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INTERNATIONAL NEWS

U.S., UK Continue Working Toward Post-Brexit FTA

The U.S. and the United Kingdom continued working toward a potential free trade agreement at the fifth meeting of their bilateral trade and investment working group held recently in Washington, D.C. The two sides also held a separate session on small and medium-sized enterprises.

According to a press release from the Office of the U.S. Trade Representative, the working group has been focusing on providing commercial continuity for U.S. and UK businesses, workers, and consumers as the UK prepares to leave the European Union in March 2019, including by laying the groundwork for a possible bilateral FTA.

During their recent meeting, members of the working group exchanged information on issues such as industrial and agricultural goods, services, investment, digital trade, intellectual property, regulations, and SMEs to ensure both sides are well-prepared to open negotiations.

They also worked to ensure continuity in the bilateral trading and economic relationship underpinned by international agreements as the UK leaves the EU.

The third U.S.-UK SME dialogue focused on digital trade benefits for SMEs and e-commerce tools to promote SME exports.

In addition, officials released joint e-commerce guides for small businesses selling online into both markets.

The next session of the SME dialogue is scheduled for summer 2019 in the UK, and the two sides have also agreed to hold a sectoral-focused SME best practice exchange on marine technology in April 2019.

Source: strtrade.com- Nov 13, 2018
U.S., China, 10 Other Countries Seek Brexit Assurance at WTO

A dozen nations including the U.S. and China demanded the European Union provide a mechanism for "appropriate compensation" to ensure its split with the U.K. doesn’t leave them worse off after Brexit, according to a World Trade Organization document.

The document marks another snag in the EU and U.K.’s plan to unwind their WTO commitments and increases the likelihood of a showdown at the global trade body.

"We urge the EU to provide further assurances to members that it will provide clarity on how it intends to account for U.K.-EU trade; that it will provide for negotiated outcomes that maintain the quality and level of access currently enjoyed to the EU; and that appropriate compensation will be offered where this access is not maintained," according to the document, which was obtained by Bloomberg.

The document, which was to be discussed at a WTO meeting in Geneva on Monday, was signed by Argentina, Australia, Brazil, Canada, China, Mexico, New Zealand, Paraguay, Taiwan, Thailand, the U.S. and Uruguay.

"Given their considerable, unprecedented scale and scope, these changes are of general and systemic interest to the WTO membership," according to the paper.
The countries said they were dissatisfied with the EU’s plan to divide its joint WTO tariff rate quota, or TRQ, obligations with Britain and said the bloc has not made any new WTO commitments regarding the future of the EU-U.K. trade relationship, according to the document.

The issue centers on the most important part of the EU and the U.K.’s membership in the WTO -- their schedules of concessions, which outline tariff rates and other trade rules by which other countries may sell goods and services to the European marketplace.

**TRQ Commitments**

Since the U.K. does not possess an independent schedule, it has offered to replicate the EU schedule and split their joint TRQ commitments -- which set import limits on hundreds of sensitive goods such as beef, lamb, and sugar. But the signatory countries said the joint TRQ proposal "amounts to a reduction in the quality and level of access provided by the EU to WTO members" that could "affect a globally-significant volume of trade," according to the document.

"Given their considerable, unprecedented scale and scope, these changes are of general and systemic interest to the WTO membership," according to the paper.

Though WTO members cannot force the EU and the U.K. to provide market concessions they can block certification of their schedule of concessions and launch WTO dispute settlement proceedings into the matter.

The EU can -- and already does -- trade on uncertified WTO schedules. However, a negative dispute settlement judgment could require the EU to offer new market-access commitments to any, and potentially all, of the WTO’s other 135 members.

Source: bloombergquint.com- Nov 13, 2018
USA: Cotton Prices Stabilize, But Trade and Demand Jitters Cloud Forecast

While some uncertainty has been removed from the cotton market when it comes to supply, as the North American harvest winds down after some weather disturbances, questions seem to be mounting regarding demand and price stability.

Cotton Incorporated’s latest analysis of the global market emphasizes that the U.S., China and European Union each reported slower economic growth in the third quarter and at the same time, the trade relationship between the U.S. and China “continues to present a major source of uncertainty.”

This month, the U.S. Department of Agriculture (USDA) made its first adjustment to U.S. production since observing damage from Hurricane Michael, which hit the largest producing states in the Southeast. Due to the storm, the U.S. crop forecast was lowered 1.4 million bales to 18.4 million bales.

On the economic side, slower economic growth generally leads lower consumer demand for apparel and home textiles. This usually results in slower growth in mill-use, according to Cotton Inc., and the weaker outlook for gross domestic product (GDP) likely contributed to significant downward revisions to consumption estimates this month.

The U.S. GDP growth was reported at 3.5 percent in the Bureau of Economic Analysis’ advance estimate for the third quarter last week, following 4.2 percent growth in the second quarter. IHS Markit’s “November U.S. Economic Forecast Flash” said the 10 percent tariffs on $200 billion of imports from China that went into effect in September, and the increase to 25 percent tariffs that could take effect in January “are boosting the near-term inflation forecast, but should have only a modest (negative) impact on real growth.”

“We look for GDP growth to rise from 2.5 percent last year fourth quarter over fourth quarter to 3.1 percent this year, before slowing to 1.5 percent by 2021,” IHS economists said.
On the trade front, Cotton Inc., said, “In recent weeks, the outlook has wavered between expectations of further escalation and hope for compromise, but the effect on U.S. export commitment to China has been increasingly negative.

Initially, the response of Chinese mills to the tariff increase on U.S. cotton appeared to be one of wait-and-see, maintaining existing contracts but holding off on purchases of new ones. More recently, cancelations have begun.”

Despite starting the crop year with 36 percent more cotton contracted for shipment to China than last year, the current U.S. commitment to China is now 12 percent below the volume a year ago.

The impact on cotton prices hasn’t been too dramatic, yet.

With the cancelations from China and below-average sales to other markets, Cotton Inc. said U.S. export commitments have been flat. If that persists, U.S. contract sales will fall below the level from a year ago at some point in the coming few weeks.

“The smaller U.S. crop resulting from hurricane damage is a mitigating factor, but fewer U.S. exports suggest higher U.S. ending stocks,” Cotton Inc.’s monthly report said. “With the U.S. being the world’s largest exporter, this can put downward pressure on prices globally.”

U.S. spot cotton prices averaged 74.83 cents per pound for the week ended Nov. 8, up from 74.13 cents per pound the prior week and 66.94 cents a year earlier, according to the USDA. Values for December New York futures have been steady, trading between 76 cents and 80 cents per pound of late. The global Cotlook A Index has also been steady since mid-October, maintaining levels near 87 cents per pound.

Cotton Inc. said a longer-term stabilization of Chinese reserve stocks, which would mean a rise in Chinese cotton imports to match its China’s production deficit, would help pricing power. However, even though this strong increase in demand is expected, and with Chinese mills facing the constraint of higher tariffs from the world’s largest exporter, the U.S., “Chinese prices have been decreasing,” suggesting, according to Cotton Inc., that “demand may currently be a greater concern than supply.”
This can be seen in weak U.S. export sales beyond China. For example, U.S. sales to Turkey, traditionally among the top three destinations, are down 46 percent year over year, while sales to other markets have also been slow in recent weeks. “This is notable because this is the time of year when U.S. export sales generally start to accelerate as more cotton has been harvested, classed and prepared for shipment,” the report noted.

Source: sourcingjournal.com- Nov 12, 2018

Chinese textile machinery exports on the rise

With growing Chinese textile industry, Chinese textile machinery import figures were larger than exports, but since 2012, machinery exports have overtaken imports. In China, there are more than 100 knitting machine producers. These companies are now selling hi-tech technologies in knitting. About 15 to 20 per cent of the textile machinery produced in China is exported. There are some companies which export around 50 per cent of their production.

The Chinese textile industry offers textile machinery at most competitive prices. Indian companies have expressed interest in Chinese textile machinery, because the price is very competitive. For example, a knitting machine offered by European companies is double the price supplied by Chinese companies of nearly the same technology. European companies have been in business for several decades and Chinese companies are trying to catch up.

A lot of innovations are happening in the Chinese nonwoven machinery sector. The Chinese knitting sector uses hi-tech technologies. The China Textile Machinery Association has 600 members who are manufacturers of textile machinery and spare parts. CTMA also has foreign companies as members who have set up offices and factories in China. To enhance the country’s position in the global value chain, China has drawn up a roadmap to upgrade industries through innovation.

Source: fashionatingworld.com- Nov 12, 2018
Study analyses impact of new US tariffs on textile-apparel

The recent US tariffs on Chinese imports seem to have direct implications for fabrics and yarns, says a Coresight Research study. Apparel and footwear are largely excluded from the tariffs, but they could be affected if those extend to additional categories. For example, Chico’s FAS and G-III Apparel Group, which source heavily from China, may be affected.

The US fabrics industry is likely to benefit from the tariffs, given the steady stream of exports to China. Such exports increased from $351 million in 2014 to $453 million in 2017, according to the study.

Apparel accounted for three-fourths of the total imports in the apparel and textiles category in 2017, according to the International Trade Administration’s Office of Textiles and Apparel (OTEXA). That indicates that the apparel segment will be more impacted than the textiles segment, should the US proceed with levying tariffs on all Chinese imports.

Companies like The Children’s Place, which uses the ‘China plus Vietnam plus many’ sourcing strategy, are better positioned to absorb any costs that may result from future tariffs, a press release from the company said citing the study.

China is the United States’ largest trading partner in the apparel and textiles category.

China accounted for 11-30 per cent of all apparel and footwear goods imported to the United States in 2018, down from 30-50 per cent earlier, according to a survey conducted by the United States Fashion Industry Association (USFIA).

US trade in apparel and textiles with China is gradually declining. Given the new tariffs, Chinese imports of such products may decline further over the next few years as more US companies diversify their sourcing. Vietnam and Bangladesh have gained importance as sourcing destinations, with imports from both nations increasing since 2012, the study said.

The US trade deficit with China in apparel is improving. It fell from $29.3 billion in 2016 to $28.4 billion in 2017.
The US has steadily increased its exports to China while reducing its import dependence on the country. The trend has been complemented by many US companies diversifying their sourcing to safeguard themselves.

The company expects the US apparel and textiles trade deficit with China to narrow further. The deficit was down 1 per cent year-on-year in July 2018. From 2013 to 2017, the United States increased its apparel exports to China from $47 million to $89 million.

Over the longer term, US companies are expected to further diversify their sourcing among China’s competitors.

Among all apparel and textiles categories, the study expects yarn to be the most severely affected by the current tariffs.

Source: fibre2fashion.com- Nov 11, 2018

GOTS’ Latest Factory Monitoring Tool Focuses on Water and Energy Consumption

Water and energy consumption are getting greater attention in the apparel supply chain.

The latest version of the Global Organic Textile Standard’s (GOTS) “Monitor” software was released last week, will focus on evaluating factories’ compliance when it comes to water and energy consumption (per kilogram of textile output), and targets and procedures to reduce energy and water consumption.

This additional level of coordination allows GOTS to help set achievable reductions in resource consumption for businesses, according to the organization, while reinforcing a sustainable business model.

Version 2.0 of the “Monitor” corrects certain bugs, and GOTS said stability, scalability and portability for the software have all been improved. GOTS, itself, is a collection of four member organizations: the Organic Trade Association (OTA) in the U.S., IVN in Germany, Soil Association in the U.K. and the Japan Overseas Cooperation Association.
These organizations, in concert with other international groups with expertise in organic farming and eco-friendly textile production, offer certification for textile production centers that follow the Global Organic Textile Standard and work to limit excessive resource consumption.

In March, GOTS announced an 8.2 percent increase in GOTS-certified facilities in 2017, reaching 5,024 such facilities, compared to 4,642 in 2016. These facilities can be found in 62 countries and employ 1.74 million people worldwide, according to the organization. India has the highest concentration of GOTS-certified facilities with 1,658, followed by 534 in Bangladesh, and Germany, which boasts 480 certified textile production centers.

Textile producers can become GOTS-certified by undergoing annual inspections of production areas. Certification specialists trace organic fiber product flow, verify water treatment and assess the social and environmental impacts of all inputs and accessories used in the production process.

GOTS then compiles this information into a database, giving organic textile producers access to global sustainability benchmarks and examples of successful organic textile production operations.

Source: sourcingjournal.com- Nov 12, 2018

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**Global organic cotton output up 10 per cent**

Global organic cotton output rose by 10 per cent in the 2016-17 season. The largest volumes came from India, China, Turkey and Kyrgyzstan. While organic still occupies less than one per cent of global cotton production, many countries have growth in the double-digits.

A huge area of cotton-growing land is in transition to organic. About 80 per cent of this transition is taking place in India, with the remainder stemming primarily from Pakistan, China, Tanzania, and Turkey.
However, after hitting a production peak in the 2009-10 season, the sector failed to kick in, and it has been pretty much downhill all the way since then, while other certification schemes such as BCI cotton have flourished.

While organic cotton undoubtedly has positive connotations with consumers, it is more expensive to grow with more variable yields, making it much more difficult to get to market at a profitable price point.

Organic cotton is not necessarily economically viable. There is no disputing the fact that the organic cotton market has struggled to maintain any significant momentum in recent years.

Indeed, it often feels like a case of two steps forward, three steps back. Cotton’s share in fiber use has dropped from 50 per cent to just over 30 per cent.

Source: fashionatingworld.com- Nov 12, 2018

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Vietnam textile exports to rise 14.8 per cent in 2018

Vietnam’s textile exports are expected to rise by 14.8 per cent to $35 billion in 2018. The country’s textile exports to the United States rose by 12 per cent over the January-October period to $10.5 billion, while exports to China increased 40 per cent, to $1.1 billion. During the first eight months of the year, foreign investment in textile and clothing sector was $2 billion. Most of these investors come from Japan, South Korea, Taiwan and China.

While they are two thirds smaller than those destined for the United States, textile exports to Europe remain important for Vietnam. According to the French Institute of Mode (IFM), the country was last year the sixth supplier of the European Union in clothing with €3.1 billion of goods, as well as its 13th textile supplier with €370 million. For France, Vietnam is the seventh supplier of clothing with €819 million, behind Tunisia and Morocco, but ahead of Cambodia and Portugal.

Source: fashionatingworld.com- Nov 12, 2018
China grants Pakistan duty free market access

Duty free market access to China will boost exports of Pakistan’s made-ups. Pakistan’s annual trade deficit with China ranges around $12 to $14 billion.

The country’s yearly exports to China are $1.2 billion and imports in the range of $14 to $16 billion. Apart from Pakistan, China offers duty free status to Asean and Bangladesh.

Pakistan and China will decide how much textile, leather, and other goods can be exported to fully utilise the duty free facility.

At this stage, the list of products that would be eligible for duty-free has not been prepared. There will be further discussions on finalising details of market access and the balance of payment support.

The countries are working to have a free trade agreement in place before June 2019. They have signed 15 MoUs for further cooperation in the areas of socio-economic development, poverty alleviation, agriculture, economic and technical cooperation, forestry, earth sciences, higher education and technology.

Industrial cooperation will be accelerated and both sides have decided to move with the next phase with a focus on industrial expansion, agricultural revitalisation and integration of trade ties.

Pakistan will request China to remove other non tariff barriers so that Pakistan can boost exports.

Source: fashionatingworld.com- Nov 12, 2018
FDI to be hit if EU withdraws GSP benefit to Myanmar: DICA

Foreign direct investments (FDI) in Myanmar will be hit if the European Union (EU) withdraws its generalised scheme of preferences (GSP), under which the country enjoys easy trade access to the world’s largest trading block, according to U Aung Naing Oo, director general of the country’s Directorate of Investment and Company Administration (DICA).

Three-fourths of workers employed by the garment manufacturing industry could lose their jobs if the EU blocks Myanmar’s access to its market, the director general said. Job loss will delay reforms, he added.

The EU is considering doing away with the GSP benefit due to the ongoing crisis in northern Rakhine.

An EU monitoring mission recently visited the country to meet government officials, businesses and labour associations as part of it decision making, according to media reports from Myanmar.

Myanmar was expected to draw FDI of $5.8 billion this fiscal, according to DICA.

FDI from the EU accounts for 10 per cent of total FDI in Myanmar, with most funds directed to the garment sector. Myanmar exports almost half its apparel to the EU.

Other countries invest in the garment sector in Myanmar to have a share of the EU’s rising demand for textiles, clothing and footwear. Foreigners dominate 65 per cent of the country’s garment industry, while the remaining are domestically-owned.

Of the foreign-owned factories, around three-fifths is run by the Chinese, which then export to the EU, according to the Myanmar Garment Manufacturers Association (MGMA).

Source: fibre2fashion.com- Nov 13, 2018
Stock piles up in Bangladesh mills

Jute mills in Bangladesh are left with unsold stock, hampering wage payments. They produce four types of products – sack, hessian, carper backing cloth and yarn. The country had a target of keeping 3,650 handlooms operative in the jute mills in the current fiscal year.

But only 2,099 handlooms are operating, which is only 57 per cent of the target. As a result, 47 per cent of mill workers are unemployed. The target of buying raw jute for the year 2018-2019 was fixed at 7.48 lakh quintals. But only 81610 quintals have been bought in the last four months, which is just 11 per cent of the target.

Jute mill authorities are not being able to buy jute at lower prices. Later, they have to purchase it at higher prices, which will boost the production cost. The authorities concerned have been urged to allocate funds for purchasing raw jute this season and take the initiative for selling the produced products.

Mill production has declined due to lack of funds. The production target is 16.34 metric tons, while only seven metric tons to ten metric tons have been produced. Among the nine state-owned jute mills, seven are located in Khulna and the rest two in Jessore area.

Source: fashionatingworld.com- Nov 12, 2018

Azerbaijan may grow more coloured cotton if tests succeed

If coloured cotton experiments show positive results, Azerbaijan may grow organic cotton in other colours, according to Imran Jumshudov, head of the state seed control service under the agriculture ministry.

Brown and light-brown cotton varieties are being grown at present at the Regional Agrarian Scientific Information Centre of the Terter region.

The coloured varieties were introduced by China in the country for its suitable climate. At present, the cotton in the experimental beds is at the stage of maturation, an Azeri news agency quoted Jumshudov as saying.
Varieties of red, green, light pink and blue cotton are also available. These coloured cotton varieties are superior to local ones in quality and fibre fineness, he said. Cotton is produced production in the country in Saatli, Bilasuvar, Barda, Aghjabadi and Sabirabad.

Source: fibre2fashion.com- Nov 11, 2018

Europe bats for stability in Bangladesh provided by Sheikh Hasina

A high level European Union (EU) delegation visited Dhaka Bangladesh last week and has expressed its admiration for the achievements of the country and Government of Bangladesh under the leadership of Prime Minister S.E. Sheikh Hasina.

The head of the EU Delegation, Henri Malosse, from France, former President of the European Economic and Social Committee expressed his congratulations to Awami League government for having transformed one of the poorest countries into one the fastest growing economies of the world with a growth of 7.9 percent last year.: 

“It was my first visit to Bangladesh and I can say that I am positively surprised by the dynamism of the country“

Other members of the delegation included two Members of the European Parliament, Ryszard Czarnecki, from Poland and Christelle Lechevalier from France; Agneszka Scigaj Member of the Parliament of Poland; Guillaume Pradoura Special Adviser of Nicolas Bay, Chair of the ENL political Group of the European Parliament and Ms Madi Sharma, Member of the European Economic and Social Committee. The visit took place over three days beginning November 5.

Welcoming the delegation, Prime Minister Sheikh Hasina stated “I have 160 million mouths to feed and our government’s aim is to ensure a better life for people where they could live in peace and harmony. We are grateful to the European Union for all it has done for Bangladesh”.
The delegates were impressed with the Prime Minister’s work on women empowerment, labour rights, programmes for persons with disabilities and autism and steps to counter terrorism and radicalism. The Prime Minister’s zeal to take Bangladesh to the next level of development was also evident.

The delegation had an interactive session with government Ministers, officials and senior members of the ruling party, the Awami League. This interaction provided a valuable insight into Bangladesh’s two-pronged approach to tackle the menace of radicalism and terrorism, that involved law enforcement agencies and cooperation with multiple partner countries but also the State’s engagement with educational institutions like Madrassas and families.

The delegates were especially impressed with the unique “Know Your Kid” approach that urged parents to be sensitive to potential influence of radical ideology on their children. This approach was evidently working as Bangladesh had been free from any terror attacks since the 2016 horrific Holy Artisan bakery attack.

For a country that has witnessed numerous terror strikes, peaking especially during the period between 2001-06 when the Bangladesh Nationalist Party (BNP)-Jamaat-e-Islami (JeI) alliance was in power, this improved security situation would only further boost the economic growth.

Over the next two days the EU team met representatives of the media, religious minorities including Christians, Hindus and Buddhists, lawyers, faculty of the Dhaka university and political leaders like former President HM Ershad.

These meetings provided the delegation clarity on various issues. Undoubtedly, Bangladesh was on the path of development with over 6.5 per cent economic growth over the last few years.

The Awami League government had focused on achieving the industrial potential of Bangladesh through enhanced exports, but also invested heavily on health, education, and women’s empowerment.
Further, large strides had been made in the sphere of telecommunication, with social media becoming an important tool of communication and providing citizens, especially the large youth population, a platform to express themselves.

The delegates were equally appreciative of the secular fabric of Bangladesh and the contribution of the government in providing a sense of security to the country’s religious minorities.

Members of religious communities highlighted that a very large majority of the population of Bangladesh shares the principle of secularism, a concept originally introduced in the country by the father of the nation (Bangabandhu) Sheikh Mujibur Rahman during its independence.

However, there are pockets of tensions due to the presence of fundamentalists groups and recent attacks against the Buddhist community in relation with the situation of the Rohingya. Mrs Lechevalier expressed her satisfaction regarding the high level of religious tolerance in Bangladesh compared to the discriminations currently taking place in Pakistan.

The delegation’s visit to the Memorial of Bangabandhu, Sheikh Mujibur Rahman, the father of the nation, and PM Sheikh Hasina’s father, gave them an insight into the tragic chapter in the history of Bangladesh, when Rahman and 18 members of his family were gunned down.

Expressing the views of the delegation, Malosse wrote on the golden book of the memorial “the essential contribution of the father of the Nation for peace and stability in the region and his wise vision of a secular state had bou ..

Czarnecki described the visit as highly instructive and expressed the hope that after the next parliamentary elections, Bangladesh will continue to follow the principles of Bangabandhu, Father of the nation, to ensure democracy, prosperity, growth and good regional cooperation.

Indeed, if Bangladesh continues on its actual trend with fast growth, fast elevation of the average incomes and working conditions, Bangladesh will become one of the leading countries of South Asia.
Bangladeshi people are known across Europe as hard workers, this hard work and determination is evident also inside the country as it has succeeded to achieve such potential in only a short period of time. This is not just due to foreign investments in the Megalopolis Dhaka, but also due to the extraordinary talents of the farmers, fishermen, workers, engineers and entrepreneurs.

Bangladesh is one of the world’s leaders in cotton textiles and in generic medicines, exporting its products globally. No doubt this impressive perspective is due to the democratic stability, secularism, tolerance and good cooperation with neighbours and international recognition of its aspirations. It is likely that there will be an economic and social boom in the near future, coming from the country that nobody expected, Bangladesh, the new “Tiger” of South Asia.

Following the visit and with the impressions gathered after detailed discussions with various stakeholders, the delegation intends to push the EU for increased support to Prime Minister Sheikh Hasina and her government to stay on course with regard to her development goals, as well as assist in her de-radicalization efforts.

Source: economictimes.indiatimes.com- Nov 12, 2018
NATIONAL NEWS

US says India paid bigger cotton subsidies than WTO

India has paid out far more in cotton subsidies than the World Trade Organization allows, with payments “vastly in excess” of what it had officially declared, the United States said in a filing to the trade watchdog on Monday.

The U.S. assessment of India’s market price support (MPS) for cotton said New Delhi was allowed to pay out up to 10 per cent of the value of production, but the actual figure had ranged from 53 per cent to 81 percent since 2010.

“It appears that India provides MPS for cotton vastly in excess of what it has reported to the WTO,” the US filing said.

Commerce Ministry officials declined to make an immediate comment on the US document, but India has previously dismissed the allegations.

Along with more than 45 countries, India has demanded that MPS should be calculated by using the recent reference period instead of 1986/88 prices, which was built into the equation at the creation of the WTO, said a government official, who declined to be named.

While India’s calculations are based on dollar terms, the US calculations are based on local currency, said the official, who has direct knowledge of the trade negotiations.

The U.S. filing is the latest in a series of analyses of publicly available data that Washington has submitted to the WTO, each one setting out apparent breaches of WTO rules that are hiding in plain sight. Previous submissions have targeted China and Vietnam as well as India.

“The United States is providing this information to other (WTO) Members in the interest of promoting transparency surrounding India's MPS policies,” the filing said. “This document is for the purpose of discussion by World Trade Organization Members.”

India has been the second-largest cotton producer since 2006, behind China, and the second-largest exporter since 2007, the document said.
The US filing said that for the 2015/16 marketing year, India had notified market price support of $18 million, which was about Rs 1.2 billion, but the US estimated that the correct figure was Rs 504 billion. In 2016/17, India had not notified any MPS, but the US calculated the correct level at around Rs 557 billion.

“The United States looks forward to future discussion of the significance of India’s MPS for cotton for both India’s market and for world markets both with India and with other Members,” it said.

Source: thehindubusinessline.com- Nov 12, 2018

RCEP leaders to call for early conclusion of mega-trade pact

Modi to attend the 33rd ASEAN Summit in Singapore on Nov 14

Members of the proposed Regional Comprehensive Economic Partnership (RCEP), including the 10-member ASEAN, India and China, are likely to call for an expeditious conclusion of the mega-trade pact, instead of committing to a year-end deadline, when the heads of states meet in Singapore this week.

There is no consensus amongst the member-countries agreeing to a package of deliverables by the year-end and hence it is unlikely to be pushed for negotiations on RCEP during the 33rd ASEAN Summit and other related Summits in Singapore this week, three persons, including two diplomats from member-countries, told BusinessLine.

“It looks more or less certain that there won’t be any move at the Singapore Summit to get RCEP members to commit to an agreement by the year-end. However, a time-line might be put in place for completion of the package,” a Delhi-based diplomat of a RCEP member-country said.

Most countries of the 16-member RCEP, which also includes Japan, South Korea, Australia and New Zealand, are keen that a ‘package of deliverables’, tentatively agreed to by Trade Ministers in a meeting held in August in Singapore, is in place by the year-end. The package will have four components — markets for goods, services, investment and intellectual property rights.
India opposes move

India, however, opposed the move arguing that there were many issues in the market access of goods, including its commitment to reduce duties for China. New Delhi is also not satisfied with the progress made in services and wants more market access, especially for the movement of professionals and other workers.

“With countries such as Malaysia, Vietnam and Philippines supporting India’s claim that the time is not right for concluding the pact, other members also realised that further negotiations are required before a deal could be sealed. But most members want it to happen as early as possible,” another diplomat said.

Trade Ministers of RCEP countries are scheduled to meet on November 12-13 to take stock of the negotiations, which will be followed by the meeting of the heads of states on November 14. “Prime Minister Narendra Modi will attend the Summit on November 14, while Commerce and Industry Minister Suresh Prabhu will attend the Ministerial meet preceding the Summit,” a government official said.

New Delhi is also engaged in bilateral negotiations with member countries to determine the extent to which it will open its markets. While the 10-member ASEAN is keen that duties on most lines are brought down to zero, New Delhi wants to be more conservative.

“With the ASEAN countries, India can be adventurous and open its markets for most products barring certain sensitive items and farm products. It has to be more careful with China as it poses tough competition for most sectors in India. New Delhi also wants to be conservative in its offers to New Zealand and Australia with which it does not have any free trade agreement,” the official said.

Once concluded, the RCEP is likely to result in the largest free trade bloc in the world, covering about 3.5 billion people and 30 per cent of the world’s Gross Domestic Product.

Source: thehindubusinessline.com- Nov 12, 2018
Government extends paperless processing of export documents to all ICES locations

The revenue department has decided to extend the facility of uploading digitally signed documents for all types of exports under Indian Customs EDI System (ICES) with a view to improve ease of doing business and promote paperless processing.

The ICES is operational at 134 major customs locations handling nearly 98 per cent of India's international trade in terms of import and export consignments.

The customs department had introduced paperless processing under Single Window Interface for Facilitation of Trade on pilot basis on e-SANCHIT in exports at air cargo complex, New Delhi and Chennai Customs House. "On successful implementation of the pilot, it has been decided to extend this facility to all ICES locations on pan India basis for all types of exports under ICES," the Central Board of Indirect Taxes and Customs (CBIC) said in a circular.

The Shipping Bill (Electronic Integrated Declaration) Regulation, 2011, provides for authorised person to submit digitally signed electronic integrated declarations and supporting documents and dispenses with the need for trade to submit the corresponding hardcopies.

The circular further said that once a shipping bill has been filed, Customs officers will be able to access the uploaded electronic versions of supporting documents while viewing or assessing the bill on ICES ICES is designed to exchange/transact customs clearance related information electronically using Electronic Data Interchange (EDI).

A large number of documents that trade, transport and regulatory agencies are required to submit/ receive in the process of live customs clearance are now processed online. e-SANCHIT is a facility of the revenue department for paperless processing and to facilitate the trading across borders with "ease"

Source: economictimes.com- Nov 12, 2018
37.1% growth in khadi fabric production in India in 4 yrs

Khadi fabric production in India saw an average jump of 37.1 per cent in the last four years from 103.22 million square metres to 141.52 million square metres, according to the Khadi and Village Industries Commission (KVIC).

The rise followed KVIC's encouragement of registration of new khadi institutions and artisan-centric programmes beginning 2015. The programmes include distribution of 31,000 new model charkhas (spinning wheels) and 5,600 modern looms.

KVIC rolled out 376 new khadi institutions and added 38,684 new khadi artisans during the same period. This resulted in an average jump of 61 per cent in khadi fabric production's share with respect to overall fabric production in the last four years, according to a news agency report.

KVIC chairman Vinai Kumar Saxena said the number of khadi artisans is gradually increasing in the due to new policies and initiatives by the organisation.

Source: fibre2fashion.com- Nov 12, 2018

Prabhu leading delegation for RCEP meet in Singapore

Commerce and Industry Minister Suresh Prabhu is leading a delegation for the meeting for trade ministers of RCEP member countries, which are negotiating a mega trade deal, in Singapore, beginning Monday.

The Regional Comprehensive Economic Partnership (RCEP) is a pact that aims to cover goods, services, investments, economic and technical cooperation, competition and intellectual property rights.

Trade Ministers of the 16-member RCEP are meeting in Singapore to continue to efforts to resolve the issues which are hindering the conclusion of the negotiations.
The chief negotiators had recently concluded the 24th round of meeting in Auckland, New Zealand, last month, the commerce ministry said in a statement.

The RCEP members include 10 ASEAN members Brunei Cambodia, Indonesia, Malaysia, Myanmar, Singapore, Thailand, the Philippines, Laos and Vietnam and their 6 free trade agreement partners India, China, Japan, South Korea, Australia and New Zealand.

India already has a free trade agreement with Association of Southeast Asian Nations (ASEAN), Japan and South Korea and it is negotiating similar pacts with Australia and New Zealand.

India is pushing for liberalizing norms to promote services trade as the sector accounts for about 55 per cent of India's GDP. India is looking for a balance trade agreement as it would cover 40 per cent of the global GDP and over 42 per cent of world’s population.

The ministerial meeting will be followed by the second RCEP Leaders Summit on November 14 in Singapore.

Source: business-standard.com- Nov 12, 2018

Exports of 16 sectors in negative zone in Sept

Exports of over half of the 30 sectors closely monitored by the Commerce Ministry were in the negative zone in September, according to official data. Overall exports in September contracted by 2.15 per cent to $27.95 billion mainly due to the base impact.

Outbound shipments of as many as 16 key sectors — including rice, tea, coffee, tobacco, engineering, leather, spices, cashew, fruits and vegetables, marine products and gems and jewellery — dipped during the month under review, the Commerce Ministry data showed.

Federation of Indian Export Organisation (FIEO) President Ganesh Gupta said the negative growth in September was primarily due to high base effect
last year. However, he expressed hope that the export growth will be better in the coming months as the order books are healthy.

Measures like increasing interest subsidy to 5 per cent from 3 per cent would give a further boost to exports, he said adding the government, needs to look at ensuring smooth credit flow.

Gupta demanded more flow of credit to the export sector as a sharp decline in credit when exports are growing at the double-digit does not augur well for the future. During September, important segments like engineering, readymade garments of textiles, gems and jewellery and leather exports contracted by 4.12 per cent, 33.58 per cent, 21.7 per cent and 13 per cent, respectively.

These sectors contribute significantly in the country’s total outbound shipments.

Agri-products, which constitute over 10 per cent of the country’s total shipments, too recorded a negative growth during the month under review. The government is in the process of rolling out an export policy to boost shipments.

Overall, eight out of 13 main agriculture products slipped into negative territory. Exports of rice, cashew and tea fell 31.64 per cent, 29.3 per cent and 15 per cent, respectively.

However, shipments of pharmaceuticals, plastic, chemicals, and electronics have recorded positive growth in September.

During April-August 2018-19, exports recorded a growth of 12.54 per cent. Imports during the period rose by 16.16 per cent, leaving a trade deficit of $94.32 billion in the first half of the current fiscal.

Similarly, as many 12 importing sectors including silver, transport equipment, project goods, pearls, precious and semi-precious stones, and cotton raw and waste too reported negative growth in September.

Source: thehindubusinessline.com- Nov 11, 2018
US-India $500 billion Trade Target Achievable: CII

India-US trade in goods and services stands at $126 billion with a $27 billion trade balance in favour of India. While trade negotiations are ongoing, both countries' sustained investments in the other indicate a valuable and resilient economic relationship. Indian investments and job creation in the US continue to rise and the US has also been a significant contributor to the Indian economy.

The ambitious $500 billion trade target, while achievable, will need steadfast commitment and reform on both sides. The US is India's largest export destination and second largest source for imports and the two countries can achieve $500 billion trade by widening the trade basket and resolving impediments.

In recent months, the US has raised tariffs on its global imports of steel and aluminium, imposed higher duties on $250 billion worth of Chinese goods and renegotiated the North American trade agreement. The US has a broad strategic agenda with India and has recently accorded it the Strategic Trade Authorization Tier 1 (STA-1) status.

However, India is impacted by the metal tariffs, and the US has recently withdrawn GSP benefits to 50 products totalling $70 million of imports.

A high-profile CEOs delegation led by Mr. Rakesh Bharti Mittal, President, CII and Vice Chairman, Bharti Enterprises will be visiting the US from 14 - 16 November 2018, to reinforce Indian Industry's commitment to US - India business ties.

The Business leaders will meet with diverse stakeholders - including senior government representatives, industry bodies and think tanks - in a bid to fortify the bilateral India-US strategic and economic relationship at this critical time.

With the US midterm elections just concluded, the delegation will aim to strengthen US Government, Congressional and US corporate ties with Indian industry and highlight trade and investment concerns at a time when the two Governments are working on negotiations on various issues.
The delegation will hold several engagements through which the CII CEOs will deliberate on some of the most pressing economic issues in the bilateral agenda in areas such as commerce, defence equipment, agriculture, energy and high-tech goods. Engaging key stakeholders driving these discussions in Washington, D. C., the delegation aims to deliver future engagement strategies for both countries as well as opportunities for increased business collaboration.

Source: business-standard.com - Nov 12, 2018

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**Industrial growth slips to 4-month low of 4.5% in Sept**

Industrial production grew at the slowest pace in four months at 4.5 per cent in September mainly due to poor performance of mining sector and lower offtake of capital goods. The industrial production measured in terms of Index of Industrial Production (IIP) was 4.1 per cent in September 2017.

Sequentially, the factory output growth for August was revised slightly upward to 4.6 per cent from provisional figure of 4.3 per cent, according to Central Statistics Office (CSO) data released Monday. The IIP was recorded at 6.9 per cent and 6.5 per cent in June and July this year, respectively. The previous low was recorded at 3.8 per cent in May this year.

The mining sector output growth decelerated to 0.2 per cent in September as against 7.6 per cent in the year-ago month. Similarly, capital goods output growth slowed to 5.8 per cent in the month from 8.7 per cent a year ago.

However, the data showed that the manufacturing sector recorded a growth of 4.6 per cent in September, up from 3.8 per cent a year ago. The electricity generation too improved to 8.2 per cent in the month from 3.4 per cent in September 2017.

For April-September 2018, the IIP growth came in at 5.1 per cent. The factory output rise was 2.6 per cent in same period of the last fiscal. As per use-based classification, the growth rates in September 2018 over September 2017 are 2.6 per cent in primary goods, 1.4 per cent in intermediate goods and 9.5 per cent in infrastructure/construction goods.
The consumer durables and consumer non-durables have recorded growth of 5.2 per cent and 6.1 per cent, respectively. In terms of industries, 17 out of 23 industry groups in manufacturing sector have shown positive growth during September 2018 as compared to the corresponding month of the previous year.

The industry group ‘manufacture of furniture’ has shown the highest positive growth of 32.8 per cent followed by 20.9 per cent in ‘manufacture of wearing apparel’ and 20.6 per cent in ‘manufacture of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials’

On the other hand, the industry group ‘printing and reproduction of recorded media’ have shown the highest negative growth of (-) 12.9 per cent followed by (-) 10.7 per cent in ‘other manufacturing’ and (-) 7.3 per cent in ‘manufacture of tobacco products’

Source: thehindubusinessline.com- Nov 12, 2018

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**MSME outreach**

*The government’s new loan portal falls short*

One of the unstated objectives for introducing GST in India was to get as many business entities as possible into the tax net. Due to a very loose definition of service in the erstwhile regime, a good portion of service providers were not sure whether the tax would apply to them or not.

Under the Central Excise regime, entities with a turnover up to ₹150 lakh did not have to get into the nitty-gritty of the concept of manufacture, valuing the goods they manufactured and paying excise duty, as they enjoyed an exemption through Notification No 8/2003. All these enterprises had to come into the GST regime due to the threshold limit being fixed at ₹20 lakh.

In a clear attempt to incentivise entities to register under GST, the CGST Act also had a Section 9(4) which mandated that in case GST-registered entities purchased from non-GST entities, they would need to pay the applicable GST on the reverse charge mechanism.
Later, a Notification was issued to provide an exemption of ₹5,000 per day for such purchases. Due to issues in implementing and following this provision, it was stopped in October 2017 and has been deferred till September 2019.

**MSME outreach**

Recently, the Prime Minister launched a support and outreach programme for micro, small and medium enterprises (MSMEs) sector which revolves around 12 key initiatives on five key aspects that the sector needed — access to credit, access to market, technology upgradation, ease of doing business, and a sense of security for employees.

The support and outreach programme commenced with a bang — the launch of a portal that promises 59-minute in-principle loan to enable easy access to credit for MSMEs for loans up to ₹1 crore. In a clever move, it was clarified that the link to the loan portal will be made available through the GST portal.

It was followed by an announcement of a 2 per cent interest subvention for all GST-registered MSMEs, on fresh or incremental loans. For exporters who receive loans in the pre-shipment and post-shipment period, there would be an increase in interest rebate from 3 per cent to 5 per cent.

The government has attempted to get MSME entities onto the GST bandwagon by providing them assistance where they most need it — financing. Since getting a loan from a bank these days is a rarity, MSMEs need new sources of financing and the government has opened a window for them.

Yet, MSMEs may not get very excited about the 59 minute loan facility — they will certainly want to know the interest they would have to pay after the subvention.

As financing costs can hurt the profit and loss account of MSMEs, these entities would be prepared to wait for 59 days to get a loan at a lower rate if available. The government may have missed a trick in not announcing a special interest rate for these loans instead of a subvention.
With a composition scheme in place and a proposed system of requiring enterprises with turnover up to ₹5 crore to file only quarterly returns, MSMEs need not worry too much about compliance costs under GST. Non-MSME enterprises would be worried about how the moody GST portal will behave after it has a financing window.

MSMEs would now need to do a SWOT analysis of getting onto the GST regime vis-à-vis their need for financing. Step by step, the government seems to be getting them into a GST chakravyuha from which all exits are gradually being closed.

Source: thehindubusinessline.com- Nov 13, 2018