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INTERNATIONAL NEWS

Lessons from a no-win US-China trade war

In a world swinging between protectionism and trade blocs, the WTO appears the sane option

In recent times, the US-China trade dispute has provided much fodder to the bogey of deglobalisation and mercantile calls for 'beggar thy neighbour' policies. It is in this context that the recently published Panel Report of the World Trade Organization (WTO) on the United States — Tariff Measures on Certain Goods from China (DS-543) has generated quite a bit of excitement among various stake-holders.

To recall the timeline, ever since Donald Trump was formally named the US President on January 20, 2017, the heat on the US-China trade was on. On June 15, 2018, stating that "The United States can no longer tolerate losing our technology and intellectual property through unfair economic practices," Trump declared, "In light of China's theft of intellectual property and technology and its other unfair trade practices, the United States will implement a 25 per cent tariff on $50 billion of goods from China that contain industrially significant technologies."

Subsequently, at China's request, the WTO Dispute Settlement Body (DSB), formed a panel to deal with the disputes between the US and China on January 28, 2019. Much water flowed down both the Potomac and the Yongding. Finally, the Panel Report was circulated to members on September 15, 2020, which ruled that the imposition of US tariffs on Chinese goods in 2018, triggering a trade war, was "inconsistent" with international trade rules.

No major impact

In normal times, such a ruling could have culminated in the resolution of a dispute. But contemporary multilateralism is in a different state of hiatus. A closer look at the report suggests that while China appears to be a winner, the actual verdict is more nuanced. It seems that neither the US will be too bothered about the Panel Report, nor would China rejoice too much.

First, the US is allowed to go to the WTO Appellate Body against the Panel Report. However, thanks to the US' inactions, the Appellate Body is presently dysfunctional, and if the US wants to stall the process, it can appeal to the non-existent Appellate Body against the Report! The Panel Report itself seems to be aware of this helpless situation as it, in a rare 'Concluding Comments' section, almost apologetically suggests that the two parties should try to resolve these issues mutually.

Second, the Panel Report also says that the US government has not taken China to the DSB for similar retaliatory measures imposed by the latter on American goods. The Report hints that similar verdicts would have been given against China if this had happened. Therefore, the Panel Report is not a clear win for China, as some reports may be suggesting.

Blow to multilateralism

But while this Report is unlikely to have any perceivable impact on global trade, it highlights the difficult times the multilateral regime is going through. A global slowdown, coupled with the meteoric rise of China, is threatening the hegemony of the major advanced countries. The reaction to this challenge has been two-fold. On the one hand, there is a strong protectionist and mercantilist retaliation from the US and some other developed nations, leading to increased trade barriers.

On the other hand, there is a strong tendency to move away from multilateralism towards trade blocs. As these trade blocs are often dominated by incumbent economic powers, decision-making is much easier than in a consensus-based model like the WTO.

Both these moves are weakening the multilateral trading system, where developing countries generally have more voice.

Another factor that is having a substantial spillover on global trade is the growing tussle between the US and China in the area of technology, a field they both dominate. But increasingly, the dominance of US firms is being challenged by upcoming Chinese companies. The US is retaliating by using its trade policies to counter China's threat. It frequently cites China's violation of Intellectual Property Rights, and its 'harmful technology practices' to defend its unilateral actions.

In this war between the two superpowers, India has been caught between a proverbial rock and a hard place. The US' move away from multilateralism does not suit India. In the WTO, India has opposed the US on several issues and has been criticised by Washington for blocking WTO deals. But given the present geopolitical scenario, it will be even more difficult for India to support China in a multilateral forum.

All said and done, the WTO remains a rule-based organisation that is more democratic in its functioning than either the IMF or the World Bank. It will be in India's interest to look beyond the US-China trade war and work for the revival of the WTO and its dispute settlement system.

This no-holds-barred trade war is making erstwhile critics of WTO like Nobel Laureate economist Joseph Stiglitz appreciate the virtues of a rule-based multilateral trading system. In a recent interview to CNBC, he said, "Many of us who were critics of the WTO, ... didn't really appreciate the virtues of the WTO until we actually confronted the reality of a world without rules". The sheer ineffectiveness of the present WTO Panel report highlights the concerns raised by Stiglitz even more.

Source: thehindubusinessline.com– Oct 18, 2020

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Japan's apparel imports improve post lockdown

As per Apparel Resources, Japan's apparel imports seem to be improving on M-o-M basis post-lockdown as consumers have started stepping out for shopping now. Recently released data stated that Japan has noted a growth of 11.13 per cent in August '20 over July '20 and valued 237.24 billion yen (US $ 2.25 billion).

While, as compared to August '19, the import was still down by 22.39 per cent and that means Japan has only recovered by 77.61 per cent in its import values in August '20.

As far as quantities are concerned, apparel import was down by 15.15 per cent in August '20 as against August '19, while it remained negative by 0.23 per cent as compared to July '20 data which indicates Japan has spent more amount to import less garments.

In August '20, unit prices were 488 yen per kg (US $ 4.64) of imported garments and that's way more than the unit prices of garments imported in YTD period (January-August '20) – 429 yen per kg (US $ 4.09).

Of total import quantities, the contribution of knitted products was 74.62 per cent, while remaining 25.38 per cent was contributed by woven garments, particularly in August '20. However, when it comes to values, woven garments' contributions remain higher at 50.10 per cent than the share of knitted garments which stands at 49.90 per cent.

This clearly implicates that exporters who are shipping woven garments to Japan are getting good prices, while the Japanese market demands basic products when it comes to knitted garments.

Source: fashionatingworld.com– Oct 17, 2020

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Pakistan: Textile exports up 2.92% to $3.4bln in Q1, 11.30% in September

The exports of textile commodities witnessed an increase of 2.92 percent during the first quarter (Q1) of the current fiscal year as compared to the corresponding period of last year.

The textile exports from the country were recorded at $3469.585 million in July-September (2020-21) against the exports of $3371.376 million in July-September (2019-20), showing growth of 2.92 percent, according to latest data of Pakistan Bureau of Statistics (PBS).

The textile commodities that contributed in positive trade growth included knitwear, exports of which increased from $779.293 million last year to $860.758 million during the current year, showing growth of 10.46 percent.

Likewise, exports of bed wear increased by 8.40 percent by growing from $601.024 to $651.487 while the exports of tents, canvas and tarplin grew by 78.71 percent, from $15.771 to $28.184, the PBS data revealed.

The readymade garments' exports were recorded at $701.442 million during the current year against the exports of $666.157 million last year, showing an increase of 5.24 percent while exports of madeup articles (excluding towels and bead-wear) increased by 16.58 percent from $148.050 million to $172.604 million.

Meanwhile, the commodities that witnessed negative growth in traded included raw cotton, exports of which declined by 97.50 percent, from $10.826 million to $0.271 million while the exports of cotton yarn decreased by 42.65 percent, from $297.237 to $170.475.

Exports of cotton cloth also decreased by 8.49 percent, from $499.390 million to $457.060, yarn (other than cotton yarn) by 22.77 percent, from $7.230 million to $0.931 million, art silk and synthetic textile by 2.93 percent from $77.894 million to $75.615 million whereas the exports of cotton (carded or combed) witnessed 100 percent decline during the period under review.

Meanwhile, on year-on-year basis, the textile exports increased by 11.30 percent during the month of September 2020 as compared to the same month of last year.

The exports during September 2020 were recorded at 1189.739 million against the exports of $1068.906 million.

On month-on-month basis, the exports from the country increased by 18.09 percent during September 2020 when compared to the exports of $1007.509 million in August 2020.

The country's overall merchandize exports registered negative growth of 0.94 percent, by going down from $5.510 billion during the first quarter of last year to $5.458 billion during the current year.

On the other hand, the imports decreased by 0.56 percent, from $11.199 billion last year to $11.262 billion during the current year, the PBS data revealed.

Source: app.com.pk– Oct 17, 2020

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Bangladesh: Global cotton consumption starts rising again after Covid-19 shutdown

The ongoing coronavirus pandemic has severely disrupted global supply chains and the cotton sector is no exception. Bangladesh's primary textile industry is almost completely dependent on imported cotton as local growers can meet less than 3 per cent of the country's annual consumption.

For details on how the Covid-19 fallout has affected cotton trade, The Daily Star's senior staff reporter Refayet Ullah Mirdha took an interview of Bruce Atherley, executive director of Cotton Council International, a non-profit trade association that promotes US cotton products around the world. Below are excerpts of the online conversation.

The Daily Star (DS): What is the current state of the global cotton trade market amid the Covid-19 outbreak?

Bruce Atherley: The Covid-19 pandemic has caused unprecedented disruptions to the global supply chain for cotton and textile industries and subsequently the US markets. The collapse in demand for cotton has been felt across the US, from textile manufacturers to cotton growers and all segments in between.

Besides, due to the sharp drop in demand and resulting price pressure, the US cotton industry has faced many adversities in its efforts to contain the virus. Retail outlets were shuttered, billions of dollars of orders were cancelled and manufacturing facilities in key markets for yarn and other fabrics were closed down as the country implemented a full lockdown.

Meanwhile, the merchandising and distribution channels are facing increased costs for storage, bank interest, insurance and other carrying costs associated with delays in commodity merchandising and consumption.

Despite the widespread availability of clothing and textile products through online shopping platforms, the uncertainty surrounding the coronavirus pandemic forced many consumers to limit their spending on non-essential items.

Moreover, the reduced sales and store closures led to massive layoffs in the US apparel/textile retail industry.

DS: Do you think global cotton consumption will decline due to fall in sales of clothing items around the world?

Atherley: Prior to the Covid-19 outbreak, it was estimated that all the mills worldwide collectively produced 121 million bales of yarn for the 2019 crop year.

The World Agricultural Supply and Demand Estimates, a comprehensive monthly report published by the US Department of Agriculture (USDA) on the supply and demand for major crops and livestock, has estimated that the mills would produce 102 million bales of yarn for 2019, about 19 million bales lower than the pre-outbreak estimation.

DS: How is man-made fibre eating up global cotton trade and what is the current ratio of cotton fibre and man-made fibre (MMF)?

Atherley: The 70/30 split between MMF and cotton continues. However, consumer attitudes remain more positive toward cotton and other natural fibres as opposed to MMF, particularly in terms of sustainability, comfort and quality.

Innovations in cotton also can give it functional performance benefits that have been attributed to MMF in the past, especially with active wear.

DS: Is China still a major producer, trader and consumer of cotton globally? If yes, why?

Atherley: In the 2019-20 marketing year, China accounted for just over 22 per cent of total world cotton production. China exports only a small amount of cotton lint, 0.5 per cent of its production. Most of the remaining exports are re-exports of foreign cotton from consignment warehouses.

Besides, China is the world's largest importer of cotton. This provides China with a supply of cotton normally greater than one-third of world use and nearly 40 per cent larger than India.

DS: What is the global outlook on cotton production and who do you think are the major producers of cotton for this year?

Atherley: The US is the third largest cotton producer after India and China in that order. The top international markets for US cotton are Vietnam, China, Pakistan, Turkey, Bangladesh, Mexico, and Indonesia.

In recent years, Vietnam has emerged as the largest international market for US cotton while Bangladesh is an emerging market that continues to grow. Our local mills are also a big market for the product.

DS: How much of the previously stocked cotton is still available and do you think that merging this old stock with the new harvest will create an oversupply of cotton this year? Also, what is the current cotton consumption trend?

Atherley: Current USDA estimates show that global consumption in 2019-20 and 2020-21 combined will be just under 25 million bales with the 2020-21 coming down 15 per cent from the February outlook projections.

Meanwhile, world production forecast for the same year is virtually unchanged and Covid-19's negative impact on cotton demand was too late in the season to shift planting decisions away from cotton for most major producing countries.

This has pushed the stocks-to-use ratio back into the 90 per cent range, meaning mills will continue to buy on a hand-to-mouth basis while maintaining little buffer stocks.

DS: Do you think cotton consumption in Bangladesh could increase in the near future? If yes, why? And how much cotton do you think our local mills might consume in the next five years?

Atherley: It depends on the volume of work orders for garments items that will be placed by international brands and retailers. It is not possible to estimate the consumption of cotton for 5 years in Bangladesh.

DS: Does your organisation have any plans to open an office in Bangladesh? How has the import of US cotton increased in the country over the last five years?

Atherley: Cotton Council International has had an international representative in Bangladesh for many years. Bangladesh is an emerging market and continues to become a larger importer of US cotton.

US cotton has more than quadrupled its share of the imported cotton market in Bangladesh, going from about 3.5 per cent in 2015 to 15 per cent in 2019.

COTTON USA, a trademark of Cotton Council International, holds various events in Bangladesh, such as the recent virtual Cotton Day, that has helped the local industry get updates on US cotton and learn how it can help boost their businesses.

DS: Why do you think the import of US cotton is growing in Bangladesh?

Atherley: Mills and manufacturers in the country trust US cotton because of its quality, sustainability, transparency, innovation and premium value. Every bale is tested so that quality is guaranteed and our cotton provides a better spinning consistency.

Ongoing COTTON USA technical servicing in Bangladesh to help mills understand how to fully utilise US cotton has led to a greater understanding and appreciation of the product's net value.

DS: Do you think Bangladesh's garment export will increase significantly despite the current pandemic? What is your forecast about it?

Atherley: It is difficult to make a prediction, but it will depend on how garment buyers shift their sourcing from China and to other countries. It appears that garment buyers are shifting to India and Pakistan in addition to Vietnam and Bangladesh.

DS: Please describe the issue of double fumigation of US cotton in Bangladesh.

Atherley: There is an ongoing discussion between both governments, and we are hopeful that the issue will be resolved.

DS: Do you think Bangladesh's GSP status with the US could be reinstated?

Atherley: This matter is between the governments.

DS: What is the value of US cotton that you have exported to Bangladesh per year in the last 5 years?

Atherley: Cotton exports to Bangladesh have been in the average range of about $500 million per year for the last five years.

Source: thedailystar.net– Oct 18, 2020

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Bangladesh: Apparel exports to promising Asian markets take a tumble

Apparel exports to promising Asian markets take a tumble

The fallouts from the coronavirus pandemic caused a dip in apparel shipments from Bangladesh to three promising Asian markets -- India, Japan and China -- in the last fiscal year, official figures showed.

In the years before the pandemic, garment exports to India had registered steady growth because of increased demands for the semi-high-end and basic apparel items from the neighbouring country's burgeoning middle class.

Besides, many international brands such as Walmart and H&M have opened retail outlets in India. As a result, garment shipments to the country have risen over the past few years.

However, apparel exports to India declined 15.70 per cent to $420.73 million in the fiscal year 2019-20 from $499.09 million the year before, according to data from the Export Promotion Bureau (EPB).

In FY18, Bangladesh had shipped $278.68 million in garment items to India, indicating that exports to the neighbouring nation were on the rise despite various non-tariff and para-tariff barriers.

Of the three Asian nations, Japan is the most promising market thanks to its duty benefits.

Garment shipments to the world's third-largest economy crossed the $1-billion mark a year ago but the Covid-19 has forced this value to move below Bangladesh's previous earnings.

Apparel exports to Japan fell 11.86 per cent to $961.94 million in fiscal 2019-20 from $1.09 billion a year ago. In 2017-18, Bangladesh exported garment items worth $846.74 million, EPB data showed.

Garment exports to Japan were growing mainly due to the high demand for woven formal shirts and some knitwear items. Some major Japanese retailers also directly source garment items from Bangladesh through their offices in the country.

Although China itself is the largest supplier of garments worldwide, apparels shipments to the world's second-largest economy from Bangladesh have been rising because of the high demand for the semi-high-end and basic garment items.

Since the rising middle-income groups in China can't afford the high-end garment items manufactured locally, they mostly rely on the garment items produced by Bangladesh.

Besides, the Chinese government has allowed duty-free access to 97 per cent of Bangladesh's products, including garment items.

Still, garment shipments to China slumped 34.86 per cent to $329.96 million in FY20 from $506.51 million in FY19. In FY18, Bangladesh exported apparel items worth $391.64 million to China, according to the EPB.

Exporters think that China, Japan and India could be the next major export destinations for Bangladesh's garment items. They are also interested to explore the markets as the government has been providing cash incentives on garment items under the non-traditional markets scheme since fiscal 2009-10.

Thanks to the incentives, the apparel shipment to the Association of South-East Asian Nations (Asean) is growing.

Bangladesh imported 87.66 per cent of its textile from Asian markets to make garments in 2018, said Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association.

That year, Bangladesh imported textile and other items worth $12.5 billion, of which $514.50 million was sourced from the Asean countries, she said citing a study.

Expenditure on clothing and footwear in the Asean nations was $51.2 billion in 2017. In FY18, Bangladesh exported garment items worth $314.50 million to the Asean region, she added.

In 2016, the combined size of the GDP of the Asean nations rose to $4,034 billion from $2,373 billion in 2007. The trade bloc is set to become the world's fourth-largest by 2030.

Source: thedailystar.net– Oct 18, 2020

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Without an exports push, India simply can't grow fast

The government's Atmanirbhar policy, envisaging a boost for local production to cater to the home market sounds workable, but as former CEA Arvind Subramanian has pointed out (bit.ly/2IChxhP), no emerging economy has been able to sustain strong and rapid growth without exports contributing meaningfully. And, while there is a lot of export pessimism in India, as the study shows, the 6%-plus GDP growth after 1991 was associated with real annual exports growth of 11%; prior to this, India was clocking an anaemic 3.5%, with exports growing at 4.5%.

Also, as JP Morgan chief India economist Sajjid Chinoy points out, contrary to popular perception, it is not consumption but exports that have driven India's growth. In the boom years of 2003-08, India's real export growth averaged 17.8% for five successive years whereas domestic consumption (public and private) averaged just 7.2%.

As such, the surge in private investment witnessed at the time—gross fixed capital formation grew at 16.2% a year for five years—was largely responding to the buoyancy of external demand. If India's exports have fared poorly after 2014, it is because of the sharp appreciation of the rupee as well as big supply shocks like demonetisation and GST.

Given how global demand is much bigger than local demand for any country, Subramanian argues that an inward-looking policy cannot work since the local demand is too small to sustain any serious substitution strategy or attract investors.

Given the economy is in tatters and the debt-fuelled household consumption boom of the past few years is no longer possible—the government is also broke, and India Inc isn't investing—this means an export-driven strategy is the only choice India has. But, as Subramanian and Chinoy point out, even when the going was good, the export strategy was the only one to follow.

As the former CEA points out, India is producing and exporting about $60-$140 bn, or 2-5% of GDP, less of low-skilled products annually than it should be doing.

With wages in China having risen due to its prosperity, it has vacated about $140 bn of unskilled-labour-intensive sectors including apparel, clothing leather and footwear; a table in the report shows India has gained very little of this market. Covid-19 and China flexing its military muscle have given India another chance, with most countries looking to de-risk.

But, at a time when global trade/manufacturing is mainly organised around tightly-knit supply chains, not only does India need to attract big producers—the reduction in corporate taxes and the labour law changes will help—but also it can't simultaneously have high import duties as almost all exports the world over have high import content.

In the last 5-6 years, however, India has raised tariffs in 3,200 of 5,300 product categories. Not only does this approach need to be revisited, but there also needs to be a focus on negotiating trade agreements with large foreign economies to ensure India is not at a disadvantage vis-a-vis competing countries. Only an FTA with Europe can remove the 10% import duty on Indian clothing that exporters from Bangladesh and Vietnam do not have to face; but this will require India to open up other markets like the automobile one.

Another issue that comes up is related to increased protectionism in the world, especially post-Covid. While that is certainly true, the point is that India can at least try to grab the markets China is vacating; indeed, its small market share right now means it can expand exports quite significantly before it becomes the kind of threat that a China is today.

Indeed, it is only when India is globally competitive that it can be domestically competitive. The good news here is that apart from PLI schemes like the ones for mobile phone manufacturing and exports, RBI has finally been intervening in the markets to keep the rupee weak; on a trade-weighted basis, the rupee has depreciated in the first half of the year.

An added advantage, as it happens, is that RBI moves are unleashing domestic liquidity which is also keeping bond yields under check even when government borrowing has spiralled.

Source: financialexpress.com– Oct 17 2020

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Centre unlikely to extend credit guarantee scheme for MSME sector beyond Oct

The government is unlikely to extend the Rs 3 lakh crore-Emergency Credit Line Guarantee Scheme (ECLGS) for MSME sector beyond October even though the sanctioned amount so far is only nearly 65 per cent of the target, sources said.

The scheme is meant to provide financial support to businesses, primarily Micro, Small and Medium Enterprises (MSMEs), impacted by slowdown triggered by the coronavirus pandemic.

The sources said the objective is to provide support to all those affected and if there are no takers for the scheme, there is no need to extend the scheme even though there is some room left.

On August 1, the government widened the scope of the Rs 3 lakh crore-scheme by doubling the upper ceiling of loans outstanding and including certain loans given to professionals like doctors, lawyers and chartered accountants for business purposes under its ambit.

To ensure more companies can benefit from the scheme, it was decided to increase the upper ceiling of loans outstanding as on February 29 for being eligible under the scheme from Rs 25 crore to Rs 50 crore.

The maximum amount of Guaranteed Emergency Credit Line (GECL) funding under the scheme was correspondingly increased from Rs 5 crore to Rs 10 crore.

Announced as part of the government's Rs 20.97 lakh crore-economic package in the wake of the coronavirus pandemic, the scheme was later tweaked to be made applicable for companies with an annual turnover of Rs 250 crore as against the earlier threshold of Rs 100 crore.

Banks and Non-Banking Financial Companies (NBFCs) have approved loans worth about Rs 1,87,579 lakh crore while disbursement stood at Rs 1,36,140 crore as on October 5.

On May 20, the Cabinet approved additional funding of up to Rs 3 lakh crore at a concessional rate of 9.25 per cent through ECLGS for MSME sector.

Under the scheme, 100 per cent guarantee coverage will be provided by the National Credit Guarantee Trustee Company (NCGTC) for additional funding of up to Rs 3 lakh crore to eligible MSMEs and interested Micro Units Development and Refinance Agency (MUDRA) borrowers in the form of GECL facility.

The scheme will be applicable to all loans sanctioned under GECL facility during the period from the date of announcement of the scheme to October 31 or till the amount of Rs 3 lakh crore is sanctioned under GECL, whichever is earlier.

Source: thehindubusinessline.com– Oct 18, 2020

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Success of labour codes depend on how rules are framed, implemented, says expert

The recent government regulation to subsume multiple labour laws into four codes is a major reform but the overall success of the labour codes would depend on how the rules are framed and implemented on the ground, says an expert. Parliament in its just-concluded session passed three labour code bills: the Industrial Relations (IR) Code, the Social Security Code, and the Occupational Safety, Health and Working Conditions Code (OSH).

The Wage Code Bill, 2019, was passed by Parliament last year.

"A delicate balance was needed to meet the needs of both employers and employees and the provisions in the Codes appear to have met that balance," said Vishal Grover, Practice Leader, Retirement Solutions, Aon India.

According to Grover, some of the big reforms impacting employers include flexibility to hire fixed-term employees, relaxation in rules around retrenchment, inability of unions to go on strike without giving sixty-day notice to the employer and single licensing norms for contractors.

From an employee's perspective, commitment to set up social security plans for unorganised, gig and platform workers is a step in the right direction considering the growth of aggregator platforms.

Moreover, women workers have been empowered by allowing their employment during night shifts subject to safety protocols being observed, mandating pay-parity for fixed-term employees and continuing with existing rules around 8 working hours a day and paid maternity leave of 26 weeks, he said.

"Overall, the success of the Codes would depend on how rules are framed and implemented on the ground over the next few months and how organisations adapt to these changes," he noted.

According to Grover, the flexibility to hire workers on a fixed-term basis without any restriction could be a game changer as it would force organisations to review their employment models and could lead to a sharp increase in hiring of fixed-term employees - both white and blue collared.

"It remains to be seen if an increase in fixed-term employees would be at the expense of the permanent workforce which would be a concern," he said.

He further noted that the long-term objective of the labour reforms should be to create more employment opportunities as India is expected to surpass China to become the most populous country in the next few years and would continue to add millions of new workforce to the economy every year making it critical for the country to create new jobs.

Further, India would start losing the demographic dividend over the next couple of decades and senior citizens are estimated to constitute around 20 per cent of the population by 2050 and hence, a strong social security system is the need of the hour.

"Sustainable programs including life cover, health insurance, old age protection, housing should be set up for unorganized, gig and platform workers as promised by the Code," he said.

Source: economictimes.com– Oct 18, 2020

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Govt to revise guidelines on PTA, FTA

The government has taken an initiative to frame new policy guidelines on preferential and free trade agreements incorporating the changed global and domestic trade patterns to ensure the country's interest in the potential agreements.

The commerce ministry has already asked the Bangladesh Trade and Tariff Commission to prepare a draft of the 'Policy Guidelines on Preferential Trade Agreement (PTA)/Free Trade Agreement (FTA)-2020' by updating the policy guidelines on FTA-2010, said trade officials.

The existing guidelines need to be updated in line with the changed global and domestic economic and trade patterns, they said, adding that a template for the upcoming PTAs and FTAs was also needed to be followed in signing such deals.

Bangladesh has been negotiating to sign PTAs or FTAs with a number of countries, including Nepal, Bhutan, Indonesia and Sri Lanka, to extend its preferential or duty-free market access.

Trade negotiators are close to signing PTAs with Bhutan and Nepal.

The cabinet on September 14 approved a draft PTA with Bhutan, the first country with whom such a bilateral preferential trade agreement is to be signed.

The government is also examining the possibility of entering into either an FTA or PTA with a number of countries, including Vietnam, Thailand, Morocco, Malaysia, the United States, Japan, Canada, Senegal, Nigeria, Kenya, South Korea, India, Saudi Arabia, South Africa, Mexico and Egypt, and three regional blocs that include the Gulf Cooperation Council, the Eurasian Economic Commission and MERCOSUR.

Bangladesh is now a member of two regional trade blocs — the South Asia Free Trade Agreement and the Asia Pacific Trade Agreement.

The country, however, is not part of any bilateral PTAs or FTAs.

Trade officials and economists have now been emphasising for a while the arrangement of FTAs or PTAs with major trade partners for continuation of duty-free market access and preferential trade benefits even after the country graduates from the least developing country status.

Bangladesh is supposed to graduate from the LDC status in 2024 and may lose the duty-free export facility three years after the graduation, they said.

Only FTAs and PTAs with potential trade partners may extend the benefits, they added.

Although the country managed to increase its market access and boost export in developed countries, including the US, the United Kingdom and other European and Asian countries, market access has not sufficiently increased in developing countries.

Rather, Bangladesh is facing stiff competition on these markets with rival countries that are part of FTAs with the developing countries.

On the other hand, Bangladesh's exposure to trade and services is also lower compared with its contribution to the gross domestic product.

Entering into FTAs and PTAs with potential trade partners will enhance its market access along with boosting export of diversified products and increasing trade competitiveness, a senior trade official said.

It will also play a vital role in attracting foreign direct investment, developing the service sector and in creasing manpower export besides strengthening economic and political ties with partner countries, he said.

He said that the objectives of the guidelines would be to provide a framework for identifying potential countries for signing FTAs and PTAs with, coverage of both goods and services under the agreements and procedures to be followed for negotiations on the deals.

As per the 2010 guidelines, the coverage of FTAs mainly focused on goods and services.

But the global situation has significantly changed by now as many countries, particularly the developed ones, are emphaising some new issues, including intellectual property rights, technology and environment.

The country should prepare the guidelines by taking these issues into consideration, he said.

Tariff commission officials said that they would prepare the draft after analysing existing guidelines from home and abroad and forwarding it to the ministry for finalisation.

Source: maritimegateway.com– Oct 19, 2020

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Go 'swadeshi', end imports and increase exports: Nitin Gadkari

Union minister Nitin Gadkari on Sunday made a pitch for ‘swadeshi’ (indigenous) production and said imports need to end, while exports should increase.

He also suggested setting up of an “import substitute and export-oriented department” with separate funds earmarked for it.

The senior BJP leader said the department should work on the principles of ‘swadeshi’ and ‘swavalamban’ (self-reliance) and guide the economy.

He was speaking at a virtual programme organised by the Swadeshi Jagran Manch, in which firms that did not retrench workers during the coronavirus-induced lockdown were felicitated.

“I feel imports need to end and exports should be increased through the promotion of import-substitute goods,” he said.

Gadkari said an alternative fuel economy worth Rs 5 lakh crore could be created through rural participation.

He went on to inform the gathering that turnover of village industries had increased from Rs 80,000 crore last year to Rs 1 lakh crore and the target was to take it further to Rs 5 lakh crore soon.

The country was getting self-reliant in defence, automobiles and several other sectors and would become the world’s largest e-vehicle manufacturing hub in the next five years with products ranging from two-wheelers, three-wheelers and cars to construction equipment.

RSS functionary Manmohan Vaidya also spoke at the event and laid stress on “aatmanirbharta” (self-reliance) and swadeshi.

Source: financialexpress.com– Oct 17, 2020

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Gorakhpur To Be Developed Into Textile Hub To Provide Impetus To UP's Garment Industry

Uttar Pradesh Chief Minister Yogi Adityanath has said that Gorakhpur will be developed into a textile sector hub.

The chief minister made this announcement on Sunday during his brief visit here.

It will give an impetus to the ready-made garment industry in eastern Uttar Pradesh, he added.

Besides boosting the textile industry that also falls in the category of One District One Product (ODOP), it will also generate employment opportunities for the workers who have returned to the state from various places during the lockdown.

The chief minister, while interacting with the representatives of the Chamber of Industries (COI) of Gorakhpur, said that in order to encourage self-employment, the government is also planning to establish a big training centre.

According to a survey, about 12,000 migrant workers associated with the textile industries have come back to Gorakhpur and adjoining districts during the lockdown.

"The government is making serious efforts for employing them at places near their native places and most of them have already been employed," the chief minister said.

Praising the efforts of the COI in the construction of Udyog Bhawan building, the chief minister said that the initiative will soon be taken on the demand of COI for constructing a flex factory complex.

"Bigger industrialist should also come forward and GIDA is also working for increasing the land bank for industrial units," he said.

Source: swarajyamag.com– Oct 18, 2020

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₹25,000-cr development fund, new port regulator top initiatives of Maritime India Vision 2030 plan

Setting up a ₹25,000-crore Maritime Development Fund (MDF) and a pan-India port regulatory authority are among the highlights of the Maritime India Vision 2030, a ten-year blue-print for the maritime sector, to be released by Prime Minister Narendra Modi at the Maritime India Summit in November.

Maritime India Vision 2030, the latest avatar of the Sagarmala programme, outlines a raft of policy initiatives and development projects involving an investment of ₹3.5 lakh crore to double cargo volumes to 2,600 million tonnes (mt), which will help create over 2 million additional jobs (direct and indirect) and unlock additional annual revenue of about ₹20,000 crore for state-owned major ports.

The MDF seeks to provide low cost, long-tenure financing to the sector with the Centre contributing ₹2,500 crore over seven years, according to the document reviewed by BusinessLine. This is part of a plan to promote shipping tonnage (capacity) under the Indian flag.

Updated law

The regulatory authority will be set up under the new Indian Ports Act (to replace the century-old Indian Ports Act 1908) for enabling oversight across major and non-major ports, enhance institutional coverage for ports and provide for structured growth of the ports sector to boost investor confidence.

Dispute resolution

It will be tasked with national port planning as well as development of new ports, regulatng scheduled ports, act on complaints and resolve disputes between major and non-major ports, anti-competition etc.

The coastal States will have to concur with this proposal but are unlikely to lend support as it would curtail their freedom to develop ports under their watch, an industry consultant said.

The Vision document says that the government will build three mega major ports each with a capacity of over 300 mt of cargo, raise the level of Indian cargo transhipped within the country to over 75 per cent from 25 per cent, reduce vessel-related charges which are 2-6 times higher than global ports, deepen the draft to 14-18 metres based on cargo profile and vessel calls. At least three major ports will have 18-m draft.

The Vision suggests tapping the over 15,000 acres of land owned by major ports to accelerate port-led industrialisation for which a revised land use policy is being finalised by the Shipping Ministry. It calls for extending low cost, long-term financing for inland vessels with the support of a Riverine Development Fund (RDF) and for extending the coverage of the tonnage tax scheme (applicable to ocean going ships and dredgers) to inland vessels also to enhance the availability of such vessels.

The Eastern Waterways Connectivity Transport Grid project to develop regional connectivity with Bangladesh, Nepal, Bhutan and Myanmar also forms part of the Vision.

Source: thehindubusinessline.com– Oct 18, 2020

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Naturally-coloured cotton from India could help reduce the environmental pollution caused by dyes

After more than three decades of research, an Indian variety of coloured cotton may be commercially released by 2021. A decision will be taken once the last phase of the agronomy trials is over by next year, according to AH Prakash, project coordinator of the Indian Council for Agricultural Research-All India Coordinated Research Project on Cotton.

The final stage of the trials will end by April 2021 and a few promising seeds will be proposed for commercial release by a committee chaired by the deputy director-general of crop science, ICAR.

While the University of Agricultural Sciences, Dharwad, and the ICAR-Central Institute for Cotton Research, Nagpur, have been engaged in sustained research and developed varieties of naturally-coloured cotton, a commercial release has been stalled on the pretext that it can contaminate white cotton. However, there is a boost from the current government and the ICAR for coloured cotton since 2017, when its field trials were included in the All India Coordinated Research Project on Cotton.

As colour dyes pollute more water bodies and damage the environment, the search for fabric that is naturally coloured and can be grown organically (as cotton uses a lot of pesticides) has gained momentum.

“The Gossypium arboreum (desi) coloured cotton as such is not spinnable (by machines),” Prakash told Mongabay-India. “It is only the colour gene that the scientists are transferring through conventional breeding to cultivated species to improve the quality, colour, stability and yield.”

“The wild cottons also are shy bearers (low yielding) and crossing them with the stabilised cultivated cotton improves their yield,” he explained.

Under the All India Coordinated Research Project, four to five coloured cotton lines (seeds under pre-release trials) are showing promise. They have been evaluated for abiotic/biotic stress, diseases, water requirement, stability, colour and yield. They are good yielders at an average of 10 to 15 quintals a hectare (one quintal equals 100 kg) and their fibre strength is being tested by the Central Institute for Research on Cotton Technology, Mumbai. Since the coloured cottons being developed are varieties, farmers can reuse the seeds each year, he added.

To begin with, the All India Coordinated Research Project will recommend coloured cotton cultivation in niche areas or isolated places, which have a provision for separate ginning and processing. State governments are expected to manage this once the seed is commercially released, Prakash said. Each University can also tie-up with farmers or processing units for cultivation, weaving and manufacturing.

Coloured cotton worldwide

Recently, an important breakthrough was achieved in Australia, and its $2-billion cotton industry is anxiously awaiting new research by the Commonwealth Scientific and Industrial Research Organisation scientists. The plant breeders here have genetically modified cotton to create coloured cotton in black and other rich, dark colours which could become a "game-changer" in the years to come.

Since the 1980s, California-based Sally Fox has made brown cotton famous the world over. China is already a leader in coloured cotton. However, of late the slave-factory style of production using Uighurs, has come under global censure.

Fox, who has spent 40 years commercialising coloured cotton in the US, told Mongabay-India via email, that she had spent her life pursuing the development of coloured cotton and did visit mills in India in the mid-1990s in the hopes of creating interest.

"So, sometimes things take longer than we expect them to," she said. "I began breeding these cottons in 1982 with the hope of improving the spin-ability of the fibres so that they could be used in commerce. Everyone said that it could not be done. But I did it."

"As I am sure your own breeders in India have discovered, it has great potential," she said. "I do get the satisfaction of knowing that my life's work is finally being taken seriously somewhere."

In the US, she said she has never enjoyed any support other than from sales to her direct customers. No governmental assistance or support from any foundations or industry.

In India, about 40 coloured genotypes of upland cotton (G. hirsutum), mostly of various shades of brown and green colour are available in the National Gene Bank of Cotton maintained at the Central Institute for Cotton Research. These genetic stocks are indigenous collections as well as exotic accessions from the US, erstwhile USSR, Israel, Peru, Mexico, Egypt etc. In Asiatic diploid cottons (G. arboreum and G. herbaceum) about 10 germplasm lines possessing mostly light brown lint colour are also available.

India had coloured cotton all along

India is no stranger to coloured cotton and naturally-coloured dark brown cotton grew in Bengal, yellow-green in the Garo hills, and light pink in peninsular India. The desi cotton grown in Gollaprolu region of Andhra has a characteristic light pink colour and is known as yerra pathi (red cotton).

According to the Central Institute for Cotton Research, three coloured cotton varieties – Cocanda and two Red Northerns – were released for commercial cultivation in parts of Andhra Pradesh in the mid-1900s but work on coloured cotton was discontinued due to low yield and poor fibre properties.

Now, this is the focus since the 1990s and research in coloured cotton was in full swing in about 10 agricultural universities in south and central India. They were using material from ICAR-Central Institute for Cotton Research and the agricultural universities of Dharwad, Raichur, Surat, Nanded, Akola and Khandwa. The colours are a gradation from green to dark brown, and there are four to five distinctive colours, Prakash said.

Brown cotton lines from University of Agricultural Sciences, Dharwad are at the forefront in the All India Coordinated Research Project trials, said Rajesh Patil, principal scientist, University of Agricultural Sciences, Dharwad. He expects that one of its varieties, DDCC-1, will be proposed for release in 2021. University of Agricultural Sciences Dharwad has nine other colour genotypes which are also doing well, he added.

Much credit for this research goes to Manjula Maralappanavar, who worked from 1996 to 2014 as a cotton breeder and is now senior breeder at the University of Agricultural Sciences, Dharwad. She has published papers on her research and had developed DMB-225, a medium brown variety in 2013, along with three other varieties and also worked on DDCC-1.

DMB-225 was not released commercially on the grounds that it would contaminate white cotton, though its fibre quality was found highly suitable by the University of Agricultural Sciences textile department for machine spinning in 2010-'12, Maralappanavar told Mongabay India. She has submitted DMB -225 for field trials during 2020-'21 and she continues to improve upon the seeds.

In 2002, the University of Agricultural Sciences Dharwad did have a limited commercial release of DDCC-1, an almond-coloured cotton variety, and 25 farmers cultivated it in Uppinbatigeri village.

The Khadi and Village Industries Board of Karnataka had a nearby unit, which wove the cotton and made shirts out of it, in a unique collaboration that did not last due to lack of funding. That research was sponsored by the Cotton Corporation of India.

Click here for more details

Source: amp.scroll.in– Oct 17, 2020

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Indian Textile Orders Transferred to China

As the epidemic cannot be effectively controlled for a long time, many factories in India have no way to start construction as scheduled, so more and more textile orders are canceled or moved to other countries such as China. According to the Dyeing and Finishing Encyclopedia, many domestic garment manufacturing orders have been scheduled for May next year.

“As a merchant mainly engaged in domestic trade, the last time we came into contact with Indian orders was four or five years ago.”

Wang Huan, the sales manager of Hebei Gaoyang Rongtian Textile Co., Ltd., told the 21st Century Business Herald that since September, his foreign trade orders have soared. He has not encountered such a hot market after 20 years of being a factory.

It is worth noting that the largest increase in orders is the domestic trade wholesale at 1688 platform. “In the last month, orders for towels reached 2 million, and many of them ended up in India.”

Since September, many large-scale export textile companies in India have been unable to guarantee normal delivery due to the epidemic. Many orders originally produced in India have been transferred to China for production, and some factories that received orders have begun to purchase directly in China. Chinese textile factory directors began to frequently receive multiple orders from India on the domestic trade platform.

Turnover Skyrocketed 5 Times

A home textile factory named “Jianmu Qingyue”, also located in Gaoyang, Hebei, also received a large order from India on the domestic trade platform 1688. “It’s the first time it has received an order from India in the three years since it opened the factory, requiring more than 5,000 bath towels,” said Shi Songlin, the general manager of the factory.

Henggang Home Textiles, a home textile factory in Jinhua, Zhejiang, received an order from ZARA an international brand on the domestic wholesale platform of 1688-hundreds of thousands of tablecloths, which accounted for 60% of the company's total output this year. Its turnover has soared 5 times over the same period last year.

"These tablecloths were all produced in India before. I didn't expect ZARA to come. I didn't dare to think about it before. I have never seen so many orders." said Shu Jiewu, general manager of Henggang Home Textiles.

The heads of the above three home textile factories all stated that in order to ensure the completion of Indian orders, they have opened new production lines, expanded their staff by two to several times, and worked overtime every day and overnight production.

Public information shows that India is the world's largest cotton-producing country, the world's largest jute producing country, and the world's second-largest silk producer, with its yarn production capacity accounting for 22% of the world.

In 2019, the size of the Indian textile and apparel market is around $250 billion. The textile and apparel industry is also one of India's largest sources of foreign exchange income, accounting for about 15% of India's total export income.

From 2017 to 2018, India's textile industry accounted for 7% of India's total industrial output (by value), 4% of India's GDP, and more than 45 million employees, contributing 13% to India's export revenue. Between 2000 and 2018, a foreign direct investment worth $2.97 billion was attracted.

After the outbreak, India has not done well in prevention and control. The latest data shows that on October 15, India had 67,708 new confirmed cases, and the number of confirmed cases rose to 7,370,98; there were 680 new deaths and a total of 111,266 deaths.

As the epidemic cannot be effectively controlled for a long time, many factories in India have no way to start construction as scheduled, so more and more textile orders are canceled or moved to other countries such as

China. According to the Dyeing and Finishing Encyclopedia, many domestic garment manufacturing orders have been scheduled for May next year. On

October 13, the 21st Century Business Herald made an interview report on this.

Source: communalnews.com– Oct 17, 2020

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Amid tensions with China, India warns Amazon, Flipkart over country of origin rule

The two e-commerce firms have been given 15 days to explain the lapses or action will be taken against them

The Indian government has warned Amazon.com's local unit and Walmart's Flipkart that sellers on their platforms are not complying with a rule requiring that a product's country of origin be specified.

A push for strict enforcement of the rule has come amid tensions between India and China following a border skirmish which began in June, and is part of India's efforts to cut down on Chinese-made imports.

The two e-commerce firms have been given 15 days to explain the lapses or action will be taken against them, according to an October 16 letter addressed to the companies from the Ministry of Consumer Affairs and seen by Reuters.

It did not specify what action may be taken, referring only to a legal act that has provisions for fines.

Representatives for Amazon and Flipkart did not immediately respond to Reuters' requests seeking comment outside regular business hours.

In addition to enforcing the country of origin rule, New Delhi has also banned 177 Chinese mobile applications since June while Chinese goods in ports have faced extra scrutiny and delays.

Amazon has often faced regulatory challenges in India. Last year, the government enforced strict rules for foreign investment in e-commerce which forced the US retail giant to rework its business structures and strained ties between New Delhi and Washington.

In January, the Competition Commission of India ordered an investigation into Amazon and Flipkart over alleged violations of competition law and certain discounting practices, which Amazon is challenging, according to court filings.

Source: thehindubusinessline.com– Oct 17, 2020

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Lining up linen

With the festive season round the corner, Linen House launched their first store in the state, in Malleswaram, on Sunday. It was inaugurated by actor-anchor Rashmi Gautam in the presence of movie director Tirupati Rao, franchise owner Shankar, and Avirneni Srikanth, the director of the brand.

Gautam, who was donning an orange linen saree, said she hopes that the brand, which has made its mark in Telangana and Andhra Pradesh, gets the same kind of popularity in Bengaluru. Linen House offers textile material, readymade clothing and pure linen sarees.

The price of the fabric starts at `399 while readymade garments are available for `995 onwards. “Lenin House is aiming to expand to 15 stores in Karnataka, Tamil Nadu and Kerala in the next six months,” Srikanth said.

Source: newindianexpress.com– Oct 18, 2020

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