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NEWS CLIPPINGS –25-03-2019

Textile exports face headwinds	Asian Age http://www.asianage.com/business/in-other-news/250319/textile-exports-face-headwinds.html http://www.asianage.com/business/in-other-news/250319/textile-exports-face-headwinds.html

Higher prices will add cost pressure on the value chain, making yarn, fabric and apparel exports less competitive.

Cotton prices have started rising at a time when the rupee is appreciating. It is a double whammy for textile exporters as it will impact the competitiveness of Indian products in the international market and hit price realisation in rupee terms.

Prices in the cotton futures market has moved up 7 per cent from the low of Rs 19,970 per bale (one bale is 170 kg) in February to Rs 21,360 in March on reports of improving demand from China and domestic mills.

"India has already shipped around 6,00,000 bales to China since October. According to reports, Indian traders have signed contracts to ship 8,00,000 bales of cotton to China as prices have rallied in that country. Moreover, cotton procurement by Cotton Corporation of India at minimum support price also helped prices to cross Rs 21,000 levels," Ritesh Kumar Sahu, Fundamental Analyst - Agri Commodities, Angel Broking.

The cotton output for this year is expected to be lowest in eight years due to delayed and deficient monsoon in some of the key cotton-growing states and lower acreage in some of the southern states.

"We expect the prices will move towards Rs 23,000 levels in next one to two months if El Nino weakens the monsoon this year. Moreover, increased export and off-season demand will also support prices," added Sahu.

Higher prices will add cost pressure on the value chain, making yarn, fabric and apparel exports less competitive. Another major factor that can make Indian products less competitive in the international market is the movement of rupee. A stronger rupee will shrink the revenues of exporters by lowering price realisation.

"The situation has been further aggravated by the appreciating rupee. Both higher cotton prices and the rupee movement are reducing international competitiveness of Indian value-added textile products and would hamper the improving export trend," said Sanjay Jain, Chairman of Confederation of Indian Textile Industry.

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
21100	44100	81.38
Domestic Futures price (Ex-Warehouse Rajkot) March		
Rs/Bale	Rs/Candy	USD Cent/lb
21360	44642	82.38
International Futures		
NY ICE USD Cents/lb. (May 2019)		76.58
ZCE Cotton: Yuan/MT (May 2019)		15335
ZCE Cotton: USD Cents/lb.		103.61
Basis difference (ICE March -Domestic Spot)		4.80
Cotlook A Index - Physical		86.40
WTI Crude USD / Barrel		59.04
B. Currency		
USD/INR	Close	Previous Close
Spot	69.05	68.96
USD Dollar Index	96.64	

Cotton Guide

Although the trend has been quite steady and straight onto positive side. It is also expected to remain upbeat but volatility in the market in the near term cannot be ruled out.

More than the cotton fundamentals like - renewed interest in Cotton exports, lower ending stocks and tight supply the play of USD will be very important to observe.

Below in the report have highlighted several factors, points on Cotton and determined a short term view in the market.

Indian cotton has formed a V-Shaped Pattern, more upside could be likely:

Indian Cotton price has formed a “V-Shape” pattern in last three months of 2019 or moved in line with the seasonal pattern. In the early week of January cotton price for Shankar-6 variety was seen trading around Rs. 43,500 per candy which continued to slip down to make a low price of Rs. 41500 in end of February. The fall in the price was majorly attributed to higher supply in the Indian market, uncertainly continued to prevail in the global market amid US-China trade worries and lower US exports. However, in last 18 days of March the scenario has completely reversed. As of 23rd March the same underlying cotton is seen trading above Rs. 44,000 per candy. The same underlying has moved in the similar trend at the global market. The Indian cotton had made low of 76 cents which is currently trading around 82+ cents per pound.

The ICE Cotton has surpassed key resistance of 75 cents, portraying a positive outlook:

While we correlate the Indian cotton price trend it has moved no different from the global trend. The ICE cotton was hovering near 70/72 cents for several weeks before it could hit near 78 cents in the last week. Active May contract has been moving higher for the past two weeks and trading comfortably above 77 cents per pound. In the short term we could see the underlying ICE Future moving higher and the immediate resistance is seen at 78 cents and break of which it may test 80 level. On the lower side we have 75 and 73.50 are two key support levels. The broad range is expected to be between 74 to 79 cents per pound.

Primary drivers for quick price rise:

In the month of March around 20 working days the Indian cotton price for Shankar-6 has advanced over 6% to trade above Rs. 44,000 per candy ex-gin.

Following are the major reasons for price rise:

1- Expectation of exports of cotton to China. Overall country's export may be pegged around 5 million bales.

2- Indian traders have signed fresh export deals with China, which is over and above the 6 lakh bales already shipped so far since October 2018.

2- Further downward revision in the Indian cotton production. Figure might deteriorate below 32.80 million bales.

3- Sharp decline in the previous year carryover stocks leading to acute tightness in the overall supply

4- Global cotton price too have revived from the recent low of 70/72 cents and currently trading near 78 cents supporting Indian cotton price higher.

5- US export sales commitments for 2018-19 has increased considerably by a net 125,000 bales of upland cotton.

Short Term Trend of Cotton:

Market is expected to remain upbeat. The ICE future may be prolonged with the momentum to hit 78/80 cents mark. However, profit booking on higher level cannot be ruled out. Market might observe heavy volatility while it is expected to trade in the range of 74 to 79 cents per pound in the near term.

Indian cotton is also expected to observe positive trend amid tight supply, lower arrivals and expectation of new export demand to China. We see Indian cotton for Shankar-6 to trade in the range of Rs. 43,700 to Rs. 44,500 per candy.

The basis between ICE and Indian cotton continues to be around 5 to 6 cents. Any further decline might attract higher export interests to the latter. We hold a positive view on cotton in the near term.

On the futures front Indian cotton April contract is expected to trade in the range of Rs. 21,500 to Rs. 22,000 per bale

Events to watch out in the near term:

The play of US dollar is important in the coming week.

1- Federal Reserve officials and Japan central banks speech.

2- Regular economic number from US, Europe and China while US Trade balance and US GDP Q4 are scheduled on Wednesday & Thursday may have major impact on most of the markets.

3- More than the economic numbers from the US, the T-bills and Yields have slipped sharply in last few trading sessions in the US indicate market to be vulnerable as well as heavy volatile in the near term.

Other Market outlook:

USD Index:

The weakness to USD dollar may be continued however, it might not witness the lows that were noticed in the last week. The trading range for the USD index could be 95.50 to 96.70. As said above series of data from the US and Europe during the week will have heavy volatility in the currency.

Crude Oil- WTI: Although it's highly overbought, retreated from 60 USD/BBL and closed at 59.05 there is yet no sign of reversal. Market may witness critical juncture in the near term and set a price range of 56.70 to 61. Note, either side breakout shall give a fresh trigger to market.

On the technical front, ICE Cotton futures rallied above 77 levels (50 % Fibonacci retracement level) after moving out of the downward sloping channel with the formation of pennant pattern. In the daily charts price got supported by bullish crossover of short EMA (13) above the Long term EMA (26) and the momentum indicator MACD which is trading above the central line. Moreover positive divergence between MACD and price strengthened the bullish bets. So for the day price is expected to move in a positive direction targeting 78.20 levels. Immediate support exists around 76.70, followed by 75.80. In the domestic market Mar futures is expected to rise towards 21550-21600 zone.

Currency Guide

Indian rupee may note some losses against the US dollar. Weighing on rupee and other riskier currencies is selling pressure in major equity markets. Disappointing US and European manufacturing PMI data and inversion of US bond yield curve as fueled concerns about health of major economies. Also weighing on market sentiment is uncertainty about Brexit and US-China trade deal. UK has got an extension till April 12 to work on Brexit deal however several British newspapers said UK Prime Minister Theresa May is under increasing pressure to stand down over her handling of Britain's exit from the European Union. US-China trade talks will resume this week as US officials visit Beijing however market expectations are low that a deal could be reached soon. Also weighing on rupee is general strength in US dollar against major currencies as Fed's dovish stance countered worries about European economies. However, supporting rupee is marginal correction in crude oil price from recent highs. Brent crude has slipped to $66 per barrel as disappointing economic data fueled demand concerns. Also supporting rupee is investor interest in domestic market as is evident from foreign inflows in equity and bond market. Rupee has been struggling for direction since breaking below 69 levels which indicates that the recent rally could be coming to a halt. With general weaker risk sentiment, it is likely that we could see some weakness. USDINR may trade in a range of 68.6-69.25 and bias may be on the upside.

Self-powered, washable textiles may pay way for smart clothing	**Indian Express** https://indianexpress.com/article/technology/science/self-powered-washable-textiles-may-pay-way-for-smart-clothing-5640570/

Scientists have developed a textile-based display technology that is washable and does not require an external power source, paving the way for smart clothes.

Scientists have developed a textile-based display technology that is washable and does not require an external power source, paving the way for smart clothes.

When we think about clothes, they are usually formed with textiles and have to be both wearable and washable for daily use. However, smart clothing has had a problem with its power sources and moisture permeability, which causes the devices to malfunction.

To ease out the problem of external power sources and enhance the practicability of wearable displays, Professor Kyung Cheol Choi from the Korea Advanced Institute of Science & Technology (KAIST) fabricated their wearing display modules on real textiles that integrated polymer solar cells (PSCs) with organic light emitting diodes (OLEDs).

PSCs have been one of the most promising candidates for a next-generation power source, especially for wearable and optoelectronic applications because they can provide stable power without an external power source, while OLEDs can be driven with milliwatts.

Yarn bank set up to help weavers in crisis	**Deccan Herald** https://www.deccanherald.com/city/bengaluru-infrastructure/yarn-bank-set-up-to-help-weavers-in-crisis-724963.html

A yarn bank has been set up at the Mysore Powerloom Silk Manufacturers Cooperative Society on Avenue Road to benefit the state's weavers. The weavers are reeling under severe shortage and fluctuating prices of yarn. The new yarn bank comes as a huge relief for thousands of weavers in and around Bengaluru. The bank, regardless of the price rise in the open market and the menace of middlemen, ensures a steady supply of yarn to the weavers from southern Karnataka.

The bank, with aid from the Centre, will supply pure silk yarn and zari to weavers who subscribe. Currently, the weavers have to source yarn locally through agents and wholesalers.

"It was a daunting task for weavers as the brokers rigged prices. Adding to the woes, rising costs of cotton and related petrochemicals left the prices fluctuating," explained M Lakshminarayana, president of the cooperative society.

The bank will purchase yarn at the wholesale rate from producers with a corpus instituted by the Centre and a special purpose vehicle (SPV). "All the subscribing weavers will be provided yarn at reasonable rates to sustain production," he said. The power loom industry supplies about 60% of the cloth requirement at the national level. Karnataka has about 1,20,000 power looms weaving silk and cotton. Most power looms are based in Bengaluru Urban, Bengaluru Rural and Tumakuru districts, with only a few in northern Karnataka.

While the bank, the first-of-its-kind in Karnataka, sources its yarn from various sources, art silk is imported from China. Besides, a considerable quantity of yarn is procured from Surat and Mumbai too. Considering the requirement of silk saree weavers, yarn from traditional markets like Ramanagara and Channapatna are also procured.

According to the society, several weavers have already registered at the bank. They are now benefiting from a steady and timely supply of yarn.

Insurance cost goes up to 9-fold for companies	**Asian Age** http://www.asianage.com/business/in-other-news/250319/insurance-cost-goes-up-to-9-fold-for-companies.html

After enjoying a decade of low rates, companies buying insurance covers for their plants, machinery and properties are seeing a three- to nine-fold rise in insurance cost from this month. This is because the country's largest reinsurer, General Insurance Corporation of India (GIC Re), has passed an endorsement stating that insurers wanting to utilise its treaty—an arrangement where capital is pooled by various reinsurers to give reinsurance support to insurers—will have to quote higher premium rates for providing covers to certain manufacturing segments.

Thus, premium rates have gone up for companies manufacturing rubber goods, plastics, textiles, chemicals below 32 degrees centigrade flashpoint, besides transporters godowns, steel plants and thermal power plants. The new rates are based on claims data with the Insurance Information Bureau (IIB), an insurance data repository.

As per the circular from GIC Re, all non-life insurance companies will have to add the cost of procurement/management costs to the IIB-identified rates and accordingly quote for their corporate clients. Around 60 per cent of corporate covers are renewed on April 1 annually while the remaining get renewed throughout the year.

A top insurance broker told FC, “After the non-life insurance sector was detariffed in 2007, insurers competed with each other on rates to gain market share. They were offering 99 per cent discount to corporate clients on the erstwhile tariff rates for FLEXA covers (policy covering fire, lightning explosion/implosion and aircraft insurance) while charging some premium for providing cover for natural catastrophes.”

“Since GIC Re is the market leader, all insurers have treaty arrangement with GIC Re. With huge claims from corporate clients, GIC Re had been suffering and so it identified eight sectors that have huge claims outgo and where the premiums are not sufficient to meet the claims and told the insurers that treaty is available only if they follow IIB rates, which are based on the burning cost (claims outgo) of each sector,” added the broker.

Explaining the impact, another insurance broker said, “For power and pharma companies, the premium rates have gone up three times while for chemical manufactures, where the loss ratios were very high, the rates have gone up nearly nine-fold.”

Illustrating, the broker, said: "Earlier, the overall premium rate for chemical manufaturers (below 32 degrees centigrade flashpoint) was 27 to 28 paise for a sum insured of Rs 1,000, which is now 268 paise for FLEXA, natural catastrophic and earthquake cover, which translates to a nine-fold rise in insurance cost."

"Soon after detariffing, many insurers were charging 27 to 28 paise for a sum insured of Rs 1,000 for providing a natural catastrophic cover and 5 paise for FLEXA cover. The same was Rs 1.25 during the tariff era. The claims ratio in the eight identified sectors is steep. Now with the new rates, some sanity will prevail in the market. However, the bad thing is that corporate clients which have a favourable claims ratio too will have to pay a higher premium.”

Said the CEO of an insurance company, “Reinsurers have suffered large catastrophic losses worldwide. Secondly, with GIC Re being a listed company, profit is now its motive.”

A text message sent to Alice Vaidyan, Chairman and Managing Director of GIC Re did not elicit any response.

Foreign investors to pay higher taxes starting from April 1	**Live Mint** https://www.livemint.com/news/india/foreign-investors-to-pay-higher-taxes-starting-from-april-1-1553402525553.html

The changes in DTAAs may also help improve corporate governance standards for the listed companies in India

Sebi has also amended insider-trading regulations

Changes in the Sebi listing and prevention of insider-trading regulations, revisions in the double-taxation avoidance agreements (DTAAs) with Mauritius and Singapore are set to come into effect from April 1.

The changes in DTAAs give India the right to tax capital gains arising on Indian equity shares sold by a Singapore or

Mauritian resident

All this may also help improve corporate governance standards for the listed companies in India.

Indian financial markets recently saw several cases of high volatility in companies, like Sun Pharma, DHFL and IL&FS, which created panic among retail investors. In all these, the role of the board came under lens.

The modifications in the listing agreement will improve corporate governance by making relevant changes in the organisation of the board.

Among the key regulations, which will come into effect, are that the top 1,000 listed companies will be required to have at least six directors on their board against three, prescribed by the Companies Act 2013. Besides, the top 500 will also need to have at least one independent woman director.

Also, a director can hold that position in not more than the eight listed entities, while an individual will not be permitted to be independent director in more than seven companies.

A detailed explanation will be required if an independent director resigns before completion of the term.

The Securities and Exchange Board of India (Sebi) has also amended insider-trading regulations. As per the amendment, the definition of unpublished price sensitive information (UPSI) has been narrowed, allowing listed companies to share such information for board-determined legitimate purposes, but only if the disclosure is in the best interest of the company.

While UPSI will help check insider-trading, the Sebi regulationshave permitted flexibility by allowing block trade between insiders or between related parties within a company sharing same UPSI.

The changes will also keep transactions undertaken due to a regulatory obligation and exercise of stock option at a pre-determined price out of the ambit of insider-trading.

The new requirements with relation to Sebi regulations will also apply to intermediaries like auditors, accountancy firms, law firms, analysts and consultants. They'll have to put in place internal controls to check insider-trading.

Additionally, the concessional tax regime for investors under the earlier DTAAs for making investments into India via Singapore and Mauritius will cease to exist from April 1.

India amended DTAAs with Singapore and Mauritius in 2016. It gave India the right to collect tax on capital gains arising on Indian equity shares sold by a Singapore or Mauritian resident.

New WTO rules may favour the US, denying India policy space	**Live Mint** https://www.livemint.com/news/india/new-wto-rules-may-favour-the-us-denying-india-policy-space-1553455626426.html

USTR Robert Lighthizer working with WTO director-general to rewrite the organization’s rulebook

US declared that developing nations can't avail of special and differential treatment (S&DT)

India is facing a grave crisis in global trade as the US changes the rulebook of the World Trade Organization by working "closely with the very-able director-general, Roberto Azevedo". According to trade envoys who spoke on condition of anonymity, the US has made it almost clear that it will effect far-reaching changes in the WTO rules so as to ensure that India and other developing countries are denied 'policy space' to address their specific trade needs.

"We have been very active at the WTO [and] we work closely with the very-able director-general, Roberto Azevedo" for addressing the specific concerns bothering the US, said Ambassador Robert Lighthizer, the US Trade Representative, during a hearing of the US Senate finance committee on 12 March.

Soon after terminating benefits worth billions of dollars accruing to Indian exporters under the generalized system of preferences (GSP) scheme on 5 March, the USTR and his team had embarked on proposals that would deny India and other developing countries flexibilities accorded under global trade rules. The US, for example, declared that India and other developing countries such as South Africa cannot avail of special and differential treatment (S&DT) in any current or future trade agreements on grounds that they are members of the G20 which was created by Washington following the 2008 financial crisis.

Without naming India, the USTR said, "many members self-declare themselves to be developing countries even though they are among, in many cases, the richest in the world" to avail of special and differential treatment. The US proposal to deny S&DT, India warned on 28 February, "can cause lasting damage to the multilateral trading system."

S&DT enables developing countries like India to take commensurate trade commitments based on their economic capacity. It allows developing members like India to formulate "their domestic trade policy, in a way that helps them to reduce poverty, generate employment and integrate meaningfully into the global trading system."

While developing countries made progress on some economic indicators since the inception of the WTO in 1995, "the old gaps in the levels of development are far from being bridged, and in some areas, have even widened," India cautioned. But the US turned a deaf ear to the calls from India and a large majority of developing countries about the denial of S&DT. India, for example, is unlikely to secure any flexibilities for safeguarding livelihood concerns of its fishermen in the new trade rules for fisheries subsidies because of the US proposal to deny S&DT, said a trade envoy from Africa, who preferred anonymity.

Ambassador Lighthizer accused the WTO for having transformed into a "litigation forum" with its dispute settlement system for resolving global trade dispute having breached its mandate. The WTO members had established a facilitator to address the specific issues raised by the US early this year. But the US chose to cock a snook at proposals during the meetings specifically convened to address Washington's special concerns about improving the functioning of the appellate body. India expressed alarm at a meeting convened by the facilitator Ambassador David Walker of New Zealand on 21 March that the US has not submitted any proposal on how to address the issues it had raised.

The US, which had blocked the selection process for filling vacancies at the appellate body, the highest adjudicating mechanism for resolving global trade disputes, seems determined to decimate the appellate body by the end of this year, said several trade envoys, who asked not to be named.

India preparing to tackle Japan on proposed e-comm rules at G-20 meet	Business Line https://www.thehindubusinessline.com/info-tech/india-preparing-to-tackle-japan-on-proposed-e-comm-rules-at-g-20-meet/article26626173.ece

If G-20 declaration in Osaka talks favourably about global norms , the pressure on India and other non-participating WTO members will increase to join negotiations

India is preparing its arguments against framing of global rules on e-commerce and digital economy that Japan would want to be included in the G-20 declaration in Osaka in June .

“Japan has already indicated its intention to push for framing of global rules on e-commerce. Since it is the chair of the G-20, it is likely that Japanese Prime Minister Shinzo Abe will try hard to ensure that the declaration adopted at the end of the meet articulates the intention of all members to work towards a multilateral agreement on e-commerce,” a government official told *BusinessLine.*

New Delhi cannot allow e-commerce to be part of the G-20 declaration as it has been fighting hard to keep it off the negotiating table at the World Trade Organization. Although the announcement on launch of plurilateral talks on e-commerce between 75 countries was made at the World Economic Forum in Davos this January, India decided not to be even an observer at the talks.

In his speech at Davos, Abe had said that the G-20 meet in his country would seek to rebuild trust towards the system of global trade and would focus on areas such as e-commerce and intellectual property.

“If the G-20 declaration in Osaka talks favourably about global rules on e-commerce, the pressure on India and other non-participating members of the WTO will increase to include themselves in the negotiations. This is how the developed world behaves. It raises and makes a point about an issue at the G-20 and later tries to get it accepted at the WTO,” the official said.

Indiahas a clear and unwavering stand on the matter. At a meeting on e-commerce last October at the WTO, India’s representative reportedly stated that developing countries cannot take on global commitments as they needed policy space in areas such as ownership and use and flow of data in sunrise sectors like cloud computing and data storage.

The Centre has floated a draft e-commerce policy which has not gone down well with foreign players such as Amazon and Walmart as it puts a number of restrictions on their operations. It has suggested that all e-commerce websites should have a registered business entity in India and all product shipments from overseas must be channelised through the customs. It is also categorical that FDI should be encouraged only in the marketplace model.

India’s e-commerce market, currently valued at about $ 27 billion, is one of the fastest growing in the world.

Flying squads to check spurious cotton seed at railway stations	**Tribune India** https://www.tribuneindia.com/news/punjab/flying-squads-to-check-spurious-cotton-seed-at-railway-stations/747765.html

With the cotton sowing season scheduled to begin from April 15, the Agriculture Department has this year decided to deploy flying squads at railway stations to keep a check on farmers bringing uncertified seeds from other states, especially Gujarat.

Talking to The Tribune, KS Pannu, Secretary, Agriculture, Punjab, said, "The uncertified seeds are not recommended by the Punjab Agricultural University (PAU) and the State Agriculture Department because these are prone to attack by whitefly and other insects. Thus directions have been given to the Chief Agriculture Officers and the Deputy Commissioners of Bathinda, Barnala, Faridkot, Fazilka, Mansa, Moga, Sangrur and Muktsar districts to keep an eye on farmers alighting from trains coming from other states, especially Gujarat. The field officers have also been asked to destroy weeds, which are an alternative host of whitefly."

He said posters mentioning the harmful effects of BT cotton seeds of other states would also be pasted at railway stations and camps would be organised to spread awareness among farmers. "Our aim is to stop the sale and sowing of uncertified cotton seeds in the state. If the farmers follow the guidelines of the State Agriculture Department, their benefit will definitely increase," Pannu added.

This year, the department has fixed the target of cotton sowing on 3.2-lakh hectares in comparison to 2.83-lakh hectares in 2018-19. An agriculture officer said the PAU had recommended 90 varieties of cotton seeds in the state.

Parallel tracks on trade ties	**The Hindu** https://www.thehindu.com/opinion/op-ed/parallel-tracks-on-trade-ties/article26626991.ece

Economic diplomacy can still prevent the removal of the U.S.'s trade benefits to Indian exports

Could it be that the strained trade relations between India and the U.S. are an outcome not of the U.S.'s domestic politics but of India's? The timeline of U.S. President Donald Trump's decision to rescind the benefits Indian exports enjoy under the Generalised System of Preferences (GSP) programme is revealing.

E-commerce rules

It begins with the change in foreign direct investment (FDI) rules in India. The tightened norms that came into effect on February 1 place several restrictions on e-commerce companies, including Walmart-owned Flipkart and Amazon.

The unexpected changes came after Walmart, the world's largest retailer, paid over $16 billion to acquire Flipkart last May. To raise the resources needed, Walmart put one of its biggest international operations, Asda, on the block for $10 billion.

The calculations behind the $500 billion retail giant's investment in India have gone awry after the change in the FDI rules. The Walmart family are close friends of Mr. Trump. On February 20, Walmart CEO Doug McMillon said the company was disappointed that New Delhi had changed the FDI rules without consultation and hoped for a more collaborative process going forward. Days later, on March 4, Mr. Trump notified Congress of his intention to slap punitive action on India by ending preferential treatment for the country's exports.

Walmart has a reputation for killing small retail businesses with ultra-low prices, a concern that influenced New Delhi's decision to tighten the FDI rules. While the FDI policy might be irreversible, economic **diplomacy** can still defuse the situation and prevent the removal of the GSP benefits that will not take effect for until at least 60 days after the notifications to Congress and the Indian government.

The simmering tensions go back to April 2018 when the United States Trade Representative (USTR) launched a review of New Delhi's eligibility for the GSP programme. Tensions escalated in June, as New Delhi, in response to Washington's 25% tariff hikes on steel and 10% levies on aluminium, immediately accused it of unfair trade practices, and, seeking to signal a muscular approach, threatened retaliatory tariffs on $235 million of U.S. imports.

Bilateral talks since then have failed to ease tensions and India now stares at losing the GSP benefits. Foreign Secretary V.K. Gokhale returned empty-handed from Washington recently.

India's GSP status came under review after the U.S. medical and dairy industries complained that New Delhi is not providing them "equitable and reasonable access to its market". India's data localisation policies deepened the rift.

New Delhi's use of price control measures against imported drugs and medical devices has grown noticeably. Cardiac stents were put under price controls in February 2016 and knee implants attracted similar action in August 2017, after which trade margins for many medical devices are sought to be capped.

U.S. manufacturers complain that in doing so, New Delhi has meted out differential treatment to them *vis-à-vis* domestic players.

For domestic companies, the price to distributors is considered while in the case of global manufacturers the base proposed is the landed costs of imports. The U.S. medical device industry wants price controls on cardiac stents and knee implants withdrawn and would like products to be treated on parity with domestic medical devices through a trade margin rationalisation regime.

New Delhi has preferred to act against unreasonable price mark-ups through price controls when exactly the same outcomes can be achieved through other types of policy alternatives. The USTR is right in pointing out that price capping counts as a trade barrier. New Delhi can easily address the concerns by replacing price controls with trade margin rationalisation measures, applying them equally to domestic and foreign manufacturers.

India is the largest beneficiary of the GSP, the largest and oldest U.S. trade preference programme. The GSP is aimed at promoting economic development by allowing duty-free entry of products from designated beneficiary countries. Nearly 4,800 different goods from 129 designated countries enjoy duty-free access under the programme.

The immediate loss for India is preferential access at zero or minimal tariffs to the U.S. in case of about 1,900 products, or about half of all Indian products.

New Delhi has downplayed the impact of the proposed withdrawal of benefits, saying exports worth $190 million only are likely to be affected and that the tariff advantage was 4% or more on only 2,165 of a total of 18,770 tariff lines.

Estimating losses

This is an underestimation. The loss to the economy would be much larger than what the Department of Commerce is projecting. While it is true that the actual tariff advantage from the programme works out to a meagre $190 million, which is just 0.4% of the total Indian exports to the U.S., the actual loss will not be limited to the immediate tariff advantage.

Indian exporters are competing for market share in the U.S. with other low-income countries in industries where margins are wafer thin. Even minor price hikes can drive significant drops in export volumes. In which case, losing GSP access will be costlier than the projections.

Among price-sensitive products eligible for higher GSP benefits that risk losing out to competition from other countries are processed food, leather products, plastic products, building materials, tiles, hand tools, engineering goods, cycles and made-ups such as pillow/cushion sleeves and woven women's apparel.

Many of these are the very industries the new e-commerce FDI rules seek to protect.

Arunachal First lady visits loin loom weavers; apprises about GeM	**Nenow.in** https://nenow.in/north-east-news/arunachal-first-lady-visits-loin-loom-weavers-informs-about-gem.html

The First Lady of Arunachal Pradesh Neelam Misra on Saturday visited Lower Niti Vihar Colony of Itanagar in Arunachal Pradesh and met the loin loom weavers.
She visited their houses and saw for herself the way loin loom weaving is practiced by the womenfolk at home continuing her endeavour to promote indigenous loin loom weaving in the State.

This was stated in a press release issued from Raj Bhavan later in the day. The First Lady, who took up the issues of local loin loom weavers with union minister for textiles Smriti Irani, during latter's visit to Itanagar on February 22, enquired about the challenges of the weavers, particularly the availability of raw materials, subsidized loans, training centres and the outlet for the produces.

The First Lady advised the weavers to take advantage of e-Marketing, which is the process of marketing a brand using the Internet. She said that through e-Marketing, they can sell their loin loom produces to any interested individual anywhere in the world. She also informed them about Government e-Market Place or GeM in short, the release added.

China to import more from US to balance bilateral trade: Top official	**Business Line** https://www.thehindubusinessline.com/news/world/china-to-import-more-from-us-to-balance-bilateral-trade-top-official/article26625209.ece

Beijing is reported to have promised to buy larger quantities of US agricultural and energy products to help achieve that goal

Ahead of the crucial talks next month to finalise the texts of trade deal with the United States (US) to end the trade war, a top Chinese official said on Sunday that China will import more goods from the US to balance bilateral trade, a key demand of President Donald Trump.

Trump is demanding China to reduce the $375 billion trade deficit and protection of intellectual property rights (IPR), technology transfer and more access to American goods to Chinese markets.

He has already increased the tariffs on over $250 billion Chinese exports to the US and threatened to extend tariffs on $200 billion Chinese imports to 25 per cent.

Trump held back his threat to impose additional tariffs on the rest of Chinese imports as both sides stepped up talks to finalise the text of the deal.

The White House said recently that talks between Chinese Vice-Premier Liu He, China's main trade negotiator and the US Trade Representative Robert Lighthize and Treasury Secretary Steven Mnuchin will be held on April in Washington.

Ahead of the talks, Vice-Premier and Politburo Standing Committee member Han Zheng told the China Development Forum in Beijing on Sunday that China will work to boost imports and achieve a more even balance of trade with the US.

Han told a gathering of foreign business representatives and former government officials from the US and other countries that his government was committed to levelling the playing field.

"We do not aim to (increase the) trade surplus and sincerely want to increase imports to achieve trade balance," Han told the media.

He said that China would improve market access, including shortening the negative list of industries in which foreign investment is limited or prohibited, and ban the practice of forcing foreign firms to transfer proprietary technology to joint venture partners.

As the next step, we will continue to shorten the negative list for foreign investors and allow sole proprietorship of foreign businesses in more sectors, he said.

China would also speed up the opening up of more sectors, including telecommunications, education and health care, he said.

We will continue to strengthen intellectual property protection, prohibit forced technology transfers, and build a penalty and compensation system (for infringement cases)," he said.

Beijing is reported to have promised to buy larger quantities of US agricultural and energy products to help achieve that goal.

The trade gap for goods bought and sold by the US and China in 2018 rose 11.6 per cent from the previous year to a record $419 billion, stated media reports.

China recently passed a new foreign investment law which for the first time provide an opportunity to foreign firms from June 1 to invest in China without joint ventures with protection to technology.

Chinese officials say the new law with a negative list provides level playing field treating foreign firms on par with that of the domestic companies.

UAE keen to grow bilateral trade to $10bn by 2030	**Dhaka Tribune** https://www.dhakatribune.com/business/2019/03/24/uae-keen-to-grow-bilateral-trade-to-10bn-by-2030

The United Arab Emirates (UAE) is keen to increase their bilateral trade with Bangladesh to $10 billion by 2030, a top official at the UAE Embassy in Dhaka said on Sunday.

To this end, the Embassy of the UAE in Dhaka has drafted a roadmap.

Economic Analyst at the UAE Embassy, Altap Hossen, said this speaking at a programme, "UAE-Bangladesh Business Ties: Present Status and Future Opportunities," at the Hotel Royal Paradise in the capital.

"We identified a minimum of 10 products from Bangladesh for export to the UAE. The products include knitwear, woven garments, home textiles, leather goods, ceramics, agricultural, jute, and plastic goods," Altap said at the programme.

On the other hand, Bangladesh can import mineral products like LNG and LPG, chemicals, rubbers, Aircrafts and ships and other products from the UAE, he added.

He said a joint business chamber will be established this year for the expansion of trade between the two countries.

Next year, Dubai will arrange a World Expo 2020, where Bangladeshi products will be showcased on a priority basis, Altap said.

"Currently, the size of bilateral trade between the two countries is $1.13 billion. All efforts will be made to take it to $2 billion by 2021, $5 billion by 2025, and $10 billion by 2030," he added.

Focusing on investment, he said the UAE currently has an investment of $7.8 billion in Bangladesh, which will increase over time.

Executive Chairman of Bangladesh Investment Development Authority (BIDA), Kazi M Aminul Islam, was the chief guest while UAE Ambassador to Bangladesh, Saed Mohammed Al-Mheiri, presided over the program.

Business leaders and concerned government officials from two countries were present at the occasion.

The UAE Ambassador in his speech said his country is keen to deepen bilateral relations with Bangladesh on all fronts, including business and the economy.

''We would like to extend our hand to businessmen of both countries to increase the trade volume," Mheiri added.

Referring to the recent visit of Prime Minister Sheikh Hasina to the UAE last month, he said the visit strengthened the brotherly ties further.

During the visit, several MoUs were signed between the governments and private sectors of the two countries.

''Many more UAE companies are also keen to invest and do business in different sectors in Bangladesh'' he continued.

On the occasion, Aminul Islam urged the UAE to invest Bangladesh.

"We now have special economic zones, export processing zones, and high tech parks for foreign investment," Aminul said.

Referring to a number of research studies, the BIDA chairman said corporate profitability is the highest in Bangladesh compared to other peer countries like India, Vietnam, and Thailand.

Deputy Chief of Mission of the UAE Embassy in Bangladesh, Abdulla Ali ALHmoudi, Managing Director of Intraco Group, Mr. Mohammed Riyadh Ali, Emirates Airlines Country Manager Saeed Abdulla AL Miran, Vice President of Dhaka Chamber of Commerce and Industry (DCCI), Imran Ahmed, Chairman and Managing Director of AL Haramain Perfumes, and Chairman NRB Bank, Mohammed Mahtabur Rahman, spoke on the occasion.

Cambodia Faces Major Economic Blow as E.U. Weighs Ending Trade Deal	**NY Times.com** https://www.nytimes.com/2019/03/24/world/asia/eu-cambodia-trade.html

Cambodia faces a serious blow to its economy as the European Union investigates the government's deteriorating human rights record and considers revoking a special trading deal with the country.

For 17 years, Cambodia has benefited from preferential access to the European Union a major trading partner, under a program called Everything but Arms, which allows what the bloc calls "vulnerable developing countries" to pay fewer or no duties on all their exports to the bloc, except weapons and ammunition. The trading deal has contributed to a period of rapid economic growth in Cambodia.

But the program stipulates that countries meet international norms of human rights and democracy. Instead, Cambodia has engaged in one of its harshest waves of repression in recent years, actions that have prompted the European Union to consider ejecting the country from the program.

The bloc has said that the Cambodian government has engaged in "serious and systematic violations of core human rights and labor rights," and in February it set in motion an 18-month process that could lead to the suspension of Cambodia's preferential status under the Everything but Arms program.

Last week, senior officials from the European Union visited the Cambodian capital, Phnom Penh, in the first scheduled talks under the formal suspension process. It will include six months of monitoring and talks, then a further six months during which the commission will reach its final decision. Any withdrawal would take another six months.

In 2017, Cambodia sold $5.8 billion of goods to the European Union, about 40 percent of the country's total exports.

Since gaining access to the European market in 2001, the textile industry has grown rapidly and now employs about 700,000 people. Most are women, and their wages are often the main source of financial support for families in poor villages around Cambodia.

Sebastian Strangio, a Southeast Asia expert and author of the historical study "Hun Sen's Cambodia," said that access to Everything but Arms and similar programs had been "vital in the development of Cambodia's garment and apparel manufacturing sector — by far the country's largest source of export revenue."

Will Egypt's Cotton Industry Flourish Again?	**Albawaba.com** https://www.albawaba.com/business/will-egypts-cotton-industry-flourish-again-1270424

Egypt is overhauling its cotton industry with the introduction of modern equipment but the move may have adverse effects on the cultivation of its high-quality, extra-long staple cotton.

The modernisation process is to include replacing obsolete machines in tens of state-owned cotton weaving, ginning and spinning factories that don't handle the local production of extra-long staple (ELS) cotton. They operate only with imported short-staple cotton.

Some of the machines in ginning factories date to 1878, Public Affairs Minister Hesham Tawfik said.

He said the modernisation process would include merging some cotton plants, with the aim of increasing production four-fold in the coming years. Funds to finance the project, he said, would come from the sale of unneeded textile industry assets.

Egyptian officials are trying to instil new life into its textile industry, which contributes almost 3% of GDP, employs one-third of the industrial labour and generates exports worth $2.6 billion annually (15% of Egypt's non-oil exports).

The industry was, however, beaten out in the past two decades by the invasion of cheaper products from other countries.

Textile factory machines used to whirr loudly and spool hundreds of thousands of metres of the finest fabrics, feeding on Egypt's unparalleled ELS cotton.

"The upgrade of the factories will be the real beginning for modernising the whole industry," said Mohamed al-Qaluibi, of the Textile Industry Section at the National Federation of Industries. "This will have strong effects on the competitive edge of textile products in local and international markets."

The first modernised ginning plant is to begin operations in April in the central province of Fayoum. It is among 11 ginning plants being overhauled, along with several weaving and spinning factories.

There are fears the modernisation plan will have far-reaching effects on the cultivation of Egypt's renowned ELS cotton and exports to international markets.

There is meagre demand for ELS cotton in the local market, where 65% of textile factories operate with short-staple cotton imported from Greece, Sudan and Syria. Egyptian factories imported 1.1 million tonnes of short-staple cotton last year.

With the factories' modernisation, the government will start growing short-staple cotton. That means an increase in space for its cultivation at the expense of ELS. Last year, more than 120,000 hectares were cultivated with ELS cotton, an area that shrunk to around 80,000 hectares this year.

Cotton farmers sustained big losses last year. Some 14,000 tonnes of ELS cotton could not be exported.

Egyptian Minister of Agriculture Ezzeddine Abu Steit charged that cotton marketing companies have let the farmers and the government down. "We need to create demand for [ELS] cotton in the local market," he said.

Egypt is trying to adapt to the needs of its textile industry. Prime Minister Mostafa Madbouli in February ordered the formation of a scientific and academic panel to oversee a plan for the cultivation of short-staple cotton.

The plan has not been put into effect yet but the space cultivated with cotton this year will come down to 84,000 hectares. This is a far cry from the approximately 810,000 hectares cultivated with ELS cotton in the early 1980s when revenues from raw cotton exports outweighed revenues from any other sector.

Abdurrahman Hussein, president of the independent Farmers' Union, accused Abu Steit of damaging the country's ELS cotton farming by reducing cultivation areas.

"The minister's plan will also cause huge losses to cotton farmers," Hussein said.

Egypt cooperates with the UN Industrial Development Organisation to help local farmers grow more and better cotton. The 1-year programme, which started last July, aims to reverse the decline in ELS cotton production and demand.

To allay farmers' fears, Abu Steit said cultivation of short-staple cotton would only begin next year.

"We will grow it in the desert to prevent it from damaging our pure [ELS] cotton production," he said.

The Economics Of The 4th Industrial Revolution	Techzim.co https://www.techzim.co.zw/the-economics-of-the-4th-industrial-revolution/

The first industrial revolution, spurred on by the textile industry in Britain, brought about new economic dynamics. New industries, new business models, new revenue streams, new labour patterns, and more. Three hundred years later, the fourth industrial revolution (4IR)'s unique complexity, scope and velocity of change, compared to the 1st, 2nd or 3rd industrial revolutions, cannot be expected to be as transcendent as the "Big Bang", without commensurate redefinition of the economics around it.

If developing countries are going to use 4IR to sling-shot around the development curve, the economics of 4IR need to be in step with the technological, societal and commercial changes.

Productivity and technology

There are several nuances of 4IR that have already emerged that need to be peered into. The first one is the shifting of productivity to "centres of technological power". Whilst the productivity scale has always been lob-sided in favour of developed countries, the proceed-with-caution sign needs to be raised again.

American companies, especially, are unrelentingly producing software solutions that automate, for instance, IT services. Products like Ansible have virtually replaced the jobs of Information Technology (IT) administrators through the automation of IT systems management tasks. Local firms are enamoured by these solutions because of their incredible cost-savings, garnered through the reduction of IT administration human resource costs. In fact, most of these solutions can be deployed into organisations for "free".

This leads to the redundancy of affected employees and ultimately job cuts. Whilst job-losses are likely to hit Africa because of automation, the companies producing these products are "gaining" Economic Productivity for their countries across the entire value chain of product design, development and support. Gross Domestic Product (GDP) literally moves by osmosis out of developing countries to the centres of technological power. The question to ask is; What trade laws exist and apply to cross-border consumption of digital services? There are no trade zones, no quotas, for apps!

The growth of digital services trade could trap developing countries in a vicious cycle of consumption, and not the preferable virtuous one of production, **IF** technologically less-advanced countries do not start exporting technology services themselves.

Consider cloud services: if the adoption of cloud services means that businesses can host their data and applications with a cloud service provider and not invest in their own IT infrastructure, again, there is a transfer of GDP to the countries dominating in this area. Developed countries are gaining in this regard because they are setting up vast “server farms” which house cloud computing systems.

Developing countries therefore need to produce home-grown, exportable technology solutions, to balance the trade. During the previous iterations of the industrial revolution, many developing countries exported raw materials and imported them back as processed, finished products. Fourth industrial revolution economic policies should not be ahistorical, but rather engineered to reflect lessons from the past.

Factors of production

The second nuance is the distribution of factors of production such as Capital, Labour, Land and Entrepreneurship. With pervading globalisation, established markets will benefit more from the unfettered transfer of some of these factors to countries that already have them in highest concentration, unless, of course, drastic economic policies are put in place. Because of the impending dominance of digitalisation in commerce and industry, capital will flow to countries leading the charge in the advanced research and production of Artificial Intelligence, robotics, and other related technologies. The evidence is irrefutable; look at the market capitalisation of the firms involved.

In the past, Multi-National Corporations (MNC) needed to pay tax in every country in which they operated. Today, there are digital MNCs. Do they pay corporate income tax in all the countries in which they operate “virtually”? Digital MNCs may only be paying corporate income tax in their countries of domicile.

Skilled “labour”, which is the substratum in the 4IR technological developments, is in comparatively less supply in developing countries. That means, at a macro-economic level, national budgets will need to be reimagined to provide funding for prioritised 4IR development areas.

On a positive note, entrepreneurship, a powerful propeller for previous industrial revolutions, is growing in Africa. However, the economic ecosystems supporting entrepreneurship in Africa could go far by adopting lessons from the economics of places like Silicon Valley, San Francisco. An entire economic system in Silicon Valley is conveniently geared to support entrepreneurs in San Francisco, and the results show.

The economic policies needed to support the fourth industrial revolution in developing countries will require consultation and participation of all relevant stakeholders – technology experts, educators, commerce and industry, trade unions and labour, and a strong underpinning of political will. The role of political leadership is key; as the adage goes, “politics drives economics”. The fourth industrial revolution is a great opportunity for an “African Renaissance”, but this can only be achieved if the economics around this revolution are adequately understood, and effective policies formulated and implemented. The latter being of utmost importance.

Ten innovators joining Fashion for Good programme	**Fibre 2 Fashion** https://www.fibre2fashion.com/news/apparel-news/ten-innovators-joining-fashion-for-good-programme-248188-newsdetails.htm

Ten innovators are joining the Fashion for Good-Plug and Play Accelerator, premier sustainable textile and circular fashion innovation platform. The innovators aim to reshape the fashion industry for good. The programme involves a twelve-week curriculum, including mentorship and business development opportunities with the corporate partners.

The ten entrepreneurs comprising the fifth accelerator batch, have been carefully selected from hundreds of applicants. While each innovator has a unique value-proposition, the batch has a focus on innovative data management, new materials, dyeing technology, and end of use solutions. The goal of the accelerator is to drive market validation and prime these technologies for implementation at scale.

The selected companies are - Checkerspot, Dimpora, Farefarm, FastFeetGrinded, IndiDye, Indigo Mills Designs, MonoChain, pondTextile, Pure Waste Textiles and VeChain.

Fashion for Good was launched in 2017 and is supported by C&A Foundation as a founding partner. The Accelerator Programme is part of Fashion for Good's Innovation Platform, which also includes a Scaling Programme and the Good Fashion Fund. The Fashion for Good-Plug and Play Accelerator is run in collaboration with Plug and Play – the most active early-stage investor globally – and corporate partners adidas, C&A, Galeries Lafayette, Kering, PVH, Target and Zalando. Together they are championing the replicable and scalable innovations that will accelerate the transition to a circular fashion industry.

Checkerspot is a technology platform that enables the design – at a molecular level – of new materials. Checkerspot's technology unlocks the potential found in nature and expands the palette of high-performing materials available to product designers. The resulting products are better for the planet and generations to come.

Dimpora has invented a novel waterproof membrane material. Current waterproof membranes use toxic chemicals that bioaccumulate in the natural environment. Dimpora's material is free of such chemicals but still delivers breathable and high-performing membranes. A fully biodegradable and waterproof membrane is under-development.

Farfarm develops responsible fabrics using agroforestry systems that regenerate nature and communities in Brazil. They educate agricultural families to plant natural fibres such as cotton, jute, ramie and dye-producing plants using agroforestry principals that mimic nature, do not require chemical fertilizers, all while restoring biodiversity and keeping a standing forest.

FastFeetGrinded seeks to make footwear circular by collecting and recycling used shoes into new shoes. Together with retailers, they collect used shoes that are then sorted and deconstructed into their component parts. These material streams are manufactured into new products like playground flooring but also feed back into the footwear manufacturing supply chain.

IndiDye has developed a new, low environmental footprint, dyeing method for their natural plant-based dyes. This new process uses sound waves to bind natural dyes to cellulosic fibres. Indidye's technology uses less water, creates no wastewater, is biodegradable, and requires less energy than a conventional dyeing process. Indidye also produces a dye and is developing a cellulosic fibre – both of which are 100 per cent biodegradable.

Indigo Mills Designs is revolutionising the Indigo dyeing process by making it more sustainable, more economical and faster. This patented state-of-the-art foam dyeing process produces zero water discharge and minimal dye waste while producing deep indigo colours that the fashion industry loves.

MonoChain has developed an easy to integrate blockchain platform to bring primary and resale markets together to enable a circular economy and simultaneously combating fake products. MonoChain facilitates the reuse of fashion items and empowers brands to generate new revenue streams by connecting them to the resale market.

PondTextile has developed a 100 per cent plant based, biodegradable resin, made to replace petroleum-derived polyester fibre. The material is derived from plant starch with the possibility for feedstock to be sourced from waste streams.

Pure Waste Textiles produces ecologically sustainable and premium quality recycled fabrics and yarns. They take offcuts and spinning waste from factories in India and mechanically recycle them into yarns. Their products are entirely made of recycled textile waste, sometimes combined with recycled polyester or viscose.

VeChain is a blockchain-enabled product management platform. Using blockchain technology to secure product data enables retailers and manufacturers to easily collect, manage, and share product data across the supply chain all the way to the end consumer. Tagging systems are used to connect physical products with the digital world, facilitating transparency throughout the supply chain and product lifecycle.