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IBTEX No. 195 of 2017 September 26, 2017

USD 65.31| EUR 77.40 | GBP 88.03 | JPY 0.59

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
18788	39300	**76.93**

Domestic Futures Price (Ex. Gin), October

Rs./Bale	Rs./Candy	USD Cent/lb
18470	38635	**75.63**

International Futures Price

NY ICE USD Cents/lb (Dec 2017)	69.25
ZCE Cotton: Yuan/MT (Jan 2017)	15,580
ZCE Cotton: USD Cents/lb	**90.81**
Cotlook A Index – Physical	**78.55**

Cotton guide: Monday's trading session was absolutely precarious. Many asset classes moved erratic post comments on geo-political concerns and economic stand point. The USD dollar corrected down side sharply against major currencies pushed many dollar denominated assets higher. Cotton price per se also moved higher by more than 100 point during early US session to post the December close at 69.46 cents/lb biggest day of gains since hurricane Irma prowled off the US coastline almost three weeks ago. Also the subsequent months moved higher. Nonetheless the spread between December and March contract continued traded at a difference of 100 points. From the trading perspective volume was 15,701 contracts, the 11th lightest volume in 2017. Cleared Friday were 17,279 contracts. With the steady trading volume we wouldn't term it as fresh buying rather lack of fresh selling a minor rebounding in the price is noticed.

From other parts of the country, the Chinese auction of state reserve cotton entered its final week with sales at 98.58% of offers. Sold were approximately 135,938 bales, bringing total sales to about 14.26 million bales. Remaining unsold reserve stock is estimated around 24.7 million bales.

On the technical front market though has moved up on Monday but continues to move in the broad range of 70 to 68 cents for the past 10 consecutive trading sessions. We believe market would maintain the same range. This morning ICE cotton is seen trading at 69.23 cents down by 0.33% and for the day the range would be 68.80 to 69.60 cents per pound.

From the domestic front, the ready spot price has traded down below Rs. 41000 per candy while the forward cotton for November and December is quoted around Rs. 37000 per candy. As per CAI the 28mm cotton price is traded at Rs. 38200 per candy while 29mm is placed at Rs. 39200 per candy. Nonetheless the futures contracts which were quoted on the lower side until afternoon rebounded sharply post the ICE cotton started moving higher. For reference October contract during the day made an intraday low of Rs. 18240 while posted a close at Rs. 18470. For the day we expect the trading range would be Rs. 18300 to Rs. 18600 per bale.

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

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

Indicative Prices of Cotton Yarn in China Date: 25/09/2017 ***Prices in US$ FOB***		
Country	**20s Carded**	**30s Carded**
India	2.55	2.80
Indonesia	2.56	2.85
Pakistan	2.27	2.66
Turkey	2.95	3.15
Source: CCF Group		

China yarn

Cotton yarn and polyester yarn prices increased while rayon yarn showed stable. Blended yarn went higher on the whole.

International yarn

The cotton yarn market has remained fairly steady, in reflection of the raw cotton market. In Pakistan, downstream demand has improved somewhat. Exporters have applied discounts to secure some volume orders. India's exports of ready-made garments showed a decline in August, compared with the same month in 2016.

Source: CCF Group

NEWS CLIPPINGS

INTERNATIONAL NEWS

Sudden Meteorological Troubles for US Cotton Trade

Despite the rise of synthetic fibres, cotton remains a major contributor to the textile market, with a share of about 40 percent. World production of this natural fibre is estimated at 30 million tons per year, with the main producers in 2016 being India and China, ahead of the United States and Pakistan. However, the United States remains the leading exporting country.

Cotton prices have fallen sharply since the beginning of 2017, from almost $78 to around $68 per 100 pounds, with the assumption from the United States Department of Agriculture (USDA) estimating an increase in world supply in 2017-18 by 8 percent to 24.9 million tons due entirely to an 8 percent expansion in the world's cotton area to 31.7 million hectares. India is expected to remain the world's largest producer in 2017-18, with output increasing by 6 percent to 6.1 million tons. After falling by 6 percent in 2016-17, China's production is projected to rebound by 7 percent to 5.2 million tons.

Before Hurricane Harvey, production in the United States was expected to rise by 10 percent to 4.1 million tons.

High prices, sufficient soil moisture in dryland areas and beneficial weather during planting encouraged US farmers to expand their cotton areas by 18 percent to 4.5 million hectares. Global demand remains dynamic with respect to US exports, which show record levels. Exports increased by more than 50 percent between 2015-16 and 2016-17, with 2 million tons for 2015-16 and 3.2 million tons for 2016-17.

Chinese production increased from 4.8 million tons in 2015-16 to a forecast of 5.3 million tons for 2017-18, and China stabilised its importation at one million tons in the last two periods.

Two points should also be borne in mind. On the one hand, the evolution of Chinese cotton stocks will continue to influence prices. One of the specificities of this market is that more than half of the world's stocks are held by China with 8.5 million tons at the end of the period. As a result, Beijing has the means to flood the physical market at any time.

On the other hand, the dynamics of oil prices remain paramount in the analysis of the price of cotton since they directly affect the competitiveness of synthetic fibres. In other words, a sustained increase in the price of a barrel of oil would oblige textile producers to arbitrate in favour of the natural fibre, which would become relatively cheaper.

But recently Hurricane Harvey threatened the culture and stocks of cotton in Texas and Louisiana, two of the biggest cotton-producing states in the United States.

Texas, producing a quarter of the country's annual output, is the leader in this sector. The torrential rains and floods in the region starting Friday, August 25, with the arrival of Hurricane Harvey could destroy several fields of cotton, according to analysts. Because cotton is a fragile shrub, precipitation can easily pull out cotton fibres.

"While about 98 percent of the cotton in the Corpus Christi area had been harvested, that doesn't mean that the crop is safe from contamination by flooding," explained Sarah Whitten, reporter of CNBC. She added, "Any supplies that were shipped to the area from other parts of the country and are slated to be exported from the Texas Gulf are also at risk for contamination….

Farmers in the area use cotton modules to pound the crop into large rectangular blocks. These blocks are then covered with a secured tarp and left out in the fields until there is room for the crop at the gin. These bundles are susceptible to wind and saturation damage from the storm".

Harvey could lead to a $150 million loss for the Texan cotton industry. On a US scale, the country could lose between 200,000 and 300,000 bales of cotton, according to a consultant from INTL FCStone. Warehouses with large stocks of cotton are at risk of being destroyed or damaged by flooding.

The US Department of Agriculture had announced two weeks earlier an exceptional cotton production for 2017, with about 20.5 million cotton bales produced. This is the largest production in the country for 11 years. In addition, world cotton reserves will continue to rise, notably thanks to Indian and Chinese production.

As a result, prices for cotton traded in New York rose again.

The pound of cotton for delivery in December, the most active contract on the Intercontinental Exchange (ICE), ended Friday, August 25, at 68.15 cents against 67.28 cents the previous weekend (+1.49 percent).

The Cotlook A Index, the daily average of the five lowest cotton prices on the physical market in Eastern ports, was $79.00 per 100 pounds on Thursday, down from $77.40 a week earlier (+2.07 percent).

Commerzbank explained that the rise in prices of the white fibre would not last, as Indian and Chinese production would remain high, and American production will stay high in the long-term. Still, the Food and Drug Administration (FDA) warned that crops exposed to flood waters should not be eaten and should be disposed of instead.

The question now is whether all types of assistance provided to US cotton producers will be sufficient to cover the American farmers' losses. This assistance was estimated at US$1.1 billion, or 18 cents per pound in 2015-16. No doubt it will be higher in 2017-18.

Source: corporatefinance.co - Sep 25, 2017

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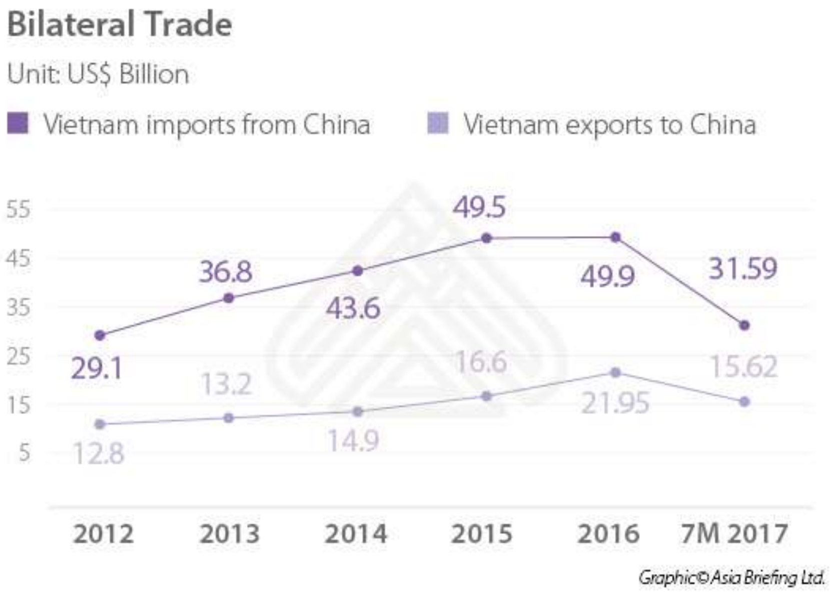
Chinese FDI in Vietnam: Growing Economic Ties, Despite Strains

For the past 25 years, Chinese investments in Vietnam and bilateral trade between the two nations has grown steadily despite issues such as the South China Sea and increasing cooperation between Vietnam and countries such as US, India, and Japan.

The Chinese mainland has emerged as the eighth largest investor in Vietnam, with the actual FDI much higher if we include their affiliates in Hong Kong and Macau. Over 60 percent of all Chinese FDI focuses on manufacturing and processing, with a majority of the investment focused on labor-intensive industries.



Trade agreements

Both countries are parties to the ASEAN China FTA, which created the largest free trade area in the world. Apart from ASEAN China FTA, both countries are currently negotiating the Regional Comprehensive Economic Partnership (RCEP), which includes the ASEAN member states, and the six states with which ASEAN has existing free trade agreements, which include Australia, China, India, Japan, South Korea, and New Zealand.

Bilateral trade

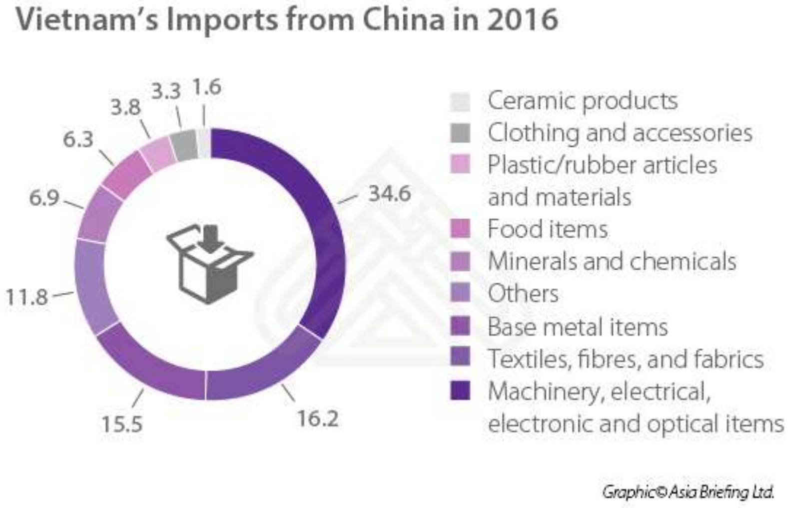
Trade volumes between the two nations have increased significantly in the last few years. Vietnamese exports to China increased at a faster pace in comparison to its imports. According to Chinese statistics, its exports to Vietnam grew by an average annual rate of 18 percent during 2010-2016, and its imports from Vietnam grew by 26 percent.

Over 70 percent of Chinese imports into Vietnam are intermediate goods such as machinery, electrical and electronic products, textiles and fabrics, base metals and minerals, and chemicals. In the last 2-3 years, other goods such as plastic and clothing products for consumer purposes also accounted for a small part of Chinese imports in Vietnam.

In the first seven months of 2017, China has emerged as the largest exporter to Vietnam at US$ 31.59 billion, an increase of 15.3 percent compared to the same period in 2016. The below information is the percentage share of different product in total imports.

Major Vietnamese exports to China include machinery, electrical and electronic products which account for more than half of the total exports. Other products include food items, cotton, fuel, and oil products.

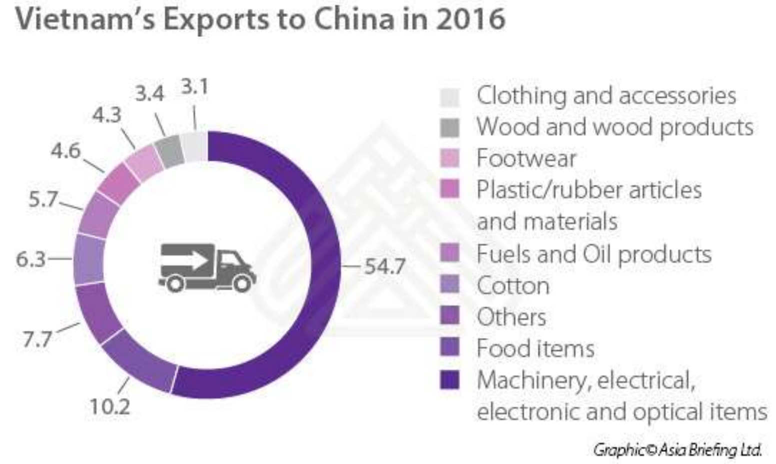
Vietnam’s exports in the first seven months of 2017 stood at US$ 15.62 billion. The below information is the percentage share of different product in total exports.



Chinese FDI in Vietnam

China’s first FDI in Vietnam was in 1991 when a Guangxi enterprise (China) joint ventured with a Vietnam group to open Hoa Long restaurant in Hanoi. Since then, Chinese FDI has increased, although not consistently.

For example, China’s FDI in Vietnam in 2012 was US$ 312 million, while in 2013; it rose to US$ 2.3 billion. China’s 2016 FDI in Vietnam accounted for 7.7 percent of the total FDI at US$1.88 billion.



Cumulative FDI

As of March 2017, the cumulative Chinese FDI stood at US$ $11.19 billion for 1,616 active projects. The average capital per project was US$6.9 million, much lower than the overall average. Chinese investment is mostly in the processing and manufacturing industry, accounting for 61.4 percent of total investment capital, followed by production and distribution of electricity, gas, and water, and air conditioning at 18.2 percent and real estate at 5.6 percent.

Binh Thuan province attracted the most FDI, with total registered investment capital of US$2.03 billion, for only seven projects, accounting for 18.1 percent of the total FDI from China.

Market entry strategy for FDI firms

As much as 80 percent of all engineering, procurement, and construction (EPC) contracts in Vietnam are awarded to Chinese contractors, accounting for 18.4 percent of total registered capital to be in the form of build-operate-transfer (BOT), build-transfer (BT), and build-transfer-operate (BTO) contracts. In a close second, joint ventures, business cooperation contracts, or joint stock companies account for 15 percent of the total registered capital. In terms of FDI, investments from affiliates in Macau and mostly Hong Kong have outweighed FDI from the Chinese mainland.

Commercial presence

There are numerous ways to establish a commercial presence in Vietnam.
Representative Office

This is the most common form of presence in Vietnam for foreign companies, particularly those in the first stage of a market entry strategy. A representative office cannot conduct commercial or revenue generating activities.

Limited-liability Company

It may take the form of either:
A 100% foreign-owned enterprise; or
A foreign-invested joint-venture enterprise between foreign investors and at least one domestic investor.

Joint-stock Company

A joint-stock company is a limited liability legal entity established through a subscription for shares. By law, this is the only type of company that can issue shares. A joint-stock company may be either 100 percent foreign-owned or a joint venture between both foreign and domestic investors.

Partnerships

A partnership can be established between two individual general partners.
Business Cooperation Contract (‘BCC’)

A BCC is a cooperation agreement between foreign investors and at least one Vietnamese partner in order to carry out specific business activities.

Public and Private Partnership Contracts

A Public and Private Partnership ('PPP') contract is an investment form carried out based on a contract between the government authorities and project companies for infrastructure projects and public services.

Major FDI projects

Overall, the Chinese mainland is the eight largest investor in Vietnam, with the US$1.76 billion Vinh Tan 1 power plant being the biggest investment. In addition, other major projects include the US$400 million Viet Lan Tire Plant in Tay Ninh province and the US$337.5 million Vietnam-China Mining and Metallurgy project in Lao Cai province.

In the textile industry, Texhong Group built a US$300 million fiber plant in Quang Ninh Province in 2013. To further their investments in 2014, they also started building the Texhong Hai Ha Industrial Zone with a total investment of US$215 million and another US$300 million for a few more textile plants in the zone.

Some of the other major projects in Vietnam include the Hung Nghiep Formosa Dong Nai Textile Limited Company project in Nhon Trach Industrial Park, Viet Luan tire project in Tay Ninh province, Tan Cao Tham rubber processing plant, the Vietnam-China Mining and Metallurgy project in Lao Cai province, the Thai Nguyen iron and steel plant extension, the Cat Linh- Ha Dong urban railway project, and the Da River water pipeline project.

Vietnam's Competitive Advantages

Vietnam's current competitive advantages are very similar to that of China's around 10 to 15 years ago; low wage, low-tech, and export-focused manufacturing. As China moves up the value chain, Vietnam is taking its place and emerging as an alternative for investors.

Major advantages in Vietnam include:

Low minimum wages

According to Trading Economics, the average minimum wage in 2016 in Vietnam was US$136/month, while in China it was much higher at around US$300/month. Wage difference has led numerous labor-intensive industries such as textiles and footwear to shift their manufacturing hubs to Vietnam;

Trade agreements

Chinese investors increased their investments in the last few years in the anticipation of the Trans-Pacific Partnership, which was unfortunately canceled under the new US administration. However, while China pushes for their own China EU FTA, the EU Vietnam FTA is expected to be ratified, hopefully by next year, offers investors an alternative way to reach the EU market;

Infrastructure and connectivity

Vietnam has over 100 ports throughout the country, with major ports being the Hai Phong, Da Nang, and Ho Chi Minh City. In anticipation of growing exports, ports in Vietnam are currently undergoing upgrades to increase capacity.

In addition, the railway infrastructure also is a major component of the economy. In the first quarter of 2017, 166,200 tons of freight was shipped by rail on the trans-border line, which was a 66.2 percent increase from the same period last year, and a 12-year record.

Around 60 percent of the rail network in Vietnam are in the Northern provinces, with several new railway lines proposed to increase the connection between the North and South.

The need to do more

In the last two decades, Vietnam has implemented numerous investor-friendly reforms to attract investments, but going forward it needs to do more. The country needs to develop their support industries and move up the value chain. The government has introduced incentives policies for the development of support industries and aims to meet 45 percent of local production demand by 2020, and 70 percent by 2030.

Vietnam also needs to move up the value chain and not just highlight itself as an alternative to China. The country lacks R&D investments and high-skilled labor and needs to make changes in the education sector, IP protection laws, and high-tech investor-friendly policies for a sustainable growth. As of now, manufacturers investing in Vietnam still have to rely on the Chinese mainland or other neighboring regions for high-tech production processes.

Future of bilateral relations

Going forward, China has to focus on their existing projects in Vietnam to gain consumer confidence to be successful in the Vietnamese market. Recent China-backed projects in areas such as urban railway, metals, textiles, and energy have suffered from quality concerns, delays, and cost overruns leading to public scrutiny.

In spite of numerous geopolitical differences, both countries will continue to focus on increasing economic cooperation. Vietnam is seeking more investments in high-tech industries, support industries, renewable, clean energy, and tech transfer; however, China will be pushing for a more balanced trade and Chinese companies will continue to invest in industries such as agriculture, aviation, environment, high technology, transport, tourism, and healthcare. Economic exchanges will continue to act as a stimulus for the revival of bilateral relations.

Source: vietnam-briefing.com- Sep 23, 2017

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Tech could save China's slipping exports

After decades of relentless gains, China's share of global exports is now edging down. Whether that continues hinges a lot on how fast it can shift into higher technology shipments.

China's portion of the global export pie has shrunk from a high of almost 17 percent reached in December 2015, International Monetary Fund data show. The pullback is driven mainly by the growth of shipments from commodity-exporting nations like Brazil and Australia amid rising prices for staples like iron ore and bauxite, according to economists from Oxford Economics and TCW Group Inc.

Another factor is global demand tilting more to advanced machinery and cars, segments where China is just beginning to emerge as a competitor, says HSBC Holdings Plc.

Beijing's drive to create national champions, subsidize emerging industries and force technology transfers from foreign firms in the country has prompted US Trade Representative Robert Lighthizer to say it's an unprecedented threat to the world trading system.

Despite the smaller share of global exports, the "Made in China 2025" policy blueprint envisions global competitiveness by that year across 10 key industries, from robots to medical devices.

"Declining export market share of late is more likely a blip, rather than the start of a lasting trend," said Frederic Neumann, cohead of Asian economics research at HSBC in Hong Kong. "As China's share in global GDP continues to rise, it's likely that its share of global exports will expand as well, with products stretching from mass manufacturers to increasingly more sophisticated products as well."

A rebound in global car demand has lifted German and Japanese exports, while China runs a large semiconductor trade deficit, Neumann says. That will reverse as industrial policy pushes for more advanced manufacturing, taking share from developed economies, he adds.

It's in low-end industries like textiles and furniture where market share is pressured most. That's in keeping with the nation's policy of shifting to higher value-added industries, from electric vehicles to robots. A recent pollution crackdown has raised costs for industries, such as dyeing companies and paper producers, pressuring their competitiveness.

Low-end manufacturers also face rising wages, a shrinking work force, and rising competition from lower-wage nations like Bangladesh and Vietnam in cheaper products, such as t-shirts.

Although China remained the world's biggest textile exporter of last year, accounting for 37 percent, shipments fell 3 percent to $106 billion, World Trade Organization (WTO) data show.

Nations like Vietnam and Pakistan are winning larger shares, with Vietnam breaking into the top 10 exporters with 7 percent of global textile shipments last year, the WTO says.

Some market-share losses are being offset because more components of exports are made at home, not imported, said David Loevinger, an analyst at TCW Group Inc. in Los Angeles and a former China specialist at the US Treasury Department. The domestic value added of gross exports has risen to 71 percent in 2014, from 62 percent a decade earlier, according to the most recent data from the Organisation for Economic Cooperation and Development.

Because China is a manufacturing exporter, it's not surprising that its market share peaked when global commodity prices were bottoming out, Loevinger said. "With commodity prices rising, commodity producers have been clawing back market share," he said.

Meanwhile, the economy is also the victim of its own surging imports, which, by definition, increases the share of global exports for other countries, according to Andrew Polk, cofounder of research firm Trivium China in Beijing.

"China's biggest problem is that it can't export to the second biggest economy in the world—itself," Polk says. "The real beneficiary here has been other emerging economies, especially in Asia, and raw-materials exporters."

Source: businessmirror.com.ph- Sep 25, 2017

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Canada's GSP, NAFTA pushes up Pak trade deficit

Pakistan has been cultivating trade deficits in its bilateral trade relationship with Canada for several years as the North American nation doesn't treat its exports and imports under tariff preferential schemes, officials said on Monday.

Annual trade between the two countries staggers below one billion dollars – a little over one percent of Pakistan's total trade volume of around $74 billion. Officials said Pakistani authorities told their Canadian counterparts that the lower exports to Canada were due to its preferential trade with US and Mexico under the North America Free Trade agreement (NAFTA) as well as generalized system of preferences (GSP), granted only to the World Bank-designated least developing countries, including Bangladesh – Pakistan's arch rival in foreign textile markets.

Trade data, available with The News, showed that Pakistan's share in Canadian global imports of $471 billion is negligible. Total bilateral trade between Pakistan and Canada stood at $857.89 million in 2011/12 as the former's exports fetched $211.229 million, while imports stood at $646.59 million, indicating that the trade balance was in favour of the latter.

Bilateral trade significantly dropped to $355.8 million in 2012/13 as exports stood at $215.81 million and imports $139.9 million, depicting a trade surplus for Pakistan. In 2013/14, the bilateral trade recovered to $431.8 million mainly in favour of Pakistan. In the subsequent years, trade balance, however, remained in favour of Canada.

Bilateral trade stood at $657.7 million in fiscal 2014/15 mainly in favour of Canada to the tune of $201 million. It amounted to $856 million in 2015/16 and $911.6 million in 2016/17, benefiting Canada of $423 million and $462 million, respectively.

Officials said the balance of trade has been tilting towards Canada since fiscal 2006/07 owing mostly to imports of oil seeds and machinery.

There was a brief relief in 2012/13 and 2013/14 after decline in imports of oil seeds, aircraft equipment and parts, machinery, vegetables and vegetable preparations, medical/surgical instruments, road vehicles and parts, coal, and chemical materials.

“Yet again, we are facing trade deficits,” an official of the commerce ministry said. Pakistan’s major items of exports to Canada include rice, textile made-ups, apparel and cloth (knitted and crocheted), hosiery, cotton yarn, carpets, synthetic fabrics, medical/surgical instruments, sports goods, jewellery, iron and steel, fruit and fruit preparations, spices, and chemicals.

The country’s imports from Canada are wheat, vegetables and vegetable preparations, including pulse, machinery and its parts, oil seeds, crude minerals, chemicals, pharmaceutical products, pulp and paper waste, old clothing and rags, coal, coke and briquettes and iron and steel products. Officials said Trade Development Authority of Pakistan (TDAP) identified Canada as a potential export market as exports to the country have been rising since 2009.

TDAP is also organising businessmen participation in an annual SIAL Food Show in Montreal scheduled in May next year. SIAL Canada is the leading name in the agri-food industry, with more than 850 national and international exhibitors from 50 countries hosting over 15,000 buyers from Canada, the United States, and 60 other countries.

“Pakistan may request the Canadian side to work in coordination with TDAP for promotion of select products, particularly agro-processed food, seafood, apparel, gems and jewelry in the Canadian market,” the ministry’s official said.

“As a follow-up to the meeting of the Canadian High Commissioner with the Minister for Commerce, we are preparing a plan in consultation with the relevant stakeholders, for which technical assistance will be sought from the Canadian side.

Source: thenews.com.pk- Sep 26, 2017

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Vietnam textile sector to gain if EU FTA gets ratified

Experts feel the Vietnam-European Union (EU) free trade agreement (FTA), which may tentatively be ratified by early 2018, will allow Vietnam to consolidate its position as a leading exporter to the EU. After the deal takes effect, 71 per cent of Vietnamese exports to the EU will be duty free while other tax lines will be dropped in the following seven years.

The agreement was first envisaged in 2012. Vietnamese products at present are levied taxes in the 8-12 per cent range by the EU.

As part of Vietnam's efforts to attract European investment and buyers, ten companies from the Vietnam Textile and Garment Association (VITAS) attended Apparel Sourcing Paris, a leading European sourcing trade fair, in Paris from September 18-21, a Vietnamese news agency reported.

According to the trade office of the Vietnamese Embassy in France, France is the Vietnamese textile industry's fifth largest market in the EU. With export revenues worth 3 billion euros every year, Vietnam is the sixth largest garment supplier to the EU.

Source: fibre2fashion.com- Sep 25, 2017

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UAE, China keen on promoting bilateral ties in trade, culture

In recent weeks, public and private institutions of the United Arab Emirates (UAE) and China have shown great interest in further expanding the bilateral business and cultural ties.

The bilateral trade between China and the UAE reached a total of 170.2 billion dirhams (46.37 billion U.S. dollars) in 2016, which made China the UAE's biggest trade partner for the third consecutive year, according to UAE Ministry of Economy.

Officials and business people of the two countries have repeatedly hailed the potential of further deepening the bilateral trades ties.

On September 17, the China-UAE Economic Investment Forum hosted a Chinese delegation from the Shenzhen International Investment and Promotion Association, which hopes to attract UAE investors to the Bao'an District, the "heartland for economic development on the East Coast of the Pearl River Estuary," said Zhang Zhibiao, director of Shenzhen Bao'an People's Congress.

Walid Abdulla Marhoon, senior manager of the Dubai Investment Development Agency, looked forward to enhancing cooperation between Dubai and Shenzhen, particularly in the fields of manufacturing, construction, textile, and information and communication technologies.

The UAE officially supports China's Belt and Road Initiative, or the Silk Road Economic Belt and the 21st Century Maritime Silk Road, which aims to build a trade and infrastructure network that connects Asia with the Middle East, Africa and Europe.

Last Tuesday, Dubai Multi Commodities Centre (DMCC), the biggest industry free zone in the UAE, signed a Memorandum of Understanding with Xi'an International Trade & Logistics Park in central China's Shanxi Province.

The purpose of the MoU is to open doors for businesses in the UAE and China hoping to expand into new markets as well as organizing joint trade missions and economic delegations, the DMCC said in a statement.

Gautam Sashittal, chief executive officer of DMCC, said developing "closer ties in China" has become "a priority for DMCC."

"By signing this agreement with the Xi'an International Trade & Logistics Park, we aim to further help member companies in our Free Zone connect and trade across China and the UAE, while easing barriers to doing business globally," he said.

Even those Chinese firms which have already been operating in the UAE are keen to spread their wings.

Ivy Hu, sales manager of the kitchen equipment provider Furnotel from Guangzhou, said that her company saw potential of expanding business in the UAE and Saudi Arabia although they already had a client base there. In addition, the China-UAE relations go beyond trade to include cultural and educational dimensions.

On Sept. 13, UAE University signed a MoU with Zhejiang University of China to promote scientific, research and expertise exchange, UAE state news agency WAM reported.

Last Saturday, the Sharjah Research, Technology and Innovation Park of UAE and the China-Arab Technology Transfer Company agreed to launch a innovation center to boost the partnership between UAE research institutions and Chinese companies.

Louis Zhang, founder and CEO of the China-Arab Technology Transfer Company, expressed the hope that the center will achieve the desired goal of promoting joint innovation, as well as knowledge and technology transfer between China and the Arab region.

Meanwhile, a rising number of grammar schools in the Gulf Arab state started to offer Mandarin language classes for pupils, which showcases the growing ties between the UAE and China, the Dubai daily Gulfnews reported earlier the month.

Source: ecns.cn - Sep 25, 2017

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NATIONAL NEWS

Prabhu to meet stakeholders on ways to boost exports

Commerce and Industry Minister Suresh Prabhu will hold detailed deliberations with the stakeholders concerned on October 6 on ways to boost exports of goods and services, an official said.

“Six groups will be formed to prepare the groundwork for that meeting. They would submit their reports to the minister, which will be discussed on October 6,” the government official, who did not want to be named, said. The groups will consist of members from trade, the industry and the government.

The reports will be prepared on how to integrate India with the global value chain, compatibility of export schemes with the norms of World Trade Organisation (WTO), promotion of exports of labour-intensive sectors, facilitating exports of knowledge-based industries like IT and pharma, services exports and the e-commerce segment.

The meeting assumes significance as exporters are facing issues over implementation of the Goods and Services tax (GST) and other matters including those of WTO.

According to a WTO rule, when a member country’s per capita gross national income breaches the cap of USD 1,000 continuously for three years, it will not be able to extend export subsidies to traders.

Similarly, WTO member countries, including the US, Turkey and Japan, have asked India to phase out export subsidies on textiles and apparel sectors because as per WTO data, India’s export has crossed the 3.25 per cent threshold of the world trade consecutively for two years.

The commerce ministry is also working on reviewing the foreign trade policy (FTP), which is unlikely to be released this month. There were plans to announce it this month.

The country’s exports recorded a double-digit growth of 10.29 per cent after a gap of three months to USD 23.81 billion in August.

Key sectors which recorded healthy growth last month in exports include petroleum, engineering and marine products. However, handicraft, gems and jewellery and fruits and vegetables saw contraction.

Source: thehindubusinessline.com- Sept 25, 2017

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Traders may get IGST exemption on imported inputs that currently don't face basic customs duty

Exporters may get an outright exemption from the integrated goods and services tax (IGST) on imported inputs that currently don't face basic customs duty to help perk up the sector, which has been hit hard by rupee appreciation, said government officials. Also under consideration is a refund mechanism for taxes paid on local inputs used by exporters, they said.

A final call on the matter will be taken by the GST Council, when it meets on October 6.

"A scheme is under discussion... It could be taken up by the council," said one of the officials. The proposal is under close examination, said another official.

Exporters had access to duty-free inputs under the previous tax regime. Some of these inputs continue to be exempt from basic customs duty, but face IGST. Industry wants at least these inputs exempted under the GST regime to begin with.

The industry says outright exemption would provide long-term solution to its woes.

GOVT IN A HURRY

- **Finmin officials discussed issue on Monday and will meet with commerce dept officials on Tuesday**
- **Centre keen on quick resolution as exports contribute majorly to job creation**
- **Govt will ensure local industry isn't put to any disadvantage**

"The biggest issue for exporters at present is liquidity. Firstly, there is issue of blocked refunds and the other is that payment of taxes has to be done upfront. Banks do not provide loans for payment of taxes... Exemption will help provide a solution on a long-term basis.

Expeditious refunds will help address the immediate problem of liquidity," said Ajay Sahai, director-general of the lobby group Federation of Indian Export Organisations (FIEO).

Embedding of taxes makes Indian products uncompetitive as other nations do not levy any tax on goods meant for export.

The problem has been compounded for exporters as there has been a delay in the refund of taxes they paid on inputs, leading to working capital issues. If the GST Council decides on such a framework for exporters, it will resolve the issue of cash flows and bring them on par with their foreign counterparts.

The government is keen to address issues concerning exports expeditiously since the sector contributes substantially to job creation, as it seeks to revive growth that slumped to a three-year-low in the June quarter.

"The issue is being looked at with a sense of urgency," said the second official. The government will ensure that the local industry isn't put to any disadvantage on account of the strategy to help exporters. Finance ministry officials have been holding intensive deliberations on the framework of the scheme.

They discussed the matter on Monday and will meet on Tuesday with commerce department counterparts.

Exporters, particularly the smaller ones, have begun to face working capital issues with tax refunds getting stuck after the rollout of GST on July 1. They are also unable to price their products for advance Christmas orders as there is no clarity on refunds yet, in what could have ramifications for the broader exports sector.

RUPEE'S CLIMB HURTING EXPORTS

The rupee's climb has eroded export competitiveness, with the currency strengthening more than 4% against the dollar since the beginning of the year, prompting intervention by the central bank, experts have said.

The rupee closed at 65.12 versus the dollar on Monday, the lowest in six months amid global and domestic worries. Excluding the fall in the local unit's value in the past few trading sessions, the rupee has gained about 5.50% this year.

According to FIEO, the cumulative order book position is down 15-20% from the year earlier. India exported goods worth $274.6 billion in FY17, just 4.7% higher than $262.2 billion in FY16. Exporters have claimed that refunds worth Rs 65,000 crore in the July-October period are stuck. The government has disputed this figure.

According to another government official, refunds worth only about Rs 600 crore for July have been held up. Moreover, over 60% of exporters have opted for the previously available duty drawback scheme.

The refunds issue has cropped up largely due to the extension in the filing date for returns following technical glitches in the GST Network. At its last meeting on September 9, the GST Council had set up a committee headed by revenue secretary Hasmukh Adhia to look into the issues faced by exporters and draw up a plan for their resolution. The panel held detailed discussions with exporters and is now working on a framework to resolve them.

Source: economictimes.com- Sept 26, 2017

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India, South Korea to work on upgrading free trade pact

India and South Korea have agreed to work on upgrading the existing bilateral comprehensive economic partnership agreement (CEPA) to ensure better utilisation of the current provisions and expand the number of items covered under the pact.

Commerce and Industry Minister Suresh Prabhu and his South Korean counterpart Hyun Chong Kim also agreed to cooperate in the fields of standardisation and conformity assessment and developing mutual recognition agreements in a recent meeting in Seoul.

"Both Ministers agreed to work towards finalising the CEPA upgrading negotiations at the earliest, if possible within 2018," a government official said.

Indian businesses have not been able to satisfactorily utilise the CEPA with South Korea, which allows market access for large number of items duty-free or at low import duties, because of a number of issues including stringent rules of origin norms.

"The existing rules need to be tweaked so that the Indian industry is able to utilise the concessions extended under the CEPA. The review needs to urgently address this issue," the official said.

Expanding CEPA

Both countries also want to expand the coverage of the CEPA. While India wants greater market access for a number of industries including IT, education and healthcare, South Korea is keen on more concessions for items such as steel, beauty products and household appliances, the official added.

South Korea is also likely to ease visa requirements to enable Indian teachers to teach in Korea under the English Program in Korea initiative.

The bilateral trade between South Korea and India, which stood at $16.8 billion in 2016-17 is skewed in South Korea's favour with the country exporting goods worth $12.58 billion during the year.

To give a push to investments, the two Ministers agreed to consider favourably the requests made in the joint committee meeting related to investment cooperation between the two countries.

Source: thehindubusinessline.com- Sept 26, 2017

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No tax refund, no working capital: How GST is hurting Indian exporters

Delays in processing tax refunds under the new Goods and Services Tax regime has locked up the funds of exporters, hurting their businesses and affecting their ability to be competitive in international markets.

On September 19, a delegation of exporters met Revenue Secretary Hasmukh Adhia, who is heading a committee set up to look into the GST-related issues that India's export sector is facing.

During the meeting, the Federation of Indian Export Organisation reportedly said that the government should fast-track the refunds process for exporters or as much as Rs 65,000 crore of their money could get stuck in the July-October period, affecting their ability to do business.

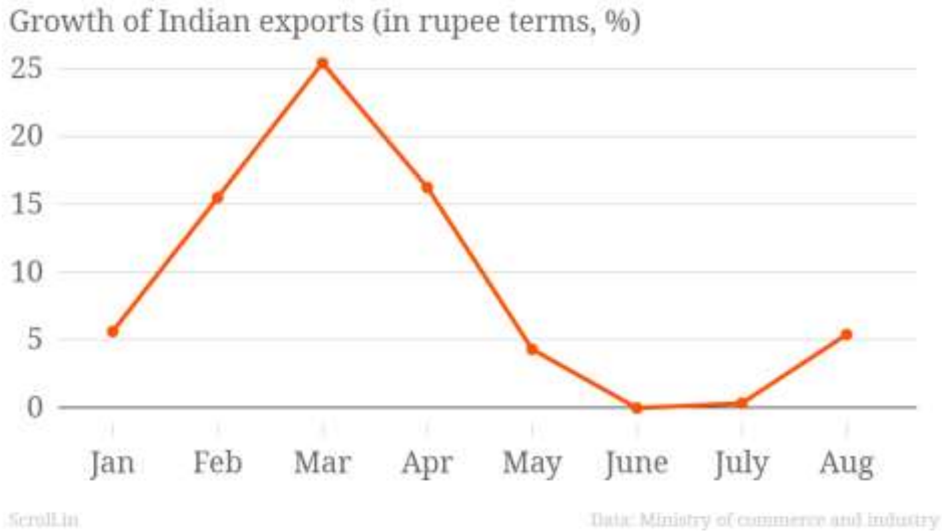
The Goods and Services Tax, which was implemented from July 1, subsumes all the indirect taxes that businesses earlier paid the Centre and states separately, with the aim of creating a common market. It involved a complete overhaul of the tax filing system.

Under this regime, companies are given the opportunity to claim refunds for the taxes they pay while buying inputs for their businesses, such as raw materials. However technical glitches, among other things, have meant that the government has repeatedly pushed back the deadline for filing GST returns, delaying tax refunds too. Exporters claim that they are suffering the most.

Earlier this month, the Union government took note of the complaints of exporters and ordered the Adhia-led committee to be set up. It has been tasked with providing recommendations to fix the problems exporters face.

The committee is scheduled to meet next on October 6. However, it remains to be seen if the GST Council, headed by Finance Minister Arun Jaitley, acts on its recommendations.

Blow to exports



Indian exports were not doing particularly well in the pre-GST months of this year in the first place. The rate of export growth in rupee terms slowed during the March-July period before rising again in August. But exporters organisations now fear that this growth could be undone by the negative effects of GST.

In its presentation to the government, the Federation of Indian Export Organisation said that the exports to gross domestic product ratio, an indicator of the relative importance of international trade in a country's economy, is down to 20% from its 2013 high of 25.43% at a time when Indian exporters are facing tough competition from countries such as China, Bangladesh and Vietnam in international markets. With the chaos following the implementation of GST, it said that it feared that the worst is yet to come.

Working capital blocked

Exporters are required to pay GST upfront for the inputs they buy from their suppliers. They can then claim tax refunds from the government, as exports are tax free. A spokesperson from the Federation of Indian Export Organisation said that a sharp liquidity crunch has gripped the majority of exporters as their funds, paid as tax, are locked up with the government, with refunds for taxes paid for the July period only expected in December.

The process of claiming refunds is taking much more time than was envisaged because deadlines for the filing of returns are constantly being pushed back. For instance, due to technical snags in the GST portal, the government pushed the final deadline for filing the GSTR 1 return for the month of July to October 10 from the earlier deadline of August 10. GSTR 1 is a detailed compilation of all sales invoices generated by a business in a month.

According to an information booklet prepared by the government on GST for exporters, 90% of the refund amount would be processed within a week of the receipt of the refund application while the rest 10% would be paid within a maximum period of 60 days. The booklet says that “interest @ 6% is payable if full refund is not granted within 60 days”.

However, so far, no one has got refunds yet, said a tax advisor to an industry association, speaking on condition of anonymity. “The returns are not being filed in the right manner as it was anticipated, so nobody in the government is concentrating on providing refunds,” the advisor said.

A spokesperson for the Federation of Indian Export Organisation said that the government should not wait for final filings – when GSTR 1, GSTR 2, and GSTR 3 are all filed, at the end of which the total GST liability/refund is calculated. He said that the government should instead release refunds based on GSTR 3B returns. This is a simplified return that includes only a summary of invoices raised in a month instead of details of each invoice raised.

“Exporters were hoping that refunds for July will come in August but because the return dates are postponed, the refunds will not come before December,” said a spokesperson for the Federation of Indian Export Organisation. “We are saying that refunds should be given based on GSTR 3B.”

This was echoed by Suranjan Gupta, Additional Executive Director of Engineering Exports Promotion Council, a trade body sponsored by the government. Gupta said that the delay between tax filing and the processing of refunds is particularly harmful to small companies as they are forced to take additional loans to fund their day-to-day business activities.

He said that these small firms often end up paying higher interest rates too. "The long gap between payments of tax on inputs and getting refunds will make exports expensive as firms will have to borrow money to pay tax and interest," he wrote in an emailed response. "The micro and small exporters would be particularly hit as the cost of credit to them is very high."

Services exporters denied refunds

Software export associations such as Nasscom have their own list of grievances, which have been brought to the notice of the GST Council. Software exports are badly hit as firms that export software services are not eligible for tax refunds on the purchase of capital goods that they use to provide these services, said Bishakha Bhattacharya, Senior Director and Head – Public Policy and Government Affairs at Nasscom.

For software export companies, capital goods could include servers, computers and networking devices, among other things.

"This again seems to be an unfair denial of input tax credit," Bhattacharya said. "You don't have duty exemptions, which is available for others. You are also now denied refunds for GST paid on capital goods."

A software exporter from Pune, who spoke on condition of anonymity, said that his company earlier used to save about Rs 3 crore in exemptions each year under the government's Software Technology Parks of India scheme, established in 1991 to boost exports. Now, he claimed, his company has already paid Rs 25 lakh in import duties in a month, and is waiting for GST refunds.

In the earlier tax regime, companies part of the Software Technology Parks of India scheme were entitled to claim exemption on taxation on capital goods. This exemption is not available under GST. Thus, software exporting companies are now demanding that the government refund the taxes they paid while acquiring capital goods.

"There were various exemptions that STPI [Software Technology Parks of India] companies used to get….[But these] are now gone," said Vidyadhar S Purandare, Secretary, Software Export Association of Pune. "They have now asked STPI companies to pay integrated GST and central GST and then claim benefits which is limited to basics customs duty. With this, the cash flow requirement has gone up."

Source: scroll.in- Sep 25, 2017

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Is lack of an industrial policy hurting us?

We have swung from a regulated set-up to a chaotic one. A holistic policy can synchronise enterprise, skills and jobs growth

'Industrial Policy' is back in fashion after 25 years. It had become a bad word amongst economists and policy wonks from the early 1990s onward with the dominance of the Washington Consensus over global economic policies.

The Indian government feels the need for a new industrial policy principally because the present pattern of economic growth is not producing sufficient jobs and livelihoods. Until the 1980s, industrial policy was driven by the theory that the Government must closely manage the flow of investments into selected industrial sectors to nurture their development.

Changed outlook

Dissatisfaction with this approach, primarily because it stifled entrepreneurship, made the Government change its approach from the 1990s towards a free market approach with the expectation that market forces would cause industrial growth to accelerate. However, that did not happen. India's manufacturing sector, which should have been a principal driver of industrial growth and creator of jobs, languished at 16 per cent of the economy. While the services sector grew, overall job growth did not keep pace with the growth of the population.

India's capacity to produce capital goods — the machines and tools that are the muscles of industrial capability — was as strong as China's in 1991 because of compulsions until then to produce capital goods in India on account of shortages of foreign exchange as well as government policies for building self-sufficiency.

By 2009, Chinese capital goods' production capacity was about 50 times as large as India's and India was importing machinery, power generation equipment, and other capital goods in increasing quantities from China. India's industrial sector had become much smaller than China's and lost its depth too. Why? Could it be that India had been trying too hard to be a 'good boy' in international economic circles, whereas China had maintained a vigorous 'industrial policy' to build its own capabilities, despite accusations of being 'protectionist', of 'stealing' intellectual property, and being 'a currency manipulator' too?

The underlying approach to industrial growth in India until the 1990s was top-down planning, of attempting to manage the inputs-outputs of the economy through licenses to produce and allocations of resources. After the reforms of the 1990s, the paradigm shifted to the other extreme, of 'leaving it to the market', and hoping that freedoms to invest and produce would result in the growth of more jobs and livelihoods. However, the bureaucracy continued to tie up enterprises in knots.

How enterprises grow

The process of a country's industrialisation is a process of enterprises in that country acquiring capabilities to produce more complex products that they could not produce before. Workers learn skills they did not have before. Managers of enterprises learn to apply technologies and manage processes that they could not before. And government policymakers and implementers learn how to create conditions for industrialisation, which they could not earlier. Moreover, this process of learning and building capabilities happens in a competitive world.

Therefore, later industrialisers must learn faster than those ahead of them to compete with them, and policymakers must create conditions to 'nurture' industries in their country until they are strong enough for more open competition. Even the US protected its weaker industries against competition from stronger British and European competitors in the 19th century.

Jobs and livelihoods cannot be sprinkled into the economy by government, except jobs on the government's own payrolls. Jobs and livelihoods must grow out of the economy, and the Government must create conditions for more enterprises to form and grow so that more jobs and livelihoods grow.

Combinations of many interventions are required, in the right proportions, to induce the economy to generate more jobs and livelihoods.

The development of enterprises and the development of skills of workers cannot be put into separate, disconnected policy silos. People need skills because they want jobs. The skills they need must fit the jobs they do, and their skills can be honed only on the job. Therefore, successful programmes to develop skills cannot be managed within a ministry dedicated to labour or skills. This approach, wherein industrial training institutes were under the labour ministry (and may now be moved to the skills ministry) resulted in the mismatch between the output of the skills programmes and requirements of industry, and trainees finding that they could not get jobs.

No jobs, no skills

Less than 20 per cent of the millions trained by this government's (and the previous one's) drive to skill millions have found jobs. On the other hand, enterprises complain to the industrial development department that they cannot grow because they do not have people with the requisite skills. Therefore, policies for developing skills must mesh with policies to stimulate growth of enterprises.

Improvements to one part of the system can have unintended consequences on other parts. Making it easier for one sector to produce by reducing duties on its inputs creates inverted duty structures which can crimp the growth of the input sector. This has resulted in the weakening of India's machinery sector, for example, and weakened the country's industrial base.

A clutter of branded schemes with catchy acronyms will not grow more jobs. A 'systems view' is required to connect many parts of the system and many policies — for investment promotion, trade regulation, enterprise regulation, labour policies, etc — to enable the economy to deliver the results citizens want from growth, namely better jobs and livelihoods.

The effects of policies that may be good for one part of the system on other parts must be understood before they are implemented. Otherwise, they can become 'fixes that backfire', as the vigorous skilling mission had become, as well as the rush to demonetise, and some of India's FTAs too.

Moreover, a 'whole of government' approach is required for coordinated implementation — at the Centre, in the States, and on the ground — to make it easier to do business in India.

Source: thehindubusinessline.com- Sep 26, 2017

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Shipping Ministry to revert to royalty model for PPP contracts under new ports law

The Shipping Ministry proposes to revert to the royalty model for deciding the award of public private partnership (PPP) contracts at Central government-owned ports to check scope for "manipulations" by private terminal operators when they get freedom to set rates after the port trusts are converted to Authorities.

The revenue share model will go after the Major Port Authorities Bill is approved by Parliament to convert the port trusts into authorities, said a Shipping Ministry official.

Under the new arrangement, the terminal operators will pay royalty per tonne or per twenty-foot equivalent unit (TEU), as the case may be, he said. The earliest cargo terminal privatisation contracts followed the royalty model. The terminal operator had to pay a certain royalty specified in the contract on each tonne of cargo or TEU handled at the terminal to the government-owned port.

Since then, the Central government-owned ports are following the revenue share model for port privatisation contracts.

The bidder willing to share the most from its annual revenue with the government-owned port wins the contract, typically lasting 30 years.

The royalty model was discarded in favour of the revenue share after private cargo handlers complained that the very low royalty rates in the first few years of operations and substantially rising rates over the balance period were detrimental to their operations on a commercially viable basis, particularly when there was no concomitant increase in rates.

The only difference between the earlier royalty model and the proposed one is that under the former the tariff used to be fixed by the Tariff Authority for Major Ports or TAMP, the rate regulator for the major ports. Now, the rates will not be fixed by TAMP which will be wound up under the new Act. Only a reference tariff will be indicated at the time of bidding just to give the bidders an idea of the rates.

Market-based rates

Since the rates will be market determined under the Authorities' set up — the cargo handlers can charge higher or lower depending upon the market — based on that they will have to pay a per tonne or TEU as royalty to the port.

This will remove the uncertainties on getting rate hikes under the earlier royalty model from a cargo handlers' perspective.

The Shipping Ministry reckons that the shift to the royalty model is imperative when the major port trusts are converted to Authorities, giving them freedom to set rates. It will also prevent revenue leakages.

"In the deregulated scenario, the port will not be able to find out what an operator is charging. If it is based on cargo quantity, records will be available to cross check," the Shipping Ministry official mentioned earlier said, justifying the move to revert to the royalty model.

For instance, the concessionaire could have another company that will collect the charges and give it to them. They can resort to such manipulations if revenue share model is followed. But, under the royalty model, the ports can also verify," the official said.

Under the Sagarmala programme, 142 port capacity expansion projects with a total investment of Rs. 91,434 crore have been identified for implementation over the next 20 years, according to the Ministry.

Much of these investments are expected to come from private entities.

Source: thehindubusinessline.com- Sep 26, 2017

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Handicrafts trade facilitation centre opens in Varanasi

Prime Minister Narendra Modi dedicated the Deendayal Hastkala Sankul, a trade facilitation centre for handicrafts at Varanasi, to the nation last week.

Its foundation stone was laid by him in November 2014 at and the first phase of the project, comprising a crafts museum, an entrance plaza and a shopping arcade, was inaugurated by him in December 2016.

Inaugurating the centre, Modi said it would help artisans and weavers showcase their skills to the world, facilitate a better future for them, attract tourists and boost the local economy. With a cost of about Rs 300 crore, the project covers 7.93 acres, according to press release from the textiles ministry.

The centre will help boost incomes of weavers and artisans, textiles minister Smriti Irani said on the occasion.

The Varanasi centre will help weavers, artisans and exporters to promote handlooms and handicrafts in both domestic and international markets. The crafts museum will preserve the traditional products of Varanasi.

The complex is equipped with automated building management systems, central air conditioning and ventilation systems, power back-up, fire protection and public address systems and centrally monitored CCTV system.

Source: fibre2fashion.com- Sep 25, 2017

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Textile industry woes: Bhiwandi powerlooms continue to struggle with issues post GST

EVEN AS the textile industry in Bhiwandi, the powerloom capital of Maharashtra, crawls back to life after the impact of the Goods and Services Tax (GST), it is still struggling to deal with several issues such as capital, return filing and unsold stock.

“The shutdown after GST has resulted in lower capital with weavers who have exhausted their earnings during the shutdown. With little left for buying raw material, not many are able to restart the looms to full scale,” said Tahir Momin, a former MLA whose family owns around 500 looms. He said a large part of the textile industry in Bhiwandi was busy figuring out the three different tax returns to be filed.

“We are not well-versed with the new tax system and neither are we comfortable with technology. Most of my time is spent trying to understand the return filing system,” said Momin. Ehsan Ansari, another weaver, said even as the government had relaxed the tax on job works or intermediary works involved in the conversion of yarn to cloth, challenges remain as the sale of cloth was yet to pick up. “Dealers and traders are unwilling to buy from weavers without a GST number even if their (weavers’) annual income is below Rs 20 lakh. Business is dull as most of us are sitting with unsold stock,” said Ansari, who has so far restarted 60 per cent of his 700 looms.

Since GST came into force on July 1, an entire ecosystem of the textile industry — weavers, technicians, daily wage workers and labourers — was hit as looms were forced to shut down.

As an immediate aftereffect, around five lakh powerlooms closed in Bhiwandi in 20 days, according to estimates by owners or “master weavers”. The industry, which had remained exempt from taxation since Independence, reeled under the impact of GST regime.

Now, the master weavers have to pay taxes for buying yarn — 18 per cent on man-made fibre yarn and 5 per cent on cotton yarn. They had raised concerns over the tax on job works —5 per cent on cotton yarn and 18 per cent on man-made fibre yarn. On August 7, the GST Council decided to cut it and adopt a uniform rate of 5 per cent.

Despite the relaxation, the looms are still struggling to go back to normalcy. Bhiwandi's textile industry is decentralised where master weavers own powerlooms but sublet most work to contractors. The conversion of yarn to cloth requires at least 10 levels of work, including transport, sizing, warping, weaving, mending, folding and packaging, each needing special set of skills.

"We are encountering several challenges as we go. Accounting has become one of the biggest challenges," said Momin. State GST Commissioner Rajeev Jalota said workshops are not being conducted anymore but regional offices are helping traders with filing. "We are helping traders with the process. Anybody having trouble can approach us and we will help them. We are also appealing to local trade associations to help traders and weavers," he said.

Source: newindianexpress.com- Sep 24, 2017

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India raises market access, barriers issue with Indonesia

India today raised the issue of market access and regulatory barriers that its companies are facing in Indonesia in sectors such as pharma, dairy and bovine meat, the commerce ministry said today.

The issues were discussed during a meeting between Commerce and Industry Minister Suresh Prabhu and his Indonesian counterpart Enggartiasto Lukita here.

The ministry in a statement said that the Indonesian side has agreed to conduct inspection visits for registering dairy products, fresh food of plant origin and meat processing facilities.

"The issue of market access to automotive and auto components manufactured in India was raised, along with the greater investment opportunities for joint ventures, textile machinery manufacturing, textile parks and Special Economic Zones," it said. It added that the ministers agreed to deepen economic cooperation by having greater cooperation of stakeholders, including government, business and entrepreneurs.

Both the ministers "agreed to hold a meeting of regulators to resolve issues concerning the pharma and health sectors, it said.

Further the ministers agreed for convening early meeting of the working groups on trade and investment; and trade facilitation and remedies to address the issues impeding trade.

"These working groups will also look into facilitation of services and areas of mutual interest between both the countries," it said. "We agreed to promote business on both sides which will benefit our citizens. We also agreed to explore new areas of cooperation," Prabhu said in a tweet.

Talking to reporters, he said both the sides agreed to work together to promote business, exports and imports.

"We have already identified areas where there are certain issues ... so we have decided to set up working groups to address those issues immediately," he said.

Lukita said that he had a frank and open meeting with the Indian trade minister.

He said that working groups can discuss issues over video calls. If there is anything to resolve at ministers level, "we can call each other also," he added.

The bilateral trade between the countries increased to USD 16.92 billion in 2016-17 from USD 15.95 billion in the previous fiscal. The trade is highly in the favour of Indonesia.

Source: indiatoday.in- Sep 23, 2017

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