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 | Web: www.simamills.org

NEWS CLIPPINGS –24-12-2018

Preparing agenda for WTO: Prabhu	The Hindu https://www.thehindu.com/todays-paper/tp-business/preparing-agenda-for-wto-prabhu/article25815898.ece

India is preparing an agenda for the World Trade Organization (WTO) by taking on board the views of developed as well as developing countries, which may be discussed in Davos, Commerce and Industry Minister Suresh Prabhu said.

Key trade ministers from countries, including from India, would meet next month on the sidelines of the World Economic Forum Summit at Davos to discuss the road ahead for the WTO. "We are in the process of preparing an agenda for WTO, which will be acceptable to most of the countries, and which will take on board the views of developing and developed countries," Mr. Prabhu told PTI.

Cotton and Currency Markets	**Kotak Commodities Research Desk** **For more details contact :** Research@kotakcommodities.com & aurobinda.gayan@kotakcommodities.com

A. Cotton		
Spot price (Ex-Gin) 28.5 to29 mm		
Rs/Bale	Rs/Candy	USD Cent/lb
20813	43500	79.01
Domestic Futures (Ex-Gin) November		
Rs/Bale	Rs/Candy	USD Cent/lb
21490	44914	81.58
International Futures		
NY ICE USD Cents/lb. (Mar 2019)		73.18(-1.88)
ZCE Cotton: Yuan/MT (May 2019)		15225
ZCE Cotton: USD Cents/lb.		100.38
Basis Difference (Domestic spot – ICE March)		5.83
Cotlook A Index - Physical		83.40(-1.65)
B. Currency		
USD/INR	Close	Previous Close
Spot	70.15	70.15
USD Index	96.30	

Cotton Guide

ICE March Settled at 73.18 cents/lb after tough a steep low of 79.07, which is a (-188) point drop. The other ICE contracts settled at 74.62 for the May contract and 75.96 for the July contract with drops of (-185) and (-174) points respectively.

At the domestic front, the focus has now shifted on MCX January 2019, which settled at 21,490 Rs/Bale with a change of (-410). MCX February contract settled at 21,720 with a downward slide of (-410). The March contract emanated a slide of (-400) Rs settling at 21,970 Rs/Bale.

Arrival Figures in India are estimated to be around 1,80,000 lint equivalent bales (private estimates). Shankar 6 was available at an average price of 43,500 Rs/Candy where as Punjab J34 was available at 4,360 Rs/Maund. Cotlook Index A was adjusted to a massive (-1.65) cents/lb at 83.40 cents /lb CFR main Far Eastern Ports.

It been all bearish last week. We have seen a high of 79.80 on Monday and a low of 73.07 on Friday. This amounts to a drop of (-6.73) cents/lb this week alone. Percentage wise this figure shows a weekly loss of 8.1% which is very unusual. Market sentiments are weak as we see open Interest Dropping at 214,877 which is at its lowest level since July 2017. This volatility is completely attributed to geopolitical & economic uncertainty. The technical charts indicate that there is a high probability of cotton settling even at a figure of 70 cents/lb. However, during this Christmas week we expect lesser fluctuations in the prices.

On the Technical Front, ICE MAR futures lost the most in previous week after breaching strong support at 76 level. Meanwhile price is trading below the crucial support of 74.00 with RSI in the daily charts hovering below the 30 level (at 28.28) suggesting weakness in the market. For now, unable to move above 74 could push price further down towards next support at 72.30 levels. On the higher side 75.50 is the crucial resistance zone followed by 76.20. So in the near term price is expected to trade in the range of 76.20-72.30 with sideways to downside bias. In the domestic markets trading range for Dec future will be 20400-21200 Rs/Bale.

Currency Guide

Indian rupee has opened little changed to trade near 70.2 levels against the US dollar. Weighing on rupee is weakness in global equity market amid concerns about US partial government shutdown after officials failed to reach a deal. The partial US government shutdown could continue to Jan. 3, when the new Congress convenes and Democrats take over the House of Representatives. Concerns about US economy are also high amid disappointing GDP data and reports that US President discussed removing Fed Chairman Jerome Powell. However, supporting rupee is weakness in crude oil price and Fed's dovish stance. Brent crude gained over 1% to trade near $54 per barrel as OPEC members indicated that they are willing to take more measures to rebalance global market however weighing on price are demand concerns and higher US crude production. Fed last week raised interest rate in line with expectations but lowered 2019 rate hike forecast from three to two. Rupee may witness choppy trade as weaker crude price will be offset by weaker risk sentiment but overall bias is still positive. USDINR may trade in a range of 69.85-70.25 and bias may be on the downside.

5% GST on flats under construction on the cards	**The Hindu** https://www.thehindu.com/todays-paper/tp-business/5-gst-on-flats-under-construction-on-the-cards/article25815895.ece

The GST Council is likely to consider lowering GST on under-construction flats and houses to 5% in its meeting next month, an official said.

Currently, the Goods and Services Tax (GST) is levied at 12% on payments made for under-construction property or ready-to-move-in flats where completion certificate has not been issued at the time of sale. However, GST is not levied on buyers of real estate properties for which completion certificate has been issued at the time of sale.

Preparing agenda for WTO; likely to be discussed in Davos, says Suresh Prabhu	**Financial Express** https://www.financialexpress.com/india-news/preparing-agenda-for-wto-likely-to-be-discussed-in-davos-says-suresh-prabhu/1422674/

India is preparing an agenda for the World Trade Organization (WTO) by taking on board the views of developed as well as developing countries, which is expected to be discussed in Davos, Commerce and Industry Minister Suresh Prabhu said.

India is preparing an agenda for the World Trade Organization (WTO) by taking on board the views of developed as well as developing countries, which is expected to be discussed in Davos, Commerce and Industry Minister Suresh Prabhu said. Key trade ministers from countries including from India would meet next month on the sidelines of the World Economic Forum Summit at Davos to discuss the road ahead for the WTO.

“We are in the process of preparing an agenda for WTO, which will be acceptable to most of the countries, and which will take on board the views of developing and developed countries,” Prabhu told PTI. “We (key trade ministers) are meeting on the sidelines of Davos for mini-ministerial on WTO, where we would like to present this proposal,” he added.

The move assumes significance in the backdrop of growing protectionism in the global trade. Several countries are raising customs duties to protect their industry. Duty hike by the US on certain steel and aluminium products has triggered a trade war kind of situation.

The rich nations are forming groupings to prepare ground for pushing new issues such as investment facilitation, preparing rules for e-commerce, promoting gender equality and reducing subsidy on fisheries. India has been keenly pushing agricultural issues at the WTO. It has also been raising its voice against bringing new issues, especially those which are not directly linked to trade, to the negotiating table. The talks at the WTO’s 11th ministerial conference collapsed after the US went back on its commitment to find a permanent solution to the public food stockholding issue, a key matter for India. The four-day conference in Argentina, which ended without a ministerial declaration or any substantive outcome, did manage to make feeble progress on fisheries and e-commerce by agreeing to work programmes.

Maharashtra lures textile units facing in problems from Karnataka, TN	Business Standard https://www.business-standard.com/article/economy-policy/maharashtra-lures-textile-units-facing-in-problems-from-karnataka-tn-118122300267_1.html

State seeks make Solapur a major textile hub, is holding three-day fair in Bengaluru to rope in investors, offers cheaper power to units set up on its territory

Maharashtra is capitalising on the problems faced by textile chains in Karnataka and Tamil Nadu, by inviting them to invest in its domain. Textile units have been reeling under the impact of power cuts and frequent queries from the pollution control boards in the two southern states.

Maharashtra's textile minister Subhash Deskmukh urged units to invest in the state, to enable the state government to make Solapur a uniform and textile hub. In order to intensify the appeal, the state government is organizing a three-day Uniform, Garment and Fabric Manufacturers Fair in Bengaluru between January 8 and 10, 2019.

Since its launch nearly three years ago, nearly 400 textile units have been set up in the Solapur textile hub, which the government of Maharashtra plans to raise to 2,000 by 2022.

“Our move is to give an equal opportunity to all stakeholders from the textiles industry to become part of it. All types of uniforms; be it school, industrial, hospital, work wear or hotel staff wear, will be made available under one roof at the venue. The fair will see brands, retailers, dealers, manufacturers, wholesalers, retail chains, semi wholesalers, traders, distributors, e-commerce agents, retail chains participating in the Fair in large numbers. Solapur has the unique distinction of being the country’s centre for the high-quality uniforms and allied garments,” said Deshmukh.

In its new textile policy, the Maharashtra government announced a power tariff of Rs 3 per unit for co-operative cotton mills and Rs 2 per unit for power looms, cloth processing, and garment and hosiery units in the state.

In an initiative to promote processing of cotton, silk and other raw material used in traditional and man-made textiles, Maharashtra intends to invest as much as Rs 46.49 billion between 2018 and 23, under various schemes to be implemented under its “Fibre to Fashion” mission. The state aims to generate 1 million jobs by 2023.

CM vows to develop Jharkhand as Textile Hub	Daily Pioneer https://www.dailypioneer.com/2018/state-editions/cm-vows-to-develop-jharkhand-as-textile-hub.html

Chief Minister Raghubar Das today pledged to develop Jharkhand as a textile hub citing investment friendly government and abundance of human and natural resources in the State. While inaugurating of the first unit of Rampur Arvind Smart Textile and Phase 2 of Bhoomi Poojan here on Sunday the CM said that the company will provide ample employment opportunities to the people of the State.

“Today is an important day for Jharkhand as new employment opportunities are opening here. We are growing fast in the direction of developing Jharkhand as a textile hub. In the same link today the inauguration of the first unit of

Arvind Smart Textile and the land worship rituals for Phase 2 has been done. On completion of Phase 2 of Arvind Textiles worth Rs 300 crore, 16 million garments will be produced each year. By this, 7500 people will get direct employment, of which 80 per cent will be women. Large number of indirect jobs will also be created," said the CM.

He said that the textile industry has the highest employment opportunities. To promote this, the government has made the best textile policy in the country, the effect of which is visible. Special provisions have been made in this policy to link women to employment. On the employment of women under the policy, subsidy of additional Rs 1000 is being given to the company. A subsidy of Rs. 5000 per person per month and a subsidy of Rs. 6000 per woman employment is being given. Soon, textile policy will be encouraged to make a textile park here, he added.

The CM said that people are being trained through skill development to connect them with employment. "The impact of the government's efforts on skill development is also in front. People are getting employment in their home. Earlier, our girls had to go to another State for jobs of Rs 7-8 thousand. They were exploited in every way. Now they will not only get rid of the life of hell, they will also get employment of 12-13 thousand rupees in their house,' he said.

He said that the production of Tasar is around 3700 MT in the entire country, in which around 2600 MT is produced only in Jharkhand and is mainly exported to the US, UK, Australia, Germany and Switzerland. It is the government's attempt to set up value-added plant in Jharkhand. This will not only benefit the people, the government will also get revenue, he added.

Referring to Momentum Jharkhand, the CM said that till now the foundation stone for 30 companies related to the textile industry has been done. Out of this, four companies - Orient Craft, Kishore Exports, Sidditech and Arvind Mills - have also started production. Starting today, Arvind Smart Textile has got employment from 2000 people. In the second phase 7,500 people and people will get direct employment. Apart from these, 26 companies are investing Rs 1,367 crores. This will provide employment to 26,000 people. Apart from this, the proposals of eight companies from different states are under process, said he.

Executive Director, Kunil Lalbhai, Arvind Mills said that Jharkhand has such capacity in the field of textile industry that it will soon leave behind Bangladesh. He said that Arvind Mills, Arvind Textile is going to invest Rs 500 crores every year in the next four-five years to meet growing demand in India and globally in the textile and fashion industry. Under the development of 3 large garment clusters of the country, these investments will be done in Jharkhand, Gujarat and Andhra Pradesh. This will give direct employment to more than 10000 people, of which 80 per cent will be women. Large number of indirect employment will also be created.

Khijri MLA Ram Kumar Pahan, Principal Secretary to CM Sunil Kumar Barnwal, Industry Secretary K Ravikumar, Director Industries Jishan Kammer, CEO Arvind Mills Sushil Kaul and a large number of dignitaries present on the occasion.

GST officials unearth ₹260 cr. fraud	The Hindu https://www.thehindu.com/news/national/tamil-nadu/gst-officials-unearth-260-cr-fraud/article25815340.ece

Fake invoices for shell companies found during raid

Officials of the Directorate General of GST Intelligence (DGGI) in Coimbatore and Chennai zones have seized documents that suggest fake invoices were issued covering goods worth more than ₹220 crore and additionally, ₹40 crore of illegal and ineligible Input Tax Credit was passed off since June 2018 in Chennai and Madurai.

Based on intelligence inputs, officials of Coimbatore and Chennai zones carried out searches at several official and residential premises in Chennai and Madurai on December 20. They busted a racket involved in issuing invoices without supplying goods. Documents including copies of fake invoices issued on the letter heads of firms that existed only on paper were seized, a release said.

While GST should be paid against each issued invoice, the applicable tax was not paid on these transactions since June 2018.

Improper tax credit

However, those on whose names the invoices were raised have availed Input Tax Credit. The payments were made or received through banking channels that was later withdrawn and shared through domestic hawala channels, the release said. Several bogus companies were created and bank accounts using the PAN and Aadhaar numbers of family members, employees, and friends were used. Cheque books with pre-signed cheque leaves of 45 bank accounts, rubber stamps in the names of 30 companies, hard discs, and mobile phones were seized.

The DGGI provisionally attached 27 bank accounts and arrested two people on December 21. The documents seized suggest that fake invoices covering goods were issued without physical supply of goods.Further investigation is under progress, the release added.

Centre benefiting at the cost of States: Yanamala	The Hindu https://www.thehindu.com/news/national/andhra-pradesh/centre-benefiting-at-the-cost-of-states-yanamala/article25811384.ece

Faults formula pertaining to devolution of IGST balance

Finance Minister Yanamala Ramakrishnudu on Saturday expressed concern that the Integrated GST (IGST) balance, up to an extent of ₹1 lakh crore lying as on March 31, was distributed among the States to an extent of 42% as per the Finance Commission’s devolution formula after putting the entire amount in the Consolidated Fund of India.

At the 31st meeting of the GST Council in New Delhi, he said a sum of only ₹50,000 crore should have been deposited in the Consolidated Fund and ₹21,000 crore devolved to the States. The balance (₹50,000 crore) should have been directly distributed to the States.

'Loss to A.P.'

Had it been done so, the States would have got ₹71,000 crore, instead of ₹42,000 crore, he observed.

The Centre got ₹29,000 crore additionally at the cost of the States, he said. Andhra Pradesh lost ₹1,000 crore on that account during 2017-18, Mr. Ramakrishnudu stated, demanding that the amount be released immediately.

Mr. Ramakrishnudu insisted that since the finalisation of GST rates was the prerogative of the GST Council by virtue of it being a constitutional body, the Prime Minister's announcement that the tax rates of 99% of the items would be brought to 18% or below was not appropriate. The Minister requested the Council to re-examine the proposal for exemption/reduction of tax on tamarind, fried gram, textiles, handloom goods, fishnets, etc.

Avoid cap on remuneration of independent directors: CII to govt	**Live Mint** https://www.livemint.com/Industry/TDJwf4BtBQorLXZHufU0lJ/Avoid-cap-on-remuneration-of-independent-directors-CII-to-g.html

CII said the total pecuniary relationship of an independent director with the company, its holding, subsidiary or associate company, or their promoters or directors, shall not exceed 25 per cent of his total income

Industry chamber CII has urged the government not to cap remunerations of independent directors under the amendments to the Companies Act, 2013. It appears from the 'Report of the Committee to review offences under the Companies Act, 2013' that the intent behind this amendment is to cover the remuneration received by an independent director within the meaning of 'pecuniary relationship' so that the independence of the director concerned does not get impacted, the chamber said in a statement Sunday.

"Any cap would be regressive to the current mechanism prescribed under the Companies Act, 2013 and the SEBI regulations. Obtaining income details of independent directors would be difficult as directors may not be willing to share the income information. This is so especially in the light of Data Privacy Laws," it said.

The total remuneration of non-executive directors, including independent directors, is capped by Section 197 of the Companies Act, 2013, it added.

"A second cap on the remuneration of independent directors is not required," it added.

According to the proposed amendments, CII said the total pecuniary relationship of an independent director with the company, its holding, subsidiary or associate company, or their promoters or directors, shall not exceed 25 per cent of his total income.

It said independent directors also contribute to shareholder value creation through strategy evaluation, risk management, governance and control.

"Caps on remuneration may discourage him from fulfilling this role. In fact, such an approach carries the distinct risk of converting independent directors into auditors, thereby leading to conflict and dissension in Board processes," it said.

It added that there is already a dearth of quality independent directors and excessive regulations may result in qualified person hesitating to take up this role.

Indian firm to set up $40 million textile plant in Bulawayo	**Bulaway.com** https://bulawayo24.com/index-id-news-sc-national-byo-152180.html

ONE of India's biggest and international acclaimed textile firms Shreejikrupa Spinners is considering investing over $40 million towards setting up a plant in Bulawayo soon.

Industry and Commerce Deputy Minister Raj Modi told Sunday News Business that the Indian had shown interest in setting up a polyester manufacturing plant in Bulawayo. This comes after his successful business tour of the Asian country two weeks ago.

"I can confirm that Shreejikrupa Spinners has indicated intention to come and set up a polyester plant here in Bulawayo whereby the company will come with the latest technology of recycling plastic into polyester," he said.

A number of textile players in most developed countries have resorted to recycling plastic bottles into soft polyester thread to make eco-friendly clothing.

Plastic bottles are made of polyethylene (PET), a form of polyester that is mostly associated with a fabric used in clothing and interiors. However, both are actually polymers, a derivative of fossil fuels. The fabric made out of the PET fibre is basically polypropylene and it is ten times stronger than a normal polyester fabric.

"The company officials expressed interest to come for feasibility studies as early as next month thus they are only waiting for us to give us the nod to visit the country. If they are satisfied with the prospects of recouping their investment they are likely to pour in as much as over $40 million into the project," said Dep Minister Modi.

He said the project was expected to play a massive impact in the revival of Bulawayo's industry and contribute immensely to the country's economic turnaround efforts.

"The project will obviously benefit Bulawayo immensely in terms of employment creation, not only from it but downstream industries as well. It will obviously fill the massive void of unemployment, which has been accelerated by the effects of de-industrialisation. On the other hand the investor we are talking about has big capacity to fulfil the local demand for polyester because at the moment we are relying on imports," said Dep Minister Modi.

China mulls new foreign investment law	Economic Times https://economictimes.indiatimes.com/news/international/business/china-mulls-new-foreign-investment-law/articleshow/67218661.cms

China's legislature is considering a new law governing foreign investment that will streamline existing rules and prevent the forced transfer of technology, state media reported Sunday.

The new "unified law" will replace three existing laws on Chinese and foreign equity joint ventures, non-equity joint ventures and wholly foreign-owned enterprises, the official Xinhua news agency reported.

A draft of the proposed legislation was presented at a meeting of the Standing Committee of the National People's Congress (NPC) which began Sunday.

When in place, the new law would bar local governments from restricting market access for foreign firms and from forcing them to transfer technology.

This will ensure foreign investors would enjoy the same privileges as Chinese companies in most sectors except those excluded on a "negative list".

US and EU officials have long complained of a lack of fair access for foreign companies in China, as well as rampant theft of intellectual property.

In order to further expand opening up, actively promote foreign investment, protect the legitimate rights and interests of foreign investment, and promote the formation of a new pattern of comprehensive opening, the State Council has proposed a bill," the Standing Committee said is a statement about the meeting posted on the NPC website.
The moves signal China's increased support for the economy as a bruising trade war with the US has stymied growth.

Top policymakers on Friday pledged support with tax cuts and other policy measures including further opening the economy and better protection of intellectual property rights. Economic data has shown China's economy slowing this autumn, with Chinese consumer spending growing at its slowest pace in 15 years during November and factories easing up on production.

Chinese President Xi Jinping and US President Donald Trump agreed to a 90-day tariff truce this month, as the two sides try to find a more permanent solution to the trade dispute. Senior officials from both countries had a phone conversation on Friday and "made new progress" on several issues including trade balance and strengthening intellectual property protection, China's commerce ministry said in a statement Sunday.

The meetings of the Standing Committee of the National People's Congress, a powerful body of lawmakers headed by top legislator Li Zhanshu, run until Saturday.

UN ban on North Korean textiles will disrupt industry and ordinary lives, say experts	Lakeland Observer.com https://lakelandobserver.com/un-ban-on-north-korean-textiles-will-disrupt-industry-and-ordinary-lives-say-experts/341510/

United Nations sanctions on North Korea's important textiles industry are expected to disrupt a business largely based in China and pose compliance headaches for clothing retailers around the world. The UN security council imposed a ban on North Korea textile exports and a ceiling on the country's imports of crude oil on Monday, ratcheting up sanctions that are likely to hit the country's ordinary citizens. "If the goal of the sanctions is to create difficulties for ordinary workers and their ability to make a livelihood, then a ban on textiles will work," said Paul Tjia, an outsourcing specialist who regularly visits North Korea.

Textiles were North Korea's second-biggest export after coal and other minerals in 2016, totalling $752 million, according to data from the Korea Trade-Investment Promotion Agency. Nearly 80 percent went to China. Enforcement of the textile ban along North Korea's 1,400-km (870 mile) border with China – where goods are sometimes smuggled across, often on boats at night – could be challenging, North Korea experts say.

"In the past, we have seen shows of quite convincing enforcement in the major centres, such as at Dandong," said Chris Green, a North Korea expert at Leiden University in the Netherlands, referring to the largest trading hub on the China-North Korea border. "But further upriver, where press intrusion and interest tends not to be there, we haven't seen the same degree of energetic enforcement."

Despite tightening sanctions, trade in non-banned goods including food and other daily necessities continues between China and North Korea carried by hundreds of trucks crossing back and forth every day. "Enforcement will depend a lot on China," said Tjia. "So far, a lot of the North Korean textiles trade to Europe and other places goes via China."

"It will be up to Chinese companies that deal in the North Korean textile trade to take action and up to the Chinese government to ensure the Chinese companies are taking action."

On a recent visit to the Chinese border with North Korea, several Chinese traders told Reuters the Chinese government is strictly enforcing U.N. sanctions to the point that some businesses that rely on trade with North Korea have already gone bankrupt or traders have had to start trading in non-sanctioned goods.

MORAL QUESTION

Another challenge is that clothes can be partly made in China and partly in North Korea with a "Made in China" label attached to the finished product.

"Even if a label says "Made in China", some parts of the product are allowed to be made in North Korea and other places," Tjia said. "For example, the buttons may come from Italy, the cotton may come from Australia or India, the labour may come from North Korea or China, the accessories may come from Bangladesh."

North Korea does not release statistics on the number of people involved in the textiles industry but experts estimate at least 100,000 people are employed at North Korean textiles factories, producing goods both for export and the domestic market. Cheng Xiaohe, a North Korea specialist at Beijing's Renmin University, estimates the figure may be as high as 200,000 people.

A ban on textiles will not only impact factory workers but also their families who are supported by work in textiles factories, said Green. Wages at textiles factories grew tenfold around 2010 when North Korea was experimenting with economic reforms, according to Green, so people suddenly went from earning 30 North Korean won to 300 won. "They were suddenly getting a reasonable wage. Whereas 30 won or being paid in kind wouldn't get you very far, if you were suddenly being paid 300 won, it would get you something – until of course inflation kicked in."

Textiles factories in North Korea are increasingly "run like private businesses and part of the new, evolving social contract is that people get paid a wage and they can live off that wage, which is new to this generation," said Andray Abrahamian of Choson Exchange, a Singapore-based NGO that trains North Koreans in business skills.

"This year, we've entered a realm of sanctions where the effects are really, really going to be felt by ordinary people."

Exports static, imports soar in Oct	**Daily Ft.com** http://www.ft.lk/top-story/Exports-static--imports-soar-in-Oct-/26-669480

Exports up by mere 0.4% to $ 979 m; imports swell by 9% to $ 1.88 b, widening trade deficit to $ 903 m

Year-to-date exports up 5% to $9.87 b; imports by 10.3% to $ 18.7 b, and trade deficit balloons to $ 8.8 b

The country's external sector came under severe pressure in October as exports struggled and imports jumped, widening the trade deficit further.

The higher growth in imports was despite measures by the Central Bank in September and October to curtail waste of foreign exchange on non-essential goods.

Exports managed to grow by only 0.4% to $ 979 million in October and failed to repeat the crossing of $ 1 billion mark, a feat achieved four times between January and September.

mports in October rose by 9% to $ 1.88 billion, the highest since August.

The twin developments saw trade deficit widen by $ 903 million, as against $ 752 million a year earlier.

Year-to-date, exports have grown by 5.1% to $ 9.87 billion, and imports by 10.3% to $ 18.73 billion, expanding the trade deficit to $ 8.85 billion, up from $ 7.6 billion in the first 10 months of last year.

"Sri Lanka's external sector continued to be under pressure in October," the Central Bank said. However, it expects the trend of increasing imports will reduce in the coming months with the lagged impact of recently introduced restrictions on certain import categories.

Central Bank said the marginal growth of exports in October reflects mainly the decline in agricultural exports by 11.5%, which offset the 4.5% growth of industrial exports.

Under industrial exports, export earnings from textiles and garments increased marginally in October due to higher earnings from textile exports despite the slight decline registered in garment exports. The reduced earnings from garment exports was mainly driven by the lower demand from the USA, despite an increase in exports to the EU market and non-traditional markets, such as India, Canada, Japan and Hong Kong. Further, reflecting the combined impact of both volume and export prices, earnings from petroleum products increased significantly in October.

Export earnings from food, beverages, tobacco, base metals and articles increased substantially during October due to improved performance in most of their sub-categories. In addition, export earnings from animal fodder, machinery and mechanical appliances, and transport equipment rose in October, contributing towards the increase in industrial exports. However, export earnings from rubber products, gems, diamonds and jewellery, leather, travel goods, and footwear declined in October.

Earnings from agricultural exports were lower during the month owing to the poor performance in almost all sub-categories, except seafood, vegetables and rubber. Reflecting lower average export prices and exported volumes, export earnings from tea declined in October.

Export earnings from spices also reduced during the month due to the poor performance in most categories of spices. Further, despite an increase in earnings from coconut non-kernel products, earnings from coconut exports decreased due to the drop in earnings from coconut kernel products, such as desiccated coconut and coconut oil. However, owing to higher exports to the EU market, earnings from seafood exports rose during the month.

Leading markets for merchandise exports of Sri Lanka in October were the USA, India, the UK, Italy and Germany, which accounted for about 50% of total exports.

In terms of imports all three sub-categories–intermediate, consumer, and investment goods – contributed to the growth.

Expenditure on intermediate goods rose due to higher imports of textiles and textile articles – led by fabric and yarn, fuel and wheat and maize imports. Expenditure on fuel imports rose with higher import prices of both crude oil and refined petroleum products despite the reduction recorded in import volume of refined petroleum.

In addition, import expenditure on wheat and maize, chemical products, fertiliser, rubber and articles thereof, and plastic and articles thereof increased in October.

However, import of gold declined significantly, reflecting the impact of customs duty imposed since April.

Import of consumer goods rose, owing to higher imports of personal motor cars less than 1,500 CC, hybrid and electric motor vehicles.

"However, it is expected that the importation of motor vehicles would decelerate in the coming months, reflecting the lagged impact on such imports of the policy measures introduced in September," the Central Bank said. Expenditure on rice imports declined, indicating the availability of sufficient quantities of domestic supply. Import of categories such as clothing and accessories, telecommunication devices, household and furniture items, and home appliances, too, declined, partly reflecting the impact of restrictions on non-essential consumer goods imports while also responding to relatively larger depreciation.

mports expenditure on investment goods rose mainly due to higher expenditure incurred on machinery and equipment, and building material imports. However, import of transport equipment reduced due to lower imports of commercial vehicles, such as tankers and bowsers, lorries, buses, and commercial cabs.

China, India, Singapore, Japan and UAE were the main import origins in October, accounting for 61% of total imports.

Pakistan-China JCC sets new targets	**Tehran times** https://www.tehrantimes.com/news/430990/Pakistan-China-JCC-sets-new-targets

The 8th joint cooperation committee (JCC) meeting between Pakistan and China has set new targets for their bilateral cooperation, making CPEC a true economic corridor with multiple doors.

This was announced by Pakistan's minister for planning, development and reform Makhdoom Khusro Bakhtiar after the conclusion of 8th JCC proceedings in Beijing on Friday.

The minister said that as per vision of the leadership, work on the China-Pakistan Economic Corridor (CPEC) was accelerated and its scope was expanded by opening its doors for industrial cooperation, agriculture and socio-economic development.

He added that Pakistan and China had agreed to further strengthen the JCC mechanism through increased frequency of exchanges.

"Signing of MoU on industrial cooperation will steer Pakistan into a new era of industrialisation and help expedite development of Special Economic Zones (SEZs) through relocation of Chinese industries," the minister said. "Enhancing cooperation to cover diverse industries such as textile, petrochemical, iron and steel, mines and mineral, and automobile is a new target of CPEC."

He noted that Pakistan-China cooperation in agriculture sector would focus on attracting investment in food production, processing, logistics, marketing and exports through joint ventures between companies of the two sides.

First meeting of the joint working group on agriculture is planned to be held in the first quarter of 2019. He further said that in the next phase of CPEC, the two sides have agreed to cooperate in the maritime sector, port development and the automobile sector.

Partial US government shutdown set to last through Christmas	**Live Mint** https://www.livemint.com/Politics/FyI6dlMzrNGor9wQlWW7uI/Partial-US-government-shutdown-set-to-last-through-Christmas.html

Trump said that he would remain in Washington over Christmas instead of going to Florida. 'I am in the White House, working hard,' the US President tweeted Saturday morning.

The partial US government shutdown is set to stretch on through Christmas as Congress adjourned Saturday with no deal in sight to end the impasse over funding for Donald Trump's wall on the US-Mexico border. Due to the shutdown -- which saw several key US agencies cease operations at 12:01 am (0501 GMT) Saturday -- Trump said that he would remain in Washington over Christmas instead of going to Florida. "I am in the White House, working hard," the Republican president tweeted Saturday morning. "We are negotiating with the Democrats on desperately needed Border Security (Gangs, Drugs, Human Trafficking & more) but it could be a long stay."

Trump has dug in on his demand for $5 billion for construction of the wall on the US border with Mexico. Democrats are staunchly opposed, and the absence of an elusive deal meant federal funds for dozens of agencies lapsed at midnight Friday.

The House of Representatives and the Senate held sessions on Saturday, but both chambers adjourned without a deal being reached, and no votes were expected until December 27.

Top Senate Democrat Chuck Schumer blasted the president and blamed him for provoking the shutdown: "President Trump, if you want to open the government abandon the wall, plain and simple."

"The Trump shutdown isn't over border security; it's because President Trump is demanding billions of dollars for an expensive, ineffective wall that the majority of Americans don't support."

Most critical US security functions remain operational, but 800,000 federal workers are impacted, with many furloughed just days before Christmas while others deemed essential are working unpaid.

And as many other Americans and tourists began their end-of-the year holidays some national parks have shuttered completely, while others remain open but without any visitor services including restrooms and maintenance.

New York's governor provided funding to the Statue of Liberty monument and Ellis Island so those key attractions could remain open. It remains unclear how long the shutdown will last, with Washington unable to accomplish one of its most basic tasks -- keeping the government up and running.

"This is a dereliction of duty by Congress and the president," said David Cox, national president of the American

Federation of Government Employees. Trump's own Republican party still controls both the House and Senate, but in January the House comes under Democratic control. Governor Ralph Northam of Virginia -- a state bordering the US capital that is home to many federal workers -- urged Trump in a letter Saturday to push immediate action to end the shutdown, saying it "inflicts real harm" on workers.

"I share your desire for strong economic growth throughout the United States, but the current partial government shutdown makes it harder to achieve this goal," the Democratic governor said.

About three-quarters of the government, including the military and the Department of Health and Human Services, is fully funded until the end of September 2019, leaving 25 percent unfunded as of Saturday.

Most NASA employees will be sent home, as will Commerce Department workers and many at the Departments of Homeland Security, Justice, Agriculture and State.

Should they eventually strike a deal, it could swiftly clear Congress and reach the president's desk, said Senate Republican Bob Corker.

One focus of discussion was the $1.6 billion in border security funding that was a part of pending Senate legislation, number two Senate Republican John Cornyn told AFP.

But conservatives in the House would likely balk at that figure.

"There's no agreement," congressman Mark Meadows, chairman of the House Freedom Caucus of ultra-conservatives, told reporters as he left a closed-door meeting on the Capitol's Senate side.

"There's a whole lot of numbers being thrown around," but a maximum $1.6 billion for border security "is not acceptable."

Trump reversed course Thursday and rejected a measure that had unanimously passed the Senate and was under House consideration.

It would have extended government funding until February 8, but contained no money for a border wall, a pet project Trump has fought for since his presidential campaign.

Democrats painted Trump as the Grinch who stole the year-end deal.

With lawmakers like Meadows and prominent conservative commentators demanding that the president stick to his campaign promises, Trump would not budge on his wall.

The House swiftly passed a bill that fulfilled the president's demands. It included $5.7 billion in wall funding, and $7.8 billion in disaster relief. But it stalled at the first hurdle in the Senate.