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NEWS CLIPPINGS –20-11-2018

Talks on with 150 nations to reform WTO: Prabhu	The Hindu https://www.thehindu.com/todays-paper/tp-business/talks-on-with-150-nations-to-reform-wto-prabhu/article25542946.ece

Multilateral trading system is under stress, says Minister

Commerce Minister Suresh Prabhu on Monday said he was in talks with at least 150 countries to work out the way forward for reforming the World Trade Organisation (WTO). He said that the multilateral trading system was under stress and a number of fresh trade-restrictive measures, which would affect global trade and economic growth, had surged.

“It is necessary that we look at making the WTO improve further,” Mr. Prabhu said at a conference on a strategic alliance for the WTO and trade remedy laws. “The WTO has to change, and change for the better. We are preparing an agenda that does not exclude any country in the process of making the WTO better.”

He said that he had personally met with 150 trade ministers to move a reformed WTO agenda forward. “I am getting a positive response from all concerned, including the Director General of WTO, in our endeavour to take all countries on-board.”

“Expansion of global trade hinges on rules and processes determined by the WTO and unless global trade expands, national economies will not benefit,” he said. “It is important that all substantive issues that have been agreed to at the Doha and other trade rounds, as well as new issues that have cropped up, are addressed with a sense of urgency.”

Budget 2019: Hasmukh Adhia, Ajay Narayan Jha to make way for new team	Business Standard https://www.business-standard.com/article/economy-policy/budget-2019-hasmukh-adhia-ajay-narayan-jha-to-make-way-for-new-team-118111901307_1.html

The retirement dates of Finance Secretary Hasmukh Adhia and Expenditure Secretary Ajay Narayan Jha are confirmed. This means that the team that stands alongside Finance Minister Arun Jaitley, when he presents the Budget briefcase for the traditional photo session on February 1, will be quite different from the one that started preparing the Budget.

Adhia vacates his post on November 30 and Jha, the second seniormost bureaucrat in the finance ministry, retires on

January 31, the day before Jaitley presents the 2019-20 interim budget. Ajay Bhushan Pandey, currently the chief executive officer (CEO) of Unique Identification Authority of India, will be the next revenue secretary.

Girish Chandra Murmu, currently the special secretary in the expenditure department, will become the officer on special duty in the expenditure department, and will take over as the expenditure secretary from February 1. When that happens, Economic Affairs Secretary Subhash Chandra Garg will be the seniormost of the five finance ministry secretaries and is likely to be designated the finance secretary as is the convention. From December 1 to January 31, Jha could be designated as the finance secretary.

Jaitley announced Adhia's departure through a blog on Saturday. Showering praise on the 1981-batch Gujarat-cadre officer, Jaitley on Saturday said he was a no-nonsense civil servant who performed his job with impeccable integrity. He also said the government wanted to use Adhia's capability and experience in some alternate capacity, but that Adhia did not want to continue a day beyond November 30.

Jha is a 1982-batch Manipur-cadre officer, Garg is from the 1983 batch Rajasthan cadre, Ajay Pandey is from the 1984 batch Maharashtra cadre, while Murmu is from the 1985-batch Gujarat cadre. The other two finance ministry secretaries are Financial Services Secretary Rajiv Kumar, a 1984-batch Jharkhand cadre officer and DIPAM (Department of Investment and Public Asset Management) Secretary Atanu Chakraborty, a 1985-batch Gujarat-cadre officer.

It is an accepted practice for the government to extend the tenure of secretaries in the Finance Ministry if their last day of service falls close to the Budget. For example, former Economic Affairs Secretary Shaktikanta Das was supposed to retire in February 2017, but his tenure was extended to May, to oversee the post-Budget process as well, which includes passage of the Finance Bill.

It is, thus, rather unusual that Jha's retirement date, and the name of his successor, was announced two and a half months in advance, and that he won't be getting an extension to help with post-Budget work.

These changes aren't the only expected ones.

The office of the Chief Economic Advisor has been vacant since August 27, when Arvind Subramanian cut short his extended tenure and went back to a life in academia in the United States. A search panel, led by former Reserve Bank of India Governor Bimal Jalan, has shortlisted some potential candidates after an extensive round of interviews. There will be more interviews in the coming days to narrow the field even further.

The panel will recommend its choice to the government. The Appointments Committee of Cabinet, headed by Prime Minister Narendra Modi, will need to give the final stamp of approval for the appointment. The government is keen to have a new CEA in place before the Budget, as the Economic Survey, tabled in Parliament a day before the Budget, is drafted by the CEA and his team.

Among other members of the core budget team, the tax chiefs will also stay on. Central Board of Direct Taxes Chairman Sushil Chandra will serve his tenure, which has already been extended by a year, till end-May 2019. The

Central Board of Indirect Taxes and Customs Chairman S. Ramesh will also be part of the budget process. The team also includes Principal Economic Advisor Sanjeev Sanyal.

Expedite FTA with Russia: TEA tells govt	**Fibre 2 Fashion** https://www.fibre2fashion.com/news/apparel-clothing-policy-news/expedite-fta-with-russia-tea-tells-govt-245764-newsdetails.htm

The Indian government should begin negotiation and enter into a free trade agreement (FTA) with Russia, so as to reap the benefit of potential market at the earliest, Tiruppur Exporters' Association (TEA) has said. Since Russia imports more winterwear, Indian manufacturers should also concentrate on producing such synthetic based products.

"Russia has already given a green signal to our competing country Bangladesh for import of garments duty free and this would help them to increase their exports," TEA president Raja M Shanmugham said in a press release.

Russia is a huge market and many leading retail stores are setting up shops there, Shangmugham said.

He pointed out that the Indian government had initiated negotiations for a trade deal with the Eurasian Economic Union (EAEU) comprising of Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia, but there has been no progress in it.

In 2017-18, Russia has imported `241 crore worth of knitwear garments and `295 crore worth of woven garments from India.

India Seeks More Cooperation With Vietnam In Four Key Sectors	**Odisha Tv** https://odishatv.in/world/india-seeks-more-cooperation-with-vietnam-in-four-key-sectors-334483

resident Ram Nath Kovind on Monday called for more cooperation between India and Vietnam in the areas of agriculture, pharmaceuticals, textiles and IT.

"Agriculture has been a key sector of our cooperation involving trade, investment and training," Kovind said while addressing the Vietnam-India Business Forum here.

"We feel privileged to have supported the Vietnamese agricultural revolution through the establishment of Cuu Long Rice Research Institute," he said.

Stating that Vietnam is a huge agricultural economy with agro-marine-forestry exports surpassing $35 billion last year, Kovind said that agricultural products already occupy over 45 per cent of India-Vietnam bilateral trade.

"Agro-processing, agro-chemicals, farm machinery, bio-technology and high-tech farming hold immense potential for bilateral cooperation," he said.

"Indian industry can also learn from Vietnam's success in crops such as coffee, pepper, cashew, fruits and vegetables."

The President also said that the Indian pharmaceuticals industry, the third largest in terms of volume and the world's largest provider of generic drugs, can partner Vietnam in providing quality health-care, medicines and medical devices for the public health system at an affordable cost.

"Indian pharmaceutical companies are also looking at domestic production opportunities in Vietnam," Kovind said.

He pointed out that both India and Vietnam are leading players in the textile industry.

"We must cooperate further to facilitate integration of value chains," Kovind said.

He also highlighted significant opportunities between the two sides in the oil and gas, power, infrastructure and renewable energy sectors.

Stating that the Indian IT services, including digital economy and fin-tech sector have much to offer to Vietnamese growth, Kovind said start-up sectors and innovation based industry must be encouraged to leverage each other.

"We must also learn from each other on how to improve productivity; how to approach the Fourth Industrial Revolution; how to promote innovation and entrepreneurship; and not the least, how to leverage technology for governance," he stated.

Vietnam is a key partner country of India in Southeast Asia and served as New Delhi's coordinator country with the Association of Southeast Asian Nations (Asean) regional bloc till July this year

India and Vietnam have set a bilateral trade target of $15 billion by 2020.

Later, Kovind also addressed an Indian community reception during which he invited members of the community to attend next year's Pravasi Bharatiya Divas, the External Affairs Ministry-organised conclave of the Indian diaspora.

Cotton arrivals up, so are prices	**Tribune India** https://www.tribuneindia.com/news/punjab/cotton-arrivals-up-so-are-prices/685931.html

Fetching growers up to Rs 5,600 per quintal, well above the MSP of Rs 5,350

Though the area under cotton cultivation has declined in Malwa region this year, the cotton arrival in the state's markets is on the higher side as compared to last year.

While some experts say it may be the result of increased cotton yield, others say the trend might be the outcome of apprehensions regarding the drop in its prices as the season proceeds. At present, cotton is fetching a price of up to

Rs 5,600 per quintal, which is above the MSP of Rs 5,350 per quintal. As per reports, 2,37, 518 quintals of cotton arrival was recorded till November 14 last year, which is 2,42,720 quintals for the corresponding period this year.

Talking to The Tribune, former North India Cotton Association president Ashok Kapur said, "No doubt that the arrival of cotton in the region's markets is more this year, but it may be due to the fact that the prices are ranging between Rs 5,200 and 5,600 per quintal, which is fairly reasonable. The arrivals reflect that the farmers are satisfied with the prevailing cotton prices and there may be a fear at the back of their mind that the prices may decline in the coming days." At the same time, he felt that the cotton yield may be marginally up this year. He revealed that the millers are going slow when it comes to cotton purchase, as they are waiting for the prices to come down. They will step up the purchase once the prices fall.

He said the quality of cotton was relatively down this year, as it doesn't have the desired length. Besides, there was dryness in the produce, he added.

PAU's senior farm economist Dr GS Romana said though he could not spell out clearly right now whether the cotton yield was up this year, but they expected it to be on the higher side, as the region had conducive weather conditions for the crop.

"We will have to wait for the season to end for a clear picture in terms of cotton yield," he added. Satish Bansal, a leading commission agent, said cotton fetched a price of up to Rs 5,600 per quintal in Bathinda's market on Saturday.

He said the cotton rates were hovering above Rs 5,500 per quintal for almost a week now, which might be the reason for increase in cotton arrival in the markets. Incidentally, the area under cotton cultivation in the state has declined from 3.83 lakh hectares last year to 2.84 lakh hectares this year.

Power ministry fears merger likely to hurt PFC, REC	**Economic Times** https://economictimes.indiatimes.com/industry/energy/power/power-ministry-fears-merger-likely-to-hurt-pfc-rec/articleshow/66684260.cms

The finance ministry proposes to mop up Rs 14,000 crore through an acquisition deal between Power Finance Corporation (PFCNSE 3.13 %) and Rural Electrification Corporation (REC), but the power ministry is concerned that the move will hurt two sound navratnas in the otherwise ailing sector

The power ministry is concerned about operational and administrative issues that might crop up after the proposed deal, said a senior government official.

However, the finance ministry is of the view that any such issues can be managed to create a large financing company for the power sector rather than having two central public sector units competing in the same space, he said.

The ministry has at various levels expressed reservations about PFC and REC merger since these are two large companies with established setups," said the official on condition of anonymity. However, the finance ministry is upbeat about the acquisition.

The contours of the deal have yet to be decided. But if REC acquires PFC, the government can raise nearly Rs 3,000 crore more, given the higher shareholding of the government in PFC," said a finance ministry official. The government owns 58% in REC and 66% in PFC.

The power ministry is concerned that the net worth of the acquiring company will come down drastically, according to the official. The capital adequacy ratio of PFC is 17.7%, while that of REC is 16.7% against the RBI norm of 15% for non-banking financial companies (NBFCs).

Upon an acquisition deal there will be requirement to raise tier-I funds, which will dilute government holding in these NBFCs. The power ministry has been indicating that due to higher government holding, PFC is better placed with enough cushion to raise tier-I capital," the official said.

Feedback Infra Group chairman Vinayak Chatterjee said with the gradual withdrawing of the banks, NBFCs and others from infrastructure financing, India needs sectoral developmental financial institutions. "Under the current circumstances, it would be useful for the country to have a standalone power finance corporation. But REC is an implementing organisation. Merging of a finance company and an implementing company may not be appropriate and in my view they should be kept separate," he said.

The government official said that the power ministry was concerned that if not implemented properly, the proposal would damage the fundamentals of both companies. The finance ministry official, however, said REC and PFC are in the same business. "The books of the project implementing division in REC are separate from the main firm and a mega finance firm with expected loan book of Rs 6 lakh crore will help in raising finance at lesser rates," he said.

Subdued global demand may hit India's export growth	**DNA India** https://www.dnaindia.com/business/report-subdued-global-demand-may-hit-india-s-export-growth-2687047

As global crude prices soften and the world demand heads southwards, exports growth may soften in the second half of the current fiscal.

Experts told DNA Money that even though a depreciated rupee and a strong order book could provide some tailwind to exports, unfolding external factors like oil prices and slowing GDP growth in some economies could pin down its growth.

Ajay Sahai, director general and CEO, Federation of Indian Export Organisations (FIEO), said "maintenance" of exports growth will be a challenge from October onwards.

Petroleum is the common factor in both imports and exports. On one hand, it boosts exports and on the other, it bloats the import bill too. Now, with the easing of crude prices, we expect the import bill to come down, but the bigger challenge from October onwards is that the base effect of crude price will kick in along with lower crude prices and so maintenance of export growth will be a challenge," he told DNA Money.

Elaborating further he said; "if we look at the 17.86% growth in exports in October, the last figure reported, the net export, or the value of exports, is much less than the value in September, which was negative. In September, we suffered a negative growth. In October, we have a growth of around 17% but still, the value of exports in October is less than September".

The October trade numbers, released by the government last week, reveal exports jumping over 17% to $26.98 billion compared to $22.89 billion last year. However, when compared to September this year, the month-on-month dip was 3.47% in October, down from $27.95 billion.

September had also seen the first slip in exports in the current fiscal as it fell 2.15% from $28.75 billion in the same month last year.

In the current fiscal, exports have consistently registered a robust growth till September. Experts see this trend reversing a bit.

Madan Sabnavis, chief economist, Care Ratings Ltd, also sees "moderate" export growth due to lower global crude prices. He expects the current fiscal year to end up with an export growth of 10-12%. Last fiscal, exports grew 9.8% to $303 billion.

Growth in exports will be moderate, probably 10-12%. We should also remember that one of the major components of our exports is petroleum products. When the price of petrol goes up our exports benefit. That's what we have gotten in the month of October also. It (October exports) can also be higher because our exports are going up. That kind of scenario (higher crude prices) will get moderated in the coming months, which will mean that exports are not going to grow at that kind of rate. It could be in the region of 10-12%, assuming crude remains below $70 a barrel and don't start moving up," he said.

The Care economist also feels that subdued global demand due to subdued growth in some major economies could also adversely impact India's export growth.

"We are not looking at the world economic growth being steady as was expected earlier. Our exports depend on what happens to global economic conditions/ demand. That is why we were looking at 8-10% (exports growth), which we scaled up because of the advantage from higher crude in the last couple of months. I believe, we will not be exceeding 10-12%, which is on the higher side," Sabnavis projected.

Recently, International Monetary Fund (IMF) revised world GDP growth downwards by 20 basis points (bps) to 3.7% for 2018 and 2019. It has also cautioned about growth in many major economies slowing down in the coming months due to several economic and geopolitical factors.

FIEO's Sahai has a higher growth forecast than Sabnavis at 15%. He sees Indian exports benefiting from the US-China standoff and a weaker rupee. According to him, exporters' order books for the coming period are healthy and this has given the export group, he heads, the confidence to raise a robust growth outlook for the current fiscal.

"I must say that it is a problem so far as petroleum exports are concerned, but looking at the order books of exporters we expect 15% growth because in some sectors, particularly in textile and apparel, when I talk to exporters they say that with rupee moving to over 70 a dollar, many buyers have come back to them," said the FIEO chief.

According to him, exporters have informed him that when the rupee was at 65 per dollar, they were "outpriced" in the international market.

"Earlier, when the rupee was 65 a dollar, they (exporters) were factoring the currency at around 61-62 against the dollar and they were outpriced in the market, but now that rupee is around 72 a dollar and they quote 70, many buyers have come back to them," said Sahai.

He believes if the rupee remained soft by 12-13% against the dollar and volume growth is maintained at 5-6%, then India could easily achieve an export growth of 15%.

Sahai said Indian exports was also reaping gains from the US-China trade war; "global demand has definitely come down but China has suffered a lot. Some orders, which were earlier going to China from the US, have come to India".

However, Sabnavis feels otherwise and does not expect India to profit much from the US-China trade war; "has India actually captured the market on account of the US-China war? In my view, I don't think it has happened that way. If you are looking at China they have got into other markets".

Sahai also feels that with India's exports growth rate expected to outstrip global rate, it is likely that India could further increase its share in global exports.

"Our share in total global exports is 1.7%. This may go up because if we clock 15% and global trade grows at 3.5% then definitely our share will go up," said Sahai.

Sales tax reduced for Pak textile, leather sectors	**Fibre 2 Fashion** https://www.fibre2fashion.com/news/textile-news/sales-tax-reduced-for-pak-textile-leather-sectors-245762-newsdetails.htm

Pakistan's Federal Board of Revenue (FBR) recently issued procedure for the textile and leather industries to avail reduced sales tax rate of 6 per cent by integrating their supplies with its online system. The facility would be available subject to certain terms and conditions and in case of failure, the FBR would impose a sales tax rate of 9 per cent.

FBR would notify integrated units and their outlets from where the units intended to sell the goods and avail reduced rate of sales tax. This integrated system provides full information on sales from each point of sales (POS) of a unit by generating online sales invoices and buyers details to verify in case of refunds and input or output adjustments, according to Pakistani media reports. To avoid misuse, FBR has incorporated a strong audit mechanism to check sales invoices. An integrated supplier, who is found to have tampered with the system or made sales otherwise than the prescribed devices or who contravenes any of the provisions, will no more be eligible for the reduced rate.

US hints at revising duty free access to Nepali goods	Kathmandu post http://kathmandupost.ekantipur.com/news/2018-11-16/us-hints-at-revising-duty-free-access-to-nepali-goods.html

The US has expressed its interest in revising the list of Nepali products that receive duty free access through the Trade Preferences Act (TPA). In the new development, US officials have assured Nepal that Nepali readymade garment will be considered for the list. Currently, there are 77 products listed under the TPA.

According to the Ministry of Industry, Commerce and Supplies, US officials expressed their commitment during the fourth meeting of the Nepal-US Trade and Investment Framework Agreement (Tifa) Council, on Tuesday, in the US. "The participants of the meeting expressed their commitment that they would forward the proposal to the US Congress soon," the Ministry's Secretary Chandra Kumar Ghimire said.

During the one-day meeting, a Ghimire-led Nepali delegation held talks with high level officials from various department of the US led by Assistant US Trade Representative Mark Linscott. The representatives from the US State Department, Department of Agriculture, Department of Labour, US Aid, United States Patent and Trademark Office and Deputy Chief of Mission at the US Embassy in Nepal Michael C Gonzales were among the officials from the US side who participated in the bilateral meeting.

Enforcing the TPA in 2015, the US has provided duty free access to 77 Nepali products that have high potential in the world's largest economy. The goods include certain carpets and pashmina, headgear, shawls, scarves and travel goods. Nepal has been offered the facility until 2025.

Ghimire said the Nepali side pushed for Nepali garment in particular, citing the high comparative advantage in the product.

"We highlighted to the US officials that Nepal has not been able to benefit from the trading of some items facilitated under TPA and to consider the inclusion of other goods which have larger export potential," said Ghimire adding that they sought the support of the US government regarding exports until Nepal could fully complete its political transition.

Earlier, the economic giant had been denying providing duty free facility to Nepali garments saying that it could violate the clause of the World Trade Organisation (WTO).

As per the ministry, the US officials also expressed their interest to provide technical support to Nepal to promote production of the goods under TPA lists.

The US appeared keen to help Nepal implement the provisions of Trade Facilitation Agreement carried out in the ninth ministerial conference of WTO held in Bali, Indonesia, in 2013.

The agreement talks on reducing the trading costs through improvement in customs procedures, trade related infrastructures, Sanitary and Phytosanitary measures and food safety.

The ministry officials said the US has expressed that the country has considered Nepal, among the South Asian countries, under high priority for promoting bilateral trade and investment. Ghimire said the US officials in turn expressed their concern over the investment environment in Nepal to inject capital

from the US.

Ghimire said the US officials expressed their concern over the policy reform at a time when Nepal is heading towards political stability. "Implementation of existing provision in labour act, improvement in the law related to intellectual property right including copyright and facilitation of e-commerce are also major areas of interest of the US before they inject their investment in Nepal," he added.

Nepal signed the TIFA with the largest economy on April 16, 2011. Under the provision, the two countries had agreed to hold the TIFA council every year. Last time, the meeting was held in Kathmandu on April 20, 2017.

U.S. cotton industry introduces plan to meet sustainability goals	**Delta farmers** https://www.deltafarmpress.com/cotton/us-cotton-industry-introduces-plan-meet-sustainability-goals

At the Cotton Sourcing USA Summit in Scottsdale, Ariz., Cotton Council International President Ted Schneider updated the more than 400 attendees on how the U.S. cotton industry intends to meet its 2025 sustainability goals.

Central to his remarks was the introduction of the U.S. Cotton Trust Protocol; an integrated data collection, measurement and verification procedure that will document U.S. cotton production practices and their environmental impact.

The data is intended to benchmark farmers' gains towards the industry goals and will provide the global textile supply chain additional assurances that U.S. cotton is produced in a responsible manner.

The U.S. cotton national sustainability goals, as announced last year, aim for the following by 2025:

• 13% Increase in productivity, i.e. reduced land use per pound of fiber;

• 18% Increase in irrigation efficiency;

• 39% Reduction in greenhouse gas emissions;

• 15% Reduction in energy expenditures;

• 50% Reduction in soil loss; and

• 30% Increase in soil carbon.

“I would argue that U.S. cotton is already among the most sustainably produced in the world,” Schneider said. As evidence, Schneider cited the comprehensive regulatory environment in the United States, the close connection of U.S. growers to their land, the high adoption rates of precision agricultural techniques by U.S. cotton growers, and a near 40-year track record of environmental improvement.

“We know that U.S. cotton growers continue to embrace new technologies and management techniques that reduce impact and increase yield, but today’s textile industry needs more than just our word,” Schneider explained. “The Trust Protocol is meant to address that need with a tangible and transparent snapshot of U.S. cotton growing practices and the gains resulting from them.”

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practices and the gains resulting from them."

The details of the Protocol are being fine-tuned, and a pilot program will be launched in 2019 and fully implemented with the 2020 cotton crop year. Participating growers would be required to adopt a data tool that allows for the quantitative measurement of key sustainability metrics, such as the FieldPrint Platform from Field to Market.

Growers also would complete a self-assessment checklist of best management practices; with a sampling of participating producers subjected to independent verification. The online interface and associated databases are currently being developed by a Memphis-based company The Seam.