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NEWS CLIPPINGS –21-08-2018

No GST on petrol, diesel in near future as Centre, states not in favour	Money Control https://www.moneycontrol.com/news/business/economy/no-gst-on-petrol-diesel-in-near-future-as-centre-states-not-in-favour-2868651.html

When the one-nation-one-tax regime of GST was implemented in July last year, five petro-products - petrol, diesel, crude oil, natural gas, and aviation turbine fuel (ATF) were kept out of its purview for the time being.

Petrol and diesel will not come under the purview of Goods and Services Tax (GST) in the immediate future as neither the Central government nor any of the states is in favour on fears of heavy revenue loss, a top source said today.

When the one-nation-one-tax regime of GST was implemented in July last year, five petro-products - petrol, diesel, crude oil, natural gas, and aviation turbine fuel (ATF) were kept out of its purview for the time being.

Though there have been talks in the industry and by some ministers, including by Oil Minister Dharmendra Pradhan and Road Transport Minister Nitin Gadkari, for the need to bring them under GST at the earliest to deal with volatility in prices, there is no immediate plans on the anvil to do so, the source, who wished not to be named, said.

The Union finance ministry, he said, has not mooted any proposal to bring petrol and diesel or even natural gas under GST but took up the issue at the last GST Council meeting on August 4 based on media reports.

"All states were opposed to the idea," he said.

If the two fuels are put under GST, the Centre will have to let go Rs 20,000 crore input tax credit it currently pockets by keeping petrol, diesel, natural gas, jet fuel and crude oil out of the GST regime. States, on the other hand, want to keep a revenue tool in their hand to meet any contingency like the floods in Kerala, he said.

The Centre currently levies a total of Rs 19.48 per litre of excise duty on petrol and Rs 15.33 per litre on diesel. On top of this, states levy Value Added Tax (VAT) - the lowest being in Andaman and Nicobar Islands where a 6 percent sales tax is charged on both the fuel.

Mumbai has the highest VAT of 39.12 percent on petrol, while Telangana levies highest VAT of 26 percent on diesel. Delhi charges a VAT of 27 percent on petrol and 17.24 percent on diesel.

The total tax incidence on petrol comes to 45-50 percent and on diesel, it is 35-40 percent.

Under GST, the total incidence of taxation on a particular good or a service has been kept at the same level as the sum total of central and state levies existing pre-July 1, 2017. This was done by fitting them into one of the four GST tax slabs of 5, 12, 18 and 28 percent.

For petrol and diesel, the total incidence of present taxation is already beyond the peak rate and if the tax rate was to be kept at just 28 percent it will result in a big loss of revenue to both centre and states.

The source said there was no case for GST on CNG in near future as its sale is restricted in a few cities.

GST has been spoken of as a panacea for high fuel prices but there seems to be no consensus on bringing petro-products under the new regime in immediate future, he said.

After hitting an all-time high of Rs 78.43 a litre for petrol and Rs 69.31 for diesel on May 29, rates have marginally fallen during the subsequent days on softening in international oil prices and rupee strengthening against the US dollar. Petrol costs Rs 77.49 a litre and diesel Rs 69.04 in Delhi.

More importantly, GST being an ad valorem levy -- charged as a percentage on ex-factory price --- would have a cascading impact on retail prices whenever refinery gate prices are increased because of a rise benchmark international oil prices. The inverse would also be true.

The source justified high excise duty on the fuel saying the earning from the same is used to pay for unpaid oil subsidy bill left by the previous UPA government as well as fund developmental needs.

The Central government had raised excise duty on petrol by Rs 11.77 a litre and that on diesel by 13.47 a litre in nine installments between November 2014 and January 2016 to shore up finances as global oil prices fell, but then cut the tax just once in October last year by Rs 2 a litre.

This led to its excise collections from petro goods more than doubling in last four years - from Rs 99,184 crore in 2014-15 to Rs 2,29,019 crore in 2017-18. States saw their VAT revenue from petro goods rise from Rs 1,37,157 crore in 2014-15 to Rs 1,84,091 crore in 2017-18.

GST subsumed more than a dozen central and state levies like excise duty, service tax and VAT when it was implemented on July 1, 2017.

However, its implementation on five petro products - petrol, diesel, natural gas, crude oil and ATF was deferred. This resulted in the industry losing on revenue as they were not able to offset GST tax they paid on input from those paid on the sale of products like petrol, diesel and ATF.

Pest attack, scanty rains to dent India cotton exports: trade body head	Reuters https://www.reuters.com/article/us-india-cotton-exports/pest-attack-scanty-rains-to-dent-india-cotton-exports-trade-body-head-idUSKCN1L511K

India is likely to export 7 million bales of cotton in 2018/19, down 30 percent from an earlier estimate, as scanty rainfall and an attack of pink bollworms are likely to squeeze crop yields, the head of a leading trade body told Reuters.

Lower shipments from the world's biggest producer of the fiber amid rising demand from top consumer China could support global prices, which on Monday were trading near their lowest level in over four months.

A drop in planting area and the pest attack will limit overseas sales to 7 million bales in the marketing year starting on Oct. 1, down from 7.2 million bales in the current crop year, said Atul Ganatra, president of the Cotton Association of India.

"In Gujarat and Maharashtra, rainfall was lower than normal. In some pockets, pink bollworm attacks have also been reported," said Ganatra, who had forecast exports of 10 million bales in June.

India's western states of Gujarat and Maharashtra account for more than half of the country's total cotton production.

Some regions of these two states received as much as 22 percent less rainfall than normal, according to data compiled by India Meteorological Department.

Indian farmers have adopted genetically-modified seeds known as Bt cotton that are resistant to bollworms, but it hasn't stopped the infestations.

Pink bollworms consume the fiber and seeds inside a cotton plant's boll, or fruit, and yields fall.

Export demand for shipments in 2018/19 is robust but we could not sign deals due to uncertainty over crop size, said a Mumbai-based dealer with a global trading firm.

Local cotton prices will rally if production drops substantially and will make it difficult for us to fulfill commitments, the dealer said.

Pakistan, China, Bangladesh and Vietnam are key buyers of Indian cotton.

Union Textile Ministry urged to release funds for projects sanctioned for HP	Five Dairy News http://www.5dariyanews.com/news/244978-Union-Textile-Ministry-urged-to-release-funds-for-projects-sanctioned-for-HP

Vice Chairman HP Handicraft and Handloom Corporation Sanjeev Katwal called on Development Commissioner Union Handicraft Ministry of Textiles Shri Shantmanu and urged for early approval and sanction of projects worth Rs. 2 crore submitted to the Ministry. He also discussed about preparing a project for making proper use of pine needles and training women and unemployed youth for utilising the needles for making toys and other items which would not only enhance their income but also help in preventing forest fires as most fire incidents take place due to pine needles.He said that the Chief Minister has also taken keen interest in this project in order to train and upgrade the skills of youth and craftsmen and added that the meeting was held today in order to expedite the projects sent to Government of India for approval. Shri Katwal informed that efforts were being made to set up bamboo industry at Dharampur Seoh in Mandi district and artisans and craftsmen were being trained to make bamboo items. He said that Union Government has released Rs. 1.05 crore and requested for speedy release of rest amount out of the total Rs. 2.10 crore for speedy implementation of project.Shri Gopal Sharma MD HP Handloom and Handicraft Corporation was also present in the meeting.

Finally, customs allows export of non-perishable commodities	**Times of India** https://timesofindia.indiatimes.com/city/trichy/finally-customs-allows-export-of-non-perishable-commodities/articleshow/65494398.cms

The cargo terminal at the international airport is expecting a considerable change in its commodity profile soon, as the customs department has issued a notification which would encourage exporters to consign non-perishable commodities (general cargo). It has been receiving 99% of perishable commodities ever since it was declared as a cargo port in 2011.

Exporters here had been accusing customs authorities of discouraging and turning away non-perishable consignments and making them run from pillar to post on the same. They had been complaining that only perishable commodities will not help increase the volume of cargo being lifted from here after the much-awaited launch of Electronic Data Interchange (EDI) facility. Following several representations received from exporters and importers from the Trichy International Airport, the commissioner of customs (preventive) has issued a notification by activating Merchandise Exports from India Scheme (MEIS). Since the notification has come into force, a number of exporters particularly from the neighbouring district like Karur (dealing textile and garment) and ancillary industries is Trichy will begin using Trichy cargo terminal.

The scheme is coming under foreign trade policy from which the government will provide a certain percentage of incentive to the exporter as well as the importer to encourage export. This will be applicable for certain commodities and certain foreign destinations. As per the new scheme, exporters will get 2 to 5% as incentive for perishable commodities from Agricultural and Processed food products Export Development Authority (APEDA).

Whereas, non-perishable commodities would attract a maximum of 10% of incentive. This would encourage the exporters to consign non-perishables also, a senior official from cargo terminal in Trichy airport said.

“Drawback duty or change of import duty can be claimed if we consign commodities under the scheme. As of now, 99 per cent of commodities which are handled at Trichy International Airport is perishable like vegetables, fruits and flowers. The remaining one per cent alone constitute non-perishables. Hereafter this trend will change. This will pave way for the exporters, customs, Airport Authority to earn more revenue”, said a leading exporter in Trichy.

NSE signs MoU with Bengal government's MSME & Textile department	Money Control https://www.moneycontrol.com/news/business/markets/nse-signs-mou-with-bengal-governments-msme-textile-department-2867961.html

The Micro Small and Medium Enterprises (MSME) and Textiles department have taken the initiative to engage the NSE with all industry associations and chamber bodies.

The National Stock Exchange of India Limited (NSE) today signed an MoU with the MSME and textiles department of West Bengal government for supporting and facilitating alternate sources of funding through equity among the small and medium sector enterprises.

The Micro Small and Medium Enterprises (MSME) and Textiles department have taken the initiative to engage the NSE with all industry associations and chamber bodies, so that large number of SMEs in West Bengal can be encouraged to explore alternate sources of funding and help list them on emerge platform of NSE, a NSE statement said.

This initiative by is just the beginning of journey towards the objective of getting 100 SMEs from West Bengal, listed on NSE Emerge platform by 2020, it said.

NSE Emerge has a total of 168 SMEs, listed on the platform with total capital raise of Rs 2,597 crore. Currently, six companies from varied industries in the state are listed on NSE Emerge platform with total funds raised standing approximately at Rs 44 crore, it said.

Also, approximately 15 new companies from West Bengal plan to get listed on NSE Emerge platform over the next one year, the statement said.

GST return filing dates extended for Kerala, parts of Karnataka	Money Control https://www.moneycontrol.com/news/business/economy/gst-return-filing-dates-extended-for-kerala-parts-of-karnataka-2868301.html

The due date of filing of GST summary sales returns in Form GSTR 3B for July has been extended to October 5 from August 20 for the flood affected areas.

Government today extended the last date for filing of GST returns for taxpayers registered in flood hit Kerala, Mahe (Puducherry) and Kodagu district of Karnataka.

The revenue department has also exempted basic customs duty and Integrated Goods and Service Tax (IGST) on import/supply of goods for flood relief in Kerala.

The due date of filing of GST summary sales returns in Form GSTR 3B for July has been extended to October 5 from August 20 for the flood affected areas.

However, for other taxpayers, the date has been extended only till August 24. Taxpayers in these flood affected areas will be given time till October 10 for filing GSTR-3B for the month of August.

"In view of disruption caused due to severe floods in Kerala, Mahe (Puducherry) and Kodagu (Karnataka), the competent authority has extended the due dates for filing of (GSTR-3B and GSTR-1) by taxpayers" registered in these areas, an official statement said.

As regards Form GSTR-1 (sales return), taxpayers having turnover of up to Rs 1.5 crore can now file their July-September quarter return up to November 15.

For others in the flood affected areas, the filing date for July GSTR 1 has been extended to October 5 and for the month of August to October 10.

Finance Minister Piyush Goyal said: "In light of the inconvenience faced by the people of Kerala due to the flood situation, the GST returns for the month of July can now be filed by October 5th, and the returns for the month of August can now be filed by October 10th".

He also said that in order to facilitate filing of easy GST returns, the government has extended the due date of filing GSTR-3B return to August 24.

"We are committed to ensuring that GST is a Good and Simple Tax," he said.

Earlier in the day, Goyal, who also hold railways portfolio, said Kerala is likely to get around Rs 200 crore from railways for rehabilitation works.

He has appealed to the national transporter's 13 lakh employees across 16 zones to voluntarily donate a day's salary for the cause.

Modi's MSP hike to face hurdle in WTO	**Tribune India** https://www.tribuneindia.com/news/comment/modi-s-msp-hike-to-face-hurdle-in-wto/640545.html

There is a popular saying: people living in glasshouses should not throw stones at others. But at the World Trade Organisation (WTO), this adage has little meaning. For several years, India has been under pressure to reduce or limit its support to agriculture, keeping it within the confines of the de-minimis limit ascribed under what is called as the aggregate measure of support (AMS). While India is under tremendous pressure to reduce the minimum support price (MSP) it provides to farmers, the big boys of global trade — the US, the EU and Canada — continue to flout the norms with impunity.

Most developing countries, including India, cannot provide subsidy exceeding 10 per cent of the total value of production of a crop. For the sake of illustration, let's take the value of wheat produced in the country at Rs 500 crore. In that case, the MSP given to farmers, which for some strange reason is counted as subsidy, cannot exceed 10 per cent of the total value. In other words, the MSP cannot exceed Rs 50 crore if the total value of wheat produced in the country is Rs 500 crore. The market support for procuring wheat and rice in the form of MSP falls in the category of product-specific support.

The US Trade Representative, Robert Lighthizer, announced recently that it plans to drag India to the WTO for under-reporting its market support for wheat and rice, which appears to be over 60 and 70 per cent, respectively, as against the permissible limit of 10 per cent. The trade confrontation will further escalate when India's latest policy decision to provide 150 per cent higher price over the cost of production for 23 crops for which MSP is announced every year is also questioned at the WTO.

At the heart of the controversy is the AMS entitlement under the WTO. The 10 per cent limit that was prescribed for developing countries was calculated keeping the average of 1986-88 global prices as the reference price.

Since then, farm input prices have quadrupled, as a result of which the MSP has also risen accordingly. For India, MSP is a crucial policy instrument of the public policy helping small and marginal farmers. It has implications for the livelihood security for India's 600 million farmers.

Interestingly, while developing countries have a limit of 10 per cent, for the developed countries the AMS is capped at 5 per cent. This falls under what in trade parlance is called the Amber Box, which is considered to be trade-distorting.

As per a revised proposal made by China and India before the WTO, the two giants have explicitly stated that the rich counties enjoy 90 per cent of the global AMS entitlements amounting to nearly $160 billion. These subsidies are in addition to more than $200 billion farm subsidies that are provided under the Green Box, which cannot be questioned if it meets the criteria.

Anyway, based on the domestic support notifications that the developed countries have been providing, it becomes crystal clear that the US, the EU and Canada have themselves been providing a whopping product-specific support.

From the data presented, it is quite revelatory that while for some commodities/products, farmers in the developed countries are getting subsidies in excess of their value of production, in many cases the subsidies are twice the value of production.

Take the case of rice. While India is being questioned for its 60 per cent subsidy support, the US provides 82 per cent; and the EU subsidises rice growers to the tune of 66 per cent. In certain years, more than 90 per cent of the total product-specific subsidies in the US were concentrated only for milk and sugar. In the EU, over 64 per cent support for certain years was confined to just two products — butter and wheat.

In the US, some products for which support exceeds by 50 per cent are wool (215 per cent), mohair (141 per cent), rice (82 per cent), cotton (74 per cent), sugar (66 per cent), canola (61 per cent) and dry peas (57 per cent). In just seven out of the 20 years for which the data was compiled, more than 50 per cent of the product-specific support was confined to milk. In the case of the EU, some of the products with subsidies exceeding 50 per cent of the value of production are silkworms (167 per cent), tobacco (155 per cent), white sugar (120 per cent), cucumber (86 per cent), pears for processing (82 per cent), olive oil (76 per cent), butter (71 per cent), apples (68 per cent), skimmed milk powder (67 per cent), tomatoes for processing (61 per cent).

In Canada, milk, sheep meat and corn have continuously benefited from a very high level of subsidy. In the case of tobacco, the amount of subsidy was three times the value of production.

Isn't it time for the US, the EU and Canada to first do away with $160 billion of product-specific support in agriculture? Even if it has come late, the joint proposal by China and India will help remove trade distortions which have allowed developed countries all these years to flood developing countries with cheaper imports.

CRISIL SME Tracker: For MSEs, men's apparel is where the money is	**Business Standard** https://www.business-standard.com/article/economy-policy/crisil-sme-tracker-for-mses-men-s-apparel-is-where-the-money-is-118082100014_1.html

CRISIL-rated MSEs in men's apparel had an average operating profit margin of 9.8 per cent - a good 200 bps more compared with those in kids' and women's apparel

Micro and small enterprises (MSEs) in men's readymade garment manufacturing have better financial metrics compared with their peers manufacturing women's and kids' garments, reveals a CRISIL SME Rating analysis of more than 100 rated MSEs in the sector.

CRISIL-rated MSEs in men's apparel had an average operating profit margin of 9.8 per cent — a good 200 bps more compared with those in kids' and women's apparel, which logged 7.5 per cent and 6.9 per cent, respectively.

The trend also held in net profit margin, where these players logged 6.3 per cent, compared with 4.5 per cent for kids' and 3.9 per cent for women's apparel makers.

The higher profitability of men's apparel manufacturers has also resulted in higher accretion to their reserves and consequently, lower reliance on debt funding.

Thus, men's apparel manufacturers had a gearing of 1.1 times compared with 1.3 times for kids' apparel and 1.9 times for women's apparel MSEs.

MSEs see business prospects over 'positive momentum': CriSidEx index

Standardised designs in menswear and the limited requirement of incorporating pattern and embroidery into the apparel could be one reason for the lower cost of production of men's apparel and therefore higher profit margins. CRISIL believes that adoption of zero-defect production combined with investment in brand development can help MSEs in women's and kids' apparel improve their profit margins.

Trade deficit greater concern than rupee, says NITI chief	**The Hindu** https://www.thehindu.com/business/trade-deficit-greater-concern-than-rupee-says-niti-chief/article24746530.ece

India should push exports, as its share in world trade is low

NITI Aayog Vice-Chairman Rajiv Kumar said on Tuesday that he was more concerned about the rising trade deficit than the falling rupee, and called for efforts to push exports.

"I don't believe in strong rupee... Rupee should remain in its natural value, some countries depreciate their currency deliberately, this is wrong. It will be very difficult for India to try and push up the rupee," Mr. Kumar said at an event organised by industry body CII.

"There is a constituency that benefits from strong rupee...The constituency should be put on back foot," he added. The rupee on August 16 had slumped to life-time low of 70.32 on strong demand for the U.S. dollar.

Mr. Kumar further said that economic policy making should not focus only on fiscal deficit number, arguing that large economies like USA, China and European Union do not give much importance to fiscal deficit.

"Nobody is playing by rules, so we should learn to play as it suits our requirements," he said.

He pointed out that at a time when private investment is low, then the aggregate demand can be brought up by public spending. He said however that some revenue expenditure can be just be brought to zero. The main worry, he added, is trade deficit. "I think it will be much better to try and push exports, as our share in world trade is low. Even our share in services sector in world trade is lower than China's," he noted.

Government To Meet Fiscal Deficit Target: Official	Daily Pioneer https://www.dailypioneer.com/business-and-finance/government-to-meet-fiscal-deficit-target-official.html

The Central government is likely to meet its fiscal deficit target on the back of robust economic growth, higher tax compliance and "zero" revenue loss in Goods and Services Tax (GST), a senior Finance Ministry official said on Tuesday.

"There will be no shortfall in fiscal deficit target. We will meet the fiscal deficit target. Income tax collection is robust, first quarter results of the corporate world is absolutely delightful. I don't see any reason for any concern on fiscal deficit," the official said here.

The 2018-19 fiscal deficit -- the difference between revenue and expenditure -- has been pegged at Rs 6.24 lakh crore, as compared to the revised estimates of Rs 5.94 lakh crore for the previous fiscal.

On the GST, the official said: "I believe tax compliance and revenue buoyancy because of demand growth will almost result in 'zero' revenue loss despite the recent deductions in rates done to protect and promote sectors like textile, exports and handicrafts." The government has targeted a monthly revenue of Rs 1 lakh crore from the GST collection. The Finance Ministry had earlier announced that the revenue collection under GST crossed the Rs 95,000 crore-mark for the second month in a row and stood at Rs 96,483 crore for the month of June (collected in July).

In a relief for common man, the GST Council in its meeting last month reduced tax rates on over 50 items including refrigerators, washing machines and small televisions, which would now be taxed at 18 per cent, down from the current 28 per cent.

Further, the official said that state governments have shown reluctance to include petrol and diesel in the GST basket, as they predict the move to curtail their overall revenue streams.

According to the official, the state governments are not willing to include petrol and diesel under the GST ambit as they would like to retain certain financial autonomy.

Besides, the official said that some state governments also utilise the taxes generated from petroleum products for infrastructure development. The Central government is open to the idea of including the two main transport fuels in the GST basket as it will aid in bringing down prices and the overall inflation.

Recently, the prices of the two key transport fuels have risen due to higher crude oil prices and the rupee depreciation. On August 14, the data on the Wholesale Price Index (WPI) furnished by the Commerce Ministry showed that price of high-speed diesel rose by 22.84 per cent on a Year-on-Year basis in July, petrol by 20.75 per cent and LPG by 31.68 per cent.

On July 18, Petroleum and Natural Gas Minister Dharmendra Pradhan informed the Rajya Sabha that GST Council which includes Finance Ministers of all states would decide when petrol, diesel etc can be brought under its regime. Pradhan had pointed out that the petrol and diesel prices have been made market determined by the government effective from June 26, 2010 and October 19, 2014 respectively.

Garment-textile sector regains confidence of foreign investors	**Vietnam Plus** https://en.vietnamplus.vn/garmenttextile-sector-regains-confidence-of-foreign-investors/136843.vnp

Vietnam has been considered an attractive destination for investors who are keen on the garment and textile sector, thanks to benefits brought about by the bilateral and multilateral free trade agreements (FTAs) that the country has signed and is about to sign.

Looking back more than one year ago, many domestic garment firms were facing significant hardships as orders were being shifted to countries with low labour costs and tariffs, such as Cambodia, Myanmar, and Bangladesh.

However, in just a short period of time, after investing in technology and adjusting costs and inappropriate policies, Vietnam regained investors' confidence, with a lot of large orders now returning to the country.

The Vietnam Textile and Apparel Association (VITAS) explained that Vietnam is well-known for its high quality of garment and textile products and quick delivery turnaround for sophisticated products.

Therefore, partners have returned to Vietnam after discovering that product quality and delivery times were not always ensured in other countries.

Recently, Japan's Itochu Group spent 5 billion JPY (47 million USD) buying an additional 10 percent of shares in the Vietnam National Textile and Garment Group (VINATEX). The purchase raised Itochu's stake in Vinatex to 15 percent, making it the second largest stakeholder behind the Ministry of Industry and Trade.

In March, the southern province of Binh Duong granted an investment licence to a garment and textile project by Taiwan's Apparel Far Eastern Co., worth 25 million USD.

Singapore's Herberton Ltd., also recently carried out the Nam Dinh Ramatex Textile and Garment Factory project worth 80 million USD in the northern province of Nam Dinh. The factory is expected to become operational next year with a capacity of 25,000 tonnes of fabric of various kinds and 15 million clothing items a year, creating jobs for around 3,000 labourers.

According to Chief Representative of VITAS in Ho Chi Minh City Nguyen Thi Tuyet Mai, together with efforts to regain investors' confidence, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and other free trade agreements (FTAs) have attracted investors to Vietnam.

Currently, Vietnam is involved in 16 bilateral and multilateral FTAs, including two next-generation ones, namely the CPTPP and the EU-Vietnam Free Trade Agreement (EVFTA). Once they become effective, more opportunities will be created for the garment and textile sector, Mai added.

Vietnam is among the world's five biggest garment-textile exporters and producers. The country's garment-textile export turnover hit 16.5 billion USD in the first six months of 2018, up 16.49 percent year-on-year. Last year, the sector raked in 31.2 billion USD from exports, a year-on-year rise of 10.23 percent.

SL chosen as garbage dump by S'pore after China, Thailand, Vietnam, Malaysia shut their doors – expert	National Multi Media http://www.nationmultimedia.com/detail/breakingnews/30352681

One-time top government trade negotiator Gomi Senadhira Monday urged the ruling coalition to immediately halt the importing of garbage of all sorts in accordance with the Sri Lanka-Singapore Free Trade Agreement (SL-SFTA).

"Stop it now or face the consequences," Senadhira, who served successive government over a period of 32 years as a commercial diplomat told The Island.

The former Director General of Commerce (2009-2011) and Sri Lanka's Permanent Representative to the World Trade Organization (2004-2006), Senadhira called the much-touted agreement a total sell-out.

"I'm shocked, angry and disappointed at the way the government concluded such a dangerous agreement," Senadhira said.

Senadhira had served Sri Lankan missions in Baghdad, Kuwait, Moscow, Geneva, Washington (1998-2001)Brussels (2001-2003) before returning home to assume duties as Director General of Commerce.

In an exclusive interview with The Island, Senadhira faulted the Development Strategies and International Trade Ministry for causing irreparable damage to the country by finalizing an agreement inimical to the country's interests.

Development Strategies and International Trade Minister Malik Samarawickrema, over the weekend, declared that the SL-SFTA had been in operation since May 01, 2018.

Responding to a query, Senadhira said that he hadn't been really interested in SL-SFTA and didn't bother to examine it though it was signed in late January this year. "But about two weeks ago, some interested party consulted me on this matter.

Therefore, I examined the relevant sections and what I found stunned me. In fact, SLSFTA is a one-sided document which totally neglected Sri Lanka," the former Senior Trade Advisor for policy and Negotiations to Government of Seychelles said.

According to him, the SL-SFTA in respect of 'goods' as well as 'services' hadn't brought any tangible benefits to Sri Lanka. Referring to 'goods', Senadhira said that Singapore received duty free benefits to the tune of USD 10 mn annually whereas Sri Lanka didn't receive anything.

Asked whether he felt the SL-SFTA should be abrogated, Senadhira asserted such a course of action wouldn't be in Sri Lanka's best interest. "What we can do is to halt the import of garbage now, and prevent Singapore from setting up a massive operation which can transform Sri Lanka into one huge garbage dump.

The veteran trade negotiator said that there couldn't have been a worse agreement negotiated by Sri Lanka ever under any circumstances.

Senadhira said that SL-SFTA should be examined against the backdrop of the world's biggest garbage buyer China halting the importing of a range of solid waste, including plastic waste from living sources, vanadium slag, unsorted waste paper and waste textile material.

"The Chinese ban came into operation by the end of last year. Vietnam, Thailand and Malaysia, too, followed China," Senadhira said. Obviously, Singapore has no alternative but to look for other destinations for its plastic waste and recycle-sables, Senadhira said, adding that Sri Lanka was picked as the next importer.

Referring to large scale import of garbage by India, Senadhira pointed out that garbage hadn't been included in the positive list in the India-Singapore FTA. Therefore, there was no requirement on India's part to halt the import of garbage, he said, adding that for want of proper consultations among relevant government ministries. Senadhira alleged that Singapore had taken advantage of Sri Lanka in the absence of proper parliamentary scrutiny.

The former Director General Commerce pointed out that ministers were on record as having said that parliamentary approval was not required for an agreement like SLSFTA.

The Development Strategies and International Trade Ministry and those who represented Sri Lanka in negotiations with Singapore owed an explanation as to how a range of harmful items were accommodated in the positive list, thereby guaranteeing them market access, he said.

It would be interesting to know whether President Maithripala Sirisena, in his capacity as the minister in charge of environment portfolio knew inclusion of garbage in the positive list, Senadhira said. The government certainly should explain whether it was aware of impending China's waste ban followed by Vietnam, Thailand and Malaysia at the time Development Strategies and International Trade Ministry negotiated SL-SFTA, Senadhira said.

Senadhira said that China had announced its decision in July last year and the notification was circulated in line with Article 10.6 of the WTO. Sri Lanka struggling to cope with Colombo garbage was opening the entire country to foreign waste, Senadhira said, adding that unless the government acted swiftly and decisively now the country could experience unprecedented health risks.

Senadhira said that the threat posed by Meethotamulla garbage mountain couldn't be compared with forthcoming Singaporean operation. Sri Lanka could end up receiving massive stocks of harmful toxic waste via SL-SFTA, Senadhira said, calling for urgent intervention by parliament.

Senadhira emphasised that he was not absolutely interested in getting involved in ongoing protest campaign against SL-SFTA. Those opposed to the SL-SFTA had been demanding the formulation of national trade policy as a remedial measure to prevent the government from entering international trade agreements harmful to Sri Lanka. However, Sri Lanka as a member of the WTO had a trade policy, Senadhira said, pointing out no country could be in that organisation without having its own trade policy. Senadhira explained the development of trade policy by different categories of countries with Sri Lanka's being updated in 2016.

Responding to another query, Senadhira asserted that those opposed to SL-SFTA hadn't really examined the agreement, hence their inability to comprehend the full implications.

The former official noted the appointment of a five-member committee by President Maithripala Sirisena to examine the disputed sections in the SLSFTA. Senadhira was responding SLFP spokesman Minister Mahinda Samarasinghe's recent declaration that the government would act on the recommendations made by the committee. Samarasinghe is on record as having said that amendments could be made within one year after the signing of the agreement.

Senadhira said that the government should act before Singapore went ahead with its plan to make significant investment in waste management operation. Referring to the SL-SFTA, Senadhira said that it envisaged setting up waste management operation in the North Western Province subject to the approval of NWP Environmental Authority. He explained how systems and mechanisms could be manipulated by those immensely influential parties hell-bent on achieving their objectives.

Quoting from UN trade data, Senadhira pointed out that Singapore in 2016 exported approximately 42,000 tonnes of plastic waste to China, Malaysia, Vietnam and Indonesia. "Hope our politicians realize that the SL-SFTA should not be implemented even for a specific period. It'll go until we are overwhelmed by foreign garbage."

Senadhira called for a national discussion on the matter without further delay.

Policy shift must to get rid of Pakistan's export woes	**The News** https://www.thenews.com.pk/print/358294-policy-shift-must-to-get-rid-of-pakistan-s-export-woes

LAHORE: Pakistan's export woes are not new, and as compared with regional economies, the country has performed poorly in exports during the last 25 years. To change the situation, it is the need of the hour to provide the same incentives to all sectors as was done by India.

Since 1992, exports from Bangladesh and India increased 17 and 15 times, respectively, whereas from Pakistan the exports went up by only three times. Unfortunately, Pakistan's export culture has not fully developed yet. In 1992 the exports of Bangladesh were $2.098 billion. During the same period exports from Pakistan totalled $7.3 billion that was over three times the exports from Bangladesh.

Indian exports in 1992 stood at $19.628 billion, a little less than three times Pakistan's exports. At that time, textiles were the main exports of all the three countries. Bangladesh, during the preliminary stage exported only value-added textiles; India exported both value-added and basic textiles, while Pakistan's exports were mainly from the basic textile sector.

The data quoted in this article has been retrieved from the World Bank. Twenty five years later in 2017, exports from Bangladesh increased to $35.965 billion. India's exports reached $298.376, while Pakistan managed exports worth $21.569.

Bangladesh is still in value-added textiles, graduating to high value garments. It is the second largest exporter of garments after China. Textiles account for around 60 percent of its exports, half of which are low value-added basic textiles.

India has graduated out of textile dominance in the last 25 years and has diversified its export products. It is a major exporter of IT services, auto-parts, pharmaceuticals and light engineering goods. The share of textiles in its exports has reduced to 16 percent.

The 25 years journey of three close neighbours shows that exports increased constantly in India and Bangladesh but were inconsistent in Pakistan.

The exports of Bangladesh more than doubled during 1992-97 period from $2,098 to $4.842 billion. Indian exports that were $19.628 in 1992, which increased to $35.437 billion in 1997. In 1992, Pakistan's exports were $7.3 billion that inched up in the next five years to $8.47 billion.

This reflects that either there was flaw in government policies or the private sector in Pakistan was lethargic and looked towards the government for subsidies. Growth in Pakistan exports matched that of Bangladesh from 1998-2003. Bangladeshi exports reached $6.990 billion in 2003, while India's jumped to $58.93 billion.

Pakistan's exports increased to $11.53 billion, an increase of over $3.5 billion compared with the increase of only $1.1 billion in the previous five years. The next five years saw phenomenal export growth.

Bangladesh's exports reached $15.37 billion in 2008 that was 2.5 times higher than exports in 2003. Exports from India increased threefold to $194.828 billion. Pakistani export growth, though less than its two neighbours, almost doubled to $20.323 billion.

The constant increase in the exports of India and Bangladesh was at the expense of Pakistan.

India while excelling in other sectors also continued to increase its value-added textile exports, and Bangladesh was exclusively in value-added garments. Pakistan predominantly depended on low value-added basic textiles.

By 2013 Bangladesh was well ahead of Pakistan in exports. Against Bangladeshi exports of $29.114 billion, Pakistani exports were $25.121 billion. This was the first year since 1992 that Bangladesh overtook Pakistan in total exports. Indian exports in the same year reached $314.848 billion.

In 2017 the exports from Bangladesh reached $35.96 billion, Pakistan exports dropped to $21.569 billion, and Indian exports eased to $298.37 billion. An interesting point in this regard is that from 1992 except one year till date, Bangladesh always registered growth in exports.

There have been ups and downs in exports from India, but exports from Pakistan have always remained unstable – going up for a year or two and then coming down. The notion that Bangladesh surged ahead after easing of textile quotas in 2005 is not true as this country was showing constant growth in exports in the previous 13 years.

If we analyse Pakistan's export performance, it would be found that we never diversified our exports like India, and remained textile centric. Despite giving importance to textiles in our trade policies, we ended up exporting the lowest value-added textile, while Bangladesh that started almost 40 years later in textiles, has overtook us. A country like Pakistan needs a transparent export policy that provides the same incentives to all sectors.

Textile exports drop 16% after rebate reduction	**Tribune India** https://tribune.com.pk/story/1785583/2-textile-exports-drop-16-rebate-reduction/

Pakistan's textile exports dropped 16.1% to $1.002 billion in July 2018 compared to shipments recorded in June, which stood at $1.194 billion.

On a year-on-year basis, textile exports in July did not show any improvement. In fact, they fell half a per cent as exports were slightly better at $1.007 billion in July 2017.

The market had been expecting better performance from textile exporters following 18% rupee depreciation in the past nine months, but exports dropped significantly on a month-on-month basis and nominally on a year-on-year basis. Textile exports roughly make up 60% of Pakistan's total exports.

Textile exports drop 2% as production cost rises

All Pakistan Textile Mills Association (Aptma) Patron-in-Chief Gohar Ejaz said the government had recently halved tax rebates that stood at 4-7% and therefore things turned unviable for textile producers.

Ejaz said Pakistan had only adjusted its exchange rate by letting the rupee weaken, but it won't impact national exports. The rupee had been artificially stabilised at Rs105 per dollar for the past five years, he said.

He pointed out that textile was a very competitive industry internationally and after 4-7% rebate the industry operated at 5% profitability and "if the government reduces the rebate, then operating the industry will be unviable."

He added that many of the textile players had started closing operations as it had become difficult to run their businesses due to stiff competition in the international market.

However, according to Pak-Kuwait Investment Company AVP Research Adnan Sami Sheikh, textile exports tend to fall in July as exporters try to increase exports in the closing month of earlier fiscal year, which is June.

He added that Pakistan’s textile production faced high input costs due to imports, which diluted the impact of rupee depreciation on the textile industry.

“High quality raw material is imported by brands. Chemicals are imported while energy requirement is also generally fulfilled by consuming diesel which is also imported. So the impact of rupee devaluation is not convincingly passed on to the industry as people generally think,” he told The Express Tribune.

Textile industry demands extension in PM’s package

However, he added that the impact of rupee depreciation could not be gauged during summer as it was an off-season for the industry. The impact may be assessed and hopefully the textile group will show better exports in winter when consumption increases in the west due to cold weather and Christmas.

Sheikh said textile exports could be improved by improving localisation and quality of raw material as better brands import better quality cotton to meet their requirement.

Pakistan’s annual requirement stands at 15 million bales of cotton, but it has recently been producing just 10 to 11 million bales.

Trade minister unveils plan to make UK export 'superpower'	**Business Times** HTTPS://WWW.BUSINESSTIMES.COM.SG/GOVERNMENT-ECONOMY/TRADE-MINISTER-UNVEILS-PLAN-TO-MAKE-UK-EXPORT-SUPERPOWER

Britain will bid to become an "exporting superpower" after Brexit, Trade Secretary Liam Fox said on Tuesday as he unveiled the government's future export strategy.

The country, which is set to leave the European Union in March next year, will aim to increase exports as a proportion of GDP by five percentage points over the long-term, he announced.

Britain sold a record £620 billion (S$1.08 trillion) of goods and services overseas in 2017, accounting for 30 per cent of GDP, boosted by the recent weakness in the value of the pound.

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As we leave the EU, we must set our sights high and that is just what this export strategy will help us achieve."

The plan comes amid growing anxiety about the impact of Britain leaving the bloc without the prospect of a future trade deal.

This could hamper exports to the EU, Britain's largest market, if tariff-free trade ends post-Brexit.

Opposition Liberal Democrat leader Vince Cable, a former business minister, called Tuesday's target unveiling "meaningless" in the current climate.

"The government's own economic analysis shows that non-EU trade deals would not come close to making up for the loss of EU trade," he said.

"Relying on a mirage of trade deals with parties outside the EU is at best a gamble, at worst fantastical."

The government estimates that 400,000 British businesses could export but currently do not, while the Confederation of British Industry or CBI believes 10 per cent of companies in every region of the country fit that category.

The plan will encourage firms to export with an awareness campaign highlighting up to £50 billion worth of export finance and insurance support on offer.

It will also aim to connect them to "overseas buyers, markets and each other" with more online information and international promotion of British companies.

"This strategy is a first step - a foundation - for a new national drive to export," said Rona Fairhead, a junior trade minister.

CBI Director-General Carolyn Fairbairn welcomed the plan.

"The CBI has consistently called for a long-term approach to exports," she said.

"Previous strategies have come and gone, but businesses have been let down by their execution."

Britain's export market jumped 11 per cent last year, helping to narrow its trade deficit.

But exports fell and imports rose in the three months to June, widening the deficit by £4.7 billion, amid the Brexit uncertainty and global tensions over trade.

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