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# NEWS CLIPPINGS –05-12-2018

| Textile ministry to replace export incentives with WTO-compatible schemes | Business Standard<br>https://www.business-standard.com/article/economy-policy/textile-ministry-to-replace-export-incentives-with-wto-compatible-schemes-118120400396_1.html |
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The Union textile ministry is working on a way to harmonise its export incentives with the World Trade Organization (WTO) guidelines.

Currently, the government offers incentives of two to four per cent under the Merchandise Exports from India Scheme (MEIS). In addition to production incentives such as interest subvention and the Technology Upgradation Fund Scheme.

These incentives have been challenged at the WTO by the American government. One contention of critics is that India's $3 trillion economy is quite unlike those of smaller countries in this region, such as Bangladesh, Vietnam or Pakistan, that require external incentives to compete in global markets. A WTO committee is reportedly examining the issue.

"The government is in the process of putting in place alternative schemes to promote export, which will improve the competitiveness of Indian products. These will replace schemes such as MEIS, the Export Promotion Capital Goods scheme, 100 per cent export oriented units, Special Economic Zones, etc. We have been given to understand that the level of support will not in any way be lowered in the alternative scheme," said Ujwal Lahoti, chairman, Lahoti Overseas.

The Cotton Textile Export Promotion Council (Texprocil) under the ministry of commerce has engaged a consultancy firm, Ikdhvaj Advisers, to study alternative schemes which could be recommended. A committee has been formed for this. It has economist Veena Jha, Harsha Vardhana Singh (a former deputy director general at WTO and Jayant Dasgupta, a former ambassador to WTO. Their study will cover the entire value chain in the sector.

"The alternative scheme is set to address three broad areas. First, it should be linked with employment generation. Second, it should formalise the economy. Third, it should be a more acceptable concept than free-on-board value.

The committee is set to give its report by next week," said Siddhartha Rajagopal, executive director at Texprocil. The idea is to devise schemes that cannot be challenged due to multiple interpretations by countries on the possible benefits to exporters. World trade in textile and clothing grew in 2017 by nearly four per cent over the previous year, to $756 billion. The growth in 2018 is expected to be similar. India registered 5.4 per cent growth in the sector last year, to $37.4 billion. Its share in world trade in textile and clothing this year is estimated at around five per cent. Our export is a seventh of China's.

| | | |
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| A. Cotton | | |
| Spot price (Ex-Gin) 28.5 to29 mm | | |
| Rs/Bale | Rs/Candy | USD Cent/lb |
| 20963 | 43850 | 79.38 |
| Domestic Futures (Ex-Gin) November | | |
| Rs/Bale | Rs/Candy | USD Cent/lb |
| 21900 | 45810 | 82.93 |
| International Futures | | |
| NY ICE USD Cents/lb. ( Dec 2018) | | 79.81 |
| ZCE Cotton: Yuan/MT (Jan 2019) | | 14655 |
| ZCE Cotton: USD Cents/lb. | | 82.09 |
| Cotlook A Index - Physical | | 85.55 |
| B. Currency | | |
| USD/INR | Close | Previous Close |
| Spot | 70.459 | 69.584 |

**Cotton Guide:**

The majority of US financial markets will be closed on Wednesday. Banks, cotton and other agricultural markets will be open.Cotton futures ended mostly lower across the board with marginal change. Growing confusion over the G20 meeting between Trump and China's Xi caused more pessimism than optimism in markets Tuesday. US equities were hit particularly hard. March settled at 7981, down 14 points. It gained 104 points previous day. The other months settled from unchanged to 14 points lower except the Oct-19 which ended 15 points higher. Volume was 23,342 contracts. Cleared yesterday were 45,884 contracts. March open interests were at 134,797 contracts, up 1,370 contracts previous day. That's the highest open interest March has had to date. March first notice day is February 22nd, leaving 53 sessions until then.

US equities stole the show for markets. The 3 major indices dropped over 3%. Concerns the trade war might be getting worse was the hottest topic. Worries of a recession followed. Likewise, ZCE cotton also traded down by 1% on Tuesday.

Technically, the market closed slightly lower and slightly below the midpoint. March also filled the gap that was opened yesterday but then rallied rather than continuing lower. In other words, the market didn't perform that well, but it didn't collapse either. The work is mixed, but there is some 'up' in the shorter-term indicators that we monitor. Longer term, the daily modern work is mostly down, and prices remain within the 11-week trading range from 7650 to 8200. Basically, any trade 'here' is a high-risk trade. Anyone who doesn't need to participate should probably stand aside and await resolution of the trading range.

There are no major developments while events ahead this week scheduled as USDA weekly export sales number on Thursday followed by CFTC On-call report on Friday. Next week we have the USDA_WASDE World Supply-Demand Report.

On the domestic front the spot price of S-6 variety has declined marginally on Tuesday to Rs. 44,650 per candy ex-gin and Punjab J-34 traded at Rs. 4420 per maund. The all India arrivals have stood 154,000 lint equivalent bales which includes 40,000 in GJ and MH, 26000 in Northern zone. The futures price had corrected down to end the December at Rs. 21900 down by Rs. 150 from the previous close. Market was sideways and expected to trade in the range of Rs. 21800 to Rs. 22100 per bale for the day.

**FX Guide:**

Indian rupee has opened weaker by 0.25% to trade near 70.72 levels against the US dollar. Rupee has depreciated amid weakness in global equity market amid uncertainty about US-China trade deal and increasing concerns about inverting US Treasury yield curve. Asian equity markets trade largely lower after a sharp 3.1% decline in US market yesterday. Concerns about US-China trade deal rose as US President Donald Trump on Tuesday held out the possibility of an extension of the 90-day trade truce with China, but warned he would revert to tariffs if the two sides could not resolve their differences. China's Commerce Ministry on Wednesday said that trade negotiations will proceed based on a timetable and that the country will implement specific items as soon as possible but did not give any details. Concerns about inversion of US yield curve rose as 3-year bond yields moved to a premium to 5-year yield. Inverting yield curve has historically been seen as an early sign of recession. We are also seeing positioning ahead of RBI meeting today. The central bank is expected to keep interest rate unchanged at 6.5% but focus will be on future stance. Some market players believe that central bank may abandon its stance of calibrated tightening in favour of a neutral position as lower crude oil price has eased inflation concerns. Also in focus will be RBI's forecast on growth and inflation. Rupee may remain under pressure amid weaker risk sentiment. USDINR may trade in a range of 70.5-70.85 and bias may be on the upside.

| **Indenting agents of foreign firms may get relief on IGST: Sources** | **Business Standard** https://www.business-standard.com/article/economy-policy/indenting-agents-of-foreign-firms-may-get-relief-on-igst-sources-118120500066_1.html |
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Indenting agents of foreign companies may get partial relief on integrated goods and services tax (IGST).

Sources said that the finance ministry officials have assured the indenting agents — agents of foreign companies, who sell their products in India and overseas by charging a commission — that it will consider their demand for exempting them from IGST but only partly. IGST may not be levied on transactions, which are sold overseas.

Indenting agents in the metal industry have already approached Gujarat High Court against the IGST.

Now, those in textiles, handicrafts and home furnishing industry are planning to approach Chandigarh and Delhi high courts. IGST is levied on these agents under Section 13(8)(b) of the IGST Act, which deems the place of supply for intermediary services in India.

Abhishek Rastogi, counsel of petitioners in the Gujarat high court and partner at Khaitan & Co.Ltd, said it is hoped that the benefit comes immediately at least with respect to service when the imported goods are going from outside of India to another overseas destination.

| **Govt hopeful of more investments in GIM-2** | **The Hindu** https://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/govt-hopeful-of-more-investments-in-gim-2/article25667379.ece |
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Keen participation expected from tourism sector

Industries Minister M.C. Sampath said that the second edition of the Global Investors Meet (GIM) will attract more investments when compared to the earlier edition. “We are working round the clock to make the second edition of GIM a successful one. More companies have evinced interest,” the Minister said at a conference on ease of doing business in Tamil Nadu, organised by the Confederation of Indian Industry (CII).

K. Gnanadesikan, Additional Chief Secretary, Industries, said that this time around, GIM would see more investments from the tourism sector. More than 10 firms have already evinced interest. “Tamil Nadu is a tourist destination with places of historic interest. We welcome big hotels to set up operations here” he added.

M. Velmurugan, Executive Vice Chairman of Investment Promotion, Industrial Guidance and Export Promotion Bureau, highlighted the advantages of investing in Tamil Nadu and told businessmen that the GIM would be an ideal platform for business networking. The first edition of GIM was held in 2015.

| **Simplified GST return forms to be rolled out from April 1: Revenue Secretary** | **Economic Times** https://retail.economictimes.indiatimes.com/news/industry/simplified-gst-return-forms-to-be-rolled-out-from-april-1-revenue-secretary/66936044 |
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The new simplified GST return forms will be rolled out from April 1, 2019, Revenue Secretary Ajay Bhushan Pandey said Tuesday

He exuded confidence that the government will achieve the budgeted target for Goods and Services Tax (GST) collection and said the revenue department is getting inputs about entities which are evading taxes.

In the first eight months (April-November) of the current fiscal, the government has mopped up over Rs 7.76 lakh crore from GST. The 2018-19 budget had estimated annual GST collection at Rs 13.48 lakh crore, which means a monthly target of Rs 1.12 lakh crore.

"We are short by Rs 4,000 crore this month (November). To arrive at any conclusion we have to have some more months' data. But we are confident that we will be able to achieve our target. Our monthly target is around Rs 1 lakh crore. This we want to increase to Rs 1.10 lakh crore," Pandey said. GST collection in November was Rs 97,637 crore.

Speaking to reporters on the sidelines of the Directorate of Revenue Intelligence (DRI) Foundation Day, the secretary said the refund process is being further streamlined to make it completely online and taxpayer friendly.

When asked about the rollout of the simplified return forms, Pandey said, "we are targeting from April 1".

In July, the Central Board of Indirect Taxes and Customs (CBIC) had put up in public domain draft GST return forms 'Sahaj' and 'Sugam' and sought public comments. These forms would replace GSTR-3B (summary sales return form) and GSTR-1 (final sales returns form).

Pandey further said the next meeting of the GST Council, chaired by Union Finance Minister and comprising state counterparts, will be held this month.

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| **Cotton Textile export during April to September 2018 grow by 26.81 pct: TEXPROCIL** | **Business Standard**<br>https://www.business-standard.com/article/news-ani/cotton-textile-export-during-april-to-september-2018-grow-by-26-81-pct-texprocil-118120400336_1.html |

During the current year period April-September 2018, the exports of cotton textiles (Yarns, Fabrics, Made-up and Raw cotton) from India reported a growth of 26.81% reaching a level of USD 6.23 billion, stated Ujwal Lahoti, Chairman of The Cotton Textiles Export Promotion Council (TEXPROCIL) at the 64th Annual General Meeting of the Council held on 29th of November 2018.

Shri Lahoti further stated that during this period (January-December 2017), India exported cotton textile products worth USD 10.82 billion reporting a growth of 3.54% over the previous year. Cotton made-ups (USD 5.26 billion) dominated the Indian cotton textiles basket with a share of 48.61%, followed by cotton yarns (USD 3.45 billion) achieving a share of 31.88% and cotton fabrics (USD 2.11 billion) recording a share of 19.51%.

GST -

Texprocil Chairman stated that there are some areas in GST, which need urgent attention of the policymakers. These are as follows:

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• Refund of IGST on exports should be delinked from monthly returns (GSTR-1 & GSTR-3B).

• IGST refund should be given to exporters availing deemed exports benefit on domestic purchase under Advance Authorization and 100% EOU.

• Refund of Unutilized Input Tax Credit (Transitional Credits) should be allowed when goods are exported under LUT.

• Merchant exporters availing of benefit of concessional GST rate on purchase of export goods should be allowed IGST refund on exports.

• GST Commissionerates should strictly follow the guidelines issued by CBIC for a refund of Unutilized Input Tax Credit on exports under LUT/Bond.

• Further, during July 1, 2017 to September 31, 2017 higher Drawback rates were allowed as a transitional measure subject to non-availment of ITC. However, many exporters erroneously availed of ITC and also higher rate of Drawback. As a result, they have not received IGST refund. Exporters subsequently, surrendered the difference between higher Drawback and lower Drawback. However, they are still waiting for IGST refund. The Chairman, TEXPROCIL urged the Govt to refund IGST to such exporters.

Dr. K. V. Srinivasan appointed as Chairman of TEXPROCIL

Dr. K.V. Srinivasan has been elected as Chairman of The Cotton Textile Export Promotion Council (TEXPROCIL) for the year 2018 - 2020 during 64th AGM of TEXPROCIL held on 29th November, 2019 at Mumbai.

Dr. K. V. Srinivasan is the Managing Director of Sree Narasimha Textiles Pvt. Ltd., Premier Mills Pvt. Ltd. & Premier Fine Linens Pvt. Ltd.

He earned his Doctorate from the University of Manchester. He is the vice president of International Textile Manufacturers Federation, Zurich (ITMF) from 2018. He is the Chairman of the South Indian Textile Research Association (SITRA), Coimbatore. He was also Chairman of the Southern India Mills Association, (SIMA), Coimbatore from 2007 to 2009. He was the Chairman of CII, Coimbatore Zone for 2015 - 16. Among other positions held is Trustee of Kasthuri Sreenivasan Trust, Coimbatore Golf Club Trust and PSG & Sons Charity Trust.

| After GST, a five-fold surge in credit disbursal to MSME sector | **Business Line** https://www.thehindubusinessline.com/economy/incremental-credit-to-mses-up-5-times-to-rs-123-lakh-cr-post-gst-sbi-study/article25663882.ece |
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Even as credit growth still remains in comfort territory, despite slowing down, the report said there is more concern over the slowdown in growth.

Credit growth to Micro & Small Enterprises (MSEs) has been quite stupendous after the implementation of GST. Incremental credit to this segment (under priority sector) in the 15-month period post-GST increased 5 times to ₹1.23 lakh crore, compared to ₹25,700 crore during the corresponding pre-GST period, according to a State Bank of India research report.

The jump in credit to MSE sector bodes well regarding the formalisation of the Indian economy and, hence, the ensuing benefits, said the bank's Ecowrap report.

**Economic activity**

The report observed that the deceleration in credit during the pre-GST period was partly due to the overall slowdown in economic activity, rising NPAs (non-performing assets), and reclassification of food and agro-processing units from the MSME (micro, small and medium enterprise) category to agriculture sector (as per the revised priority sector lending guidelines, 2015).

"According to International Finance Corporation (IFC) estimates, the potential demand for India's MSME finance is about $370 billion, against the current credit supply of $139 billion, resulting in a finance gap of $230 billion. Hence, much needs to be done," the report said.

Even as credit growth still remains in comfort territory, despite slowing down, the report said there is more concern over the slowdown in growth.

The report has cut its FY19 GDP forecast for FY19 to 7.2 per cent from 7.4 per cent earlier.

| India gets WTO nod to establish dispute panel | **Live Mint** https://www.livemint.com/Politics/qtBTrIN8teWyZ0kcsqhBeN/India-gets-WTO-nod-to-establish-dispute-panel.html |
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Geneva: India on Tuesday secured the World Trade Organization's (WTO's) permission to establish a dispute settlement panel to rule on controversial unilateral duties imposed by the US on the imports of steel and aluminium under the controversial US Section 232 security provisions.

At a dispute settlement body meeting 4 December, India pressed ahead with its second request for establishing the panel on the grounds that the additional duties of 25% on steel products and 10% on aluminium imposed are "inconsistent with the US' WTO obligations under the GATT (General Agreement on Tariffs and Trade) 1994 and the

Agreement on Safeguards."

The US blocked India's first request on 21 November but, under WTO rules, when a complainant makes a second request the panel is automatically established. On Tuesday, Switzerland joined India in making a second request against the American duties.

In turn, India and Switzerland join seven members—China, the EU, Canada, Mexico, Norway, Turkey and Russia—who have already secured the nod for establishing the panel against the US.

"This collective resort to dispute settlement reflects the serious concern of the WTO Membership over the United States' actions," India said, emphasizing that "it also reflects trust and confidence in the WTO as forum for resolving international trade disputes." It called for a "single panel" to rule on the US tariffs, as all the complaints are related to the same matter. India said a single panel will be able to examine these disputes, "particularly given the complainants' willingness to coordinate and proceed in this matter."

At present, there are nine panels that are established and it remains to be seen whether a single panel will be constituted. Nevertheless, the panel proceedings will begin and the three members for the panel have to be agreed by the both sides. If there is no agreement among the complainants on the one side and the US on the other, then, the WTO director general will be asked to constitute the panel.

The US has warned that the legitimacy of the dispute settlement system and the viability of the trade body would be undermined if the WTO were to initiate panel proceedings against the additional duties. Washington issued several threats against the complainants,who have maintained that the additional duties are"safeguard" measures. The US has all along maintained that the additional duties are not safeguard measures.

The US has maintained that the duties imposed on steel and aluminium are "issues of national security and political matters not susceptible to review or capable of resolution by WTO dispute settlement."

"If the WTO were to undertake to review an invocation of Article XXI [security exceptions], this would undermine the legitimacy of the WTO's dispute settlement system and even the viability of the WTO as a whole," the US has said. It has warned that "infringing on a sovereign's right to determine, for itself what is in its own essential security interests would run exactly contrary to the WTO reforms that are necessary in order for this organization to maintain any relevancy."

| India GDP to recover in Q4, third quarter to remain slow: Niti Aayog's Rajiv Kumar | Live Mint<br>https://www.livemint.com/Politics/YuiF9YKzWjAAgnp0fDiPjM/India-GDP-to-recover-in-Q4-third-quarter-to-remain-slow-Ni.html |
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Rajiv Kumar says Niti Aayog has not done its own GDP projection yet but it will be around the same figure as projected by the RBI, which will be 7.4-7.5%

Guwahati: The country's economy is likely to bounce back during the fourth quarter at a faster rate to match the overall projection for the current fiscal, Niti Aayog vice chairman Rajiv Kumar said Tuesday.

However, the economy is unlikely to recover in the third quarter from the slow pace during the last quarter, the Aayog said.

"Niti Aayog has not done its own projection yet. I think it will be around the same figure as projected by the Reserve Bank, which will be 7.4-7.5%," Kumar told PTI here.

He was responding to a query on the overall GDP growth of India during the current financial year.

When asked if the economy will bounce back in the third quarter, Kumar said: "(It) may not recover. The recovery will be, I think, in second half. I don't know about quarter three. But I think we will remain in the same level and then become faster in quarter four. That way I am looking at it".

India's growth in the July-September quarter slipped to 7.1% from 8.2% in the April-June quarter as consumption demand moderated and farm sector displayed signs of weakness.

The growth in gross domestic product (GDP) in July- September is the lowest in three quarters but better than 6.3% in the same period of the previous year, helping the country retain the tag of the world's fastest-growing major economy, ahead of China.

Meanwhile, Crisil has cut India's growth forecast for current fiscal to 7.4% from 7.5% on the back of weakening global GDP and trade growth.

Care Ratings also cut its forecast by a similar measure to 7.4%, saying the subdued pickup in economic activity in the second quarter and constraints in the financial system will dent growth.

Analysts at Icra Ratings retained their growth forecast, but at a much lower level of 7.2%.

Similarly, India Ratings also reiterated its 7.3% estimate.

| Dyeing units pollute Cauvery with effluents, TNPCB blamed | Times of India<br>https://timesofindia.indiatimes.com/city/salem/dyeing-units-pollute-cauvery-with-effluents-tnpcb-blamed/articleshow/66944961.cms |
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Untreated effluents from illegal dyeing units flowing into two canals originating from Avathipalayam and Sillankadu villages near Pallipalayam here is a common sight. These canals merge with the Cauvery at Ramakrishna Nagar, polluting the river, which a majority of people in the area depend on for potable water.

While the situation is grim, the Tamil Nadu Pollution Control Board (TNPCB) has completely failed to rein in the 3,000-odd illegal small textile dyeing units in the area, most of which have laid underground plastic pipelines to discharge untreated effluents into the canals.

Many textile dyeing units at Pallipalayam and Kumarapalayam let off effluents into the canals, which flow into the Cauvery. More than 20, 000 families in these two towns are forced to use the untreated river water for drinking purposes," said A Aadhavan, an environmentalist.

According to him, more than 3,000 small textile dyeing units are functioning at Komarapalayam and Pallipalayam areas illegally. "All of them discharge effluents into the nearby canals without treating them," he said.

Both the Pallipalayam and Kumarapalayam towns are situated on the banks of Cauvery. None of the dyeing units in these areas have an effluent treatment plant.

Pointing out that all the drains in the region were also merging with the Cauvery, the environmentalist said the river water was getting mixed with both sewage and effluents. "The river is getting more polluted day by day as large quantity of untreated effluents are discharged into the Cauvery daily," he said.

Residents of Pallipalayam and Kumarapalayam areas, meanwhile, said borewell water was also getting contaminated because of the illegal dyeing units and that they were forced to depend on municipal water supply.

When contacted, D Jayalakshmi, district environmental engineer with TNPCB said they were taking regular action against the polluters. "We will once again monitor the present situation and take necessary action."

It is to be noted that TNPCB has never done anything to shut down the textile dyeing units in the area, despite several petitions regarding them polluting the Cauvery, the lifeline of many residents. Some sources said the illegal units were functioning in the area with the "consent" of TNPCB officials, who take bribe from them at regular intervals.

The dyeing units have been operational for more than five years, said S Samikannu, one of the residents. "These units pollute both the waterbodies and ground water. Most of us drink water only after purifying it with RO units. At times, we are forced to buy bottled water from outside," he said

Take stern action against unit owners: Activist

Environmentalist A Aadhavan said the illegal dyeing units at Avathipalayam village were not concerned about the health hazard they pose to local residents by letting untreated effluents flow into the Cauvery

Pointing to the canal at Sillankadu, he said there was hardly any water in its point of origin. “But, the canal is flowing with untreated effluents after 1km from its origin. Likewise, water is crystal clear in the canal that originates at Avathipalayam. The water gets contaminated after it crosses Sillankadu village.”

The environmentalist said the dyeing unit owners have laid underground plastic pipelines for several kms to the canals. “They release the untreated effluents after completing the processing works.”

He also urged TNPCB officials to take strict action against the dyeing unit owners for polluting the Cauvery.

| **EPFO approves re-constitution of three key committee** | **Economic Times** https://economictimes.indiatimes.com/news/economy/policy/epfo-approves-re-constitution-of-three-key-committees/articleshow/66939615.cms |
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The newly-reconstituted central board of trustees (CBT) of the Employees Provident Fund Organisation have approved the re-constitution of three key committees. A decision to this effect was taken at the 223rd meeting of the CBT, chaired by labour minister Santosh Kumar Gangwar on Tuesday

Gangwar nominated members to the reconstituted committees that included the Finance, Investment and Audit Committee, the Pension & EDLI Implementation Committee and the Exempted Establishments Committee, labour ministry said in a statement

The central government had reconstituted the CBT, EPFO under section 5A of Employees’ Provident Fund & Miscellaneous Provision Act, 1952 through a notification last month after the five-year tenure of the earlier board came to an end.

As per the notification, no member can continue on the board for more than two terms of five years each. This would mean all the old hands at EPFO would now make way for younger representatives of employees and employers.

According to the statement, the board also ratified the proposal of appointment of CRISIL NSE 2.93 % consultant to assist the EPFO in selection and review of portfolio managers, while also extending the tenure of current portfolio managers upto March, 2019 or till appointment of new Portfolio Managers, whichever is earlier.

"The Central Board of Trustees, EPFO adopted the revised guidelines issued by the DoP&T in consultation with UPSC to shift the crucial date of eligibility to 1st January of the vacancy year and relevant years upto which APARs are to be considered for conducting Departmental Promotion Committee Meetings in relation to all cadres in EPFO," it added.

| Survey: US manufacturing grew in November | Fox News<br>https://www.foxnews.com/us/survey-us-manufacturing-grew-in-november |
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U.S. manufacturers expanded at a faster pace in November as new orders surged, a positive sign for domestic economic growth heading into 2019.

The Institute for Supply Management, an association of purchasing managers, said Monday its manufacturing index rose to 59.3 last month from 57.7 in October. Readings above 50 point to growth and manufacturers have expanded for the past 27 months.

New orders jumped in November, while production and employment also saw gains.

Out of 18 industries, 13 reported growth last month, including computer and electronic products, textiles, food and beverages and transportation equipment.

The gains suggest solid growth for factories during the first quarter of 2019.

"It says Q1 should be pretty good, especially January and February," said Timothy Fiore, chair of the ISM manufacturing business survey committee.

Michael Pearce, a senior economist at Capital Economics, said that the gains largely reflect the U.S. economic demand and that the strength could fade due, in part, to a slowing global economy.

"We still think that growth in the sector will weaken over the coming months as the stronger dollar, weaker global growth and fading tailwind from fiscal stimulus weigh on demand," Pearce said.

Manufacturers may be helped by Sunday's agreement between the United States and China to prevent tariffs from escalating next year. The countries are locked in a bitter trade dispute as President Donald Trump has sought to reduce the trade imbalance with China and stop the theft of intellectual property.

U.S. officials agreed not to increase taxes on $200 billion of Chinese imports at the start of 2019, while China agreed to purchase an unspecified amount of American goods. The Trump administration also decided to keep talks ongoing for the next 90 days.

Several companies surveyed for the ISM index said that the tariffs had been increasing prices, including a furniture maker and petroleum and coal products company.

| Pakistan, Italy sign MoU to expand economic, trade cooperation | **Business Recorder** https://www.brecorder.com/2018/12/05/456747/pakistan-italy-sign-mou-to-expand-economic-trade-cooperation/ |
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Pakistan and Italy Tuesday signed a Memorandum of Understanding (MoU) for enhancing economic and trade cooperation in different sectors.

Federal Secretary for Commerce Mohammad Younus Dhaga while addressing as chief guest at the MoU signing ceremony between ICE, Italian Trade Agency and Trade Development Authority of Pakistan here, informed both countries agreed to extend the cooperation in infrastructure and construction, energy, logistics, transport, telecoms, water, machinery and equipment for manufacturing marble and stones, textile, clothing, leather, shoes, rubber, metal and chemical products.

Both sides also agreed to increase cooperation in agriculture and food equipment, machinery and equipment for health and pharmaceutical sector, automotive, consumer goods, food, furniture, clothing and apparel, he added.

Dhaga said Italy and Pakistan had excellent bilateral political and trade relationship rooted in history.

He said Italy was among the top ten trading partners of Pakistan in the world and third largest in context of trade with European Union (EU) and there was trade potential in both the countries, which need to be tapped in near future.

He further said Italy had helped Pakistan while acquiring Generalized Scheme of Preferences (GSP-Plus) with EU countries for increasing Pakistan's exports with them.

He said Pakistan had increased the trade with EU countries by 14% after getting GSP- Plus and overall revenue impact was 38%.

Dhaga said Italy would extend cooperation for value addition of different sectors to boost exports

He said after this MoU both of the parties agreed to enhance cooperation aimed at promoting Foreign Direct Investment in Pakistan and Italy. Addressing the MoU ceremony, Ambassador of Italy to Pakistan, Stefano Pontecorvo said both of the countries had decided to create a long term strategic relationship for increasing cooperation in different sectors.

After signing the MoU direct contact would be established between the business communities of both of the countries. He said MoU between Pakistan and Italy would be result in industrial cooperation between both sides.

While Trade Commissioner to UAE, Oman and Pakistan , Gianpaolo Bruno , Director General Trade Development Authority of Pakistan Rafeo Bashir Shah and Trade Counselor, embassy of Italy in Pakistan, Francesco Gargano highlighted the issues of economic and trade relations between the countries.

| Textile sector: PTEA demands immediate release of duty claims | Tribune India<br>https://tribune.com.pk/story/1859552/2-textile-sector-ptea-demands-immediate-release-duty-claims/ |
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The Pakistan Textile Exporters Association (PTEA) has stressed the need for immediate release of outstanding Duty Drawback of Taxes (DDT) claims in order to achieve sustainable growth through enhanced exports.

The textile industry has the capacity to add a further $5 billion to textile exports and generate 500,000 new jobs in two years. PTEA Chairman Khurram Mukhtar said the cash crunch had squeezed the financial stream and textile exporters were finding it difficult to meet their export commitments. An amount of Rs16 billion was approved by the previous government for the release of DDT claims but it could not be paid and the outstanding amount had accumulated to Rs35 billion, he added.

Moreover, huge customs duty rebate claims amounting to Rs10 billion are also stuck. He lamented that though the textile industry contributed 8% to the national GDP, it remained a low priority area for the policymakers and the sector had not been given due importance.

Resultantly, a meagre growth of 0.41% had been recorded in textile exports in July-October 2018-19 as compared to the previous year, which reflected non-seriousness of the government towards the largest manufacturing industry, he said. Terming the value-added textile sector the main engine of growth, Mukhtar underlined the need for the production of exportable surplus.

He called for the immediate release of stuck liquidity in order to achieve maximum industrial growth and a significant increase in exports as the cash crunch was negatively impacting the export-oriented textile industry.

Pointing to the major tax irritants, he said textile exporters were facing a serious issue of non-processing of refund claims pertaining to lubricants/oils. Furthermore, the effect of income tax credit under Section 65B was not being properly passed on to the exporters as a huge amount of tax credit claims was lying unprocessed. Tax authorities at several times had made commitments to resolve the issues but they were still unresolved, he added.

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