



# The Southern India Mills' Association

Post Box No. 3783, 41 Race Course, Coimbatore - 641 018

Phone: 0422 4225333 | Fax: 0422 4225366

E-mail: [info@simamills.org](mailto:info@simamills.org) | Web: [www.simamills.org](http://www.simamills.org)

## NEWS CLIPPINGS –06-10-2018

<b>RBI keeps repo rate unchanged at 6.5%; Fiscal deficit projected at 3.3%</b>	<b>Myris.com</b> <a href="http://www.myris.com/news/economy/rbi-keeps-repo-rate-unchanged-at-6.5-fiscal-deficit-projected-at-3.3/20181005143659199">http://www.myris.com/news/economy/rbi-keeps-repo-rate-unchanged-at-6.5-fiscal-deficit-projected-at-3.3/20181005143659199</a>
<p>The Reserve Bank of India (RBI) in its fourth bi-monthly monetary policy statement for 2018-19 decided to keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 6.5 per cent.</p> <p>The RBI said, "On the basis of an assessment of the current and evolving macroeconomic situation at its meeting today, the Monetary Policy Committee (MPC) decided to keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 6.5 per cent.</p> <p>"Consequently, the reverse repo rate under the LAF remains at 6.25 per cent, and the marginal standing facility (MSF) rate and the Bank Rate at 6.75 per cent," it added.</p> <p>The decision of the MPC is consistent with the stance of calibrated tightening of monetary policy in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth</p>	

<b>Maharashtra fines MNCs, others Rs 1,200 cr for supplying inferior BT cotton seeds</b>	<b>Indian Express</b> <a href="http://www.newindianexpress.com/business/2018/oct/05/maharashtra-fines-mncs-others-rs-1200-cr-for-supplying-inferior-bt-cotton-seeds-1881468.html">http://www.newindianexpress.com/business/2018/oct/05/maharashtra-fines-mncs-others-rs-1200-cr-for-supplying-inferior-bt-cotton-seeds-1881468.html</a>
<p>This fine-cum-compensation will benefit around 11,50,000 distressed farmers who suffered near-total loss during the cotton season of October 2017-March 2018 after they used these BT cotton seeds</p> <p>In a significant step, the Maharashtra agriculture department recently slapped notices of Rs 1,200 crore in fines and compensations on around 90 top global and Indian firms for allegedly hawking poor-quality bio-tech cotton seeds, officials said here.</p> <p>This fine-cum-compensation will benefit around 11,50,000 distressed farmers who suffered near-total loss during the cotton season of October 2017-March 2018 after they used BT (Bollgard II varieties) cotton seeds supplied by these top companies.</p> <p>Leading the pack is the erstwhile US giant, Monsanto Company, now under acquisition by Germany's pharma major,</p>	

Bayer Group, and other big names in India which buy the BT technology from them.

The orders on fines/compensation were pronounced by Vijay Ingale, Director (Inputs & Quality Control), Department of Agriculture, starting from July (2018), Maharashtra Commissioner of Agriculture S.P. Singh confirmed to IANS.

A top officer from the Department of Agriculture, requesting anonymity, said that the amounts could go up by Rs 300 crore or so (totaling to more than Rs 1,500 crore) in the next couple of weeks as more complaints are disposed off.

"This is a world record both in terms of the sheer magnitude of number of complaints filed (14 lakh) and the massive compensation amounts ordered (Rs 1,200 crore)," an elated Kishore Tiwari, Chairman, Vasantrao Naik Sheti Swavalamban Mission (VNSSM), told IANS.

The state official said that complaints were filed by farmers whose BT-cotton crops were ruined by worm attacks on around 22,00,000 hectares (out of a total 42,00,000-hectares in the state) during the 2017-2018 season.

"Ingale's order has awarded between Rs 16,000 and Rs 20,000 per hectare to each farmer so far. This is to be paid within 30 days, and the companies are liable to shell out several crores of rupees depending on how many farmers have claimed from them," said the officer.

About 2,50,000 pending cases are likely to be decided by October-end.

Some companies have already filed appeals against the Director (I&QC)'s orders before the Commissioner of Agriculture, and if they fail here, they have the option to move the Bombay High Court.

Explaining the background, Tiwari said that more than 20 lakh cotton farmers in the state have suffered losses of over Rs 6,000 crore on around 22 lakh hectares, after they used the BT seeds which failed to resist pest attacks by the pink bollworm and others.

"However, only 14,00,000 could file complaints as per the necessary protocol and these have been upheld by the Director (I&QC), providing immense relief to the distressed cotton farmers, and possibly saving them from suicide," he said.

Agriculture expert and ex-Commissioner of Agriculture, Sunil Kendrekar, said that in many cotton-growing states, the BT (Earlier BG1 & latest BG2) cotton seeds require huge amount of insecticides/pesticides to protect the crops from bollworm pests, especially the pink bollworms.

"After Maharashtra's last season experience, it can be safely concluded that the claims of the BT technology are invalid. The technology has shown signs of failure with the insects developing resistance to it. It is now necessary to either upgrade technology or declare it a failure to safeguard millions of poor farmers," Kendrekar told IANS.

Last year (October 2017-March 2018), around 150 farmers died due to overdose of insecticides or pesticides and this year so far 22 deaths have been reported, prompting the government to ban five major poisonous pesticides in

September 2018.

Nevertheless, Tiwari expressed apprehensions that the orders on the fine-cum-compensation awards "may be dismissed" at the appeal stage (Commissioner of Agriculture) and urged Chief Minister Devendra Fadnavis to ensure that instead of the MNCs, "the interests of farmers are fully protected".

This year, around 1,500 farmers, including 1,100 cotton-growers, committed suicide in Maharashtra while the suicide figure in 2017 was more than 3,200.

**Rupee is still better than its emerging market peers: Urjit Patel**

**Business Line**

<https://www.thehindubusinessline.com/markets/forex/rupee-is-still-better-than-its-emerging-market-peers-urjit-patel/article25135398.ece?homepage=true>

“Value of rupee is determined by the market forces”

On a day the rupee breached the 74-mark against the US dollar for the first time, RBI Governor Urjit Patel said Friday that the domestic currency is still better than its emerging market peers. He maintained that the value of rupee is determined by the market forces and the RBI does not have any “target or band” around any particular level of the exchange rate.

He said the foreign exchange reserves of USD 400.5 billion as of end September are sufficient to finance 10 months of imports. Patel’s comments came as the rupee crossed the 74-mark against the dollar on Friday afternoon after opening higher than its previous close at 73.52.

Addressing a press conference after announcing the fourth quarter monetary policy here, he said the rupee has experienced bouts of volatility since the monetary policy committee meeting in August. The country has not been immune to global spillovers from external factors, he said. “The rupee fall, in some respect, is moderate in comparison to several other emerging market market peers,” the governor said.

Ruling out any target for the currency, he said, “Our response to these unsettled conditions has been to ensure that foreign exchange market remains liquid with no undue volatility.” By the end of September, the rupee has depreciated in nominal effective terms by 5.6 per cent since the end of March, Patel said.

In real effective term, the rupee fall has been at 5 per cent, the governor said. In absolute terms, the rupee is down around 17 per cent since January this year. Forex reserves had touched a record of USD 426.028 billion in the week to April 13, 2018, but have been declining since then on account of RBI intervention in market to stem fall in the rupee.

<p><b>Prabhu suggests RBI and finance ministry to explore renminbi-rupee trade with China</b></p>	<p><b>KNN India</b>  <a href="https://knnindia.co.in/news/newsdetails/economy/prabhu-suggests-rbi-and-finance-ministry-to-explore-renminbi-rupee-trade-with-china">https://knnindia.co.in/news/newsdetails/economy/prabhu-suggests-rbi-and-finance-ministry-to-explore-renminbi-rupee-trade-with-china</a></p>
<p>Commerce and Industry Minister Suresh Prabhu, headed an an inter-ministerial panel, that suggested the finance ministry and the Reserve Bank of India (RBI) to explore renminbi-rupee trade with China, with which India had a massive trade deficit of USD 63 billion in 2017-18.</p> <p>The RBI and the DEA were also asked to promote gold related schemes – such as monetization, sovereign bonds and coins – and address existing shortcomings to trim imports of the precious metal, by the panel which discussed measures to reduce imports and promote exports to achieve better trade and current account balance.</p> <p>Whereas, the panel suggested arrangements like deferred payment or increasing barter system with Russia need to be considered to improve trade balance in diamonds from that country.</p> <p>Meeting chaired by Prabhu, was part of the government’s efforts to reduce the damaging impact of trade imbalance on the CAD, which, in turn, is blamed for the sharp depreciation of the rupee in recent months, among other factors.</p> <p>The weak rupee, coupled with a rise in global crude oil prices, added to the country’s import bill in recent months and widened the trade and current account deficits.</p> <p>The rupee has emerged as the worst-performing Asian currency, having shed over 13 per cent in 2018.</p> <p>Prabhu has also asked the RBI and the Department of Economic Affairs (DEA) to assess the feasibility of “rupee/barter” trade in crude oil with countries like Iran, Venezuela and Russia.</p>	

<p><b>Most industry associations want government to pursue defensive approach in FTA negotiations: Suresh Prabhu</b></p>	<p><b>Economic Times</b>  <a href="https://economictimes.indiatimes.com/news/economy/foreign-trade/most-industry-associations-want-govt-to-pursue-defensive-approach-in-fta-negotiations-suresh-prabhu/articleshow/66090532.cms">https://economictimes.indiatimes.com/news/economy/foreign-trade/most-industry-associations-want-govt-to-pursue-defensive-approach-in-fta-negotiations-suresh-prabhu/articleshow/66090532.cms</a></p>
<p>Most of the industry associations want the government to pursue a defensive approach and raise customs duties while negotiating free trade agreements (FTAs), Commerce and Industry Minister Suresh Prabhu said Friday.</p> <p>He said this while releasing a study by the Department of Commerce on India-China trade."Most industry associations want the government to pursue a defensive approach to FTAs and raise tariffs on the doctrine of domestic markets for domestic producers," the department said in a statement quoting Prabhu. Protectionist policies are on the rise globally, he said adding the global use of protectionist measures in 2018 was unprecedented with the trade wars looming between two of the largest economies of the world.In an FTA, two trading partners significantly reduce or eliminate customs duties on the maximum number of goods traded between them. Besides, they liberalised norms to promote trade in services and promote investments</p> <p>The department said the report has tried to analyze the magnitude, extent and plausible reasons of India's rising</p>	

trade deficit with China, which stood at about USD 63 billion in 2017-18.

Prabhu said India's trade relationship with China is unique and no other bilateral trading relationship evokes as much interest in India as the trade relationship with China. From being a small trading partner of India in 2001, within a span of fifteen years, China has rapidly become India's biggest trading partner. Trade between the two countries has been expanding but India's trade deficit with China has been growing," he added. Further, the statement said that this analysis helps in studying whether an FTA or tariff concessions by China to India can be beneficial in increasing India's exports to China.

"The idea behind this exercise has been to identify whether tariff concessions by China to other countries impede raising the share of India's exports in the Chinese market," it said. It added that these products can be taken up by India for negotiations with China under agreements like Asia Pacific Free Trade Agreement (APTA) in which both India and China are involved during the review exercise.

**Fact Checked: Government's Claims  
Over Formalization of Economy**

**The Quint**

<https://www.thequint.com/news/business/fact-checked-governments-claims-over-formalization-of-economy>

One of the infographics put up by the current government on the 48-month portal makes certain claims about formalisation of the economy leading to securing people's rights, as part of a broader set of claims about eliminating corruption. Here's a fact check of these specific claims.

**Claim 1: Has number of ITRs filed increased substantially?** The first claim of the government is that the number of Income Tax Returns (ITRs) filed during financial year (FY) 2017-18 is 6.84 crore — a jump of 80.5% compared to FY 2013-14. The taxpayer has to communicate the details of his taxable income or loss to the Income Tax (IT) Department. These details are communicated to the Income Tax (IT) Department in the form of return of income. More information about ITRs can be accessed from the Income Tax website.

The claim here pertains to the ITRs filed during the financial years of 2017-18 and 2013-14. A press release of the income tax department notes, 'During FY 2017-18, 6.84 crore Income Tax Returns (ITRs) were filed with the Income Tax Department as compared to 5.43 crore ITRs filed during FY 2016-17, showing a growth of 26%. There has been a sustained increase in the number of ITRs filed in the last four financial years.

As compared to 3.79 crore ITRs filed in FY 2013-14, the number of ITRs filed during FY 2017-18 (6.84 crore) has increased by 80.5%." These numbers can be corroborated from the income tax department website.

While the number of ITRs filed has increased substantially in the last few years, that is not reflected in the total direct tax collections. The growth in corporate tax collection in the four years of the current government is about 43% while it was 85% during UPA-II. In the case of personal Income tax, the growth during the four years of the current government is around 81% while it was 102% during UPA-II.

**One in three companies in India prefer hiring men: World Economic Forum study**

**Indian Express**

<https://indianexpress.com/article/india/one-in-three-companies-in-india-prefer-hiring-men-world-economic-forum-5389228/>

A World Economic Forum (WEF) study has found that companies in India experiencing the highest growth prefer hiring men and that technology-led job growth benefits men more than women. The study also found that while one in three companies preferred hiring men, only one in 10 companies said they wanted to hire more women.

The WEF “Future of Work in India” report prepared with the Observer Research Foundation (ORF) and released Friday also shows for jobs that are experiencing the highest growth, companies are hiring women at only 26 per cent. The study also found that women are entering the workforce at a slower rate than current female workforce participation.

The country’s female workforce participation – at a mere 27 per cent – stands 23 percentage points lower than the global average. Incidentally, the recent All India Survey on Higher Education (AISHE) shows that more women now go to college than men and there are as many women as there are men in undergraduate science programmes.

The WEF and ORF surveyed 770 companies, from micro-sized firms to those employing more than 25,000 workers, across four industries – textiles, banking and financial services, logistics and transportation, and retail – to understand how technology impacts the workforce.

The report takes into consideration worldwide concern that technology adoption may displace human workers, leading to jobless growth. The unresolved worry is especially ripe in India because of a sharp rise in life expectancy and a drop in fertility rate, expanding the working age population to 300 million more adults by 2040. Every year, 1.3 million young people enter the working-age population.

“Recent discussions around job displacement driven by technology adoption are furthering the sense of job scarcity and the idea that the few jobs available should go to men,” the report states. The findings indicate that there is overall technology-led job growth, but men are disproportionately reaping the benefits. While only 11 per cent of the companies surveyed stated they wanted to hire more women, 36 per cent of companies reported a preference for men.

The survey also found that currently, a third of the companies had no female employees, 71 per cent have fewer than 10 per cent female workers, and only 2.4 per cent have half or more females. The retail sector had the most companies with no female employees at 45 per cent, followed by transport and logistics at 36 per cent. Companies in both sectors also stated they prefer hiring men the most, at 43 and 48 per cent respectively.

The study also found that the workforce is trending toward independent, freelance and informal labour that, again, give men the advantage. Of the companies surveyed, 22 per cent will replace permanent workers with contract workers in the next five years.

According to the study, 75 per cent of freelancers are men, and men with ten to 20 years experience are paid 30 per

cent more than their female counterparts. Less than a quarter of the companies provide maternity leave for permanent employees and 10 per cent for contract workers.

Also, the participation of women in freelance work declines with more career experience. Freelance work drops from 37 per cent for women with up to five years experience to 10 per cent for women with more than 10 years experience. The concept of informal work includes unpaid work of family members, which women participate in three times more than men. Sixty-six per cent of work by women is unpaid, while male work is 12 per cent unpaid.

**Rupee needs export cushion**

**Mumbai Mirror**

<https://mumbaimirror.indiatimes.com/opinion/columnists/ajit-ranade/rupee-needs-export-cushion/articleshow/66092458.cms>

*You need a strong exporting economy to tackle the rapid fall in the exchange rate and steep rise in oil prices.*

The exchange rate measures the value of the dollar. It dropped to Rs 74 this week. India needs dollars to pay for the import of crude oil. Oil prices have been steadily climbing and are nearly double of what they were last year. We may need over \$120 billion to pay for the oil alone. That's Rs 8.5 lakh crore. Every extra rupee that we pay per dollar, i.e. if we have to pay 75 instead of 74, the oil bill goes up by Rs 120 billion, which is Rs 12,000 crore.

The exchange rate has slipped from 63 to 74 in the past 10 months. Imagine the extra burden for oil payment due to the exchange rate alone. Add to that the fact that oil prices have gone from \$50 to \$85 per barrel. This has to come out of your pockets or from the government's kitty (basically the money of taxpayers, which is all of us)

**Up your sari quotient at this textile exhibition**

**Indian Express**

<http://www.newindianexpress.com/cities/chennai/2018/oct/06/up-your-sari-quotient-at-this-textile-exhibition-1881604.html>

In an attempt to highlight the workmanship and bring the uniqueness and versatility of Indian textiles to the buyers, Crafts Council of India (CCI) organised the 33rd edition of 'Textiles and Accessories' at WelcomHotel on Friday.

Stylish ensembles, block printed saris, kota-jaal saris, jacquards and dramatic blouses were exhibited at the two-day event.

"We organised the event to highlight the workmanship from across India. I can confidently say that we have come a long way as the public has started recognising the textures and the techniques behind the work. It is a great platform to interact, and understand the uniqueness of each craft," said Radha Parthasarathi, vice president, CCI.

Known for their textile innovations and love for linen, 'Anavila' combined signature block printing with beautiful craft techniques such as batik, jamdani and khatwa. They used cross stitch, one of the oldest needlepoint techniques, to create charming motifs.

Buyers were impressed with how each sari from 'Swati & Sunaina' label was packaged. They packed them in wooden

boxes which included certificate of authenticity, the real silver-gold thread for testing, care instructions and a style guide sharing the design details, weavers' name, number of days taken to weave, and fabric details. Other attractions 2 Up 2 Down's naturally printed saris with dried leaves, Vidhi Singhanian's cotton khat saris in soft pastels, Weaver Studio's Bengal's narrative baluchari silks, and Label Pratham's hand-painted pichwai on tassar blouses.

### Reviving vintage embroidery

Purvi Patel, which is known for reviving the 18th and 19th Century embroidery forms, exhibited some of the most dramatic blouses. "I research with museums in India and incorporate them in my designs," said Purvi Patel, owner of the brand.

### Textile firms eye robust orders at show

### Taipeitimes

<http://www.taipeitimes.com/News/biz/archives/2018/10/06/2003701797>

Local textile manufacturers expect to sign US\$85 million of new orders at the annual Taipei Innovative Textile Show from Oct. 16 to 18, as demand grows for higher-priced functional textiles used mostly in sports and outdoor apparel, organizers said yesterday.

That would represent about 21 percent annual growth from US\$70 million in orders last year, an initial estimate by the Taiwan Textile Federation (TTF) showed.

Robust growth was already reflected in the 2 percent annual growth in textile exports to US\$5.89 billion from January to July this year, and the full-year increase could be larger, as the traditional peak season falls in the second half, the federation said.

Last year, textile exports grew by an anemic 0.8 percent to US\$10 billion, it said.

### SMART FABRIC

"Taiwanese textile manufacturers are becoming the top choice for global [apparel and shoe] brands and retailers whenever they want to experiment with new textiles," TTF president Justin Huang (黃偉基) told reporters on the sidelines of a news conference in Taipei. "Such new products usually carry higher price tags."

The company earlier this year landed an order to supply 60 million units of smart medical clothes equipped with sensors that measure blood pressure and heartbeat, the federation said.

Smart medical apparel and army clothing are the two biggest markets for new functional textiles, Huang said.

Sports apparel, outdoor wear and sports shoes have been the main sources of revenue for local textile makers.

Together, Taiwanese textile manufacturers supply 40 percent of materials used in Nike Inc-branded shoes, and 20 percent of materials for Adidas AG shoes, TTF data showed.

## TRADE WAR

Commenting on the consequences of the escalating US-China trade war, Huang said that local textile makers would benefit from the trade disputes in the long run as major global retailers seek to relocate their Chinese plants to Southeast Asian and African nations or India to circumvent new import tariffs imposed by US President Donald Trump.

Trump last month imposed a 10 percent tariff on US\$200 billion of Chinese goods that include textiles and clothing, and the tariffs could go up to 25 percent in January next year.

"Taiwanese textile suppliers might benefit from such supply-chain shifts. They will not face a higher tax burden, as they could ship their products to the US from their factories in Vietnam or in Taiwan," Huang said.

This year's show at Nangang Exhibition Hall in Taipei is to see a record number of participants, he said, adding that about 456 companies are to showcase new products during the show, up from 380 last year.

**Interview: Egypt expects to revive long-cotton exports to further boost economy: official**

Xinhuanet

[http://www.xinhuanet.com/english/2018-10/06/c\\_129966285.htm](http://www.xinhuanet.com/english/2018-10/06/c_129966285.htm)

Egypt is expected to export around 65 million kg of long-staple cotton worth 150 million U.S. dollars in the 2018-2019 season, Nabil al-Santaricy, chairman of Egypt's Alexandria Cotton Association (ALCOTEXA), told Xinhua in a recent interview.

The Egyptian long-cotton yield amounted to 55 million kg in the 2017-2018 season, 35 million kg in the 2016-2017 season and 30 million kg in the 2015-2016 season, al-Santaricy noted.

He attributed the growing exports of Egypt's long-cotton to the 50-percent annual increase in the cotton plant area, which reached 138,600 hectares in the 2018-2019 season, compared with 90,720 hectares last season and 55,020 hectares in the 2016-2017 season.

He predicted that the plant area would expand to between 168,000 to 189,000 hectares next season, despite a warning that Egypt will find it difficult to effectively market the increased output of its long-staple cotton.

The Indian market, the major traditional market for Egyptian cotton, accounts for 50 percent of its cotton exports, al-Santaricy said.

"We also export to China, Pakistan, Turkey, Brazil and Bangladesh," the Egyptian official added.

Egyptian cotton is an extraordinary commodity that has played an important role in Egypt's economic, social, and political history during the past two centuries.

Egypt's unique climate and fertile soil are ideal for cotton cultivation. From the early 1800s to the present, Egyptian

cotton has always been synonymous with luxury and quality.

After the popular revolution in January 2011, the cotton industry in Egypt witnessed a recession because of government negligence, which degraded the quality of the most famous crop in the North African country.

However, the government has set plans to restore the key sector by doubling the production of high-quality cotton after years of suffering.

"In the 1960s and 1970s, Egypt cultivated about 0.84 million hectares and produced about 500 million kg of cotton," al-Santaricy said, expecting that the production this year will reach 120 million kg, compared to 70 million kg last season and 35 million kg in the 2016-2017 season. He said only four countries produce excellent long-staple cotton, namely the United States, Egypt, India and China. China and India use their produce domestically, while American and Egyptian cotton go into global trade. According to the Egyptian official, Egypt's share of the global cotton market in the 1970s was between 70 and 80 percent, compared with 20 to 30 percent for the United States.

However, "the situation is now the opposite," he said.

Al-Santaricy called for expanding the cultivation of short-staple cotton from Egyptian breeds to meet the needs of the Egyptian market.

"The 30 state-owned textile factories are currently in the process of developing. They stopped using long-staple cotton and rely on imported short-staple cotton because their machines do not produce thin yarns but thick and medium threads," he explained.

"Egyptian cotton is undoubtedly the best in the world, as confirmed in a report released in April by the Bremen Exchange on the world's premium long-staple cotton," al-Santaricy stressed.

Meanwhile, the official pointed to the obstacles the spinning industry in Egypt has gone through, saying the government is developing factories of the public sector.

"It is necessary to develop public factories to produce fine yarns to be an added value for Egyptian cotton. Instead of exporting a kg of cotton for 50 (2.8 U.S. dollars) or 60 Egyptian pounds, we can export one kg yarn of 300 pounds. This will definitely revive the industry and increase income," al-Santaricy said.

Egypt has been suffering an economic recession because of political instability and relevant security challenges following two uprisings that toppled two heads of state since 2011. The turmoil led to a decline in the country's foreign currency reserves, foreign investments and tourism revenues. In addition to floating its local currency to deal with dollar shortage, Egypt started in 2016 a strict three-year economic reform program, including austerity measures, fuel subsidy cuts and tax increase.

**EU to hit Cambodia with trade sanctions, says Myanmar may follow**

**Business Standard**

[https://www.business-standard.com/article/reuters/eu-to-hit-cambodia-with-trade-sanctions-says-myanmar-may-follow-118100501046\\_1.html](https://www.business-standard.com/article/reuters/eu-to-hit-cambodia-with-trade-sanctions-says-myanmar-may-follow-118100501046_1.html)

The European Union told Cambodia on Friday it will lose its special access to the world's largest trading bloc, and said it was considering similar trade sanctions for Myanmar in a toughening of EU policy on human rights in Southeast Asia.

After months of pressure from rights groups and the European Parliament, the EU's trade chief Cecilia Malmstrom said the bloc was ready to punish abuses in both countries by removing trade preferences.

The EU warned Cambodia in July that it could lose its special trade status after elections returned a strongman to power after 30 years in office, and it has censured Myanmar over its treatment of the Muslim Rohingya.

"Our trade policy is value-based. These are not just words. We have to act when there are severe violations," Malmstrom told reporters after a meeting of EU trade ministers in Austria.

Malmstrom accused Myanmar of "the blatant violation of human rights" in Myanmar, referring to what the West says is ethnic cleansing of Rohingyas and the failure of civilian leader Aung San Suu Kyi to resolve the crisis.

A recent U.N. report accused Myanmar's military of gang rapes and mass killings with "genocidal intent" in Rakhine state and called for its commander-in-chief and five generals to be prosecuted under international law.

Myanmar has denied most of the allegations in the report, blaming Rohingya "terrorists" for most accounts of atrocities.

The consideration of trade sanctions over the Rohingya crisis confirms a Reuters report on Wednesday.

However, the European Commission, which handles EU trade policy, is torn between supporting the development of Myanmar's oil-and-textile economy and sanctioning the country.

The EU will send a fact-finding mission to Myanmar in the coming days, likely lasting up to four days, to see the extent of the rights abuses and the government's willingness to change course, one EU official said.

"There is a clear possibility that a withdrawal (of EU trade preferences) could be the outcome," Malmstrom later wrote in a blog post on the European Commission's website.

Government spokesman Zaw Htay on Friday said removing the trade preferences would lead to job losses in the country's garment sector.

He also said Myanmar had established a commission to probe allegations of human rights abuses and that the bloc should give the country time to report its findings.

"If a country is willing to do an investigation and if the process is not finished yet, the international community shouldn't intervene," Zaw Htay said.

Speaking to Reuters in Athens on Friday, the head of rights group Amnesty International said the EU should focus its pressure on Myanmar's military leadership.

"We would rather see a targeted use of sanctions," said Amnesty Secretary-General Kumi Naidoo.

He said Myanmar's leader Suu Kyi, a Nobel peace laureate for her pro-democracy campaigning, had become "unrecognizable" after her actions in the Rohingya crisis.

"What Aung San Suu Kyi has done in a role as the leader of parliament has been a betrayal of press freedom, minorities in Myanmar, and democracy," Naidoo said.

"She is unrecognizable to The Elders that she was part of, all the progressive things that she did in the past."

Suu Kyi was an honorary member of The Elders, a group of former world leaders and Nobel laureates founded by South Africa's Nelson Mandela.

#### CAMBODIA'S ELECTIONS

The EU's Malmstrom said she had told Cambodia that the bloc had launched a six-month review of its duty-free access to the EU, meaning Cambodian sugar, garments and other exports could face tariffs within 12 months under EU rules.

"I have notified Cambodia today that we will launch the procedure for withdrawal of EBA," said Malmstrom, referring to the bloc's "Everything but Arms" (EBA) status, which allows the world's poorest countries to sell any goods tariff-free into the EU, except weapons.

"Without clear and demonstrable improvements this will lead to suspension of trade preferences," she said.

Cambodia's exports to the European Union were worth 5 billion euros (\$5.8 billion) last year, according to EU data, up from negligible levels less than a decade ago, with the EU using its trade policy to develop the country's economy.

Cambodia's July elections marked a turning point in relations with the West. Prime Minister Hun Sen was returned to power after three decades in charge and opposition supporters were stripped of their right to vote.

A Cambodian government spokesman said he was not able to comment immediately.

EU countries accounted for around 40 percent of Cambodia's foreign sales in 2016. The bulk of those exports were from clothing factories that employ around 700,000 workers.

The European Union threatened to withdraw the trade preferences because of a crackdown on the opposition

ahead of an election in July, which the European Union condemned as not being credible.

The main garment factory group said it remained optimistic.

"This is in the hands of the Cambodian government and the EU, and I believe that both would come to an amicable solution with mutual understanding," said Kaing Monika, deputy secretary general of the Garment Manufacturers Association. "Continuous engagement, not sanctions, would be a way forward."

**U.S. offers Sri Lanka investment alternative to Chinese debt**

**Economy Next**

[https://economynext.com/U.S. offers Sri Lanka investment alternative to Chinese debt-3-12124.html](https://economynext.com/U.S.-offers-Sri-Lanka-investment-alternative-to-Chinese-debt-3-12124.html)

The United States can offer Sri Lanka investments backed by its development finance agency that could be an alternative to Chinese loans, a visiting American government official said.

"Investments backed by the U.S. government provide a financially-sound alternative to state-led solutions that lead nations like Sri Lanka into debt traps," Executive Vice President of the Overseas Private Investment Corporation (OPIC) David Bohigian said.

OPIC is the U.S. government's development finance institution, a U.S embassy statement said.

It is to be merged with a wing of the US Agency for International Development to create the US International Development Finance Corporation (USIDFC) that will increase the financial support that the US government provides to countries in the region.

The move comes in response to China's "Belt and Road Initiative".

"OPIC is committed to supporting projects that promote free and open societies while adhering to strong environmental and labor standards," Bohigian said.

We look forward to partnering with Sri Lanka and other regional allies to identify opportunities for investment in ports and other infrastructure, which will fuel sustainable economic growth, create jobs, and leave countries better off."

Historically, OPIC has invested \$118 million in Sri Lanka and currently has almost \$20 million invested across four projects, the embassy statement said.

Bohigian and other U.S. government officials visited Sri Lanka from October 3 to 5 to promote U.S. investment in the region and strengthen cooperation with regional allies to drive economic growth and stability.

The delegation met with Minister of Finance and Mass Media Mangala Samaraweera from as well as representatives of American businesses active in the Sri Lankan market.

“The United States seeks to build strong, reciprocal, and balanced bilateral trade and investment relationships throughout the Indo-Pacific,” said Chargé d'affaires Robert Hilton. “We work with the Sri Lankan government to ensure that American companies are given the opportunity to compete for government tenders and that tenders are conducted fairly and free from corruption. He added, “The United States is the single largest export market for “Made in Sri Lanka” garments. We would like to grow U.S. exports to Sri Lanka, from agricultural products to manufactured goods to software and entertainment.”

<b>Cambodia hikes textile workers' minimum wage, falls short of union demands</b>	<b>Today Online</b> <a href="https://www.todayonline.com/world/cambodia-hikes-textile-workers-minimum-wage-falls-short-union-demands">https://www.todayonline.com/world/cambodia-hikes-textile-workers-minimum-wage-falls-short-union-demands</a>
---	--

Cambodia on Friday raised the minimum monthly wage for workers in its crucial textiles and footwear industry to \$182, an increase of seven percent, with effect from January.

The garment industry is Cambodia's largest employer, generating \$7 billion for the economy each year.

Boosted by a trade pact that allows Cambodia to export luggage items to the United States free of duty, garment exports grew 16.1 percent in the first half over the corresponding 2017 period, the World Bank has said.

"The minimum wage for textile, garment and shoe workers for 2019 is set at \$182 per month," Labour Minister Ith Sam Heng said in a directive on Friday, adding that the new wage takes effect from January 2019.

#### ADVERTISEMENT

The current minimum wage, at \$170, makes it a challenge for Cambodia to stay competitive, with some employers arguing the wage hike reduces its appeal for some firms.

"We can't anymore say we are a cheap hub for labour," said Kaing Monika, deputy secretary general of the Garment Manufacturers Association, adding that the new figure puts Cambodia on par with Vietnam for the region's highest wage.

"It will be a big test for Cambodia's competitiveness which so far has been strongly helped by better international market access."

The garment industry employs an estimated 700,000 Cambodians, helping to provide livelihoods in one of the world's poorest countries. The new wage fell short of a proposal of \$189 put forward by major unions, said Yang Sophorn, the president of the Cambodian Alliance of Trade Unions. "I am not satisfied with \$182, because it does not allow workers to live with dignity," she added, saying it did not allow them to keep up with rising prices.