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INTERNATIONAL NEWS

Leaders of 27 European Union nations sign off on Brexit deal

Spotlight back on UK Parliament

A year and a half of negotiations on the terms of Britain's withdrawal from the European Union (EU) formally came to an end on Sunday, as leaders of the Union's 27 member-nations agreed to the terms of the controversial agreement at a summit in Brussels.

The approval comes after Britain and Spain reached an agreement on the status of Gibraltar, removing a last-minute dispute that threatened to jeopardise the deal. However, it is far from the end of the battle for Britain's Conservative government, which faces stiff opposition within its own ranks and from other political parties, who could vote down the deal as it passes through the parliamentary approval process.

'To remain partners'

Donald Tusk, President of the European Council, announced that the EU-27 leaders had endorsed the withdrawal agreement and the non-binding political declaration of future relations between the EU and the UK. "We will remain partners, allies, friends," said Michel Barnier, the lead EU negotiator, at the start of the summit on Sunday.

The course to the Sunday summit appeared set last week, after negotiators on both sides reached agreements on the terms of the treaty and the political declaration.

However, uncertainty returned as Spain expressed its concerns about the inclusion of Gibraltar in the withdrawal agreement and threatened to exert its veto unless there were assurances that the territory would be the subject of separate bilateral negotiations between Spain and the UK.

A compromise has since been reached, which Spain has touted as a concession by Britain (a suggestion Britain has, in turn, rebutted), resulting in the Spanish government withdrawing its opposition.

However, the significant developments in Brussels will now put the spotlight firmly back on Westminster, and the government's ability to persuade Parliament to approve the deal later this year.

Over the past week, as opposition to the deal has increased within Parliament, Theresa May has attempted to reach out to the public and business in the UK to get them on her side. On Saturday, she published an open letter to the public urging "renewal and reconciliation" and for people to get behind the deal. She insisted the deal that worked for both "Leave" and "Remain" supporters.

However, parliamentary opponents show no sign of backing down, calling for the removal of the controversial "backstop" mechanism to ensure there isn't a danger of a hard border developing in Northern Ireland.

While Conservatives believe the backstop's existence prevents Britain from truly taking back control (and at the same time leaving Britain without a voice at the table), the DUP of Northern Ireland believes it would threaten the country's territorial sovereignty.

Speaking on the BBC on Sunday morning, the party's leader Arlene Foster indicated they would vote against the deal and urged the government to return to the negotiating table to avoid this, and warned that the confidence and supply agreement, under which it has been supporting the Conservative government.

The Labour Party also insists the deal represents the "worst of all worlds." "It gives us less say over our future, and puts job and living standards at risk," said Labour leader Jeremy Corbyn.

Speaking in Brussels, however, May insisted the deal was the best one available to the UK, and urged parliamentarians to back it and avoid any move that would "open the door to yet more division and uncertainty." EU Commission President Jean Claude Juncker also indicated that there was no further possibility for further concessions from the EU side. "The European Union will not change its fundamental position," he said.

Source: thehindubusinessline.com - Nov 25, 2018

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Columbia Sportswear gives Trump's trade war the cold shoulder

Columbia Sportswear has spent years designing ski jackets and hiking boots to withstand the elements: wind, rain, snow and, increasingly, tariffs.

Located on a sprawling campus adorned with hanging kayaks, the 80-year-old retailer has long protected its outdoor gear from the whims of the federal government by engaging in what the company calls "tariff engineering": adjusting its products to lessen import taxes on materials from outside the United States like rubber soles, zippers and waterproof nylon.

But Columbia worries that its approach is under threat from a president whose trade strategy leaves little room for U.S. companies that make and sell products globally.

Trump's use of tariffs as a cudgel to revitalize manufacturing in the United States is forcing changes across large multinational companies, though they may not always be the changes the president seeks. Harley-Davidson and Micron are moving production to factories in Europe or parts of Asia, while other companies have put off expansion plans amid trade uncertainty.

At Columbia, the response is to lean heavily on the company's long experience in navigating the thicket of trade restrictions it has faced in the United States and abroad. Every fleece vest and waterproof glove stamped with the Columbia logo is manufactured abroad, and the company has come to rely on a system of pairing its designers with trade experts, who recommend workarounds that can help an item of clothing circumvent tariffs.

In a conference room filled with samples, Jeffrey W. Tooze, Columbia's vice president for global customs and trade, showed how a small change in design can mean big money for a given product.

The addition of a super-thin sheath of fabric to the sole of a boot or shoe can help circumvent an existing 37.5 percent tariff on rubber soles imported into the United States. A fabric sole, by contrast, is taxed at 12.5 percent. Customers find that the fabric wears off within days, revealing the rubber sole beneath.

A water-resistant jacket triggers a 7.1 percent tariff, while a jacket that has not been waterproofed gets hit with a 27.7 percent tariff. A jacket filled at least 10 percent, by weight, with down, brings about a tariff of only 4.4 percent.

Those distinctions don't reflect national security or economic concerns; they are the result of long-past lobbying campaigns intended to protect or exempt certain manufacturers. Recognizing them, and designing around them, has become part of Columbia's corporate culture since Tooze joined the company in 2001.

"It's part of the thought process, part of the creative thinking, part of the DNA," he said.

Not bringing jobs to U.S.

What Columbia is not doing, to any large degree, is bringing production jobs to the United States, as Trump would like.

Tim Boyle, Columbia's chief executive, said in a recent interview that there was nothing the president could do to entice the company to make its products in the United States, where costs would be higher and apparel-manufacturing expertise has withered through decades of outsourcing.

"There is no way," Boyle said. "Zero. None."

Peter J. Bragdon, Columbia's general counsel, agreed with that assessment. "We've got huge tariffs on things already," he said, adding that they have yet to bring manufacturing jobs back to the United States.

Columbia used to make all its products in Portland. But as it grew from a company with $1 million in annual sales to one with $2.5 billion, it turned to cheaper overseas labor to make its hats, mittens, winter jackets, hiking boots, camping pants and ski equipment.

Boyle said the firm emulated another Oregon retailer, Nike, adopting the approach that it should "design, market merchandise from a central location — America, Portland, whatever — and make it where you should make it in the world and sell it everywhere in the world."

Today, just under 40 percent of Columbia's business is outside the United States, and all its products are made abroad. It sells heavily to Asia, Europe and Canada. It has a joint venture in China and is in the process of buying out its Chinese partner. Vietnam is its largest supplier. A quarter of its footwear comes from China.

At every turn in the supply chain, it is faced with tariffs.

To import the finished products to retail stores across the United States, Columbia must navigate the remnants of a trade bill, the Smoot-Hawley Tariff Act. That 1930 law raised tariffs in an effort to protect U.S. businesses, only to end up being blamed by later economists as a key contributor to the Great Depression. Many of its measures have been scrapped, but some remain, particularly those affecting the clothing business.

In addition to imposing levies on foreign steel and aluminum, the Trump administration has placed tariffs on $250 billion worth of Chinese goods, while dangling the prospect of taxing all imports from China. Other countries have retaliated, including China, Europe, Canada and Mexico, taxing U.S.-made products that flow into their countries, including apparel.

Columbia has gone mostly unscathed, in part because Trump's initial round of Chinese tariffs has largely avoided clothing. But the company has braced itself for the next wave, which would probably hit many of its imports, particularly Chinese-made footwear.

Making preparations

Columbia is preparing for every contingency. Among the questions the company is contemplating: Can it move products out of its factories and into stores quickly enough to beat any new tariffs before they go into effect? Can it change how it manufactures its goods — by, say, ramping up production in Vietnam and slowing it down in China?

"We've had probably two meetings a day on that, every day, for the last two months," said Emily Vedaa, Columbia's global trade manager. "How can we soften the blow?"

Trump has been unapologetic about his approach, arguing that any short-term economic pain will lead to long-term growth. He has also called out companies like Apple, telling them to move their production plants if they don't like his plan.

"Make your products in the United States instead of China. Start building new plants now. Exciting!" Trump said in a tweet in September.

But companies like Columbia say they cannot adjust the way they do business on the fly to deal with policy changes, particularly when they are not settled.

For instance, Trump has dangled the threat of additional tariffs on China while also saying a compromise could be reached. He plans to meet with President Xi Jinping of China for a high-stakes session at the G-20 in Buenos Aires, Argentina, this month. And while the new tariffs are predicated on trade law, they have come about through executive, not congressional, action and could easily be undone by an administration that looks more kindly on global trade.

Thomas B. Cusick, Columbia's chief operating officer, said the company has received its entire fall shipment already, and the "lion's share" of merchandise for the Christmas season. In addition, it has bought all its products for next spring and reserved factory capacity for its fall 2019 line. Any changes it makes in response to moves out of Washington, D.C., would not go into effect until 2020 — and that would mean large investments that the company would make only if they were certain to pay off in the long run.

Nearly every large U.S. retailer is in a similar situation: 98 percent of the footwear bought by Americans is made overseas, and 97 percent of clothing sold in the United States is produced in other countries.

This migration to Asia has been happening since the '60s," Boyle said. "And so everybody who made investments in machines to make fabric or extreme, you know, plastics to make nylon or any kind of textile products — all those investments have been in Asia. All the technology."

Along with the factories, the manufacturing expertise has moved overseas.

“It’s one thing to design a shirt like you’re wearing,” Boyle said. “You can sketch that out on a piece of paper. But to make it fit somebody, that’s a technical expertise in tailoring that doesn’t exist here anymore. You could come up with some stuff that nobody could wear.”

Boyle conceded that if Trump does hit China with more tariffs, Columbia will have no choice but to charge more, despite the company’s long expertise in navigating trade winds.

“The prices will go up — we’re going to pass those along,” he said. “We have no other option.”

Source: seattletimes.com- Nov 24, 2018

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These Are the Asian Countries That Benefit From the Trade War

Asia, at the broad level, will lose from the U.S.-China trade war, but a few countries will emerge as relative winners.

Nomura Holdings Inc. found that a push by companies in the U.S. and China for import substitution towards the rest of Asia will benefit Malaysia in particular, followed by Japan, Pakistan, Thailand and the Philippines, based on its analysis of specific products on the list of tariffs.

At the same time, Vietnam is the clear winner from companies switching production from China, followed by Malaysia, Singapore and India.

"As the saying goes, ‘when two quarrel, the third rejoices’,” analysts including Rob Subbaraman and Trevor Kalcic wrote in a note on Tuesday.

For BlackRock Inc., Thailand has the advantage in automotive production. The nation is the largest manufacturing center of cars in Southeast Asia, according to the International Organization of Motor Vehicle Manufacturers.

“We are positive on Thai baht,” Neeraj Seth, Singapore-based head of Asian credit at BlackRock, said at a briefing in the island state. “From a relative perspective, Thailand is one of the possible beneficiaries of some of these trade tensions which could potentially improve their FDI and balance of payments going into the next few years.”

Laggards

Of the 13 countries in its analysis, Bangladesh, India and South Korea are the least likely to gain from import substitution. Pakistan benefits least from the diversion of production and foreign direct investment.

Nomura’s Import Substitution Index is based on these criteria:

"The biggest benefit to Malaysia is likely to come from electronic integrated circuits, liquefied natural gas and communication apparatus," according to Nomura.

There is usually one leading product for others; such as vehicles with only spark-ignition internal combustion reciprocating piston engines in Japan, cotton yarn in Pakistan, units of automatic data processing in Thailand, and electronic integrated circuits in the Philippines, it said.

Source: bloomberg.com - Nov 20, 2018

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Indonesia encourages PTA negotiations with Bangladesh

The Indonesian government encourages the negotiations of the Preferential Trade Agreement (PTA) between Indonesia and Bangladesh, in an effort to increase trade cooperation between the two countries.

"To facilitate bilateral trade, we hope the first round of negotiations would begin immediately for the Indonesia-Bangladesh PTA," Indonesian Ambassador for Bangladesh, Rina P Soemarno, stated in Dhaka, Bangladesh, on Wednesday.

The PT negotiations between Indonesia and Bangladesh were agreed during President Joko Widodo`s state visit to Bangladesh in early 2018.

"We hope that there will be a quick conclusion from these negotiations, so that the PTA can soon exist to facilitate increased trade between the two countries, which will run with the preferential tariff," the ambassador noted. She further remarked that the first negotiations for the PTA between Indonesia and Bangladesh will begin in December 2018.

The PTA between the two countries is very important for Indonesia, because Bangladesh is a prospective market where Indonesia seeks to increase its market share. Indonesia is now the fifth largest source of imports for Bangladesh, she added.

The trade volume between Indonesia and Bangladesh has reached a surplus of over 80 percent for Indonesia. Indonesia ranks fifth out of 15 main trading partner countries of Bangladesh.

Indonesia`s main export commodities to Bangladesh include palm oil, textiles, textile products, rubber, wood pulp, nuts, paper, cotton yarn, synthetic fibers, chemical products, iron bars, copper, mining materials (clinkers, tin seeds, coal and lubricants), spices, handicrafts, and train products of PT. INKA.

Meanwhile, Indonesia`s main import commodities from Bangladesh include bags and sacks (jute), packaging bags, steel sheets, and clothing.

Source: en.antaranews.com- Nov 22, 2018

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WTO Starts Probe Into Legality of US Tariffs Probe

The World Trade Organization agreed Wednesday to investigate the legality of U.S. tariffs on steel and aluminum imports based on national security concerns, a decision the U.S. says could undermine the legitimacy of the Geneva-based trade body.

Members including the European Union and China asked the WTO to examine the U.S. levies, which they say don’t bolster security but further U.S. economic interests.

Any review of America's essential security interests "would undermine the legitimacy of the WTO's dispute settlement system and even the viability of the WTO as a whole," the American delegation said at a Wednesday meeting of the WTO dispute settlement body, according to prepared remarks seen by Bloomberg.

The WTO has long avoided this politically fraught confrontation. If the trade organization decides in favor of the U.S., the decision could entice the body's 164 members to use the national security justification to impose protectionist measures for economic gain; if it rules against the U.S., President Donald Trump could decide to leave the WTO entirely.

Member 'hypocrisy'

In applying the tariffs, Washington relied on a rarely-used WTO national security exemption, which permits governments to take "any action which it considers necessary for the protection of its essential security interests."

Separately, the U.S. blasted the "hypocrisy" of Canada, China, the EU and Mexico for their unilateral retaliation against U.S. goods in response to Trump's steel and aluminum tariffs.

"Just as these members appear to be ready to undermine the dispute settlement system by ignoring the plain meaning of" the WTO's national security exemption, "so too are they ready to undermine the WTO by pretending to follow its rules while imposing measures that blatantly disregard them," according to the U.S. remarks.

Seven WTO members—Canada, China, the EU, India, Mexico, Russia, and Turkey — have imposed retaliatory levies on more than $25 billion worth of U.S. goods in response to the American tariffs.

Source: sourcingjournal.com- Nov 23, 2018

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Bangla import of US cotton significantly high since 2016

The United States is witnessing a growth in demand for US cotton from most of its top customers like Vietnam and Bangladesh, with the latter's imports growing significantly since 2016, according to Bruce Atherley, executive director of Cotton Council International (CCI), the export promotion arm of the National Cotton Council of America (NCC).

CCI is a non-profit trade association that promotes US cotton fibres and manufactured cotton products around the globe under the Cotton USA trademark.

China is currently the top export sales customer with 2 million bales for 2018. Due to the retaliatory tariffs imposed by China, the United States is seeing some cancellations and destination changes for China.

If the tariffs remain in place, more cancellations from China are likely, which could put more pressure on cotton prices, Atherley told Fibre2Fashion in an interview.

Source: fibre2fashion.com- Nov 26, 2018

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Turkey's apparel exports up 4.6% in Jan-Oct '18

Apparel exports from Turkey have increased by 4.6 per cent year-on-year to $14.8 billion in the first ten months of 2018, according to Istanbul Apparel Exporters' Association (IHKIB). Readymade clothing exports accounted for 13.1 per cent of all industrial exports, and 10.7 per cent of overall exports from Turkey during January-October 2018.

Region-wise, seven of the top 10 destinations for Turkish apparel were the EU countries. Germany topped the list with $2.7 billion, followed by Spain with $2.1 billion and UK $1.7 billion.

The Netherlands, France, Iraq, the US, Italy, Denmark and Israel were also among the top 10 importers of Turkish garments during the ten-month period, according to a report in a Turkish daily.

If the trend continues, Turkish apparel exports are likely to touch $18 billion this year and $19 billion in 2019.

Source: fibre2fashion.com- Nov 26, 2018

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Brazilian cotton prices oscillate in November

In light of the fierce competition between agents, cotton quotes oscillated in the Brazilian market during the first fortnight of November. From October 31 to November 14, the CEPEA/ESALQ cotton Index, with payment in 8 days, remained stable at 2.9510 BRL per pound on November 14. Only a few agents were active in the spot market during the fortnight.

During the fortnight, cotton farmers continued focused on both processing the 2017-18 crop and exports, and most of the batches available in the spot had not been approved in sales through contracts.

Processors, in turn, were searching for higher quality and smaller-sized batches, in order to complement the deliveries already scheduled, Center for Advanced Studies on Applied Economics (CEPEA) said in its fortnightly report on the Brazilian cotton market.

Meanwhile, in Mato Grosso, the main cotton-producing state in Brazil, Instituto Matogrossense de Economia Agropecuária (IMEA) has estimated the 2017-18 total crop at 1.358 million tons. Until November 12, 84.59 per cent of the crop from that state had been harvested.

Regarding the estimates for the 2018-19 crop, data released by Conab (National Company for Food Supply) on November 8 indicated that the area allocated to cotton in Brazil should increase by 12.1-21.4 per cent compared to the previous season.

As a result, Brazilian production may rise to 2.157 to 2.337 million tons, i.e. an increase between 7.6 per cent and 16.5 per cent. However, the average productivity is forecast at 1,639 kilos per hectare, 4 per cent down compared to the 2017-18 crop.

In Mato Grosso, the area allocated to the 2018-19 cotton crop may increase by 10-20 per cent compared to the previous season, according to data from Conab. The harvesting may reach between 1.423 and 1.552 million tons, 10.3-20.3 per cent up than the previous season.

In Bahia, the other cotton producing region, the area allocated to cotton is expected to increase 13.8-21.4 per cent compared to 2017-18, according to Conab. However, the average productivity is forecast at 1,588 kilos per hectare (down 16 per cent).

On the export front, October was a good period for Brazilian cotton. According to data from Secretariat of Foreign Trade (SECEX), Brazil shipped 163,000 tons last month, which is more than double the quantity (72,600 tons) exported in September 2018. Revenue totalled $282.8 million in October, much higher than the $127.5 million from the previous month and 5.9 per cent more than that from October 2017.

Source: fibre2fashion.com- Nov 22, 2018

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WTO says new import barriers threaten the global economy

Report calls for immediate reversal of the protectionist trend before it has a serious impact on growth, employment and consumer prices. Voicing "serious concern," the World Trade Organization (WTO) said Thursday that the world's largest economies imposed import restrictions on nearly half a trillion dollars' worth of trade over the past six months.

A new WTO report shows that 40 new import barriers were erected by G20 states between mid-May and mid-October this year – six times more than during the preceding six months – impacting $481 billion in trade.

That was the highest figure recorded since the WTO began calculating the measure in 2012. "The report's findings should be of serious concern for G20 governments and the whole international community," WTO chief Roberto Azevedo said in a statement.

Calling for an immediate reversal of the trend, he warned that "further escalation remains a real threat." He added, "If we continue along the current course, the economic risks will increase, with potential effects for growth, jobs and consumer prices around the world."

The report shows that an average of eight new restrictions on international trade, including tariff increases, import bans and export duties, were imposed by the largest economies each month.

The report highlights the impact of US President Donald Trump's belligerent approach to trade policy, including starting a trade war with China and slapping high tariffs on steel and aluminum imports from many countries.

The WTO's Dispute Settlement Body agreed on Wednesday to review complaints from a range of countries over the US tariffs, as well as Washington's complaints about retaliatory duties.

Azevedo said, "The WTO is doing all it can to support efforts to de-escalate the situation, but finding solutions will require political will and it will require leadership from the G20."

Source: atimes.com- Nov 22, 2018

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Vietnam, India eye textile co-operation

Trade between India and Việt Nam in textiles has grown significantly, but there is still huge untapped potential, the Indian consul general in the city has said.

In his opening remarks at a business interaction event titled "Textiles: India-Việt Nam Co-operation", K Srikar Reddy said Việt Nam was among the top five textile and clothing exporting countries along with India.

Its exports exceeded US$31 billion last year, a year-on-year growth of 10.23 per cent.

According to Indian government figures, during the 2017-18 fiscal year, India's textile and clothing exports were worth around $36.7 billion. Its exports to Việt Nam grew by 42 per cent to $555 million.

"Bilateral trade in textiles has registered impressive growth during the last two years. However, there is still a lot of potential for trade in the area of textiles between our countries," Reddy said.

Việt Nam had to import a lot of raw materials and was looking to diversify its sourcing of raw materials for garments such as cotton, yarn, made-ups and fabric, he said.

India is one of the suppliers of high-quality materials, fabric and machinery at competitive prices globally, he said.

Also, under the India-ASEAN FTA, most types of cotton yarns, woven cotton fabrics and cotton knit fabric could be imported duty free from India from January 1 next year, he said.

"Therefore, India can become a reliable partner for Việt Nam in supplying cotton, yarn and fabrics."

Nguyễn Hồng Giang of the Việt Nam Cotton and Spinning Association (VCOSA) said there was plenty of opportunity for co-operation in yarn, cotton and fabrics between businesses in the two countries.

"Indian companies are strong in making cotton fabrics and textiles. From the perspective of the Việt Nam Cotton and Spinning Association, we welcome investment from India in fabric making."

When investing in Việt Nam, Indian firms would get tax breaks from FTAs that Việt Nam has signed or would be signing, he said.

"You buy more yarn from Việt Nam and we will buy more cotton fabric from you. That is a win-win situation."

Reddy said: "Many Indian companies have already invested in Việt Nam in the textile and garment sector. I would also like Vietnamese companies to explore the gigantic market of 1.3 billion people in India by investing in production of yarn, fabric, readymade garments, and others in India."

The Indian Government allows 100 per cent foreign direct investment under the automatic route in many sectors, including textiles, he said.

Shailesh Martis of the Cotton Textiles Export Promotion Council gave a detailed presentation on the Indian textiles sector and invited Vietnamese companies to attend IND-TEXPO 2019, a textile exhibition showcasing the entire range of textile products, to be held from January 27 to 29 next year at Coimbatore, India.

Importers and buyers from Việt Nam who are interested in sourcing from India can benefit from a subsidised scheme for hotel stay and travel by visiting the show in India, he said.

Organised by the Indian consulate in HCM City in co-ordination with VCOSA, the event attracted nine Indian companies who also participated in the 18th Việt Nam International Textile and Garment Industry Exhibition in HCM City from November 21 to 24 besides local firms.

Source: vietnamnews.vn - Nov 25, 2018

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Pakistan: Spinners reluctant to pay higher price for quality cotton

Steady conditions prevailed on the cotton market on Saturday as buying remained restricted due to slow offtake of cotton yarn and piling up of yarn stocks with spinning mills.

The market generally remained easy owing to lack of interest from spinners and ginners unwilling to part ways with their quality cotton stocks.

The higher price quoted by ginners for quality cotton has restricted trading activity as spinners are reluctant to pay beyond a certain price line.

The big spinning groups, on the other hand are reported to be keen on imports of cotton.

Reports from cotton fields suggest that the quality of phutti (seed-cotton) is deteriorating fast and textile mills are not ready to lift poor quality cotton from ginners.

Chairman Karachi Cotton Brokers' Forum Naseem Usman said that currently the local as well as world's leading cotton markets are under the grip of a low level recession as demand and prices of cotton are low.

The New York cotton market is faced with dollar parity and moved lower while Chinese and Indian cotton markets gave a mixed trend.

According to private estimates, the cotton production would not be more than 10.5 million bales and this would mean that the country will have to import at least 4m bales to meet the consumption demand of 15m bales by local mills.

The Karachi Cotton Association (KCA) spot rates were unchanged at Rs8,800 per maund.

The following deals were reported to have changed hands on ready counter: 400 bales from Shahdadpur were done at Rs8,350; 1,400 bales, Khairpur Mirus, at Rs8,600; 1,200 bales, Saleh Pat, at Rs8,750 to Rs8,775; 3,000 bales, Rahimyar Khan, at Rs8,050 to Rs9,050; 1,000 bales, Khanpur, at Rs9,000 to Rs9,050; 2,000 bales, D G Khan, at Rs9,000; 800 bales, Yazman, at Rs8,600; 1,600 bales, Haroonabad, at Rs8,500; 600 bales, Layyah, at Rs8,450 and 1,000 bales from Sadiqabad were done at Rs9,000.

Source: dawn.com - Nov 25, 2018

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Pakistan, Thailand to present final FTA list by next month

Pakistan and Thailand will present their complete final list for a free trade agreement (FTA) in coming round of negotiations between the two sides next month, Pakistan's Ministry of Commerce and Textile announced.

An official from the ministry told media late Thursday that both sides, aiming at increasing trade liberalization, had exchanged the final offer lists of items for a FTA.

The official hoped that Pakistan would get benefits of 250 million U.S. dollars after signing the FTA with Thailand.

"Pakistan wants concession on 115 products of its different export-oriented sectors, including textile, plastic and pharmaceuticals," said the official, adding that Pakistan had relative advantages over Thailand in some 684 commodities, including cotton yarn, woven textiles, ready-made garments, leather products, surgical instruments and sports goods.

According to the official data, the trade between Pakistan and Thailand stood at 1422.17 million U.S. dollars in 2017, out of which Pakistan's exports to Thailand were only 142.85 million U.S. dollars against the imports of 1279.32 million U.S. dollars from Thailand.

The Pakistan's incumbent government led by Prime Minister Imran Khan has been focusing to increase the country's exports by negotiating with trade partners and by providing its export-oriented industries with financial packages to make them competent at the international market.

The Pakistani government is reportedly working on the national tariff policy for the coming five years as part of the strategic trade policy framework 2018-23 for reviewing tariff lines to enhance the country's trade.

The proposed tariff policy draft would recommend a gradual reduction in the duty on raw material and machinery imports for export-oriented industries, the ministry's official said.

Source: china.org.cn- Nov 24, 2018

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Pakistan: Govt must resolve issues faced by manufacturers to increase exports

Pakistani rulers should take cue from the way the leaders of emerging economies operate to push up their manufacturing sector.

They interact on a monthly basis with the leaders of associations and industrialists to listen to and resolve their immediate issues.

The tone was set by the president of South Korea in 1970s, who met the manufacturing sector representatives once a month to listen to their problems. The government and the manufacturers sorted out the issues and instructions were immediately issued to the bureaucracy to implement the decisions.

When the president met the manufacturers the following month, the progress on the previous month's decisions was reviewed. If there was delay from the government side, the bureaucracy was severely reprimanded.

The monthly meeting was religiously held and presided by the president, who ultimately removed all bureaucratic red tape and improved government services to global level.

In recent years, Narendra Modi of India presides over a monthly meeting with industry leaders to remove minor irritants faced by the manufacturers from public servants. Despite excellent government policies, Indian economy was under pressure when Modi assumed power.

In view of the global recession at that time, he took measures to facilitate exporters that in turn promised higher exports. The businesses delivered, as the monthly meetings discussed both the things that government had to do and the update on the promises of the businessmen.
The monthly meetings are still on and the progress from every exporting sector has diversified Indian exports both in terms of sectors and destination.

In Bangladesh, the head of the textile exporters association sits in the prime minister's secretariat. The prime minister is available to the textile head whenever needed.

This system remains operative irrespective of the fact who is in power in that country. All irritants to textile exporters are addressed on priority.

Bangladesh is perhaps the only country in the world where the growth in textile exports remained robust even during deep global recession.

In Pakistan, former Prime Minister Nawaz Shariff announced to meet leading businessmen once a month, but except for a meeting or two he remained unavailable to the businesses. Even his finance minister could not find time to listen to the grievances of exporters.

After PTI assumed power, it was expected that Prime Minister Imran Khan would proactively woe the manufacturers and hold regular monthly meetings with them.

Unfortunately, some elements in the ruling party assumed some businessmen to be pro PML-N or pro PPP. So they ruled them out for interaction at official level.

Instead, a set of 22 prominent businessmen were named in a panel that was to interact with the prime minister regularly. The handpicked businessmen (on political ground) are no doubt respectable in the business community, but they are not representatives of the industrial associations.

The industrial associations elect their representatives democratically, who then represent them on public forums and plead the case of their sector with the government.

The PTI government should have included heads of different industrial associations among the panel of businessmen that the prime minister intends to interact with periodically. The PM would be able to listen to the problems of each manufacturing sector.

He would also have realised that the problems of one sector were in conflict with the issues of the other sector. He could then have formed a committee of experts to formulate the policy that was in best national interest. The economy would then start moving in a cohesive manner.

It is strange that the manufacturing economy is not moving in the right direction, although the labour and other cost indicators reveal that the manufacturing cost in Pakistan is the lowest in the region after massive devaluation of Pakistani rupee.

The minimum wage for instance is $170/month in India, $240/month in China, $95/month in Bangladesh, $145/month in Vietnam and $120/month in Pakistan. The land cost or leasing cost per square meter in India is $80, it is $40-80 in China, $140 in Vietnam and $20-50 in Pakistan.

Industrial water cost per month is 46 cents in India, 45 cents in China, 30 cents in Bangladesh, 48 cents in Vietnam, and only 18 cents in Pakistan.

Diesel rates or transportation rates are 105 cents/litre in India, 102 cents in China, 78 cents in Bangladesh, 80 cents in Vietnam, and 80 cents in Pakistan.

Source: thenews.com.pk- Nov 24, 2018

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Turkey removes tax privileges granted to Jordan as free trade deal breaks down

Turkey has removed tax privileges granted to Jordan, while the latter also began imposing duties on imports from Turkey in a major hit for businesses that have been enjoying free access to Turkish markets.

The decisions came after Amman decided to suspend the free trade agreement between the two countries in March, saying it negatively affected local industries.

The presidential decree, which took effect Thursday, was published in the Official Gazette. Accordingly, Jordan has been removed from the Turkish list of countries for which no additional customs duty is imposed for the import of certain goods.

On the other hand, the decision on the implementation of a tariff quota on the import of some agricultural and processed agricultural products originating from Jordan was abolished and became operational as of Thursday by the decree.

Moreover, a Jordanian spokesperson confirmed Thursday that customs duties have begun to be imposed on goods coming from Turkey.

Yanal Barmawi, a spokesperson for Jordan's Industry, Trade and Supply Ministry, was quoted by The Jordan Times as saying that customs duties ranging from 20 to 30 percent are being imposed on Turkish imports.

"The termination of the deal has already gone into effect," he said.

Signed in late 2009, the free trade agreement came into force in 2011. The decision is part of Jordan's efforts to restudy all free trade agreements to see their benefit to the economy.

Media reports quoted Amman as saying that the 2011-deal lead to an increase in the imports of Turkish products and caused damage to Jordanian businesses, which were unable to compete with Turkish products.

On the other hand, some Jordanian officials said the abolition of the deal has caused damage to local companies.
"This is an unfortunate decision that will negatively affect scores of businesses," Nael al-Kabariti, the head of the Jordanian Chamber of Commerce was reported as saying by Jordan's media.

Speaking to The Jordan Times, Kabariti said: "Many traders opened shops and started investments to sell Turkish products and now that the deal is over, the prices of their products will increase and become less competitive, which will result in less revenues and profits."

The free trade agreement was the only reason why some traders opened their businesses, he noted, adding that some of them will keep registering losses in the coming period before they are forced to shut down.

He was cited by The Jordan Times as saying it is understood that Jordan did not benefit from the deal as desired; however, there were a number of other deals it also did not actually benefit as expected.

The trade volume between the two countries stood at $962 million in 2015, according to official figures. Exports from Turkey to Jordan stood at $835 million, while imports reached $127 million.

Mineral fuels, boilers, machinery, electric/electronic equipment and textile products topped the list of Turkey's exports to Jordan, while inorganic chemicals, fertilizers, textile products and plastics led the way in imports from Jordan.

Source: dailysabah.com- Nov 25, 2018

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Kenya calls for increased intra-Africa trade to boost growth

Kenya on Friday called for increased intra-Africa trade to boost economic development.

Chris Kiptoo, principal secretary in the ministry of industry, trade and cooperatives, told journalists in Nairobi that the current level of intra-Africa trade stands at 12 percent versus an estimated 59 percent for the European Union and 37 percent in North America.

"Increased intra-Africa holds the key to transform Africa into a major industrial and economic giant," Kiptoo said during a forum on Kenya's preparations to participate in the Intra-African Trade Fair (IATF) that will take place on Dec. 11-17 in Egypt.

The inaugural trade fair is being organized by the African Export Import Bank (Afreximbank) and the African Union. An Intra-Africa Trade Finance and Payments Conference will run alongside the pan-African trade fair.

According to the organizer, the IATF intends to attract approximately 70,000 visitors, buyers and sellers as well as 1,000 exhibitors.

Kiptoo said that so far 11 Kenyan firms are expected to showcase their products during the continental trade fair. Kiptoo said that Kenya is prioritizing trade with the African continent due to its huge untapped potential.

He added that Africa is already the most important export market for Kenya because its accounts for about 45 percent of outbound trade.

The Kenyan official said Africa absorbs most of Kenya's manufactured exports as compared to the rest of world that buy unprocessed agricultural goods.

He said that Kenya is targeting foreign investments that will be used to produce goods for Africa as well as the rest of the world.

Kudakwashe Matereke, Afreximbank regional chief operating officer in east Africa said that so far 42 African countries have confirmed and taken up country pavilions at the IATF.

Matereke said that the exhibition will target agriculture and agro-processing, automotive, clothing and textiles, construction, consumer goods, light manufacturing as well as creative industries.

He noted that very few countries contribute to intra-African trade with the top four being South Africa, Namibia, Zambia and Nigeria. The AU has set a target of increasing intra-African trade to 24 percent by 2022.

The Afreximbank official said that one of the biggest challenges towards expanding intra-Africa trade is lack of adequate infrastructure to link the continent.

He revealed that the current stock of infrastructure in the continent presently carries 102 trillion Kenya shillings (around 1 trillion U.S. dollars) worth of trade.

According to Matereke, lack of access to trade and market information around the African continent also hinders growth of intra-Africa trade.

He said that through import substitutions, intra-African trade can go up to 38 percent due to the continent's high import bill from the rest of the world.

Peter Biwott, chief executive officer of Export Promotion Council said that once the African continental free trade area is operationalized, it will open up enormous opportunities for Kenyan manufacturers.

He said that Kenya is keen to participate in the African trade fair because the event will provide Kenyan exporters with a platform for entry into a single market of over one billion people.

Source: en.brinkwire.com- Nov 25, 2018

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NATIONAL NEWS

What ails India's anti-dumping process

By holding Indian industry to a higher standard than its global peers, the DGTR is failing in its mandate

India is one of the largest consumption economies in the world. Add to that its billion plus citizens' penchant for 'value for money' products. This potent combination has made the country a prime dumping ground for a wide variety of goods, especially from China, Taiwan and South Korea. Under the circumstances, it is only pertinent that India has strong anti-dumping defences in place to safeguard its growing economy in an era where protectionism is rearing its head globally.

But in reality, that is not the case. The Directorate General of Trade Remedies (DGTR), a Department within the Ministry of Commerce that looks at unfair trade practices by exporters from other countries, is inadequately staffed. On top of that, its decision-making, delayed in many instances, has been arbitrary.

Hurt by dumping

The outcome: Indian economy continues to be hurt by dumping of products from other countries. Those taking the brunt of the impact are not just the big corporations, who have the wherewithal to survive, but MSMEs who are shutting down unable to compete in the market.

Let us start with something as mundane as staffing. DGTR, according to the latest available information, has just seven costing officers and five investigating officers.

They are currently investigating 38 cases of dumping. Even here the allocation of work is uneven with select costing and investigation officers handling over six to 12 cases each. This does not include investigations they do to prima facie determine whether a petition filed for anti-dumping duty (ADD) should be taken up. They cannot be more overworked.

Not surprising that it takes way too longer for Indian enterprises to get relief from dumping. In the US an anti-dumping investigation is initiated within weeks, interim duty imposed in three months and final duty is arrived at in six to nine months. In India it could take as much as 33 months from the time the petitioner realises that he is being hurt by dumping.

The actual investigation is completed mostly within the stipulated 18 months from initiation, but initiation itself takes about a year in many cases. The Finance Ministry then takes another three months to impose ADD.

Delays apart, DGTR's ad hocism when it comes to applying norms is more worrisome. Its decisions, many a times, have gone way beyond what is stipulated by World Trade Organisation (WTO) rules. In its concern against fostering excessive protection, the DGTR is ending up distorting the playing field for the domestic industry instead of its mandate, which is to level it.

Take the case of interim duty. It is a given that once initial investigation reveals injury on account of dumping, an interim duty is levied for immediate relief which will then be replaced by the final duty after extensive investigation.

In 2001, all the 33 cases taken up for investigation had interim duties levied. It was 13 out of 13 cases in 2009. But from then on imposition of interim relief began to decline. It was just three out of 22 cases in 2017 and in 2018 (up to June) none of the 13 cases taken up saw imposition of interim relief. Not imposing any interim relief at a time when final duty is invariably delayed is perplexing.

Sunset review

If at all an ADD is imposed, it is for a select period of, say, five years or so. Even after this period if dumping continues, the industry can at the end of five years apply for a sunset review. Globally, the norm is that if a sunset review is applied for, the ADD is extended for one year pending investigation.

In India, the norm has been modified and the industry has been asked to apply for sunset review nine months before the expiry of ADD so as allow time for the DGTR to investigate the case.

When compared to their peers across the world, the Indian players are deprived of protection for a year. This is critical because the DGTR, of late, has been rejecting almost every sunset review application. In 2013 and 2014, the percentage of duty extension post a sunset review was 100 per cent. In 2017 it was 0 per cent, and in 2018 only one of seven reviews was the duty extended.

This is because the DGTR is increasingly hesitant to extend ADD beyond 10 years on the grounds that this period is good enough for the industry to become competitive. But the industry players argue why the DGTR should hold them to higher standards when Brazil, the US, Canada and the EU have ADDs running for 20 years and more. Their stand is that as long as dumping continues ADDs need to be in place to protect the domestic industry.

The affected industry is also held to higher standard when it comes to the quantum of duty. Norms allow countries to levy ADD based on either the dumping margin or injury margin. India opts for lower of the two. What makes things worse is the way freight, cost of inputs or operating efficiencies is treated, which invariably deflates the injury margin. Then there is 'public interest'. There have been instances where the DGTR has recommended ADD but the Finance Ministry has demurred on the ground that low-priced imports are good for the country.

It happened in the case of Penicillin G earlier and solar panels (safeguard duty has since been imposed), more recently. This unique Indian policy cannot be more myopic as what is in 'public interest' today will end up hurting the country in the long term.

Predatorily priced imports will eventually kill the domestic industry and make the country dependent on imports. Once that happens companies exporting the product to India will stop being charitable and jack up the prices.

These policies do give credence to entrepreneurs' suspicion that the authorities still view them as profiteers and approach the issue with an anti-business, dirigisme mindset. It's time to correct this.

Source: thehindubusinessline.com- Nov 22, 2018

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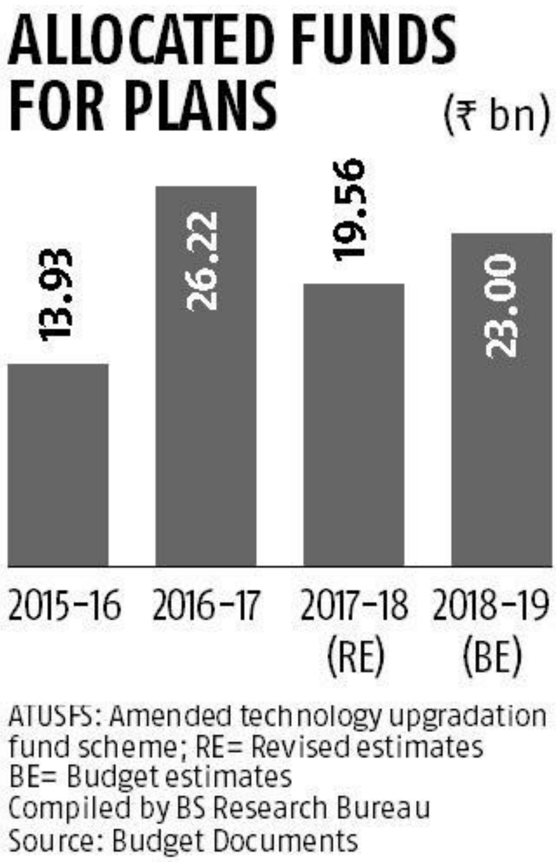
Textile ministry may simplify ATUFS norms soon to make it industry friendly

Steering committee discussed existing complicated norms on Thursday, to call for a meeting with industry players soon

In a major relief, the textile ministry may soon announce simplified norms under the Amended Technology Funds Scheme (ATUFS) for players in textile and intermediaries across the value chain.



Following severe difficulties faced by textile players to avail benefits under ATUFS due to its complicated structure, a steering committee under the aegis of senior textile ministry officials held its meeting on Thursday to discuss modalities for its simplifications. The industry hopes that the ministry would soon convene a meeting of senior industry officials including their representative bodies to make the scheme industry-friendly.

The complications can be gauged from the fact that the textile ministry has received 8160 applications seeking benefits under ATUFS since its launch in January 2016 of which the government has issued unique identity numbers (UIDs) for 6400 projects.

Out of the annual budgetary allocations of Rs 23 billion and claim sought for around Rs 18 billion, the government has released a meagre amount of Rs 3.5 billion.

“Because of this massive fund blockage with the government, many units are facing financial strain for the purchase of raw material to feed their plants. Since the fund meant for speedy release, companies had borrowed from financial institutions.

Consequently, they are paying interest on the fund blocked with the government. So, it is a double blow for the entire textile sector and its value chain," said K Selvaraju, Southern India Mills' Association (SIMA).

The Finance Minister in the Union Budget 2017-18 and 2018-19 had allocated an annual sum of Rs 23 billion for technology upgradation in the textile sector. But, the complicated structure of ATUFS has made it one of India's least preferred subsidy schemes.

Textile units are facing a number of hardships to avail this benefit. For example, the overseas machinery suppliers should be enlisted in the suppliers' list for which the government is asking for documents like ISO (International Organization for Standardization) certification which machinery suppliers find reluctance. Secondly, the government has introduced joint inspection by textile experts in financial institutions or industry associations.

Apart from the allocation of 16-digit MIC (machine identification code) number engraved on imported machinery, the government has included approval for all individual machinery mandatory required for the plant. "The total fund allocation under ATUFS has been very low since its launch in January 2016," said Sanjay Jain, Chairman, Confederation of Indian Textile Industry (CITI).

While announcing ATUFS, the government allocated Rs 178 billion of which Rs 51.5 billion was meant for ATUFS alone. The balance was scheduled for old TUFS including blackout period, revised TUFS (RTUFS), revised and restructured TUFS (RRTUFS) etc.

The textile industry has blamed manpower shortage at the Textile Commissioner's office for joint inspection. The industry has recommended the textile ministry to set up a special task force to study the difficulties faced under ATUFS.

"We believe, the government would soon announce relaxations in ATUFS for ease of doing business in this sector for the benefit of textile sector," said a senior industry official involved in dialogue with the government.

Meanwhile, India's textiles and apparel exports jumped by a staggering 38 per cent in October due to growing demand from overseas. Led by the US, the largest importer of India's clothing, the boom has been triggered by recovery in the global economy. Depreciating rupee helped boost realisations of textile, apparel exporters.

According to data compiled by the Ministry of Commerce, the country's textile and apparel exports stood at Rs 203.53 billion for October 2018 as against Rs 147.79 billion in the corresponding month last year. While overall textiles exports posted a jump of 28 per cent, shipment of apparel from the country shot up by 54 per cent in the month under consideration.

Being closely linked with the country's economy and employment generation, the increase in exports indicates a recovery in the global economy.

Source: business-standard.com- Nov 23, 2018

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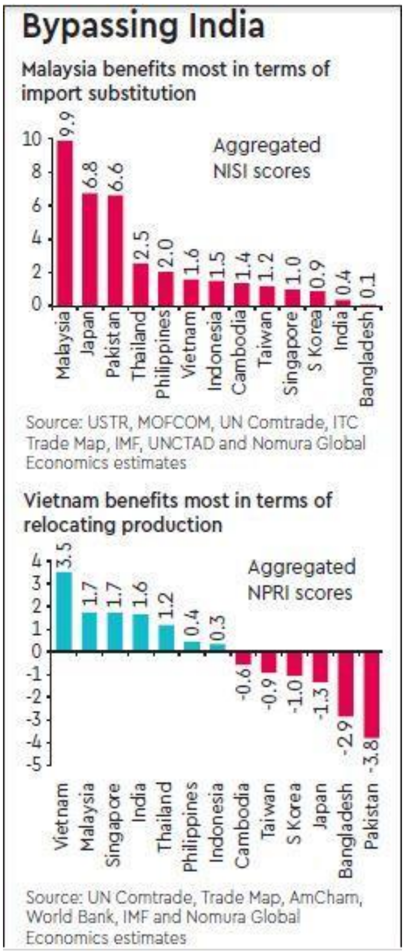
Will we miss the bus? Can India benefit from US-China trade war?

Bangladesh's total exports grew by 82% in 2010-16 and Vietnam's 145% versus just 17% for India.

The global economy will slow due to the US-China trade wars, but it is not as if there are no winners. After all, if the US imports less from China, it will need to import this from some other country. Nomura research on the comparative advantage of countries, and their ability to step up exports concludes the biggest gainers will be Malaysia and Vietnam, though India has a bit of a chance, too, if it gets its act together quickly.

This will be the second time that India is missing the China opportunity, as it were. When China started vacating parts of the exports market as its wages rose, and it focussed on the higher end of the value chain, it was Vietnam and Bangladesh that grabbed the market in apparel exports and that, in turn, gave a fillip to their manufacturing growth.

Bangladesh's total exports grew by 82% in 2010-16 and Vietnam's 145% versus just 17% for India. Given the average annual growth of apparel exports for 20 years after its take-off was 30.4% for South Korea, 65.8% for Indonesia, 27.9% for Bangladesh and 17.8% for Vietnam versus a mere 12.7% for India, this was a big miss.



As a result, at $177 bn, Vietnam's exports are already two-thirds of India's—in both 2000 and 2010, they were roughly a third and were less than a seventh in 1990! And, unlike Bangladesh, Vietnam gets no duty sops from OECD nations.

Nomura's analysis of the second China opportunity examines two types of scenarios; a short-run one where China/US import more from other nations and a medium-term one—if the war drags on—where suppliers in China decide to relocate their production centres.

For import-substitution, Nomura looks at the comparative advantage of countries, their export baskets and whether they are suppliers of inputs to China's current exports; if they are, this makes it easier to directly export to the US.

Taiwan's production, for instance, is heavily connected to China's exports and 6.3% of its GDP comes from the China-export business. This number is 4.1% for Malaysia versus a mere 0.5% for India, making it clear India is not a natural choice for import-substitution. Vietnam's exports have the greatest similarity to China's (0.43) versus India's 0.27. And when it comes to US exports, while Japan has the greatest similarity (0.47), this is followed by Singapore (0.44), China (0.37), Malaysia (0.35) and Taiwan (0.33). Put all of that together, and you get the Nomura Import Substitution Index (NISI)—see graphic.

India does better on the Nomura Production Relocation Index (NPRI), primarily because of the size of its domestic market. In terms of investment climate, not surprisingly, the clear winner is Singapore, followed by Taiwan and South Korea. It is in this context that prime minister Narendra Modi's attempt to boost India's Ease of Doing Business (EoDB) rankings needs to be seen.

From 142nd rank when Modi came to power to the 77th rank now, India is all set to break through to the top 50. This is impressive, but just one part of the story. Apart from the fact that any such ranking can be gamed by focusing on just improving that parameter, more worrying for investors is the fact that it still takes a long time to enforce contracts—indeed, India's rank has fallen on this—and the ranking on resolving insolvency remains poor despite the new insolvency code. A

EoDB is important, especially for smaller businesses that can't afford to hire 'consultants' to get all clearances for them, but a far bigger challenge is the policy uncertainty and the inability to get some very basic reforms going despite them being on the agenda for decades.

Labour reform, a big reason for India's poor exports performance, in terms of price and quality, is an obvious one. Labour laws compel firms to stay small—according to the Economic Survey last year, 78% of Indian firms employ less than 50 workers and just 10% employ more than 500 as compared to 15% and 28% for China.

So, when a Walmart wants a large order of jeans, it will prefer a China—India's manual processing will ensure the fabric will not be consistent across batches.

According to a recent study by Metro Valley, a firm that is working on environmentally sustainable urban development, while India's labour costs are around half that of China's, poor labour productivity means China's cost of production is half that of India's.

Add to this, the costs of poor infrastructure—road transport in India costs $7 per km vs $2.5 in China and it takes 21 days to deliver from JNPT to the US east coast vs 14 days for China. India proposed SEZs to take care of labour/infra shortages, but the policy was changed to levy taxes on them; and the Coastal Economic Zone plans haven't taken off either. And firms like Apple are yet to get the concessions they wanted to set up manufacturing facilities here…

Make-in-India was a great opportunity since cutting-edge defence manufacturing could be encouraged with large government orders; but, these never kept pace and the initiative didn't take off.

There are, then, big flip flops in oil & gas, the inability to fix telecom policy, slow agriculture reform (India could be a larger agri-exporter), poor tax treatment … it says a lot that, despite Modi's Startup India, many top start-ups are registered in Singapore and, even now, tax and other authorities quiz them on valuations and want them to pay taxes on this.

This is why India's investment remains low—from 32.9% of GDP in FY08, it fell to 28.5% in FY18. And though FDI levels keep breaking new 'records', as a proportion of GDP, FDI fell from 2.8% in FY08 to 2.4% in FY18.

Modi has, no doubt, made big moves in areas like GST and IBC, but when investors can go anywhere in the world, the overall pace isn't good enough.

Source: financialexpress.com- Nov 24, 2018

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WTO needs to be reformed, not destroyed, says Indian trade minister

Indian Commerce and Industry Minister Suresh Prabhu argues that the international trade body, the World Trade Organization, is in need of reform but definitely should not be dismantled.

"The absence of the WTO will be a disaster for the entire world trade," the veteran Indian politician said in an interview on Channel NewsAsia's Conversation With.

The commerce minister's remarks fly in the face of recent comments by the Trump administration. In August, United States President Donald Trump threatened to pull out of the 164-member trade organization if the WTO did not "shape up".

Meanwhile, the US is embroiled in a trade war with China, with America imposing tariffs covering US$250 billion of Chinese goods sold to the US, while China has hit back by putting counter-tariffs on US$100 billion worth of American goods imported into China.

But the US has also lashed out other big economies such as India, with President Trump calling the South Asian country “Tariff King” – and complaining to the WTO about perceived unfair subsidies by India to its agricultural exports like cotton. India is the world’s second largest cotton exporter.

Mr Prabhu made his name during his time as India’s Railway Minister, helping to start the reform of India’s massively over-crowded and accident-plagued rail system. The soft-spoken 65-year-old was moved though in 2017 to India’s Commerce Ministry to handle another growing problem – trade.

However, Mr Prabhu downplayed the trade tensions between the US and India.

“I don't think having trade-related issues is something of any serious magnitude,” he said. “It's inevitably bound to happen because if you have a trade relationship, you're bound to have some issues coming out of the relationship.”

At the same time, President Modi’s administration in New Delhi has been facing domestic criticism about plans to join what is seen as a China-backed trade bloc: The Regional Comprehensive Economic Partnership (RCEP).

RCEP would cover 16 countries – including the Association of Southeast Asian Nations, India and China - accounting for a whopping 40 per cent of global trade. If the deal were to be signed, RCEP would become the world’s largest free trade bloc.

However, critics worry that India – which is already running trade deficits with many of the RCEP countries – would be in poor position, having to open up its large market to even more outside goods and making its already significant trade deficit even worse.

“We will never have an agreement that is not in India's national interest ... But if I only say only India should benefit and others should lose, then all other countries will come up with the same argument, (and) there will be not be any agreement,” the Commerce Minister said.

With China mired in a trade war and weakening domestic demand, India has taken over as one of the fastest-growing of the big economies in the world. The International Monetary Fund predicts that the South Asian nation will grow at 7.4 per cent in 2018 and 7.8 per cent in 2019. This is a good clip ahead of the IMF's outlook for the world economy, which looks set to grow at 3.9 per cent next year.

"Actually India is growing, the fastest growing large economy in the world. So what you're saying is absolutely right, we could even have grown at 10 percent if the global challenges that exist today were not there," the Commerce Minister concluded.

Source: channelnewsasia.com- Nov 26, 2018

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Trade talks: Government study to weigh RCEP impact

Concerned over domestic resistance to the 16-nation Regional Comprehensive Economic Partnership (RCEP) agreement, and pressured by RCEP partners to extend greater commitment to liberalise its goods trade, India has decided to conduct a study on potential gains or losses to its economy from such a regional trade pact.

Earlier this year, a government panel under commerce and industry minister Suresh Prabhu had decided to remain engaged in RCEP negotiations, but not to sweeten offer for goods trade further. The latest move to commission a study suggests New Delhi's anxiety over potential losses from the mega deal hasn't yet subsided.

"The study will be conducted by the Centre for Regional Trade and the IIM Bangalore," an official source told FE, adding it will also come handy during further RCEP negotiations.

Negotiators from the RCEP members will next meet in February 2019 in Indonesia, which will be followed by a ministerial meeting in Thailand in April next year, the source said. Domestic industry and even certain ministries, including steel, have been critical of the RCEP deal on fears of dumping, especially by China.

In the RCEP negotiations in Singapore in August, members agreed to provide India a time frame of over 20 years to eliminate tariff on key items for China, Australia and New Zealand with which it doesn't have a free trade agreement.

The members also agreed to include the free movement of skilled services professionals under the RCEP, acceding to another demand by India.

The members also accepted India's demand that it could also negotiate with its non-FTA partners, including China, bilaterally, and separately, on concessions they are willing to grant each other under the RCEP framework. RCEP negotiations, which were supposed to achieve substantial progress in 2018, will continue in 2019 as well.

For its part, India has proposed to eliminate tariffs on 80% of products with a margin of 6%, depending on level of development of the other country as part of RCEP negotiations. This means India may have to scrap duties on 74% of goods from China in the long run. However, many RCEP members want India to commit to abolish duties on 92% of its goods.

From steel to pharmaceuticals, industries have been criticising India's existing trade agreements with Asean, Japan and South Korea on grounds that New Delhi's trade deficit with these countries have only widened after these pacts came into force and there is little for domestic industry to benefit from.

Also, India had a record $63 billion goods trade deficit with China in 2017-18. If, on top of this, a free trade agreement with China is effected through the RCEP (of which Beijing is a key member), cheap products will flood the market, they have pointed out.

The steel ministry, for instance, argues that without any FTA, India has a trade deficit (in steel) of two million tonne with China and "considering the trend, it is imperative that pursuant to signing of the RCEP, the trade deficit will further widen". The pharma industry, too, fears that cheap Chinese products will have unrestricted entry to India.

Apart from the Asean members, China, Japan, Korea, Australia and New Zealand are engaged in talks for the RCEP agreement. China was the biggest contributor to India's $104-billion goods trade deficit with all the RCEP partners in 2017-18. The scrapping of tariff lines means import duties on specified items would be cut to zero over a mutually agreed-upon time frame.

India has already made it clear that it is opposed to an "early harvest". This means it wants agreements on all the three pillars of negotiations — goods, services and investment — be implemented only as a package, not one at a time. So even if a consensus is reached early on goods (which is what most nations want), India feels it shouldn't be enforced in isolation.

Source: financialexpress.com- Nov 26, 2018

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Cotton production estimated to decline

'Mill performance points to good year'

Cotton production this season might be less than that seen last year. According to provisional estimates made by the Cotton Advisory Board, which met on November 22, the production from October 2018 to September 2019 is estimated to be 361 lakh bales as against 370 lakh bales last season.

While the total area under cotton for last year was 124.29 lakh hectares, it was 122.38 lakh hectares for this season. The average yield (kg per hectare) has also reduced from 506.07 to 501.47.

Cotton demand by textile mills, including small-scale units, might be slightly higher this year at 305 lakh bales from 303 lakh bales last year.

K. Selvaraju, secretary general of Southern India Mills' Association, who took part in the Board's meeting, said that while there is not much change in area, parts of cotton growing areas in Gujarat and Maharashtra experienced shortfall in rains.

This might hit cotton production.

However, crop estimates are provisional and can change in the coming months. With a better domestic market, the performance of textile mills has improved after March.

So, cotton demand by the mills is projected to be higher. It is likely to be a comfortable year for both farmers and the industry, he said.

Source: thehindu.com- Nov 26, 2018

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Pink bollworm attack: Govt ordered seed firms to compensate farmers

The Maharashtra government has asked seed companies to pay a compensation of ₹1,147 crore to the farmers whose Kharif crops last year were affected by the pink bollworm.

In a written reply in the Legislative Assembly, Relief and Rehabilitation Minister Chandrakant Patil said Thursday that the third instalment of compensation was disbursed through the Revenue and Forest department on November 1.

Twelve cotton seed firms have now moved the Bombay High Court against the Government's order to compensate, and the court has granted a stay to the payment of compensation to remaining farmers, the reply said.

In Buldhana district, 1.75 lakh hectares cotton crop was damaged by various pests including the pink bollworm, Patil said in reply to another question.

Farmers had complained that low-quality seeds were responsible for the plants getting attacked by the insect.

The Government then announced a compensation of ₹6,500 per hectare, to be paid by seed companies.

An amount of ₹89.56 crore has been disbursed in Buldhana district, and another ₹44.78 crore were being paid out, the Minister said.

In August this year it was found that cotton crop in more than 900 villages was infested with pink bollworm and other pests, the reply said.

Source: thehindubusinessline.com- Nov 23, 2018

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Govt to unveil new textile policy ahead of Vibrant Summit

The Gujarat government's last textile policy was unveiled in 2012 and it expired last year.

The Gujarat government on Saturday announced that it will announce a new textile policy ahead of the Vibrant Gujarat Summit, which is scheduled to take place in January, 2019. The announcement was made after Chief Minister Vijay Rupani held a high-level meeting of government officials and stakeholders of the textile sector in Gandhinagar.

The Gujarat government's last textile policy was unveiled in 2012 and it expired last year. For the last one year, delegates from textile industry had been meeting and making representations to the state government to frame a new textile policy.

"We told the Chief Minister that the industry is being shifted to Navapur and Tarapur in neighbouring Maharashtra, and there would be great problem for the survival of textile industry in Surat. The Maharashtra government gives power at Rs 3.50 per unit, while in Gujarat the textile industry is charged at Rs 7.50 per unit… There was a positive response from the CM, and it was too supported by Energy Minister Saurabh Patel.

The Chief Minister told us that a new textile policy has been framed in such a way that the textile industry will progress, and all aspects of the industry have been kept in mind. He also assured that a major demand of reduction in power tariff is also being looked into for amicable solution," Hetal Mehta, president of Southern Gujarat Chamber of Commerce and Industry (SGCCI), told The Sunday Express after the meeting.

A policy brought under pressure, fallout unknown

Known as the 'Manchester of the East', Gujarat contributes 12% of the country's textile exports. The state is the largest producer of cotton in the country (35%) as well as its exporter (60%), and is the third largest denim producer in the world. However, the industry has been facing a slump for the past few years. The advent of GST in July last year added to the industry's woes.

The Gujarat government, which until now had been dilly-dallying on unveiling its new textile policy, considering that the 2012 policy expired last year, has finally indicated a date to usher in a new outline for the industry.

This has more to do with the new textile policy of Maharashtra, where the government has reduced power tariffs and hiked capital subsidy to 45 per cent for spinning mills. There also have been reports of powerlooms moving from Surat to Navapur in Maharashtra. It remains to be seen if the new textile policy helps to rejuvenate the sector that accounts for 6% of the state's total industrial production.

The SGCCI has demanded power concession of 50 per cent on billed amount for a period of 5 years. In 2012 textile policy, there was power subsidy of one rupee per unit in the billed amount for a period of 5 years.

Source: indianexpress.com- Nov 25, 2018

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GST gives textiles a leg up

But some gaps remain; expectations are high in new regime

A year after implementation of the Goods and Services Tax (GST), the system is getting streamlined for the intended purpose of achieving the objective of 'One nation one tax'. In the excise regime, multiple tax systems had increased administrative costs for manufacturers and distributors. With GST in place, the compliance burden has eased.

GST brought in developments and changed the way businesses conducted themselves.

It is commendable on the part of the GST Council to arrive at decisions on a consistent basis, despite differences of opinion among various sectors and political parties.

The textile sector is one of the oldest and largest in the country and a major contributor to the development of the economy. The industry employs both skilled and unskilled manpower and contributes over 10% of the total annual exports of the country, which is likely to increase under the GST regime.

Tax burden declines

Many from the textile industry have stated that the overall tax burden has come down for the sector to 18% from 20% and that the new system has also increased transparency in the sector, which provides employment to 45 million people.

A majority of the Indian industry functions in the unorganised sector or the composition scheme, creating a gap in the flow of input tax credit (ITC). If a registered taxpayer procures the input from taxpayers under the composition scheme or the unorganised sector, ITC will not be allowed for him.

With the implementation of GST, the input credit system has smoothly shifted the balance towards the organised sector. By subsuming different taxes such as entry tax, luxury tax and octroi, the costs for manufacturers will be reduced in the textile industry.

For textile mills, the import cost of the latest technology to manufacture textile goods is expensive because the excise duty paid for the same was not allowed in ITC. Under GST, ITC is available for all the tax paid on capital goods.

The process of claiming ITC is simplified in GST, which allows the textile sector to be competitive in the export market.

Expectations are high on three counts. First, yarn now attracts 5% GST and the machinery to manufacture yarn attracts 18%. This is uneven. Yarn manufacturers will be left with a huge input credit which they won't be able to utilise.

There is no provision under GST to get such accumulated credit as refund for capital goods. This will contribute to dead investment for the textile industry over several years.

Second, a foreign manufacturing company is now permitted to set up a unit without any investment from the domestic market, bring in 100% of their share, and repatriate profit to their countries. This has made the domestic textile machinery manufacturing companies to compete in an unfavourable environment. To safeguard the domestic industry's interest, government should create a level-playing field which will pave the way for 'Make in India' to prosper.

It also keeps domestic industries healthy and facilitates a healthy employment environment. Also, more incentives must be given to the textile sector to help explore the export market at competitive prices.

Finally, a simplified procedure is needed in the e-way bill legislation to ease transportation of goods by minimising documentation, physical verification and the like.

Source: thehindu.com- Nov 25, 2018

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Welspun India aims 50% revenue from innovation-based products by 2022

Home textiles maker Welspun India is eyeing about 50 per cent of its revenue from innovation-based products by FY2021-22, a top company official said.

The company, which offers bath, bedding and flooring solutions, has 29 active patents globally.

"We expect revenue from innovation-based products to grow significantly in the years to come.

We see at least 50 per cent of our revenue from innovation-based products. We see this happening by year 2022. Our innovation-based products are relevant to the customers," Welspun India CEO and Joint Managing Director Dipali Goenka told PTI.

At present, around 25-30 per cent of Welspun India's sales come from innovation-based products.

For the half-year ended September 2018, the company had reported a total income of Rs 3,375.6 crore.

When asked if the company has any major capital expansion plans for the textiles business, Goenka said: “Not for Welspun India. We have had a great share of investments.

Now we are looking at optimising... for the next 2-3 years.” Earlier this month, in an investors’ presentation, the company said it plans to invest around Rs 900 crore in the current fiscal. Of this, Rs 320 crore has been invested in the first half of this financial year.

A major chunk of the investment will be towards flooring solutions project, it added. The company recently commissioned flooring textile facility in Telangana.

Source: india.com- Nov 25, 2018

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Garment exporters want textile cluster in city

Citing the rising cost of production and stiff competition, city-based garment exporters have demanded intervention from the state government to bail them out of the situation.

A delegation of Knitwear and Apparel Exporters Organization met chief minister Captain Amarinder Singh on Wednesday and apprised him of their problems. A memorandum too has been sent by the association to the chief minister.

Harish Dua, president of the association, said: “Ludhiana needs a big international class textile cluster with availability of all essential services. An MSME unit cannot afford all kinds of machines and services like embroidery, printing, knitting, dyeing, and electronic computerized cutting.

Therefore, it will be in the best interest of exporters and manufacturers of garments that a cluster be made in Ludhiana, where all these facilities — along with the latest state-of-the-art machinery is made available at a subsidized cost to members of the cluster. We request the chief minister to ensure quick clearance of our cluster, and take up the issue with the central government for its immediate approval.”

According to Narinder Chugh, executive council member of Apparel Export Promotion Council: “World over the garment industry is mostly run by women’s workforce, and that too in an efficient way, as they have a natural talent for stitching. To train and mobilize women’s workforce in the state, especially in Ludhiana, is the need of the hour.

Therefore, the Punjab government — which is already taking several steps to improve business environment in the state — should also start initiatives to set up hostels for working women.

The state government can also think of offering land free of cost for this purpose, and hostels should be constructed with aid from the central government at the earliest.”

Source: timesofindia.com- Nov 24, 2018

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