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NEWS CLIPPINGS –17-09-2018

Readymade garments exports down by 12.12% to $6.61 bn during April-August	**Business Standard** https://www.business-standard.com/article/economy-policy/ready-made-garments-exports-down-by-12-12-to-6-61-bn-during-april-august-118091500249_1.html

In rupee terms, the exports improved slightly due to currency fluctuations

Export of Ready Made Garments (RMG) continued its southward journey, recording a drop of 12.12 per cent to $6.61 billion from $7.522 billion from April to August in the corresponding time period last year due to the impact of the GST and the reduction in duty drawback.

The year started with a 22.78 per cent drop in April, from $1.747 billion a year ago to $1.349 billion in 2018. In August, the export touched $1.292 billion in 2018 as compared to $1.338 in 2017.

But at the same time, the exports clocked a 5.03 per cent growth in rupee terms, thanks to currency fluctuations. The exports in August 2018 was Rs 89.87 billion as compared to Rs 85.57 billion clocked in August 2017, a growth of 5.08 per cent.

Exporters said the impact after the implementation of the GST, reduction in duty drawback, and ROSL (remission of state levies) was visible on the export trends.

"With the Government's initiatives, we expect to see the reverse trend this financial year," said Raja M Shanmugham, president of Tirupur Exporters' Association.

Another official from the exporter fraternity said the duty-drawback committee recently met the Apparel Export Promotion Council (AEPC). They had also met the Tirupur Exporters Association in Bengaluru in July, but any announcement is yet to be made. The traders fear it may negatively impact the relationship with their clients.

"A delay will drive our buyers to resort to Bangladesh, Vietnam, Ethiopia, Myanmar and once if they settle there it is difficult to bring them back immediately. Meanwhile, the season will go off with partial orders," the official said.

R Rajkumar, managing director of Best Corporation, expressed hope that next year would bring better fortunes for the RMG segment.

The rupee falling to an all-time low might help the exporters' cause as it will narrow the price difference between Made-in-India textiles and competing nations, including Vietnam, Cambodia and Bangladesh. The development comes at a time when exporters are going to finalise agreements for the next set of orders.

"It will benefit exporters, who will be able to compete better with other competing countries. With Government incentives and the dollar at 70, we should be good to compete,"

Shanmugham, president, Tirupur Exporter Association said the gap between Made-in-Tirupur and other neighbouring competing countries would be reduced by around 2-3 per cent. Currently, the gap ranges between 10-15 per cent.

"Though, we will still be costlier, customers won't mind to hedge the risk if the cost difference upto 5-7 per cent. If the situation continues, we can expect a growth of around 10 per cent. The fall is a pleasant surprise for the industry," Shanmugham said.

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

A. Cotton		
Spot price (Ex-Gin) 28.5 to29 mm		
Rs/Bale	Rs/Candy	USD Cent/lb
22326	46700	82.10
Domestic Futures (Ex-Gin) July		
Rs/Bale	Rs/Candy	USD Cent/lb
22760	47609	83.69
International Futures		
NY ICE USD Cents/lb. (Dec 2018)		81.83
ZCE Cotton: Yuan/MT (Jan 2019)		15700
ZCE Cotton: USD Cents/lb.		88.14
Cotlook A Index - Physical		1000
B. Currency		
USD/INR	Close	Previous Close
Spot	72.556	71.855

Cotton Guide:

Four storms are appeared recently in the US, hurricane Florence caused devastation in the Carolina region however, cotton market was quiet resilient. The price yet made another week to continue in the same range of 80.50 on the lower side and 84 cents on the higher side. On a cumulative basis it's been now a complete month that cotton is moving in the tight range.

We think soon it will come out of the band. The threat of US-China trade worries talk continues to ruin the market sentiments however so far the import number from January to July has been good. It's the sentiment that is being spoiled, more than the supply worries demand is now becoming a question of determining price trend.

The Carolinas will continue to get heavy rain from Tropical Storm Florence this weekend. How much damage it will cause is yet to be known. Analysts seemed to offset the idea of any storm losses with the recent increases in the USDA US production estimates. On the demand side the week has appeared to be quiet for US cotton. Other growths, particularly Brazilian, have continued to move. The US trade wars for now have stunted the flow of selling enjoyed over the last 2 seasons. Troubles with currency weaknesses versus the US dollar have made it tough for some mills to pay for cotton already on the books.

For reference, December contract settled at 8183 down 16 points for the week. On the trading front volume were 18,989 contracts. Cleared yesterday were 17,424 contracts. Dec open interest began today at 145,932 contracts, up 333 contracts yesterday. Dec open interest has dropped about 12,000 contracts since the sideways pattern started on August 14th. Dec's open interest peaked on July 31st at 178,297 contracts. China's ZCE futures have also remained in a sideways pattern since August 14th. The ZCE almost ended unchanged for the week with a fraction of a one-percent loss.

Further, Chinese State Reserve cotton on last Friday auction had a turnover rate of 76.21%, spinners only. Offered were 30,434.9784 tons (139,788 bales); and sold were 23,195.9587 tons (106,539 bales). The cumulative turnover rate is 58.93% (offered versus sold). This auction series started at 24.1 million bales and 13.42 million bales remain.

On the technical front, prices remain near the bottom of the one-month trading range from roughly 8100 to 8400. For the week, it was a higher high and low, but the close was lower and near the bottom of the weekly range. This is sloppy price action that underscores the market's current lack of direction. The longer this trading range holds, the greater the potential for a big move when it finally resolves.

On the domestic front, Indian spot price for remaining 2017-18 crop prices traded marginally lower as new crop arrivals have just started to come. New crop arrivals are beginning in Maharashtra and Gujarat, albeit intermittently and in very modest quantities. Prices range from Rs. 47,000-47,500 per candy, ex-gin (with an average 83.90 US cents per lb at exchange rate

Currency Guide:

Indian rupee has opened weaker by 0.9% to trade near 72.45 levels against the US dollar. Rupee weakened as market players were concerned that government measures announced Friday were inadequate to bolster the currency. Finance Minister Arun Jaitley announced relaxation of restrictions for overseas borrowing, a possible easing of the cap that limits foreign ownership of individual company bonds and tax exemptions on rupee-denominated debt securities sold abroad. The government may also attempt to limit non-essential imports but did not specify the targeted products. Also weighing on rupee are renewed trade worries as US President Trump plans to go ahead with imposition of import duty on $200 billion Chinese goods. Market players are expecting an announcement soon and this has caused risk aversion in the market. Rupee may remain under pressure on trade worries and general weakness in equity market. USDINR may trade in a range of 71.9-72.85 and bias may be on the upside.

India may restrict non-essential imports to check rupee fall	Live Mint https://www.livemint.com/Politics/GGK0va1gDz7TGRXfnDQwpK/India-may-restrict-nonessential-imports-to-check-rupee-fall.html

The government may put curbs on non-essential imports such as gold and electronics goods, while boosting exports

After Friday's measures to increase capital inflows to check a falling rupee and curb the rising current account deficit (CAD), the next in line could be trade-related measures to curb non-essential imports and boost exports.

On Friday, finance minister Arun Jaitley said a broad policy decision has been made to take necessary steps to cut non-essential imports and increase exports, in the backdrop of the CAD touching 2.4% in the June quarter. "The items will be identified in consultation with the line ministries in the next few days and necessary decisions will be taken. We will also keep in mind that the decisions are WTO-compliant," he said.

Among non-essential items, imports of gold and electronic goods have picked up significantly in recent months. While imports of gold in July and August grew at an average 65% to $3.3 billion, that of electronic items during April-August period was up 15% to $24.7 billion. However, gold already attracts a high 10% customs duty, and both commerce ministry and NITI Aayog have been demanding reduction in customs duty to ensure better tax compliance and reduce smuggling of gold into India. Gold is also used as a raw material by the gems and jewellery sector whose exports have started to pick up after a prolonged dip.

Among electronic items, telephone sets including mobile phones constitute the major portion, growing at 16.2% to $17.2 billion during April-July. Other items registering high growth include colour TV sets of screen size more than 105cm (101%), digital cameras (153%), digital processing units (42%), memories of electronic integrated circuits (1,515%) and monolithic integrated digital circuits (291%) among others. Many of the electronic items have zero customs duty under WTO's first Information Technology Agreement, and the government may not be able to hike duties on those products.

Ajay Sahai, director general and chief executive officer, Federation of Indian Export Organisations (FIEO), said the list of non-essential imports need to be carefully chosen as they should not be raw materials or intermediaries for the industry. "If it is finished products, that can be looked into and that too, luxury-end items can be targeted. India should also not be seen as a country which is indulging in protectionism," he added.

While exports have been growing at double digits consecutively for the last four months, sectors like ready-made garments have been contracting for more than a year now. Exports of ready-made garments fell 12.1% to $6.6 billion during the April-August period. However, the government may find it difficult to directly provide export incentives to such sectors as the US has challenged India's entire exports subsidy regime at the WTO, claiming that India no more qualifies to provide such subsidies.

Sahai said if the intention is to support the exports sector, then the government should ask banks to lend to exporters. "Liquidity is a big challenge for exports. Banks are not lending to any sector and exports sector is a victim of that," he added.

Sahai claimed exporters' funds up to ₹10,000-12,000 crore are also locked up due to delay in goods and services tax (GST) refunds which can be released in an expeditious manner. "States also need to play a pivotal role in refund of input tax credit," he added.

Need to switch focus from price to income policy for farmers, says Professor Ashok Gulati	**Hindustan Times** [HTTPS://WWW.HINDUSTANTIMES.COM/PUNE-NEWS/NEED-TO-SWITCH-FOCUS-FROM-PRICE-TO-INCOME-POLICY-FOR-FARMERS-SAYS-PROFESSOR-ASHOK-GULATI/STORY-HGIU5RURXIVEJ2YY29383J.HTML]

We have been focusing a lot on the price policy in the agricultural sector in our country; however, there is a need to switch from the price policy to the income policy for the farmers, said well-known agricultural economist Professor Ashok Gulati.

He was in the city to deliver the first Sharad Joshi Memorial Lecture at Gokhale Institute of Politics and Economics on the topic 'Supporting Farmers the Smart Way' on September 15.

"Our focus for very long has been on the price policy related to agriculture produce and farming. However, if we really want to the help the farmers in a smart way, we must change our approach to the income policy of the farmers by ensuring good returns to them," he said.

The lecture was organised in the memory of the late Shetkari Sanghatana leader Sharad Joshi who was an economist, agriculturist and a stalwart on issues related to agriculture. Joshi was also a member of Advisory Board of the World Agricultural Forum (WAF), the foremost global agricultural platform that initiates dialogue between those who can impact agriculture.

According to Gulati, it is indispensable for the country to adapt to the science and technological advancements which will help the farmers double their produce as well as earning.

He said, "Globally it is proven that with the help of science and technology and innovative ideas, we can get a paradigm shift in the agriculture sector. We must be receptive to new technologies and innovations in the country and encourage it even further. Also, before we choose which technology to adapt, it is important for us to be aware of the market scenarios." Gulati stressed on increasing the exports by opening up the markets. "India has become the second largest exporter of cotton as we have opened the markets for exports. Similar approach should be accepted by the current union government as well," he said.

Gulati described Joshi as an exceptional farmers' leader who understood the crux of the issue and was able to communicate it across.

Rajas Parchure, professor and officiating director of Gokhale Institute of Politics and Economics said there could be no better person than Dr Gulati to deliver the first Sharad Joshi Memorial Lecture.

Push for geotextiles scheme	Telegraphi India https://www.telegraphindia.com/states/north-east/push-for-geotextiles-scheme-259578

The Assam public works department has urged the state government to implement the geotextiles scheme before it expires next March.

Sources said the scheme was launched in March 2015 at a cost of Rs 427 crore but has not taken off in Assam.

Use of geotechnical textiles for road construction, damage repair and lining of ponds was stressed at a workshop in the PWD convention centre here on Saturday.

The awareness workshop on sustainable construction materials and technologies for infrastructure development in the Northeast was organised by the Ahmedabad Textile Industry's Research Association (ATIRA), on behalf of the textile commissioner, ministry of textiles, in collaboration with the PWD, Assam.

Geotechnical textiles are textiles from natural and man-made fibres, woven and non-woven, used in geological applications involving rock, soil or other natural elements. Applications of the technology include separation, filtration, drainage and protection in road construction, slope and hill protection and water reservoirs.

The workshop was attended by ATIRA director M.N. Subramaniam, PWD secretary Ajit Kumar Kakati, PWD commissioner and special secretary Rajesh Kemprai, ATIRA Northeast regional centre expert engineer Shashindra Chandra Sarma and representatives of industry involved in geotechnical textiles production.

Subramaniam said, "ATIRA, founded in 1947, is engaged in consultancy, research and development of conventional textiles as well as technical textiles. We are working on projects involving use of geotechnical textiles for strengthening of roads, stabilisation of slopes and lining of ponds. Such projects are being implemented in different states of the Northeast."

Kakati said, "The PWD is using new and innovative technologies in road construction and geotechnical textiles is such an innovative technology which we plan to use. Geotechnical textiles is a membrane over which a bituminous layer is laid. It increases the strength and stabilises loose soil. The material is being used even in the railways."

Kemprai said, "The terrain of the Northeast poses challenges in road construction. It will benefit the PWD if we adopt the new technology. Climatic and geophysical conditions like fragile roads and frequent landslides can be conquered by use of geotechnicaltextiles. Our engineers will study projects where the technology has been used."

Why the Government must move fuel to GST	Economic Times https://economictimes.indiatimes.com/news/economy/policy/why-the-government-must-move-fuel-to-gst/articleshow/65827211.cms

Fuel prices have hit all-time highs. Petrol crossed Rs 80 a litre. Diesel hit new records too. Fuel prices are technically supposed to be market driven, linked to international crudeprices and foreign exchange rates. Practically, they are not. Both central and state governments tax fuel; the rates have varied wildly over the years. Rounding off for simplicity, the Centre taxes petrol at Rs 20 a litre. State taxes vary, but say for Delhi, they are around Rs 17 a litre. Hence, taxes amount to Rs 37 a litre. Without these, petrol at pumps would cost only Rs 43 per litre. This implies a whopping 84% tax on petrol, way higher than even the high-end slab of GST (28%), the supposed catch-all tax for goods and services in the country.

While tax on fuel has always been high, the last few years have been exceptional. Four years ago, central tax on petrol was around Rs 9 per litre (vs Rs 20 now), while state taxes were Rs 14 a litre (vs Rs 17 now). If we simply went back to those levels, the current petrol price would be just Rs 63 per litre.

So what happened in the past four years? Well, crude oil prices fell. As per policy, pump prices should have dropped, reaching Rs 40 a litre. However, the government interfered and raised taxes, cleverly ensuring that final petrol prices at pumps remained unchanged. As a result, you the consumer lost the benefit of lower crude prices. The consumers didn't notice. Maybe they were just happy the prices didn't rise. The government, meanwhile, had a windfall as fuel-related revenues doubled. Rough estimates suggest the Centre now makes around Rs 3 lakh crore from taxes on petrol products, and the states another Rs 2 lakh crore. To put it in perspective, the entire Union budget is around Rs 24 lakh crore, making fuel taxes a nice chunk of the government's income.

Now, depending on whose side you are on, you may like or dislike this move. Some may say this was the only way the government could have fiscal discipline, which we never had in the past few decades. The extra money can be used to reduce our debt and increase welfare schemes. Detractors will say the fuel tax increase was a ploy to gouge more out of the middle class, which is fleeced at any given chance. Of course, all these discussions should have happened a few years ago when tax rates were changed, but somehow it didn't attract much notice then. Until now, when the low crude oil price party has ended.

Crude prices shot up again. The rupee fell. Now, the taxes raised a few years ago seem like a huge burden on the consumer. The opposition took the issue head on, striking a chord with the middle class. Whether the BJP government will buckle or not remains to be seen. So far they haven't. Maybe they think the angst people feel is temporary — either crude prices will fall again or people will just accept the hike and move on.

However, to think record fuel prices will have no political cost would be a mistake. Almost every political party takes the middle class for granted. Robin Hood style, they take from the middle class and pass it on as welfare schemes to the poor. By doing this, they hope to win more votes than the people they upset. However, fuel prices matter to all Indians now more than ever before. The jump in prices not only affects affluent voters with big vehicles, but also those with bikes. It also eventually causes inflation, which directly affects the poor. Taxation has its limits, and when an essential commodity like fuel is taxed at 84%, people do see it as unfair.

The ideal solution is to bring fuel under GST, anyway the right thing to do if you go by the spirit of GST as a universal indirect tax. If fuel moves to GST, petrol prices will be a mere Rs 55 a litre at current prices. Imagine the joy it would give to millions. Imagine the love GST would get, and the boost it would give to the economy.

Of course, a reduction in fuel taxes from 84% to 28% will mean a big hit to government revenue — of around Rs 2-3 lakh crore, or 10-15% of its spending. However, the government could, and should, have more creative ways to raise money — higher disinvestment, land sales, growing GDP faster and widening the tax net, for instance. Scaling back expenses and pulling out of schemes that don't work can also help cover some of the shortfall. Finally, while deficit control is always important, sometimes it is important to let go. Loosen the purse strings when people are suffering too much.

The long-term solution, and something that could have prevented all this, is to consider fuel hedging, or locking in future purchase prices when crude prices are low.

Lowering fuel taxes is a chance for the government to give relief to the consumer, make the GST more comprehensive and take the arbitrariness out of taxation. While it won't be easy to bridge the revenue gap, it's about time we found more innovative ways to raise money than just taxing the middle class some more.

About 22 % Shortfall In Cotton Output Forecast	**Urdu Point** https://www.urdupoint.com/en/pakistan/about-22-shortfall-in-cotton-output-forecas-433515.html

Due to drastic climatic changes, prolonging weather pattern and acute water shortageduring the crop sowing season, over 22 percent reduction in cotton output was forecast in current season as against the set target.

According to initial estimates crop output was estimated to remain 10.847 million bales as against the set targets of 14.37 million bales, said Cotton Commissioner in the Ministry of National food Security and Research, Dr Khalid Abdullah.

He attributed the reduction in the production mainly to decrease in the area under cotton in the Sindhby 15 percent as against the set targets of cultivation during the current season.

Talking to APP here on Sunday, he said that crop sowing was decreased due to shortage of water, bellow normal rains, adding that Sindh Province had faced more water shortage during the season, which resulted in reduction in the area under cotton cultivation.

The cotton crop in the Sindh had remained under water stress due to bellow normal rain falls in crop growing areas of the province, where as the water situation remained satisfactory in Punjab as compared the Sindh, which is likely to supplemented the over all output in second and final estimation, he observed.

The crop production in the Punjab was estimated at 8.077 million bales, Sindh 2.600 million bales and Balochistan at 0.150 million bales respectively, he added.

However, he said that it was an initial estimates and figures of output may improved in second and third estimation as the weather was dry and pest attack was not reported so far.

The pest attack including cotton mealybugs, pink ball worm also reduced and it was reported at 23 percent as compared the 27 percent of same period of last year, he observed.

Dr Abdullah further informed that due to water stress, the overall 5-10 percent yield in Sindh was expected to reduce, adding that prices of local produces was remained stable and encouraging the growers.

It may be recalled that cotton crop had been sown over 2.69 million hectares of land as against the fixed targets of 2.95 million hectares in order to produce over 14.37 million cotton bales during the crop season 2018-19.

The crop cultivation targets, which fixed for the current sowing season were achieved by over 91 percent as it went up by 2 percent as compared with the area under cotton crop cultivation during same period of last year.

Over all cotton sowing in the Province of Punjab registered about 11 percent growth as it had cultivated the crop over 2.29 million hectares of land as against the set targets of 2.31 millionhectares for the period under review.

However, crop sowing in the Sindh Province was decreased by 31 percent and attributed the low sowing trend with dry weather during the crop sowing time as well as shortage of water for crop irrigation.

Why does U.S. want India to import more?	**The Hindu** https://www.thehindu.com/business/Economy/why-does-us-want-india-to-import-more/article24956495.ece

What happened?

President Donald Trump came to power partly on the promise that he will create more jobs and that other countries would not thrive at the expense of the U.S. In his dealings with the rest of the world, he has made it amply clear that if the U.S. buys more from another country than what that country buys from the U.S., America loses; something he does not want. That spirit has spurred his move to impose higher duties on imports to spur local manufacture and increase jobs in the U.S. The same spirit is also behind the move to pressure India to import at least $10 billion a year more from the U.S. over the next three years.

How much do we buy?

According to the U.S. Census Bureau, India imported $25.7 billion from the U.S. in 2017 while it exported $48.6 billion to the largest economy in the world. The U.S.’s latest demand means it wants India to cut its trade deficit with the American nation by close to half, through increased purchases of civilian aircraft and natural gas. Between 2014 and 2017, India's trade deficit with the U.S. has hovered over $23-24 billion annually. In 2017, it dropped by $1.5 billion compared with 2016, due to higher imports from the U.S. Till July this year, India's deficit ran to $13.2 billion, not significantly different from the $13.6 billion for the same period a year earlier.

Where does China stand?

Juxtapose those figures against China's trade deficit with the U.S. — it was $375.6 billion for 2017. Mr. Trump is targeting imports from China (which, in his opinion, are taking jobs away from Americans) and has imposed duties on $50 billion worth of Chinese exports to the U.S. China has reacted with similar duties on imports from the U.S. With duties impending on another $200 billion worth of trade, he has most recently said his administration has lined up action on a third lot of $267 billion worth of Chinese imports into the U.S. This has roiled markets globally as trade wars benefit none. In the U.S.'s own case, for example, duties on solar panels, being sourced from China, have led to the sector forecasting a slower growth and flagging a loss of 23,000 jobs — the exact opposite of what Mr. Trump wanted.

Is it helping the U.S.?

The tough stance of the U.S. is significant. Reports suggest that the administration has wrought a miracle of sorts. The U.S. economy has returned to life: the GDP is growing at a 3%-plus rate; unemployment rate is near a 50-year low; the stock market has jumped 27% amid a surge in corporate profits. Many critics, including some from his Republican Party, have said this is not sustainable and that government spending, which is driving a part of the revival, will peter out in 2019. Some predict that the U.S. could even see a recession in 2020.

How does it affect India?

If this happens, it could be disastrous for India — not only will India's exports to the U.S. suffer, but it would have wasted precious dollar resources in signing up for imports under pressure. Even if the U.S. continued to grow, an increase in imports by India, merely to address the trade gap, would have a telling effect on the exchange rate. Indian government officials have estimated an extra $26 billion expenditure due to rising oil prices. Oil importers buy dollars to pay for their imports. That has contributed significantly to the falling rupee, which has lost as much as 14% this year, making it the worst performing currency in Asia. Spending an extra $10 billion a year on imports from the U.S. would mean further pressure on the rupee.

A falling rupee makes life difficult for other Indian importers. This would have a domino effect on the rest of the economy. Rising prices could dampen consumer demand, resulting in poorer profit margins for industry.

Govt moves to arrest rupee depreciation to have limited impact: HDFC Report	Business Standard https://www.business-standard.com/article/pti-stories/govt-moves-to-arrest-re-depreciation-to-have-limited-impact-118091600403_1.html

Increase in short-term external commercial borrowings or FII exposure "could lead to further worsening of vulnerability ratios and the global investors might actually take this negatively", it warned

The government's rupee depreciation arresting measures announced Friday may not drive fund inflows and are a negative from a longer term perspective as they increase short term debt, a HDFC Bank report has said.

"Considering that most of the measures aim at increasing short-term external debt or in effect worsen the risk profile of companies (by increasing un-hedged exposure), could actually be considered negative," the note released Saturday by one of the largest private sector lenders said.

Increase in short term external commercial borrowings or foreign institutional investor exposure "could lead to further worsening of vulnerability ratios and the global investors might actually take this negatively", it warned.

The measures include permitting manufacturing sector entities to avail ECBs up to USD 50 million with a minimum maturity of one year versus the earlier period of three years, removing caps on single group exposure for foreign investors, exemption from withholding tax for issuance of masala bond issues and removing restrictions on Indian banks' market making in masala bonds.

After announcement of the measures, reports had quoted government sources as saying that it will have a USD 8-10 billion positive impact through forex savings or increased flows.

"These measures are better suited when the sentiment in the global market is positive towards emerging markets and, in general, when it is relatively easy for emerging market corporates to raise money abroad," the note said.

It added that demand for masala bonds from offshore investors is generally driven by the stability of the rupee and in an environment where the rupee is under pressure, foreign investor are unlikely to increase portfolio of rupee denominated assets.

On the move to let corporates borrow from abroad, it said a lot would depend on how quickly and easily Indian corporates are able to garner additional short-term debt through ECBs or portfolio investments.

The government measures will have a sentimental impact on the market and the rupee trajectory "might not see a full reversal of the appreciation move of the last couple of days", it said.

The report also warned that while we set to achieve near term fixes, any protectionist gestures have to be viewed with some caution by global investors as it gives the impression of a reversal of 'reforms'.

"We see this as potential negative for the currency beyond the very near term," it said.

It also said that there could be additional measures which were supposed to be announced yesterday. It can be noted that there was no announcement yesterday.

Meanwhile, foreign brokerage Nomura said that the measures "underwhelm expectations" and also signify policymakers moving from the first line of defence which includes allowing currency depreciation, forex intervention and positive comments, to the second line which include measures to boost capital inflows, cut imports and boost exports. The Japanese firm said it expects more measures going forward.

Apparel benefitting from US-China trade war	**The Daily Star** https://www.thedailystar.net/business/news/apparel-benefitting-us-china-trade-war-1634368

Bangladesh's garment sector is turning into a beneficiary of the US-China trade war as American retailers are placing more work orders, but other sectors, such as jute and leather goods, are yet to see an uptick in fortunes.

Though China is by far the world's biggest exporter of manufactured goods, some factory owners over the past decade began moving production to other developing countries such as Bangladesh, Cambodia and Vietnam, said a recent report of The Financial Times.

This was in search of cheaper wages and a hedge against the political and economic risks that come from reliance on one country.

“Factory owners and US buyers say the trade war will intensify this shift,” said the London-based news organisation.

The observation proved true as local garment manufacturers acknowledged receiving more work orders from the US.

Take, for instance, the case of Viyellatex Group, a leading exporter that mainly ships to European countries.

Three American buyers, who had folded their business in Bangladesh two years ago, are set to place bulk orders, said David Hasanat, chairman and managing director of Viyellatex Group, while withholding the retailers' identities.

These three are not the only ones as many other US-based clothing retailers are now queuing up at his factory as China has already turned expensive for them, he said, adding that the trade war has been the impetus needed to re-route the buyers to Bangladesh.

Three out of every 10 buyers Hasanat now serves are from the US — a development of six months. The year-on-year growth of Viyellatex Group's American buyers is 25 percent.

The number will increase further if the Trump administration finally scraps the North American Free Trade Agreement (Nafta), Hasanat said.

Earlier, many Chinese garment companies set up factories in Mexico to avail the duty privilege under the Nafta. But now, apprehending the withdrawal of Nafta, the Chinese investors are pulling out from Mexico.

Bangladesh has also been benefitting in the purchase of cotton as prices decreased 10 percent after China imposed high duty on the import of the natural fibre from the US. China imports $1 billion worth of the white fibre from the US in a year.

Similarly, AK Azad, managing director of Ha-Meem Group, which exports 90 percent of his $550 million-worth production to the US, is expecting higher work orders from American retailers.

Though Vietnam is already benefitting on a massive scale from the US-China trade war, Bangladesh does have the scope to increase gains, especially in garment business.

“But, first of all we need to improve our production capacity,” he added.

Siddiqur Rahman, president of the Bangladesh Garment Manufacturers and Exporters Association, said the kickbacks from the trade war might not be visible overnight. “However, the condition of work orders is better now from last year,” he said.

The value of last year's global garment business also indicates a declining trend for China. Although China remained the largest apparel supplier globally, its share shrank to 34.9 percent from 36 percent.

Bangladesh's share increased to 6.5 percent from 6.4 percent through exports worth $29 billion, according to data from World Trade Organisation.

However, the benefits are yet to come for other sectors. Jute goods have not benefitted yet from the trade war, said Enamul Haque Patwary, the immediate past president of Bangladesh Jute Goods Exporters' Association.

Manufacturers and exporters said Bangladeshi leather and leather goods are yet to see a spike in orders.

The Trump administration has so far levied 25 percent tariffs on $50 billion of Chinese industrial goods and is considering imposing similar tariffs on another $200 billion of Chinese exports.

China immediately retaliated with a 25-percent tariff on imports of soy beans, other agricultural products and automobiles.

Bangladesh demands better prices for garment items	The Daily Star https://www.thedailystar.net/business/news/bangladesh-demands-better-prices-garment-items-1634356

Bangladesh sought better prices for its export items, especially garments, from the US retailers and brands in the fourth round of Ticfa meeting held in Washington on Thursday.

In the event of the Trade and Investment Forum Agreement (Ticfa), Bangladesh also demanded duty privilege for all the products of its export basket to the American markets.

Bangladeshi garment makers have been remediating the factories as per the recommendations of the Accord and Alliance—building inspection and remediation agencies—which will cost them nearly $3 billion.

The tenure of both the western agencies will end in December this year.

But the western buyers still do not want to raise the prices a bit in an excuse of a fall in demand for apparel items in their countries, including the US, the commerce ministry said in a statement

In the meeting, Bangladesh also sought increased investment from the US, according to the statement.

Bangladesh also reminded US of the Bali declaration of the World Trade Organisation in 2013, when the developed nations agreed to give duty waiver to the goods of least developed countries.

In Bali, they also gave word to offer duty benefits to 97 percent of the goods originated from the LDCs, if duty waiver to all goods is not possible.

Bangladeshi products also enjoy the duty waiver, but the US kept garment items—the main export item of Bangladesh—out of the 97 percent package's list.

Currently, the garment makers have to face a 15.62 percent duty for export to the US.

The overall value of Bangladesh's exports to the US increased 5.83 percent year-on-year to $3.63 billion in the first seven months of this year thanks to higher apparel shipments, US Census Bureau data shows.

In the period, apparel exports to the American markets grew 5.61 percent year-on-year to $3.21 billion and Bangladesh became the third—moving up from the sixth position—highest garment exporter to the US, according to data from the US Office of Textile and Apparel.

Garment items account for over 90 percent of Bangladesh's total export value and the US is its largest garment export destination. In June 2013, the US government suspended Bangladesh's trade privilege—the Generalised System of Preferences—citing poor labour rights and workplace safety.

The trade privileges are yet to be reinstated, although Bangladesh lobbied the US government after improving the labour standards and workplace safety, the commerce ministry said. The US duty free import benefit under the GSP programme is extended only to some LDCs in the Sub Saharan areas under the African Growth and Opportunity Act.

Bangladesh also demanded US cooperation for sustainability of its economy after the country's graduation to the developing country's category. In the Ticfa meeting, the US representatives urged Bangladesh to import more American cotton and improve intellectual property rights.

The US side in the meeting also discussed the procurement policy and labour rights issues of Bangladesh.

The meeting was co-chaired by Shubhashish Bose, commerce secretary, and Mark Linscott, assistant US Trade Representative (USTR) for south and central Asian affairs, according to a statement from the USTR. Earlier, the US and Bangladesh had signed the Ticfa agreement in November 2013 mainly to revive the GSP to the US markets.

Sustainable pricing is crucial for our apparel industry	**The Daily Star** https://www.thedailystar.net/opinion/perspective/news/sustainable-pricing-crucial-our-apparel-industry-1634638

The ready-made garment (RMG) sector in Bangladesh has enjoyed rapid growth, with the country now well established as the world's second largest supplier of apparel and with the industry accounting for 83 percent of Bangladesh's exports, employing some 4.4 million people.

Foreign buyers have seen our booming RMG sector as the most important source for high volume, low price garments. But though Bangladesh's apparel manufacturers appreciate their customers' tough trading conditions, they themselves have suffered huge cost increases—in raw materials, gas, electricity and water supply, minimum wages for the workers, and the costs incurred with upgrading factories to make them safer.

In spite of those cost pressures, buyers are putting more pressure on us to cut our prices still further, while taking responsibility for buying fabrics, developing samples, and sometimes to hold stock longer. A study done by the University of Pennsylvania has pointed out that prices from US customers have dropped 13 percent since 2013. And European customers are paying 26 percent less (Clothesource Tradetrak).

How much longer can buyers expect this to carry on? Is there anything we can do to share the burden of rising production costs as well as the costs involved in maintaining a sustainable, compliant, environmentally sound industry for the future?

At present, we can see that the RMG industry has matured in all aspects of the manufacturing cycle. Especially when it comes to social compliance, environmental safeguards, and recent changes in product design and innovation, the apparel industry in Bangladesh has progressed hugely. Yet most of our customers see us as a “value” resource—which to them means low prices, whatever the product.

Many of us involved in the industry believe, with all the improvements we have made, we have a right to expect higher prices for producing in safe, secure, compliant, environment-friendly facilities.

While admitting the fact that it's an open market globally, we also have to remember the values and principles of sustainability and responsible business conduct. Buyers need to understand the cost implications of the compliance demands they are making and work with suppliers to achieve a truly realistic, justified and decent purchase price for ethically made products that satisfy everyone. Similarly, we manufacturers should try to adhere to the highest possible standards of corporate social responsibility (CSR) while promoting our facilities and help make them more efficient and more sustainable.

But we're confused. We often hear that having a good CSR rating will give us a competitive advantage—but with many different standards existing with customers, and codes of conduct for social audits varying from buyer to buyer, it is difficult to know where to begin.

To improve this, we need to work with customers to develop realistic CSR targets together, avoiding multiple standards and unnecessary activities, and strengthening the supplier-buyer relationship. And we need buyers to accept to pay a fair, ethical price for what they buy so the RMG industry can maintain decent working conditions throughout the supply chain. This approach requires certain skills and transparency from manufacturers, ensuring that the customer understands the cost implications of maintaining decent working conditions and of any required CSR demands. Doing that will both strengthen the relationship between supplier and customer and secure a long-term future for the industry.

There is no doubt that Bangladeshi manufacturers' ethical and environmental improvement in their factories and their close adherence to compliance regulations cost money—yet customers make little or no contribution to sharing the burden.

On the other hand, the RMG industry as a whole requires upscaling itself toward product innovation, without resorting to chasing the lowest possible price.

I am hopeful about the future success of our RMG industry. I really believe that by learning better price negotiating skills and by collectively agreeing upon a common strategy, we will be able to establish a sustainable price structure for our customers that ensures a fruitful future of our industry.