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NEWS CLIPPINGS –18-01-2019

For business page AEPC welcomes notification of HSN codes for technical textiles/	The Hindu https://www.thehindu.com/todays-paper/tp-business/for-business-page-aepc-welcomes-notification-of-hsn-codes-for-technical-textiles/article26020309.ece

Naming code notification to spur textile exports

The Apparel Export Promotion Council has said that with the government notifying Harmonised System of Nomenclature codes for 207 specific technical textile products, focused strategies can be evolved to promote export of these goods. Council vice-chairman A. Sakthivel said that now there can be product-specific sops. Many technical textile goods are high-value products or inputs for high-value garments.

Handicrafts, handloom expo begins	The Hindu https://www.thehindu.com/todays-paper/tp-national/tp-kerala/handicrafts-handloom-expo-begins/article26020952.ece

An all-India handicrafts and handloom exhibition, organised by the Handicrafts Development Corporation of Kerala, has begun at the indoor stadium here. A wide range of artworks, handloom and handicraft products, apart from a host of utility items, await visitors at the stalls.

The exhibition also features unique handicrafts from all over Kerala and indigenous products from other States including wood carving, semi-precious stone jewellery, pearls, and silk scarves. The event will conclude on January 21.

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
20382	42600	76.25
Domestic Futures (Ex-Gin) November		
Rs/Bale	Rs/Candy	USD Cent/lb
20890	43660	78.15
International Futures		
NY ICE USD Cents/lb. (March 2019)		74.37
ZCE Cotton: Yuan/MT (May 2019)		15220
ZCE Cotton: USD Cents/lb.		101.88
Basis Difference		1.88

(Domestic spot –ICE March)		
Cotlook A Index - Physical		82.90
WTI Crude :USD/Barrel		52.07
B. Currency		
USD/INR	Close	Previous Close
Spot	71.18	71.03
USD Index	96.07	

Cotton Guide

We finally saw ICE March breach 74 cents/lb and settling at 74.37 Cents/lb yesterday with a change of +110 points. The other ICE nearby contracts also settled with triple digit gains with gains of +112 and +108 at 75.66 and 76.79 for ICE May and July contracts respectively. The other ICE contracts also ended with modest gains. This figure of 74 cents/lb was last seen almost a month ago on December 21, 2018 which is a 28 day high.

On the MCX front, the contracts ended with negative settlement figures. January MCX contract settled at 20890 with a change of (-50), MCX February contract settled at 21170 with a decline of (-30). The March and April MCX contracts ended at 21400 and 21690 Rs/Bale with negative changes of (-40) and (-20) respectively. The Volume increased by +566 lots to 2020 whereas the total OI decreased by (-173) to 7021 lots.

Arrival figures in India are estimated to be 131,500 lint equivalent bales (source Cotlook). Shankar 6 was able to exchange hands at a lower price of 42,600 Rs/Candy, whereas Punjab J-34 was available at 4,400 Rs/Maund. Cotlook Index A was adjusted positively to 82.90 CFR main Far Eastern Ports i.e +100 points.

Yesterday there was news about lifting some or all tariffs imposed on Chinese imports and offering a tariff rollback during trade discussions scheduled for Jan. 30. This was a major reason why all the stocks and commodities rallied. Major US Indexes were up yesterday thus giving a rise to cotton prices. At the close in NYSE, the Dow Jones Industrial Average rose 0.67% to hit a new 1-month high, while the S&P 500 index gained 0.76%, and the NASDAQ Composite index gained 0.71%.

ICE cotton Futures moved above the 74.00 mark after this week's consolidation range of 71.50-73.80. In the daily charts prices made a bullish engulfing pattern, accompanied with the RSI reversing from the oversold zone towards the 50 mark suggest a short term pullback in the price towards 74.50. A move above 74.50 would push price further towards 75.35, followed by 76.20 levels. However failure to sustain above 70.50 will resume the downtrend. From the above we expect prices to trade in the range of 71.90-75.35 with sideways to positive bias. Above 75.35, 76.20 and 77.40 exits as immediate resistance levels. In the domestic markets trading range for Jan future will be 20750-21180 Rs/Bale.

Currency Guide

Indian rupee may see some gains against the US dollar however upside is limited. Rupee may benefit from firmness in Asian equity markets amid hopes of US-China trade deal. The Wall Street Journal reported that Trump administration officials are considering measures to roll back tariffs on Chinese products in order to calm financial markets, a report the Treasury Department quickly denied. Also supporting rupee is RBI's measures to ease borrowing norms. As per reports, RBI has issued revised regulations for external commercial borrowings (ECB) to allow all eligible borrowers to raise overseas loans up to $750 million or equivalent per financial year under the automatic route. RBI also expanded the list of eligible borrowers. Choppiness in crude oil price has also helped rupee recover from the lows. Brent crude has been trading mixed near $61 per barrel as support from OPEC's production cuts is countered by record high US output. However, weighing on rupee is global concerns about US government shutdown, Brexit uncertainty and

Chinese economic slowdown. Subdued domestic growth and uncertainty ahead of general elections has also dented outlook for Indian currency. Rupee has fallen sharply in last few days and we are expecting some recovery on back of gains in equity market. USDINR may trade in a range of 70.7-71.3 and bias may be on the downside.

To ease liquidity, India Inc wants RBI to cut CRR and repo rate	**Business Line** https://www.thehindubusinessline.com/todays-paper/article26021171.ece

India Inc on Thursday appealed to the RBI to take measures that will ease liquidity and lower interest rates for reviving the investment cycle and supporting growth.

Industry bodies such as the Confederation of Indian Industry (CII), the Federation of Indian Chambers of Commerce and Industry (FICCI) and the Associated Chambers of Commerce and Industry (Assocham) met RBI Governor Shaktikanta Das in this regard.

The CII suggested at least a 50 basis points cut in the cash reserve ratio (CRR) to ease the tight liquidity situation, reduction in the repo rate by 50 basis points to address the high cost of credit and measures to facilitate the flow of credit to the industry, especially to micro, small and medium enterprises (MSMEs) and the infrastructure sector.

The CII delegation comprising, among others, Uday Kotak, President-Designate, and Adi Godrej, Past President, pointed out that various in-house surveys conducted by the Confederation recently revealed a positive outlook on both topline and bottomline fronts. Yet, they were cautious on industry performance due to factors such as liquidity crunch, delayed payments and subdued consumer demand.

On measures to address the financial challenges faced by MSMEs, the CII suggested that the central bank should consider limiting the collaterals sought by banks to 133 per cent of the exposure and eliminate the need for personal guarantees where sufficient collateral has been provided.

The industry body also suggested that the Letter of Undertaking (LoU) for buyers' credit be allowed in cases where MSMEs are investing in expanding capacity. The central bank may consider allowing banks to sanction buyers' credit facility to MSMEs, wherever raw materials is being imported under a Letter of Credit.

Angel tax: Centre's measures are a 'mixed bag', say experts	**Business Line** https://www.thehindubusinessline.com/todays-paper/tp-news/article26021235.ece

With the latest procedural changes to avail 'angel tax' exemption, the Centre has done a fine balancing act in assuaging the concerns of start-ups while at the same time ensuring that they don't end up as a conduit for money laundering.

However, one can't simply dub the latest measures as only wins for the start-up community as there are new issues that have cropped up to the disadvantage of angel investors, say tax experts.

No merchant banker

If there is one procedural change that has warmed the hearts of the start-up community, it is the Modi administration's move to do away with the requirement of obtaining share valuation reports from a merchant banker. Hitherto, merchant banker report specifying the 'fair market value' of shares was mandatory for seeking 'angel tax' exemption.

But now start-ups need to only justify the valuation of shares with appropriate supporting documents.

"Removing the merchant banker is very good because that was an additional high-cost time-consuming step for start-ups. Valuation in any case is done by the investor as he puts his money and negotiates his hearts. There was no need for a merchant banker to come in," Sunil K Goyal, Founder & CEO, YourNest, an early stage venture capital fund, told BusinessLine .

This will obviate the need for an extra effort in getting a merchant banker report and one could just go with a CA report as anyway mandated under company law for any private placement.

Secondly, now the CBDT and not the inter-ministerial board (IMB) will give the approval for 'angel tax' exemption. Start-ups have been lobbying hard that the decision to grant 'angel tax' exemption should rest only with CBDT.

Rakesh Nangia, Managing Partner, Nangia Advisors LLP, said the latest Government move has been a "mixed bag" for start-ups as it comprises some relaxations and at the same time has introduced certain riders for availing 'angel tax' exemption.

Aseem Chawla, Managing Partner, ASC Legal, a law firm, highlighted that the latest DIPP notification acknowledges the unintended consequences of Section 56 (2)(viib) of income tax law (popularly referred as 'Angel tax' provision).

"Though there is some respite, the thresholds and departmental bureaucratic processes do not provide a complete relief," Chawla said. Also, the notification bars situations where assessment order has been passed by income tax authorities, he said.

Amit Maheshwari, Partner, Ashok Maheshwary & Associates LLP, a CA firm, said the relaxation would have limited retrospective application. "Majority of start-ups facing tax litigation are either in appeal at various forums or have got final orders and will appeal now. They have not been allowed to avail this exemption and hence will continue to litigate," he said.

New pain point

A new pain point relates to the eligibility criteria for investors.

Earlier, the investors/ proposed investors had to satisfy any one threshold, that is, either returned income criteria or networth criteria to apply for approval. Now, the investor has to satisfy both the threshold in order to be eligible to apply for approval. Also, these threshold limits have also been revised.

Now, the proposed investor will be required to have returned income of Rs. 50 lakh during the year immediately preceding the financial year in which the investment is proposed. Earlier it was a average of Rs. 25 lakh in the three proceeding financial years.

Also, net worth on the last day of the financial year preceding the year of proposed investment has to be Rs. 2 crore or the amount of proposed investment, whichever is higher. Earlier, this threshold was fixed at Rs. 2 crore, irrespective of the proposed investment.

With the thresholds of income and net worth of investors increased, only investments by large investors would qualify for exemption from 'angel tax'.

"This may discourage start-ups from taking investment from smaller angel investors, thereby limiting their window of prospective investors," Nangia said.

GDP growth likely to be a tad higher at 7.5% in FY20: India Ratings	**Business Line** https://www.thehindubusinessline.com/todays-paper/tp-news/article26021230.ece

India Ratings, a Fitch Group company, on Thursday estimated India's GDP growth to touch 7.5 per cent in 2019-20, as against 7.2 per cent during the current fiscal.

"Even though the patterns of GDP growth, both from demand and supply side, are likely to be similar to those in FY19, election expenditure and the likely fiscal push by the government to address agrarian distress may result in a tad higher GDP growth in FY20," Sunil Kumar Sinha, Principal Economist with India Ratings and Research, said here. This estimate is similar to World Bank and IMF's projection of 7.5 per cent for 2019-20.

The rating agency said the current fiscal has seen a sharp recovery after demonetisation and GST which is on expected lines. However, it felt that GDP growth could have been better but for the global headwinds caused by an abrupt rise in crude oil prices and strengthening of the US dollar.

Also, developments such as frequent revisions in GST rates, continuing agrarian distress, slow progress on Insolvency and Bankruptcy Code cases, and liquidity crunch faced by non-banking finance companies post the IL&FS saga, affected sharp recovery. However, the agency estimates that GDP growth in FY20 will be more dispersed and evenly balanced across sectors as well as demand-side growth drivers.

Over the past few years, private final consumption expenditure and government final consumption expenditure have been the primary growth drivers of India's economic growth. India Ratings believes investments are slowly, but steadily, gaining traction with gross fixed capital formation growing 12.2 per cent in FY19 and projected to clock 10.3 per cent in FY20. This is certainly a comforting development, but the flip side of this development is that it is primarily driven by the government capex (capital expenditure), as incremental private corporate capex is yet to revive.

The agency has listed five key risks for the next fiscal. It said inflation is comfortable but threat persists and mainly emanates from crude oil prices. Other risks include volatility in interest rate cycle, private corporate investment still not in sight, banking NPAs (non performing assets) and slow-down in global growth in 2019.

Government identifies life jackets, medicinal bandages, tent fabrics, 200 others as technical textiles	**Economic Times** https://economictimes.indiatimes.com/industry/cons-products/garments-/-textiles/govt-identifies-life-jackets-medicinal-bandages-tent-fabrics-200-others-as-technical-textiles/articleshow/67574434.cms

Medicinal bandages and tapes, cotton wool, tent fabrics, nylon ropes, painting canvas, glass fibres, life jackets and certain outer garments are among the 207 products that the government will now be identified as technical textiles.

Technical textiles are functional fabrics having applications across various industries including automobiles, civil engineering and construction, agriculture, healthcare and industrial safety, among others.

They are value added textile products manufactured primarily for technical performance and multi-functional properties with less intent on aesthetics and design. The diverse range of technical textiles in India is grouped into 12 categories including AgrotechNSE 0.00 %, MeditechNSE 0.00 %, Packtech, Clothtech, Hometech, Geotech, Sportstech, Buildtech and Mobitech.

The government's move to identify the harmonised system (HS) code for these products will aid clarity in export and import data compilation along with targeted incentives for the sector.

The absence of clear classification of technical textiles was creating confusion. Many genuine manufacturers were not getting various incentives and subsidies as technical textiles were scattered all across the HS list and not identified as such," said Sanjay Jain, chairman, Confederation of Indian Textile Industry.

Official data pegs India's technical textiles industry at Rs 1.16 lakh crore in 2017-18 and likely to reach Rs 2 lakh crore by 2020-21.

Gujarat cotton output may fall 48% this year	**My Digital.Com** http://www.mydigitalfc.com/companies-and-markets/gujarat-cotton-output-may-fall-48-year

Gujarat may lose its position as the largest cotton producer this year as output of the natural fibre during 2018-19 is projected to fall nearly 48 per cent to 5.2 million bales (per bale of 170 kg) due to drought in most producing areas, said a senior official at the directorate of agriculture, Gujarat government.

"Groundnut output is also projected to be sharply lower compared to last year, as per the second advance estimates.

During the 2018 monsoon season, rainfall deficiency in Gujarat was as high as 34 per cent in Saurashtra and Kutch, and at 24 per cent in the Gujarat region with many areas facing drought-like conditions, IMD data shows.

Saurashtra, Kucth and north Gujarat are the main cotton and groundnut producing regions of the country.

Out of total 248 talukas in the state, 96 have been declared as drought-hit, with 51 being badly hit, the official told

TickerNews on condition of anonymity.

This year, the cotton output in Gujarat is seen at 5.2 million bales, down from 10.11 million bales last year.

Though cotton was planted over an area of 2.71 million hectares, up from 2.62 million hectares a year ago, lack of irrigation facility has hit crop yield badly.

As per the state estimates, cotton yield dropped to 326 kg per hectare this year from 660 kg per hectare in the previous year.

Similarly, groundnut output in 2018-19 is seen lower at 1.94 million tonne, down from 4.06 million tonne the state produced a year ago.

Ground nut acreage shrank to 1.46 million hectares from 1.67 million hectares a year ago, but the yield dipped to 1,327 kg from 2,422 kg.

Meanwhile, India’s cotton arrivals during the current cotton season 2018-19 (October-September) fell to 12.8 million bales until January 17 from 15 million bales a year ago owing to poor output and late commencement of new crop supplies, said sources at Cotton Corporation of India (CCI).

Below normal monsoon rains hit the sowing of cotton, resulting in lower crop yield and output.

Late rains also delayed sowing and picking operations, said traders.

Cotton supplies in Andhra Pradesh decreased to 375,000 bales from 750,000 bales a year ago.

Karnataka and Odisha also reported lower supplies.

In central India, Maharashtra markets received total 2.7 million bales of natural fibre as against 3.9 million bales a year ago.

Cotton supplies in Gujarat stood at 2.4 million bales versus 3 million bales a year ago, while arrivals in Madhya Pradesh improved marginally to 1.2 million bales from 1.1 million bales a year ago.

Vibrant Gujarat Summit: Buyer-seller meet likely to generate Rs 2,000 cr trade	**DNA India.com** https://www.dnaindia.com/ahmedabad/report-vibrant-gujarat-summit-buyer-seller-meet-likely-to-generate-rs-2000-cr-trade-2708857

The Gujarat government is expecting trade worth Rs 2,000 crore through the buyers-sellers meet to be held during the Vibrant Gujarat Summit. The meets will be held between January 17 to 22 at Helipad Ground of Gandhinagar under the global trade show.

Senior minister Saurabh Patel addressed a press conference on Wednesday giving details of these meets. Talking to mediapersons, Patel said, "We hope that the buyers-sellers meet at the Vibrant Gujarat Global Trade Show (VGGTS) will generate Rs 2,000 crore trade for local businesses as delegations from across the globe will visit this place and can see their exhibits and get detailed information on the products. We anticipate total of 15 lakh footfall of visitors during these six days of VGGTS."

"Almost 1,500 manufacturers have registered for the participation in the VGGTS. They will have direct exposure to more than 3,000 delegates from 100 nations across the globe. This will give a push to export the local manufacturing into foreign nations," Patel added.

Attractions like a miniature Statue of Unity, a simulator of the Bullet Train, a Farm to Fabric pavilion and others will be showcased at the VGGTS. There will be a fashion show on January 19 at Ahmedabad Riverfront promoting Khadi fabric into the fashion world.

As many as 15 nations, including Canada, France, Japan, Poland, South Korea, Netherlands, UAE, South Africa, Sweden, and Uzbekistan will have their own pavilions to promote their trade in India. A separate pavilion for African nations will promote trade and culture with India.

The minister also informed that the Vendors Development Meet will see participation from corporate giants like Maruti Suzuki, Adani, Reliance and other groups that are expected to help creating skilled hands for manpower required in their units.

"Besides the private exhibitors, there will be a Government of India pavilion to propagate its flagship drives like Mission Indradhanush, Make in India, Digital India, Sagarmala Project, Start-up India, and Aayushman Bharat. Gujarat government has also taken several pavilions in the trade show," Patel added.

The trade show will have different exhibits from sectors like agro and food processing, automobiles and e-mobility, banking and finance, chemicals and petrochemicals, oil and gas, pharmaceuticals, biotechnology, ceramics, ports, textiles, transports, and logistics.

Technical textiles to touch Rs 2 lakh crore mark by 2021: CITI	Financial Express https://www.financialexpress.com/industry/technical-textiles-to-touch-rs-2-lakh-crore-mark-by-2021-citi/1447128/

The technical textile industry holds an immense growth opportunity in India. It is estimated that domestic technical textile industry will reach market potential of Rs 2,00,823 crore by 2020-21 from Rs 1,16,217 crore in FY18 with a CAGR of 20%, said Confederation of Indian Textile Industry (CITI). Quoting the Baseline Survey, CITI pointed out the demand for this sector is rising due to many factors including rapid urbanisation, advances in medical technology, expansion in construction sectors, awareness on safety and environmentalism and increased spending on healthcare.

Welcoming the union government's decision to notify 207 HSN (Harmonised System Nomenclature) Codes as technical textiles, Sanjay Jain, chairman, CITI said that technical textiles are very significant for growth of entire textile industry as they are value added products manufactured primarily for technical performance and multi-functional properties with less intent on aesthetics & design.

The diverse range of technical textiles in India can be broadly grouped into 12 categories, such as agrotech, meditech, packtech, clothtech, indutech, hometech, geotech, Oekotech, protech, sportstech, buildtech and mobitech. All these sectors are expected to see a double digit growth, Jain pointed out.

Thanking the union government, Jain said it was a long standing demand by the industry and the government's decision will give a major boost to this sector which is considered as the `Sunrise' sector. Technical textiles provides new opportunities to the Indian industry to have long term sustainable future. They are not limited to Chapters 50 to 63 of HSN Codes pertaining to conventional textiles, but are covered under the HSN Codes spread over Chapter 1 to 99. In order to compile the data on export and import and also provide fiscal support, it was necessary to identify the HSN Codes of all the technical textile items.

According to him, the absence of clear classification of technical textiles was creating confusion and many genuine manufacturers were not getting various incentives and subsidies being allowed to this sector. This was impacting investment in the fast growing and sunrise segment of textiles. This policy intervention will definitely help the industry to invest increasingly in this sector and enable the growth of the entire textile industry. He, however, said that India still has a long way to go as it currently lacks the ability to domestically fulfil the rising demand and to be globally competitive in this sector. There is untapped potential both in exports and domestic market of technical textiles.

To make Indian technical textiles industry globally competitive, dual policy needs to be adopted for exports as well as domestic markets. A proactive approach from government as well as industry stakeholders will be the key for Indian technical textiles to realise its full potential. One of the key steps that may be taken by the government is to establish regulatory norms for mandatory usage of technical textile items in specific industries to increase consumption. Apart from that, focus on bringing foreign direct investment in order to get the requisite technical know-how and expertise would be crucial, he further said.

Trade Tensions Continue to Impact Cotton and Textiles	Cotton Grower.com https://www.cottongrower.com/cotton-news/trade-tensions-continue-to-impact-cotton-and-textiles/

Continued trade tension between the United States and China is impacting the global cotton and textile sectors.

"The back and forth on tariff discussions is problematic, and it results in the slowdown of global cotton demand," stated Dr. Gary Adams, president and CEO of the National Cotton Council, speaking at a Plains Cotton Growers meeting in Lubbock on January 16.

Adams stated that China's 25% tariff on U.S. cotton affects the whole supply chain. China was expected to import about 3 million bales from the United States during this marketing season. But because of the continued trade tensions, China may import less than one million bales from the U.S.

Tariffs affect the general economy, and it certainly impacts cotton and textile consumption, stated Dr. John Robinson, cotton economist at Texas A&M University. He added that, unlike food grains, cotton demand slows down during recessions and in uncertain trade scenarios.

Responding to a question about the impact of trade tensions on the 2019 cotton season, Steve Verett, executive vice president of Plains Cotton Growers, stated, "Trade tensions certainly are casting some uncertainty as to the exact planting mix for farmers on the High Plains of Texas. There continues to be great interest in cotton production and some increase of plantings in our northern Panhandle area, especially given the very successful growing season of 2018.

"Currently, we expect some increase in cotton plantings for 2019, but relative prices for crops at planting time will ultimately dictate how much that increase might be," said Verett.

Certainly, cotton growers are hoping that a forthcoming visit by the Chinese delegation to the United States may find a favorable solution to the ongoing trade tensions between the two countries. There are no winners with retaliatory tariffs, as they affect consumers' interest in textile goods.

AFRICA EMERGES STRONG CLOTHING, FOOTWEAR SOURCING DESTINATION	Fashio nating World.com https://www.fashionatingworld.com/new1-2/africa-emerges-strong-clothing-footwear-sourcing-destination

The sub-Saharan African clothing and footwear market is worth $ 31 billion. The number of non-selected and African descent models has increased significantly, on global runways for fashion's biggest brands. They are featured in leading fashion magazines and among most of the world's land breaking advertising campaigns. In 2018, Amitoy Lagum of Uganda and Harith Paul of Tanzania will see the continual increase in African models of fashion."

Cotton, textile and apparel manufacturers in 18 sub-Saharan African countries are backing a new initiative to boost confidence in Africa as a sourcing location and attract buyers and investors. These manufacturers also plan to resolve the issue of poor supply discipline, the lack of international partners and the challenges of inferior infrastructure promptly.

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Raw materials, labor and expertise boost footwear industry

Although the African market for footwear industry is still young, the continent is heavily involved with

raw materials, extraordinary talent and affordable labor, which is the perfect push to build an extraordinary footwear industry. Countries like Ethiopia, Ghana, Kenya, and Nigeria lead the revolutionary footprint of the continent. In 2015, Ethiopia earned more than $30 million from shoe exports, and achieved ninth place in leather products industry worldwide. And this is just the beginning. In 2018, one can expect to see further growth in Ethiopia and other African countries, as the African footwear industry is likely to touch $1 billion in the next decade.

Increasing acceptance, changing perception of fashion

Even though very few universities across the continent offer a degree in fashion, perception across the continent is improving with African fashion being increasingly accepted and adopted globally. According to Trade and Industry Minister, Rob Davies, South Africa is developing a master plan for the growth of apparel, textile, footwear, and leather retail value chain, targeted at creating 60,000 jobs. The plan may be announced early next year. Thanks to the upward trend of Africa's clothing exports, especially thanks to the Bangladeshi investors, there has been a threat to the second position in the world's clothing business. Under the African Growth and Scope Act (AGOA), the United States enjoys duty-free and quota-free access for certain goods with clothing.

Trump's Tariffs Are Producing Billions, But China Isn't Paying	**Bloom Berg.com** https://www.bloomberg.com/news/articles/2019-01-17/trump-s-tariffs-are-producing-billions-but-china-isn-t-paying

President Donald Trump is right to say that his tariffs are generating billions of dollars for the U.S. But China and other countries aren't paying them as he's suggested.

According to data from U.S. Customs and Border Protection, more than $13 billion in duties imposed by the Trump administration were assessed on imported goods as of Dec. 18. Actual collections could lag and be lower because of refunds and other factors, but Treasury Department reports show receipts from all customs duties have risen sharply since the tariffs took effect.

While Trump has suggested on Twitter and in public comments that tariffs are somehow being charged to or paid by China and other countries, trade economists say that's generally misleading. U.S. importers of record are responsible for the duties, and ultimately U.S. businesses and consumers could pay through higher costs, they say.

Trump is "suggesting this is bringing in lots of new revenue and all of the burden is falling on the Chinese,'' said Phil

Levy, senior fellow on the global economy at the Chicago Council on Global Affairs and a former senior economist for trade for President George W. Bush's Council of Economic Advisers. "I think that's mostly false.''

Trump Tax

Johns Hopkins University applied economics professor Steve Hanke, a member of the Council of Economic Advisers under President Ronald Reagan, put it more bluntly.

"Tariffs on Chinese imports are paid by Americans, not by the Chinese or their government. The President's tariffs are simply a #tax on American consumers,'' Hanke said on Twitter Jan. 6.

Hanke also pointed out that there are offsets to increased revenue from Trump's tariffs, including as much as $12 billion in aid being paid to farmers after China slapped retaliatory tariffs on U.S. agricultural products.

The White House didn't respond to messages seeking comment. Trump has said any economic pain from tariffs or retaliatory duties imposed by other countries will be outweighed by the long-term benefits from new trade deals.

The Trump administration imposed tariffs starting last January on foreign-made solar equipment and washing machines, then levied duties on steel and aluminum imports from March on the grounds of national security. He has slapped duties on about $250 billion in Chinese goods in response to a trade deficit and allegations of intellectual property theft and other unfair trade practices.

Customs and Border Protection collects the tariffs based on the price paid for shipments and the tariff rate in effect, and duties are charged when shipments are released into the U.S. The assessed amount now tops $13 billion, with $8 billion coming from the duties on Chinese goods, data provided by CBP show.

Sri Lanka-South Africa diplomacy at 25: Forging a new pathway towards SAARC-SADC cooperation	**Fashion Wold.com** http://www.ft.lk/opinion/Sri-Lanka-South-Africa-diplomacy-at-25--Forging-a-new-pathway-towards-SAARC-SADC-cooperation/14-670989

From the inception Sri Lanka and South Africa have made enormous strides in diplomatic cooperation. 2019 is a special milestone for both nations when they celebrate 25 years of diplomatic relations while looking to strengthen bilateral and economic ties based on common aspirations for a sustainable future. In the past, Sri Lanka's foreign policy towards Southern African nations was shaped by specificities of South Africa's history and experiences.

The political ties between the two nations in the past were strengthened by several high-level visits from South Africa to Sri Lanka. Former South African President Jacob Zuma visited Sri Lanka in 2013 while the incumbent President Cyril Ramaphosa visited the island nation in 2014 during his tenure as Deputy President. Taking these relations further, a statue of the late South African President Nelson Mandela considered as a symbol of peace in the world, will be erected in Jaffna, in Northern Sri Lanka where the war with the LTTE rebels was fought for 30 years until it ended in 2009.

Economic ties between the two countries have been based on apparel, tourism and maritime connectivity. However, bilateral trade between the countries leans in favour of South Africa. According to trade figures for 2017, Sri Lanka's imports from South Africa amounted to $ 286 million while the country's value of exports to South Africa was only $ 42 million.

This trade imbalance can be mainly attributed to the relatively high tariffs imposed on Sri Lankan goods entering South Africa. In order to overcome this negative trade balance, the new Sri Lankan High Commissioner to South Africa Kumar Mallimaratchi is exploring new avenues for favourable access to the South African market and to promote Sri Lankan businesses in the Southern African nations.

In 2018, for the first time, the Sri Lankan high commission showcased apparel products at the International Apparel, Textile and Footwear Trade Exhibition in South Africa. Bilateral trade between the two nations could however be improved if South Africa could adopt lower tariffs and increase incentives for its imports from Sri Lanka.

Sri Lanka and South Africa are member states of regional intergovernmental unions namely the South Asian Association for Regional Cooperation (SAARC) and the Southern African Development Community (SADC) respectively. Of late there have been many deliberations on the possible cooperation between the common markets of SAARC and SADC for enhanced trading opportunities between South Asia and Africa. There are however, implications that influence the collaboration of these markets For instance, the average tariff rate imposed on goods from SAARC nations entering the South African market is higher than the corresponding rate imposed for non SAARC nations. In contrast however, the trend in South Asia has been towards lower taxes when engaging in international trade. Furthermore, intra-regional trade among SAARC nations is at a low of 5% which is predicted to climb to 10% in the next 10 years. In order to overcome such economic disadvantages, SAARC member countries such as Sri Lanka have entered into the South Asian Free Trade Area (SAFTA) agreement in 2004.

The structural question of binding the two economically important common markets of South Asia and Africa is central for understanding the future prospects of bilateral relations between Sri Lanka and South Africa. On the one hand, South Africa has been one of the main engines of growth among the 15 Southern African states In the SADC economic area.

On the other hand, Sri Lanka's geostrategic position in the Indian Ocean connecting east and west on the new Maritime Silk Road and its possibility of accessing South Asia's 1.5 billion consumer market offers the opportunity for the country to be a logistic hub for the two large common markets.

In addition, liberalised markets like Sri Lanka make it easier for big nations like South Africa to compete with globally competitive markets. From an economic stand point the ties between South Africa and Sri Lanka can be taken to whole new level if the two nations can succeed in binding SAARC and SADC.

Nevertheless, it is still early to determine the tendencies of these two economically viable common markets in Africa and Asia as little has been done to tap into these economies. To begin with South Africa could consider lowering its tariffs for SAARC nations to initiate mutually beneficial cooperation between SAARC and SADC.

The next great shift in the Island nation's relations with South Africa is within sight. It is the task of the foreign policy makers of both nations to deal with this special phase in accessing SAARC and SADC consumer markets utilising bilateral or multilateral channels. Such opportunities would have positive effects in advancing initiatives to build beneficial ties to achieve full potentials in economic growth for Sri Lanka and South Africa when they celebrate 25 years of diplomatic relations.

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Pakistan's reliance on imported cotton on the rise	**Tribune India.com** https://tribune.com.pk/story/1889868/2-pakistans-reliance-imported-cotton-rise/

Owing to unavailability of high quality cotton in Pakistan, the country's textile industry is becoming increasingly reliant on imported fibre.

The cotton imported from the United States has been greatly helping the textile industry cope with challenges such as high production costs and compliance requirements. Consequently, the cotton import from the US is rapidly increasing.

According to statistics released by the US cotton promoter – the Cotton Council International (CCI), the number of textile mills and garment manufacturers importing US cotton in Pakistan has greatly increased over the past six years.

Govt agrees to stop cotton imports during crop picking

In 2012, big spinning and weaving units with US licence as well as textile manufacturers including those producing yarn and fabric were limited to six or seven. The number increased to 63 by 2018. Pakistan now ranks 5th in the list of top importers of cotton from the US.

According to statistics, Pakistan's annual demand for cotton is 14 million bales while production ranges between 10 and 10.5 million bales. Pakistan is importing about 1.5 million bales from the US.

The Pakistani firms importing cotton made in the US mostly comprise spinning and weaving mills. However, the denim and garment manufacturers and knitting units are also importing American cotton. Three of the most popular retail brands in Pakistan, Gul Ahmed, Al-Karam and Nishat Chunian are also importing cotton from the US.

The US textile industry itself makes extensive use of the high-quality cotton grown at home. According to Pakistani textile industry, though the US cotton comes at a high price, the percentage of material waste is considerably low while the cost incurred on maintenance of machinery is also low, giving adequate benefits through premium prices of final products.

Why is US cotton so better?

Speaking on sidelines of the Heimtextil fair in Frankfurt, Cotton Council International Director Supply Chain Marketing South and Southeast Asia William R Bettendrof said there were three basic qualities that distinguished the US cotton from the rest of the world – consistency in quality, strength and length of its thread.

In the US, the agriculture sector faces strict government surveillance, which is a reason for the high-standard crops. The US Agriculture Department, the agency for environmental protection, food and drug authorities and other federal state agencies monitor the sector and provide data to cotton farmers about agricultural medicines and the use of manure.

In case of non-implementation of public rules, the relevant people face civil and criminal action, which is why an effective system for long-term measures for the production of cotton is in place.

Future of cotton

For cotton, the competition with mid-fibre is quite challenging because the artificial thread, though can be used in several ways, is a man-made invention. If dependence on the artificial thread grows, it will cause difficulty for the upcoming generations due to the rapid pollution caused by landfills, polyester fibre and synthetic fibre.

Cotton USA representative in Pakistan Mazhar Hussain Mirza told The Express Tribune that the US produced more than 20 million bales, of which 85% was exported.

Pakistan is importing 1.5 million bales from the US. Pakistan has become the fifth largest country that imports American cotton, according to a recent survey.

He said due to depreciation of the rupee, the cost of imported cotton had risen but Pakistani importers of the US cotton had been able to avoid the impact due to the premium prices.

Textile policy 2014-19 fails to achieve goals’	Daily Times.com https://dailytimes.com.pk/223853/textile-policy-2014-19-fails-to-achieve-goals/

Aimed at doubling value addition from $1 billion per million bales to $2 billion per million bales during five years and double textile exports from $13.1 billion to $26 billion, besides facilitating investment of additional $5 billion in machinery and technology, the textile policy 2014-19 has remained fail to achieve desired targets.

This was stated by representatives of the Pakistan Textile Exporters Association, All Pakistan Textile Mills Association, Pakistan Hosiery Manufacturers Association, Pakistan Readymade Garments Manufacturers and Exporters Association, Towel Manufacturers Association, Pakistan Apparel Forum and other textile organisations.

They said that the policy failed to yield any fruitful outcome during this mentioned period in the policy due to lack of will and poor approach.

“Even the Economic Coordination Committee during the period could not succeed in qualifying for taking appropriate decisions for providing rewarding result to textile sector stakeholders. Except some proposals, any furtherance could not be achieved.”

Textile policy 2014-19 adopted a five-pronged strategy to make textile sector competitive and sustainable.

Budgetary support, drawback of local taxes and levies, easy finance, sales tax regime, duty free import of machinery, policy interventions, tariff rationalisation, fibre diversification, product diversification, small and medium enterprises development, enactment of domestic labour laws, revival of sick units, marketing strategies, technology up gradation, establishment of world textile centre and model cotton trading houses, revitalisation of projects like Pakistan Textile City, garment cities and capacity building of the Ministry and related organisations were the salient features of textile policy.

Ghulam Rabbani of the Pakistan Yarn Merchants Association, Rana Abdul Sattar of the Pakistan Cotton Ginners Association and other stakeholders were of the view that lack of determination of government’s textile, commerce and finance custodians and failing in coordinating real stakeholders for a positive result had resulted in failure of desired goals given in five years policy.

“Textile policy 2014-19 could not be implemented in its true spirit, and resultantly it could not meet even near to target objectives like last textile policy.”

Textile sector provides employment to about 45 percent of industrial labour force, consumes more than 42 percent banking credit and accounts for more than 9 percent of Gross Domestic Products.

The roadmap for sector was approved by the ECC with a proposed total outlay of Rs 64 billion, comparing to Rs 188 billion in the previous policy.

Among other segments, policy also proposed increasing focus on small and medium enterprises sector. It was also proposed in policy to increase exports and fully utilise potential of textile sector.