Switzerland, vehemently blocked India's efforts for changing the methodology.

"The US wants to paint India with a dark brush as a culprit for global distortions in cotton trade in which the US and the four poor West African countries—Benin, Burkina Faso, Mali, and Chad—are the main victims," said a trade envoy, requesting anonymity.

A senior Indian trade official, also requesting anonymity, said: "The US' counter notification is a cut-and-paste job of what Washington previously did on India's rice and wheat and it is based on a flawed and erroneous methodology." India will categorically dismiss the notification on cotton when it comes up for consideration at the special negotiating session, the official added.

Moreover, the US has used the rupee for calculating the market price support, while India calculates in dollar terms, which makes a tremendous difference, said an analyst on global farm trade. Also, the US was wrong to use total production for the calculation of MPS as opposed to India's calculation based on the procured production. Further, the Cotton Corporation of India does not procure more than 1% of the total production of cotton, the analyst said.

In short, the US wants to pit India against poor West African countries who are seeking substantial reduction in cotton subsidies provided by the US, he added. “Incidentally, the US was already condemned by the WTO’s appellate body for distorting global trade in cotton.”

Source: livemint.com- Nov 11, 2018

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Minister seeks ₹ 20,000 crore investment from Coimbatore

Companies from Gujarat have conveyed their readiness to invest ₹20,000 crore in the State: M.C. Sampath

The second edition of Global Investors’ Meet (GIM) in Tamil Nadu is expected to attract investment of ₹20,000 crore from Gujarat. The industrial city of Coimbatore should strive for a similar volume of investment, Minister for Industries, Steel Control and Special Initiatives, M.C. Sampath said here on Sunday.

Stating that companies from Gujarat have conveyed their readiness to invest ₹20,000 crore in the State, a Memorandum of Understanding (MoU) of which will be signed at the GIM to be held in Chennai on January 23 and 24, 2019, Mr. Sampath said that the diverse industrial sectors in Coimbatore have all the potential to invest on a par with Gujarat.

“Factors like availability of skilled manpower and low cost of production are advantages of Tamil Nadu in attracting investments. Tamil Nadu Business Facilitation Act, 2017, has brought ease of doing business in the State. Our aim is to become one of the 10 top manufacturing hubs in the world and the top in automotive sector,” said Mr. Sampath at a road show of GIM held here.

The Minister said that GIM 2019 is expected to have more investments in 12 sectors including textiles and apparel, automobiles and auto components, agro and food processing, aerospace and defence, pharmaceuticals and biotech, chemicals and petrochemicals, renewable energy, and IT and IT enabled services.

Minister for Municipal Administration and Rural Development S.P. Velumani said the second edition of GIM is expected cross ₹2.4 lakh crore of investment which it had in the first edition.

As many as 98 MoUs were signed at the first edition of GIM in 2015 and 68 companies have started works.

"To boost the industrial sector, we have taken efforts to extend the Mumbai-Bengaluru industrial corridor up to Coimbatore. We have sought the Centre to include Coimbatore in the project which will turn it into one of the10 world class cities in the country," said Mr. Velumani.

Minister for Rural Industries P. Benjamin said that the Single Window Portal of the Government has helped MSME do hassle-free business as renewal of approvals from 11 departments and 37 services can be done online.

K. Gnanadesikan, Additional Chief Secretary-Industries, M. Velmurugan, Executive Vice Chairman of Investment Promotion, Industrial Guidance and Export Promotion Bureau, Dharmendra Pratap Yadav, Secretary to the Government, MSME Department, Rajendra Kumar, Principal Chief Secretary, Industries Commissioner and Director of Industries and Commerce, District Collector T.N. Hariharan, MLA Amman A. Arjunan, M. Ponnuswami, Chairman of CII Tamil Nadu, M. Ramesh, Chairman of CII Coimbatore Zone and R. Ramamurthy, president of Codissia, were present at the road show.

Source: thehindu.com- Nov 11, 2018

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An artificial intelligence app that can 'Mirrorsize' apparel

Getting an apparel of your choice that fits right is a challenge, especially if it is ordered online.

Studies show that nearly 30 per cent of online users drop out before a purchase, because of size and fit issues. Returns, post an online purchase due to sizing issues, range anywhere between 25 and 40 per cent.

And this is where US-based tech start-up 'Mirrorsize' comes in with its artificial intelligence-enabled device agnostic body scanning app.

Launched on a trial basis earlier this month — on both Android and iOS platforms — the app takes 3D body scan to deliver "precise body measurements" on tablet PCs and smartphones.

While an individual user gets the right fit, for an apparel maker or e-tailer it could lead to increased sales, lesser returns and customer loyalty. For custom tailoring outfits, it is a chance to enhance their business opportunities and reach larger audiences.

No wonder then that Arup Chakraborty, Founder and CEO, Mirrorsize, wants to extend his offerings to brands, e-commerce companies and even bespoke players (custom tailoring outfits and start-ups). Currently, individual users and some bespoke players are using the app.

"We are in the process of filing patents. Once through, we will focus on the go to market strategy," he told BusinessLine.

Mirrorsize has already developed two products: 'Get Measured' for custom-tailoring outfits; while 'Size2Fit' is targeted towards ready-made apparel makers. More additions in terms of product expansion are being planned.

Getting the idea

Chakraborty admits that he was on the look-out for custom tailoring, but was having fitting issues. Tailors would either ask him to be present in person at their shops or he used to send them his measurements. Size charts across e-tailers would confuse him. Even images used in 'virtual trial rooms' were not up to the mark. Thus, began his quest for "a solution". During this time, he met a couple of professors from IIT-Delhi and, along with them, his company Mirrosize started developing the product.

“Measurements taken will be precise because of the use of AI (artificial intelligence). This apart, we will be a cost-effective solution provider,” Chakraborty said.

Monetisation, licensing

Monetisation plans are being worked at. “We may look at a click-based model for companies and brands. I am not much interested in charging individual users,” he added.

The company is already in discussions with at least seven to eight brands and custom-tailoring outfits (bespoke tailors) for licensing pacts.

This means, an apparel maker will provide Mirrorsize with its brand specifications. A buyer will click on the ‘body measurement’ option on the apparel maker’s website or an online shopping site and get to know what size fits him/her the best.

Mirrorsize is also in talks to raise funds which, according to Chakraborty, should not be more than $5 million, as of now. Funds will be used for setting up a global sales and marketing team and to step up focus on R&D.

Source: thehindubusinessline.com- Nov 11, 2018

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India, Russia banks to discuss rouble-rupee trade today

Representatives of atleast three Russian banks operating in India, including Vnesheconombank, Sberbank and VTB, will meet executives from top Indian banks in Mumbai on Monday to discuss rupee-rouble settlements between businesses of the two countries.

According to sources close to the development, the meeting being organised by the Indian Banks' Association (IBA) will also see participation from the RBI and Russia's central bank representatives.

India and Russia have been trying to establish mechanisms for trade in national currencies, bypassing the US dollar, for about a decade, but there has been little progress on the ground.

The need for rupee-rouble trade has increased in the past one year as Russia continues to face pressure of US sanctions. India-Russia bilateral trade is highly dominated by defence deals and several Russian defence majors contracted by the Indian government are currently under US sanctions. Since the beginning of this year, Indian banks have halted defence-related payments worth several billion US dollars.

The issue was raised during the 24th meeting of Indo-Russian working group on banking and financial matters held in August in the Russian city of Tula chaired by Ksenia Yudaeva, first Deputy Governor of the Central bank of Russia, and Bibhu Prasad Kanungo, Deputy Governor of the Reserve Bank of India. According to the minutes of the meeting reviewed by BusinessLine, the infrastructure for such settlements is in place, but banks need to make further progress to start transactions.

The Indian side expressed concern over negative implications of the US sanctions against Russia while the Russian side said these challenges "can be addressed through a more accurate interpretation by Indian banks of the unilateral restrictions imposed against Russia by third countries". The Russian side said it will provide the Indian side with regular updates on the sanctions regime which would then be communicated by the RBI to Indian banks. Experts believe the current volume of trade between India and Russia, which is around $10 billion, is too less to move to settlements in national currencies, and for the beginning the countries could start with agreement on currency swap.

"The trade volumes should go up by at least 30-50 per cent for the entire ecosystem to be interested," an analyst with a Moscow-based brokerage said. "The rupee-rouble settlements could be more expensive and time consuming, at least in the initial phase. Hence, for business participating in this the governments and regulators of both countries should ensure they create a favourable environment," he added.

Analysts said that the launch of rupee/dollar futures by the Moscow Exchange last month is a favourable step. Although technically it does not pave the way for settlement in national currencies, it could popularise the rupee in the Russian market.

Source: thehindubusinessline.com- Nov 11, 2018

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GST compensation paid to states declines to Rs 11,900 cr in August-September

GST compensation paid to states by the Centre has declined to over Rs 11,900 crore during August-September, an official said.

The bi-monthly GST compensation paid during the June-July period was Rs 14,930 crore, nearly four-fold jump from Rs 3,899 crore paid in April and May.

"Over Rs 11,900 crore has been released to the states from GST compensation fund during August-September after regular and ad-hoc settlement of IGST fund," an official told PTI.

The government collected a record Rs 1,00,710 crore from Goods and Services Tax (GST) in the month of October. The returns filed and taxes collected in October reflect purchase and sale activities of September.

The government has settled Rs 15,107 crore to states GST from Integrated GST (IGST) as regular settlement. Further, Rs 15,000 crore has been settled with the states from the balance IGST available with the Centre on provisional basis at the end of October.

Total revenue earned by the state governments after regular and provisional settlement was Rs 52,934 crore in October. Ten states which are facing maximum revenue shortfall during April-August are Puducherry (42 per cent), Punjab and Himachal Pradesh (36 per cent each), Uttarakhand (35 per cent), Jammu and Kashmir (28 per cent), Chhattisgarh (26 per cent), Goa (25 per cent), Odisha (24 per cent), Karnataka and Bihar (20 per cent).

The states faced an average 16 per cent shortfall in GST mop-up in the first year of implementation (July 2017-March 2018), which has come down to 13 per cent during April-August of the current fiscal.

Finance Secretary Hasmukh Adhia has already held discussions with tax officials in six states—Punjab, Himachal Pradesh, Puducherry, Jammu & Kashmir, Bihar and Uttarakhand—to shore up revenues.

While only six states—Mizoram, Arunachal, Manipur, Nagaland, Sikkim and Andhra Pradesh—are facing revenue surplus in the current fiscal, 25 states are staring at a revenue shortfall and have to be compensated by the Centre.

In 2017-18, the Centre had released Rs 41,147 crore to the states as GST compensation to ensure that the revenue of the states is protected at the level of 14 per cent over the base year tax collection in 2015-16.

Source: thehindubusinessline.com- Nov 09, 2018

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Arvind Pangariya cautions: Import duty hikes can be counter-productive

The recent government move to raise import duties on a host of products in a bid to contain current account deficit (CAD) can be counter-productive and doesn’t augur well for the economy, eminent economist and former vice-chairman of Niti Aayog Arvind Panagariya has cautioned.

The government and the central bank, however, have done the right thing by just managing rupee volatility instead of turning extra aggressive in their defence of the domestic currency that recently breached the 74-mark against the dollar before pulling back.

Panagariya also suggested that India need not make its demand for further liberalisation in the movement of skilled professionals across borders a ‘make-or-break point’, while negotiating free-trade deals like RCEP. Instead, it should be flexible enough to get the best deal for itself in promoting goods trade.

As for the concerns about the worsening CAD, Panagariya said the deficit is unlikely to touch 3% of GDP, as is being forecast by the International Monetary Fund and some analysts. But even if it touches 3%, it’s manageable.

Making a case for keeping trade as free as possible, Panagariya said: “My view is that it (raising import duties) won’t help the economy because only after removing protective tariffs did India grow at a reasonable pace. We grew at an average 7.6% between FY04 and FY18 due to openness. If we go back to protectionism, it’s not right,” Panagariya told FE in an interview.

In recent months, the government has cracked down on what it called ‘non-essential imports’, including those of electronics and some other consumer goods, to trim the CAD and contain its negative impact on the rupee.

Analysts have already expressed scepticism about the efficacy of the government’s duty hike in 19 items in September, saying at `86,000 crore, purchases of these items accounted for only 2.5% of total merchandise imports and 0.5% of nominal GDP in 2017-18.

The government followed it up by increasing the tariff on more than a dozen other goods in October. Purchases of certain items from overseas saw a massive jump this fiscal. For instance, between April and July, imports of electric machinery surged 44%, machine tools 43%, ship, boat and floating objects 36%, ferrous scrap 34% and aluminium 32%. The import value of each of these items was above $1 billion. Even coal imports jumped 28% to $11 billion up to July.

Given that foreign portfolio investors have turned net sellers in 2018 amid an emerging market sell-off, triggered partly by the US interest rate hike, the rupee has been under pressure.

Already, it has emerged as Asia’s worst-performing currency, having shed around 12% against the greenback in 2018.

Already, a panel under commerce and industry minister Suresh Prabhu has asked as many as 15 ministries/departments, which oversee around 80% of India's imports, to chalk out specific plans urgently to substitute certain imports through higher local production.

The items on which the government raised import duties by up to a maximum of 10 percentage points in September included aviation turbine fuel, gold jewellery, semi-processed diamonds, air-conditioners, refrigerators, washing machines (up to 10 kg), footwear, certain car tyres and plastic products.

Source: financialexpress.com- Nov 11, 2018

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