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NEWS CLIPPINGS –07-03-2019

Industry welcomes textile policy	The Hindu https://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/industry-welcomes-textile-policy/article26452389.ece

Textile industry here has welcomed the Integrated Textile Policy - 2019 announced by the State Government on Wednesday, saying it will strengthen the competitiveness of the textile units in Tamil Nadu.

T. Rajkumar, Deputy Chairman of Confederation of Indian Textile Industry, said the thrust on technical textiles, skill development, and weaving segment is a welcome measure. Former Chief Minister Jayalalithaa was keen to have a permanent solution to the problems faced by the textile processing units and wanted a processing park to come up in Ramanathapuram district for the units in the SME sector.

The Southern India Mills' Association joined hands with the State Government to develop it and the policy mentions the park. It will take off in a year, Mr. Rajkumar toldThe Hindu .

According to P. Nataraj, chairman of Southern India Mills' Association, extending 2 % interest subsidy for modernising machinery that are more than 15 years old in spinning mills will help the mills go in for new technologies. Subsidies for setting up mini textile parks, new units or expansion in southern districts, and developing skills of workers will go a long way to help Tamil Nadu retain its top position in textile sector.

Apparel Export Promotion Council vice-chairman A. Sakthivel said, "This Policy is really a boost to all categories of the textile sector from yarn to finished fabrics."

The industry welcomes the interest subsidy to modernise spinning mills.

The thrust to weaving sector will enable the handloom and powerloom units to grow further, said Prabhu Damodaran, secretary of Indian Texpreneurs Federation.

Interest-free loan

According to S. Nagarajan, president of the Dyers' Association of Tirupur, the industry had sought interest-free loan for the 25 % contribution that a special purpose vehicle should bring in to establish processing parks under the Integrated Processing Development Scheme. The government has announced 5 % interest subvention for the loans taken for the 25 % contribution of the SPV.

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

A. Cotton		
Spot price- Shankar-6 (Ex-Gin) 28.5 to29 mm		
Rs/Bale	Rs/Candy	USD Cent/lb
20239	42300	77.04
Domestic Futures price (Ex-Warehouse Rajkot) March		
Rs/Bale	Rs/Candy	USD Cent/lb
20970	43827	79.82
International Futures		
NY ICE USD Cents/lb. (May 2019)		74.21
ZCE Cotton: Yuan/MT (May 2019)		15295
ZCE Cotton: USD Cents/lb.		103.37
Basis difference (ICE March -Domestic Spot)		2.83
Cotlook A Index - Physical		82.65
WTI Crude USD / Barrel		56.22
B. Currency		
USD/INR	Close	Previous Close
Spot	69.96	70.28
USD Dollar Index	96.87	

Cotton Guide

The ICE cotton futures settled in red figures yesterday. The most active ICE May contract settled at 74.21 cents/lb with a negative slide of -40 points. The high and the low figure for ICE May 2019 contract was 74.90 cents/lb and 74.05 cents/lb respectively. There was yet another attempt to break the 75 cents/lb figure but failed. There still seems to be a threshold here at the ICE May contract. A further break may pave the way for a steady rise in prices.

The total volume seen at ICE was 30,904 contracts as compared to the previous 32,628 contracts. The Total open interest decreased by 1,095 contracts to 223,290. May 2019 and July 2019 interest decreased by 703 and 199 contracts, respectively, to 120,881 and 44,473.

On the other hand the MCX contracts all ended up with positive figures unlike ICE contracts. The MCX March contract settled at 20970 Rs/Bale with a positive change of +160 Rs. The MCX April contract settled at 21260 Rs/Bale with a positive change of +150 Rs, whereas the MCX May contract settled at 21520 Rs/Bale with a positive change of +200 Rs. The Total volume seen at MCX yesterday was 4347 lots as compared to the previous figure of 3065 lots which is a change of +1282 lots . The open interest also on the other hand was seen at 16,596 lots as compared to the previous 16,209 lots which is a slight change of 387 lots.

The arrivals in India are estimated to be around 120,000 lint equivalent bales (private estimates). The prices of Shankar 6 are up by Rs 100 to 42,300 Rs/Candy. The Cotlook Index A has been adjusted towards the positive side at

82.65 cents/lb which is a change of +1.50 cents/lb.

Yesterday's gains in the International and domestic cotton futures was basically attributed to the unconfirmed optimistic news of US China settling their trade relations with each other. We expect the prices to slowly elevate and trade positive today and tomorrow.

On the technical front, ICE Cotton May futures witnessed recovery after holding the supports at 13 day EMA and lower band of the upward sloping channel. Meanwhile price also got supported by RSI as positive divergence between price and RSI limited the downside. RSI in the daily charts is hovering above 50, indicating a change in bias for the near term. So in the near term price is expected to rise towards 75.20-75.80 levels. Only a sustained move above 76.20 could bring fresh buying interest in cotton futures. On the downside support exists around 73.40-71.90 levels. In the domestic market trading range for the March futures is Rs. 20800-21100.

Currency Guide

Indian rupee- Indian rupee may witness mixed trade against the US dollar but overall bias remains positive. Supporting rupee is correction in crude oil price, easing geopolitical risks relating to India-Pakistan and healthy investor inflows. However, weighing on rupee is general strength in US dollar and weakness in equity market amid global growth worries. Rupee has strengthened sharply in last few days but the gains may not sustain for long if risk sentiment remains weak. USDINR may trade in a range of 69.85-70.25 and bias may be on the downside.

Tamil Nadu gets Integrated Textile Policy	**The Hindu** https://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/state-gets-integrated-textile-policy/article26452193.ece

Promotes technical textiles, encourages units in the southern districts

The State government announced its Integrated Textile Policy on Wednesday, giving thrust to sustainable growth of the entire textile value chain, promoting technical textiles, and encouraging textile industry in the southern districts.

Chief Minister Edappadi K. Palaniswami released the policy and Minister for Handlooms and Textiles O.S. Manian received the first copy. The earlier State policy for the textile sector was announced in 1998.

The State Government will provide 100% stamp duty exemption for technical textile projects, 6% interest subsidy for technical textile projects in addition to incentives from the Central Government, and 9% of the project cost as State grant to set up technical textile parks under the Scheme for Integrated Textile Parks.

In the handloom sector, the interest subsidy extended to primary handloom weavers' co-ooperative societies will be increased to 6% from the existing 4% and allocation for the Rebate Subsidy Scheme will be hiked to Rs. 150 crore a year from the existing Rs. 80 crore.

Efforts will also be taken to set up silk parks in clusters such as Kancheepuram, Salem, Arni, and Thirubhuvanam.

For powerloom units, the government will provide an additional 10% capital subsidy to help the units go in for new shuttleless looms under the Amended Technology Upgradation Fund Scheme (ATUFS), buy new preparatory machinery, and for upgradation of plain looms under the PowerTex India Scheme.

The State government will provide 2% interest subvention for investments in technology upgradation and modernisation in existing textile mills that have vintage period of minimum 15 years on installed machinery.

Erode will be promoted as a textile processing printing centre and a processing cluster will be promoted in Ramanathapuram district.

In southern districts

For new units and expansion of existing units in the southern districts, 50% additional capital subsidy will be provided and the units will get uninterrupted power supply if they are covered by an MoU.

“The industry was asking for a new textile policy for more than 10 years. The policy announced on Wednesday is in line with the demands of the industry and it will bring investments to the State in the sector,” said T. Rajkumar, deputy chairman of the Confederation of Indian Textile Industry.

Wind energy capacity expansion to slow in next five years: Crisil	**The Hindu** https://www.thehindu.com/todays-paper/tp-business/wind-energy-capacity-expansion-to-slow-in-next-five-years-crisil/article26451901.ece

New bidding mechanism has resulted in low realisations

Capacity addition in the wind energy sector will slow down over fiscal 2019 to 2023, with only 14-16 GW being added due to a decline in bid responses and profitability of original equipment manufacturers, according to a report by Crisil.

“Crisil Research expects capacity addition to grow slowly over the next five years, driven by the allotment of central transmission utility’s (CTU) grid connected capacities,” Crisil said in the report.

“The shift to a competitive bidding mechanism has slowed industry growth due to a significant fall in tariffs, triggering a decline in both bid response and profitability for original equipment manufacturers (OEMs).”

The shift to a competitive bidding mechanism in the wind energy sector has resulted in tariffs falling to Rs. 2.4-2.6 per unit, from Rs. 4-4.5 per unit under the feed-in tariff regime.

According to Crisil, such low realisations are unviable for the entire value chain at current capital costs of Rs. 6.8-7.2 crore per MW.

“Crisil Research expects capacity addition of 14-16 GW over fiscal 2019 to 2023, entailing investments of about Rs. 1,10,000 crore,” Crisil said in the report.

“Capacity additions will primarily be driven by central government allocations with relatively stronger counterparties such as Solar Energy Corporation of India (SECI) and PTC India, reducing risk compared with direct exposure to state discoms.”

State auctioning, on the other hand, has slowed as several States have signed power supply agreements (PSAs) with PTC and SECI to procure wind power under the schemes auctioned by them, to help fulfill their non-solar renewable purchase obligations (RPO) targets, according to Crisil Research.

Commerce Ministry weighing options of not postponing retaliatory duties on US	**Business Line** https://www.thehindubusinessline.com/todays-paper/tp-news/article26452868.ece

New Delhi had announced the duties in June last year, but deferred it several times

NEW DELHI, MARCH 6

The US decision to withdraw the tariff concessions made available to India under the Generalised System of

Preferences (GSP) has prompted the Commerce Ministry to deliberate upon whether it should finally impose retaliatory duties on US goods that it had announced in June 2018 but deferred several times.

"There are discussions on putting off retaliatory duties scheduled to be implemented on April 1 by about a month till early May. If the US goes ahead with its decision to withdraw GSP in May as planned, India can simultaneously impose its retaliatory duties although the two are not related," a government official told BusinessLine . The United States Trade Representative's office (USTR) had announced on Monday the government's decision to withdraw GSP status for India which allowed duty-free access for about 3,500 items from India into the American market.

Although India was the largest beneficiary of the scheme designed for developing countries with about $5.6 billion of its exports getting covered in 2017-18, the government said the actual benefit was much lower at about $190 million. The withdrawal will take effect in 60 days.

"India was taken aback by the decision to withdraw GSP as it had been working on a substantial trade package for the US that would have taken care of many concerns voiced by the US industry," the official said.

The withdrawal follows a review initiated last year by the USTR against India on the basis of complaints of market access problems made by the US dairy and medical equipment industry and which subsequently included numerous other issues such as IT and telecom.

New Delhi wants to continue its discussion on bilateral trade issues with Washington. "Because of all the efforts that were being made by India to accommodate America's interests, it is hopeful that the US government may change its mind on the matter. The broad idea is that if the US withdraws the actual benefits from India in 60 days, India should also not spare any thoughts for the American industry and impose its long planned duties on aluminium," the official said.

US penal import duties

India's retaliatory duties will be in response to penal import duties of 10 per cent on aluminium and 25 per cent on steel imposed by the US last year on a group of countries, including India, citing security threat. New Delhi announced its decision to impose retaliatory duties on 29 American products in June 2018 but has been postponing the intended implementation. The new date for implementing the retaliatory duties is April 1.

The US was India's top export destination in 2017-18 with shipments worth $47.88 billion. India's imports from that country were worth $26.61 billion.

Cotton delivery on MCX hits new high of 1.81 lakh bales	**Business Line** https://www.thehindubusinessline.com/todays-paper/tp-agri-biz-and-commodity/article26452789.ece

Cotton deposited in the Multi Commodity Exchange accredited warehouse soared to an all-time high of 1.81 lakh bales and surged by 56 per cent on Tuesday compared to 1.16 lakh bales logged in the year-ago period.

The contract continues to attract traction from ginners, traders, farmers and corporates among others. The futures contract recorded its second highest intra-day volume of 3.70 lb, valued at about Rs. 764 crore, on February 22 with an open interest of 4.30 lb.

With internationally accepted technical specifications, MCX's cotton contract caters to over 75 per cent of cotton grown in the country. So far, about 9.77 lb of cotton has been delivered on the exchange platform.

BS Rajpal, Vice President, Cotton Association of India and Director, Manjeet Cotton, said the exchange's cotton futures have been servicing the price risk management needs of market participants such as producers, ginners, millers, yarn manufacturers and exporters, besides facilitating transparent price discovery.

Mrugank Paranjape, MD, MCX said the record deposit of cotton stocks in MCX accredited warehouses is a testament to increasing liquidity and depth in the contract.

Narendra Ahlawat, MD, MCX Clearing Corporation, said the platform is not only providing efficient risk management tools to the stakeholders, but also facilitating a robust system for participants to tender and receive delivery.

For next cotton crop season output is estimated to fall to a nine-year low of 330 lb against 365 lb produced in the crop year ended September, 2018, according to Cotton Association of India.

Industry upbeat over new Textile Policy	**Business Line** https://www.thehindubusinessline.com/todays-paper/tp-others/tp-states/article26452946.ece

The New Integrated Textile Policy 2019 has been hailed by every section of the textile industry as a unique one and one that would ensure the sustenance of the industry in the long term.

P Nataraj, Chairman, the Southern India Mills'Association, thanked the government for extending 2 per cent interest subsidy for modernising spinning machines that are over 15 years old.

"Out of the 24 million spindles in the State, around 11 million are over 15 years old. This will, therefore, benefit the spinning sector by enabling them to modernise," he said.

The association has hailed the benefits extended for the weaving and garmenting sector, including the 10 per cent capital subsidy for all new machines.

"The 10 per cent capital subsidy for wider width fabric processing, 5 per cent interest subsidy for common effluent treatment plant, 15 per cent capital subsidy for the individual ETP and Rs. 1 crore R&D assistance for ETP will greatly benefit the processing segments in the State," he said.

He also appreciated the incentives for setting up mini textile parks, such as extending 50 per cent subsidy or Rs. 2.5 crore per park. "Such incentives will help small-scale units to consolidate their capacity and modernise."

T Rajkumar, Vice-Chairman, Confederation of Indian Textile Industry, while thanking the government for incorporating all the suggestions put forth by the industry in the Comprehensive Textile Policy that was announced today, said, "It is good for the State. It will ensure the long-term sustenance of the industry," he said, referring to the slew of incentives offered to the different sectors of the industry.

"The downstream sectors of the textile value chain would definitely get strengthened, with lots of new investments flowing into the weaving and processing sectors. It is expected to give a boost to Technical textiles, particularly in defence," Rajkumar said.

The policy announcements will give a big boost to all sectors from yarn to finished fabric, said an FIEO spokesperson.

India well within its rights to move WTO against US	**Business Standard** https://www.business-standard.com/article/opinion/letter-to-bs-india-well-within-its-rights-to-move-wto-against-us-119030700066_1.html

This is with reference to your article "US will end up hurting itself more, say experts" (March 6). It has been apparent since the present United States (US) administration assumed office in 2017 that commercial opportunism has been the fundamentals of its economy. However, it is more about revenue strengthening than trade diplomacy that is governing their current policies.

The imposition of duties on its imports will only increase inflation there especially as they constitute major industrial requirements. The US has two major partners in international trade — China and India. Its long standing trade dispute on the imposition of tariff on trade with China, though temporarily thawed, has already had a negative impact on the US economy. The scrapping of preferential trade treatment with India will not hurt us much as only 0.4 per cent of Indian exports are to the US. Accordingly, the impact on profits for Indian exporters on account of the reduction of margin is nominal. About 50 per cent of the products covered under the preferential trade treatment with India are actually in the US import market. There will also not be any negative impact on the internal economy of India.

The current US policy leans more towards financial profit than sustain long-term trade relations with nations. Its exclusive concentration on pricing and attempting to substitute two major trading partners with a group of others will hurt its image, create customer dissatisfaction and inflict substantial economic damage in the long run. India is also well within its rights to move the World Trade Organisation.

PM launches slew of development projects in Karnataka, Tamil Nadu	**Newsonair** http://www.newsonair.com/Main-News-Details.aspx?id=360674

Prime Minister Narendra Modi launched a slew of development projects in Tamil Nadu and Karnataka today.

The Prime Minister said, the Centre is committed to development of textiles sector in Tamil Nadu. He was addressing a public rally at Kancheepuram this evening.

Mr Modi said, the government has decided to rename the Chennai Central Station after MG Ramachandran.

The Prime Minister lashed out at the Opposition, saying their alliance is adulterated with no plan of action to take the nation forward.

He said the attitude of the opposition parties towards national security is guided only by self-interests.

He charged that they do not prefer a strong India or strong Defence Forces. Mr Modi charged the Congress of dismissing state governments for more than 50 times using Article 356 in the past, for political differences.

During his Karnataka visit, the Prime Minister dedicated to the nation the ESIC Hospital and Medical College at Bengaluru.

The Super Specialty Block of Karnataka Institute of Medical Sciences at Hublli was also inaugurated by the Prime Minister. Mr Modi also interacted with the beneficiaries of Ayushman Bharat at Kalaburagi.

Speaking at a public rally, the Prime Minister hit out at the coalition government in the state, saying the farmers were given false promises of loan waiver which are yet to be fulfilled.

India needs to seize opportunity in RCEP talks	Global Times http://www.globaltimes.cn/content/1141202.shtml

On Saturday, trade ministers from 16 Asia-Pacific countries gathered in the Cambodian city of Siem Reap to resume negotiations over the Regional Comprehensive Economic Partnership (RCEP). The proposed RCEP, which aims to create one of the world's largest trading blocs encompassing 45 percent of the world's population and 40 percent of global trade, is now at a critical moment. While the participating countries generally hope to reach a final deal by the end of this year, uncertainties should not be overlooked.

Generally speaking, talks between China and Japan, the largest and second-largest economies in the region, have been progressing smoothly, and negotiations over tariffs between Japan and South Korea do not pose a major obstacle to the RCEP. What's really up in the air is India, whose reluctance has already postponed the target for concluding the talks from last year. The key concern from India over the RCEP is that the free trade deal, once it comes true, will give greater market access to Chinese goods, and that it will be difficult for its domestic market and manufacturing sector to withstand such an impact.

Since India's trade deficit with China has surpassed $40 billion and the RCEP will eliminate tariffs on 80 to 85 percent of goods, it seems understandable for the South Asian country to be cautious toward the high-level trade agreement in the short term in order to protect its domestic market.

In fact, considering that India already has free trade agreements with ASEAN, Japan and South Korea, the RCEP negotiations for India are more like free trade talks with China, and the trade balance between the two is a big problem that cannot be circumvented.

The Chinese side always asserts that its trade imbalance with India is caused by the imbalanced economic structure due to the underdeveloped manufacturing sector in India. But the Indian side believes that the root cause is China limiting access to its markets. In truth, China has been gradually opening up its market to India, especially after the informal meeting between the two countries' top leaders in Wuhan, Central China's Hubei Province last year. China has indeed started importing some pharmaceutical products and agricultural products like non-basmati rice, fruits, cotton and sugar from India, but many of them have yet to really penetrate the Chinese market. This means there is little change to the trade deficit problem and is a cause of the delicate trade relations between the two countries.

Of course, China can continue to open its market to India, but it is unlikely to see any obvious effect in the short term, therefore India's reluctance toward the RCEP can hardly be changed. Moreover, the South Asian country's economic policies often tend to be nationalistic, as policymakers need to take care of the interests of all parties. If the political leaders cannot show more determination and political courage, it would be difficult to see a breakthrough either in Sino-India free trade issues or the RCEP talks.

Nevertheless, on the other side, India is not willing to be really excluded from the RCEP. In fact, the RCEP is one of the few existing paths for the country to participate in the global value chain, which is mainly Asia-centered or China-centered. Nowadays, amid rising anti-globalization sentiment, regional trade agreements have rapidly emerged as a major tool for promoting trade. The US did not consider India as a member when it advocated the Trans-Pacific Partnership (TPP), and later the TPP-11 also did not invite India in. If the country again misses the regional trade arrangement centered on China, Japan, South Korea and ASEAN, it may end up losing the opportunity to integrate into the globalized trade system forever.

Yet, as India is holding elections this year, fear of losing votes is very likely to cause politicians to defer the RCEP conclusion again.

The conclusion of the RCEP talks will form a true Asia-Pacific free trade zone, which will generate a development dividend worth hundreds of billions of dollars. For China, a final RCEP deal will be an iconic achievement of the country's participation in multilateral trade, increasing its influence in the multilateral trading system. In this sense, China and Southeast Asian countries are eagerly anticipating concluding the deal by the end of this year.

Currently, India is reported to be negotiating with China and Japan on issues such as a longer period to phase out its tariffs on Chinese goods. If China is especially eager to reach an agreement, there may be some room for concessions, but the problem is that there are too many different voices in India and thus too many uncertainties to be sure of a final deal.

In short, the RCEP is an opportunity for India, but it is still unknown whether it can seize it or not. While China may make certain concessions, that does not mean India can demand an exorbitant price, as its neighbor will not always give in.

Indian exports can thrive sans GSP sops	**Economic Times** https://economictimes.indiatimes.com/blogs/et-editorials/indian-exports-can-thrive-sans-gsp-sops/

India can and should take the US move to remove tariff concessions for India under the Generalised System of Preferences (GSP) in its stride. India can manage without GSP preferences meant for extremely poor countries in need of special access to developed world markets. India is no longer in that category. Nor is Turkey, another country that is slated to go out of America’s list of GSP beneficiaries. US tariffs are low on most manufactured products, except when jacked up under a regime of penalisation, as in the case of steel.

The trade-weighted average tariff on industrial goods is 2% for the US. So, India would have a 2% price disadvantage visà-vis some other developing country that seeks to export the goods that India has been exporting to the US. India should be able to manage this just fine. India should not seek to retaliate against this move. Autoparts and organic chemicals are the chief exports under GSP. Indian exporters have to worry more about currency fluctuations than about withdrawal of GSP preference. India has scope to improve the efficiency of its logistics pre-shipment, to derive efficiency gains that would translate into cost reduction that would offset the duty exports would face now.

No major impact of US GSP withdrawal seen: Textile industry panel	**Financial Express** https://www.financialexpress.com/market/no-major-impact-of-us-gsp-withdrawal-seen-textile-industry-panel/1507485/

The textile industry has said US’ withdrawal of preferential trade benefits available to India under the Generalized System of Preferences (GSP) will have no major impact on the sector.

“The removal of US GSP on India’s apparel exports will have marginal impact, but we still will be taking up the matter with the Union commerce ministry," said Sanjay K Jain, chairman, Confederation of Indian Textile Industry (CITI).

Jain said there are 15 products in the ready-made garments (RMG) (HSN 61 & 62) category under US GSP, which contributes to $586.58 million RMG imports of US. India's share in the segment is $17.97 million. The most favoured nation (MFN) tariff in 15 products varies from 0.86% to 14.60% in which India gets duty access with 100% margin of preference.

It is to be noted that these 15 products contribute only 0.46% of India's apparel exports, in which bulk of the benefit is concentrated on the product 62044910 (silk woven clothing of women) which comprises 58.5% of India's total trade under GSP.

The figures have been identified on the basis of current trade with the US, and 11 products have negligible impact on India's apparel exports to the country, Jain pointed out. "Luckily, the GSP preferential items that may lose the status from the US only contributes 0.5% of India's apparel exports. We are following up with the Centre and hope the status quo is maintained," he said.

Some of the products eligible for US GSP include gloves, mittens and mitts.

Shawls, scarves among other items, not knitted or crocheted, containing 70% or more by weight of silk or silk waste will see moderate impact.

According to Raja Shanmugam, president, Tirupur Exporters' Association (TEA), "We don't see any major impact. The move seems to be a knee-jerk reaction to support major online/e-commerce players, who seek to destabalise Indian economy. It is detrimental to India's free e-commerce policy.

The US always interfere, and try to protect its own interest as well its businessmen. India needs to learn and follow the US principles when it matters more to the country."

According to him, the game plan of the multinational companies involved in the business is proving out to be dangerous for the country.

India should support domestic exporters and their welfare, he said, adding, "We should not react to pressure tactics by the US as it always has ulterior motive behind it actions. Hence, it is time for the Union government to suitably counter and protect the domestic industry."

How the US withdrawal of GSP could hit India's garments exports	**Business Standard** https://www.business-standard.com/article/economy-policy/how-the-us-withdrawal-of-gsp-could-hit-india-s-garments-exports-119030501099_1.html

US President Donald Trump plans to end the preferential trade status granted to India may have negative impact on textile exports from the country.

Normally, developed countries offer import duty sops to underdeveloped and developing ones for import of goods. These incentives are not available to other developed countries from whom the goods are being sourced. Such a sustem of preferential treatment to developing countries is known as generalized system of preferences (GSP) in trade parlance.

“The existing list of products for withdrawal of GPS may not have a major impact on India’s garments exports. But, if the list is expanded to cover India’s readymade garments (RMG) also, then the impact would be big as 30-35 per cent of India’s RMG exports go to the United States,” said Rahul Mehta, President of the Clothing Manufacturers Association of India (CMAI).

Industry experts said that while the impact would be marginal, under the current circumstances it would not be good as exports are already dropping. They have also said Centre should compensate the price increase through susbidy or incentives and should learn from the US when it comes to protectionism.

According to the Apparel Export Promotion Council (AEPC), the US imports $586.58 million worth of RMG products under 15 categories that currently enjoy GSP. India's share of this pie is $17.97 million.

The MFN (most favoured nation) tariff in 15 products varies from 0.86 per cent to 14.6 per cent in which India gets duty access with 100 per cent margin of preference.

It may be noted that these 15 products contribute to only 0.46% of India’s apparel exports. The bulk of the benefit is concentrated on Woven silk dresses for women, which make up 58.5 per cent of India's total trade under GSP.

AEPC has identified, on the basis of current trade with US, that GSP withdrawal on as many as 11 products of the 15 may have a negligible impact on India’s apparel exports to US.

The high impact would be on women's or girls dresses, not knitted or crocheted, containing 70 per cent or more by weight of silk or silk waste. This, APEC says, should be retained.

The moderate impact will be on shawls, scarves, mufflers, maintillas, veils and the like, not knitted or crocheted, containing 70 per cent or more silk or silk waste.

Tirupur Exporters Association (TEA's) President Raja M Shanmugam said that though the impact seems to be minimal for this sector, which is the second largest employment generator in the country, even the minimarl would lead to hundreds of job losses.

He urged the Centre to help the industry, which will see price increase if the US decide to withdraw the status, by way of incentives. He also said that the Government should look at learning from the US on how they are domestic industries, through protectionsim approach.

Solar safeguard duty: What it holds for India	**Economic Times** https://energy.economictimes.indiatimes.com/energy-speak/safeguard-duty-imposed-on-solar-imports/3466

Solar is expected to become the leading resource for energy generation in the near future with the industry likely to become a major contributor to the country’s gross domestic product and the ‘Make in India’ initiative. As an industry, we are already seeing solar power become an active part of mainstream energy dialogues. However, in the long run, the success would depend on the overall growth of the industry, and the capacity of domestic manufacturers to fulfil the country's energy demands. Let alone competition with Chinese players, some would say, currently the mere survival of domestic solar manufacturers is in question.

One of the main topics that dominated the solar conversations in 2018 was the implementation of 25 per cent safeguard duty, which was intended to bring respite to domestic solar manufacturers, and provide a levelled playing field to compete with global players. According to the Mercom report, exports of solar modules and cells witnessed an increase of over 200 per cent. However, even after the introduction of safeguard duty, there still lacked a corresponding increase in internal trade.

The duty was widely anticipated to provide impetus to the Indian manufacturing business and help them cater to the demand for solar equipment in India. As we move towards 2022, the ambitious target of achieving 100 gigawatt through solar energy also looms over our head, making it imperative for us to focus on boosting domestic manufacturing. Safeguard duty is only applicable on modules and cells imported through a few countries such as China and Taiwan, leading to the surfacing of new routes. Most of the imports from these countries are now being rerouted through countries like Thailand, Vietnam and their neighbours, who are exempt from the duty. For an industry battling multiple challenges like the uncertain goods and services tax, rupee depreciation, and more, the limited implementation of the duty added to its existing woes.

Given that there are no significant anti-dumping policies governing these imports, the Indian market is seeing an influx of mass produced equipment, which have been dumped in the Indian market at unsustainable prices. With the focus diverted towards competing with the dumped products and the low prices, there is little scope for domestic manufacturers to invest in capacity addition, research and development or adopt innovative technologies. This has not only made the current industry players wary, but has also become an important factor in dissuading new entrants, and is affecting substantial investments in the sector.

Domestic solar manufacturers have the potential of growing India into a manufacturing hub for solar, and ensuring energy security. The sector can become an active partner in achieving the country's solar targets, and its transition towards sustainable energy. To ensure this becomes a reality, there is an urgent need to create a conducive environment that diverts the demand for solar cells and modules to Indian manufacturers. We need to reconsider the current aspects of the safeguard duty while also bringing in a universal anti-dumping policy that ensures the availability of only quality solar equipment in the Indian solar market, made available at sustainable prices. With large capacity targets, we will see a corresponding increase in the manufacturing capacity that will fulfil significant amount of the demand, indigenously. It will provide the right impetus to domestic manufacturers to invest in latest technologies, and become frontrunners in taking India to a greener and sustainable tomorrow.

China steps up diplomacy to ease India-Pakistan tensions	**The Hindu** https://www.thehindu.com/todays-paper/tp-international/china-steps-up-diplomacy-to-ease-india-pakistan-tensions/article26451938.ece

Vice-Foreign Minister Kong Xuanyou travels to Islamabad

China has stepped up its diplomacy to ease tensions between India and Pakistan following the Pulwama attack by sending its special envoy to Islamabad.

Chinese Foreign Ministry spokesperson Lu Kang said on Wednesday that Vice-Foreign Minister Kong Xuanyou was already in Islamabad to establish an “enabling atmosphere” that would help Pakistan to cooperate with “other parties”.

Mr. Lu said Mr. Kong’s mission was to “promote dialogue” between India and Pakistan by persuading both sides to exercise flexibility. “I hope the two sides can show some goodwill, embrace each other halfway, properly resolve their differences through dialogue. China will play a constructive role to promote dialogue between them.”

India has made it plain that it would start a dialogue only if Pakistan takes visible and verifiable steps to eliminate terrorism that targets India from its soil. “In fact, Pakistan has been making efforts and exercised policies to combat terrorism. We think we should encourage this,” Mr. Lu said.

Crackdown on terror

On Tuesday, Pakistan arrested 44 members of proscribed organisations, including Hamad Azhar, the son of Masood Azhar, the head of the Pakistan-based terror group Jaish-e-Mohammed, which has claimed responsibility of the February 14 Pulwama attack that killed at least 40 CRPF personnel.

Without referring to the Kashmir issue, Mr. Lu said that both ‘symptom” and “root cause” of terrorism should be addressed.

Asked to comment on the understanding reached between the Foreign Ministers of Russia, India and China (RIC) during their February 27 meeting in Wuzhen, the spokesperson said: “As to counter terrorism issue in the trilateral meeting, I shall say a key point is that terrorism is a complex issue. We should address the symptom and the root causes of terrorism that is the premise for what was proposed by Foreign Ministers of the three countries.”

Asked to comment on China’s stand on the resolution proposed in the UNSC 1267 committee to list Azhar as a global terrorist, Mr. Lu said China would take a “conducive decision” to resolve the differences. “China will have discussion with relevant bodies” as listing of terrorists “is a very serious issue”, he said.

No solution yet to Brexit deadlock: EU	**The Hindu** https://www.thehindu.com/todays-paper/tp-international/no-solution-yet-to-brexit-deadlock-eu/article26451931.ece

The European Union said a solution to the Brexit deadlock remained elusive on Wednesday after the latest “difficult” talks with Britain.

EU chief negotiator Michel Barnier gave the state of play after meeting his British counterparts late on Tuesday amid efforts to get the divorce deal through parliament in London. Mr. Barnier informed the European Commission, the EU’s executive arm, that “while the talks take place in a constructive atmosphere, discussions have been difficult,” Commission spokesman Margaritis Schinas said.

Mr. Barnier added that “no solution has been identified at this point that is consistent with the withdrawal agreement," Mr. Schinas told a press conference.

Prime Minister Theresa May agreed the withdrawal agreement in November, but the British parliament overwhelmingly voted it down in January.

Mr. Barnier met on Tuesday with U.K. Attorney General Geoffrey Cox and Brexit Minister Stephen Barclay over dinner in the Belgian capital.

Bangladeshi garment makers seek duty benefit from US	**Fibre 2 Fashion** https://www.fibre2fashion.com/news/textile-news/bangladeshi-garment-makers-seek-duty-benefit-from-us-247830-newsdetails.htm

Bangladeshi garment manufacturers recently urged the US government and their own to sign a cotton purchase agreement to avail duty privileges on export of apparel products to US markets and ship more products, according to Bangladesh Garment Manufacturers and Exporters Association (BGMEA) president Siddiqur Rahman, who met US Ambassador in Dhaka Earl R Miller.

Ambassador Miller discussed various trade issues with apparel exporters at the BGMEA office, according to Bangla media reports. If the US agrees to the proposal, local millers will import cotton from the US under a special arrangement for Bangladeshi apparel manufacturers to make garment items from the yarn and fabrics for American customers, Rahman said.

Two local spinning mills have already proposed that the government allow them to set up mills in the United States to produce yarn there and make garment items in Bangladesh. But, the proposals were not approved, Rahman said.

Such trading arrangement in garment business had been incorporated in the now-scrapped Trans Pacific Partnership Agreement keeping Vietnam in mind.

Bangladesh does not produce cotton and meets 98 per cent of the requirement through imports. Of the imports, 40 per cent is procured from India and nearly 10 per cent from the United States. If the United States agrees to our proposal, we will increase the cotton import from there, Rahman said.

The BGMEA also proposed that the United States reinstate the generalised system of preferences that was scrapped for Bangladesh in 2013 over poor labour rights and workplace safety issues.

Sri Lanka, Italy review bilateral relations	**Colombopage** http://www.colombopage.com/archive_19A/Mar06_1551896571CH.php

Sri Lanka's Minister of Foreign Affairs Tilak Marapana visited Italy from 01 - 03 March 2019, and held bilateral discussions with Undersecretary of State for Foreign Affairs and International Cooperation of the Italian Republic, Manlio Di Stefano on 01 March in Rome.

The talks allowed to review the status of bilateral relations between the two countries and during discussions Minister Marapana thanked the Italian government for the cooperation and assistance rendered to Sri Lanka.

He reiterated that the two countries have maintained excellent relations over the years and that it is time to build and strengthen this relationship.

The Foreign Minister stated that Sri Lankan expatriate workers in Italy are required to make a pension contribution amounting to around 9 percent of their salary and that they qualify for a pension after working for 20 years. The Minister observed that they collect this contribution together with the employer� contribution only upon their reaching 68 years of age. He stressed that in such circumstances many of the workers do not get to enjoy this benefit as most of them work only for about 4-5 years in the country.

Minister Marapana requested the Italian authorities to consider adjusting this scheme so that a person would receive his contribution immediately upon relinquishing his employment in Italy, irrespective of the number of years worked and without having to wait until he has reached 68 years. He requested the Italian authorities to consider exempting expatriate workers from contributing to this pension scheme, if there were no legal constraints.

The Minister also brought to the attention of the Italian authorities the difficulties faced by Sri Lankans to submit their visa applications through the outsourced processing agency to obtain visas to enter Italy as tourists or to visit relatives. The Italian Undersecretary agreed to ease the difficulties encountered by Sri Lankan visa applicants.

Minister Marapana further requested that the Italian government consider providing employment to Sri Lankan skilled workers, especially the IT professionals, nurses, and healthcare supporters as Sri Lanka provides special certifications and training in these areas for the workers aimed at foreign employment.

The Minister highlighted and appreciated the support extended by Italy as a member of the European Union towards the lifting of the ban on fisheries exports of Sri Lanka to the EU in 2016 and restoration of GSP plus facility to Sri Lanka in May 2017.

During discussions, both sides emphasized the excellent people to people relations that have grown stronger over the years. Minister Marapana stated that the Sri Lankan community in Italy continues to play an important role in further strengthening bilateral ties. He also stressed the fact that Italy in turn plays an important role within the Sri Lankan Catholic community who have brought back with them to Sri Lanka a part of Italian culture.

In the area of trade and economic cooperation Undersecretary Di Stefano stressed that the Italian business community is willing and open towards reaching new markets and in the case of Sri Lanka it is very necessary to build and project the market trust in order that the Italian business sector may establish businesses in Sri Lanka.

The Undersecretary also reiterated Italy's support within the framework of the European Union in favor of the success of the process of national reconciliation in Sri Lanka.

The Foreign Minister requested the Italian side to encourage the small and medium enterprises to set up operations in Sri Lanka for the sectors identified, such as textile and apparel, leather footwear, confectioneries, gem and jewellery and food processing.

The Foreign Minister later met the members of the Sri Lankan community in Italy at a community meeting and discussed a range of issues pertaining to their social and economic aspects of the community members. The Sri Lankan community in Italy presently comprises around 120,000 residing in different parts of the country.

Manufacturing industry sees growth in February	**The Jakarta Post** https://www.thejakartapost.com/news/2019/03/06/manufacturing-industry-sees-growth-in-february.html

Industry Minister Airlangga Hartarto has welcomed growth in the manufacturing sector in January after stagnation in the previous month.

The growth was indicated by an increase in the purchasing managers' index (PMI) in February to 50.1 from 49.9 in the previous month.

"It is good news from the manufacturing industry. The growth has made us more optimistic. From the PMI figure, we know that the manufacturing sector is growing. Investment has also grown," he said in a statement on Tuesday.

The PMI, which is released each month, shows the performance of the manufacturing sector. The index is based on questions about production, new demand, employment, inventory and time of distribution. It was based on a survey completed by managers of 300 companies in various sectors, including the basic metal industry, chemicals, plastics, textile, garments as well as food and beverage products.

An index rate above 50 indicates growth in the manufacturing sector.

Airlangga said the ministry would analyze the decline of the PMI rate in January as the rate was above 50 percent in December and previous months.

"I think it is common for there to be a decline in January," he said, adding that no conclusion could be made from the decline because manufacturing industry activity should monitored over a longer period.

The ministry projects the manufacturing sector to grow 5.4 percent this year. High growth is expected in food and beverage, machinery, textiles and garment, leather industry, footwear, metal products, computers and electronics.

The PMI rate in February was higher than Southeast Asia's PMI rate, which was 49.6, down from 4.9.7 in July 2017. Meanwhile, at the global level, the rate was recorded at 50.6, the lowest since June, 2016.

The science of knitting, unpicked	**Phys.org** https://phys.org/news/2019-03-science-unpicked.html

Dating back more than 3,000 years, knitting is an ancient form of manufacturing, but Elisabetta Matsumoto of the Georgia Institute of Technology in Atlanta believes that understanding how stitch types govern shape and stretchiness will be invaluable for designing new "tunable" materials. For instance, tissuelike flexible material could be manufactured to replace biological tissues, such as torn ligaments, with stretchiness and sizing personalized to fit each individual.

At the American Physical Society March Meeting in Boston this week, Matsumoto will present her work on the mathematical rules that underlie knitting. She will also participate in a press conference describing the work.

Information for logging on to watch and ask questions remotely is included at the end of this news release.

"By picking a stitch you are not only choosing the geometry but the elastic properties, and that means you can build in the right mechanical properties for anything from aerospace engineering to tissue scaffolding materials," said Matsumoto.

Matsumoto enjoyed knitting as a child and when she later became interested in mathematics and physics, she developed a new appreciation for her hobby.

"I realized that there is just a huge amount of math and materials science that goes into textiles, but that is taken for granted an awful lot," said Matsumoto.

"Every type of stitch has a different elasticity, and if we figure out everything possible then we could create things that are rigid in a certain place using a certain type of stitch, and use a different type of stitch in another place to get different functionality."

Members of the Matsumoto group are beginning to delve through the complex math which encodes mechanical properties within the interlocking series of slip knots of a material. But applying the pure mathematics of knot theory to the huge catalog of knit patterns is a tricky process for Matsumoto's graduate student, Shashank Markande.

"Stitches have some very strange constraints; for instance, I need to be able to make it with two needles and one piece of yarn—how do you translate that into math?" said Matsumoto.

But Markande is starting to build the knit algebra into larger, more complex patterns, and he feeds this into the elastic modelling of simple latticelike knits, which Matsumoto's post-doc, Michael Dimitriyev is developing.

Dimitriyev's fabric behavior solving code is showing potential beyond material design, in the realm of computer game graphics.

"Fabric and cloth tends to look a little strange in computer games because they use simple bead and spring elasticity models, so if we can come up with a simple set up of differential equations it may help things to look better," said Matsumoto.

For the moment, the Matsumoto group is focusing on very simple stitch patterns and curves in knitted lattices; however, soon they hope to understand how knits behave in 3-D.

But as they tease out the math between the stitches, Matsumoto makes sure they keep their eyes on how these patterns come together by arranging the occasional crafting session with the origami group next door.