



## The Southern India Mills' Association

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### NEWS CLIPPINGS –05-03-2019

#### China asks for duty-free import of 85% of its products into India

Business Today

<https://www.businesstoday.in/current/policy/china-asks-duty-free-import-85-percent-products-india/story/324204.html>

China has asked India to allow duty-free import of 85% of its products into the country. During the countries' bilateral discussions, Indian officials were told that China was willing to give duty-free access to 92% of Indian exports, provided the bar was raised for Chinese products. India has offered to open up 74% of its market to Chinese goods in phases but China is not satisfied with the proposal, mentioned reports.

The demand from the Asian giant is putting pressure on the policymakers as they are looking to create the world's largest free-trade agreement under the Regional Comprehensive Economic Partnership (RCEP).

According to a report in Times of India, India offers lower concessions to China as compared to other countries where over 90% of imports can come duty-free. However, even the current arrangement deals with risk of Chinese goods dominating Indian markets, which would further impact the trade deficit estimated at \$63 billion in the last financial year.

Officials also acknowledged that India has little option other than to open up the market gradually with a long tariff phase-out period so that Indian players have time to adjust to the competition, as mentioned in the daily.

During a RCEP meet last week, trade ministers from the 16 participating countries decided to intensify negotiations so that it can conclude over the next few months. A final decision of concessions across sectors is only expected after the new government comes to power this summer. Talks for RCEP have been underway for over six years now but India has been concerned over cheap imports that would enter the country and devastate certain sectors. Apart from India and China, ASEAN members, Japan, South Korea, Australia and New Zealand are in the process of negotiation with 2019 as the deadline.

#### Chinese cheer for Indian exports

Business Line

<https://www.thehindubusinessline.com/opinion/chinese-cheer-for-indian-exports/article26431736.ece>

India's bilateral trade deficit with China has shrunk this year, though Indian exports are still dominated by primary products

Amidst growing concerns about the trends in India's export growth over the coming months due to perceptible signs of a cooling global economy is an unexpected area of cheer. Dynamics of India's trade with its largest trade partner — China — are showing surprisingly good results in the current fiscal.

In the first nine months of 2018-19, India's exports to China have grown by an impressive 34 per cent (as against less than 10 per cent overall), while imports from its northern neighbour have declined by nearly 4.5 per cent (as against an increase of 14 per cent overall).

This combination of positive export growth and negative import growth is a rare occurrence in India-China trade, having occurred only twice earlier since the middle of the previous decade. One of these included 2009, the year in which the Chinese economy had felt the impact of economic downturn.

As a result of the export upswing being witnessed in recent months, India's trade deficit with China during April to December 2018 was \$41.3 billion, down from nearly \$47 billion in the corresponding period in the previous fiscal. This is the steepest decline in trade deficit for the first nine months of any financial year.

India thus seems poised to register the sharpest decline in its trade deficit with China for an entire financial year. This would also reverse the rising trend in trade deficit, which had touched an all-time high of \$63 billion in 2017-18. What was remarkable about this figure of trade deficit is that it accounted for nearly 40 per cent of India's overall trade deficit.

Over the past two decades, India-China trade has changed drastically. At the turn of the millennium, China was the outside the list of top five import sources for India, having a share of less than 3 per cent in India's total imports. In 2000-01, India's imports were \$1.5 billion and exports were \$831 million, and the trade deficit was a modest \$671 million. Imports from China recorded dramatic increase from 2003-04, up from \$4 billion to \$32 billion in 2008-09. By 2014-15, imports from China had exceeded \$60 billion, and in the previous financial year, imports were over \$76 billion.

On the other hand, India's exports to China remained extremely sluggish. From \$3 billion in 2003-04, exports reached \$10 billion in 2007-08. Indian exports peaked at \$18 billion in 2012-13, but five years thereafter it could export no more than \$13 billion. Consequently, the trade deficit expanded drastically to over \$63 billion in 2017-18.

Electronics, pharma dominate

More than the increase in imports, it is the composition of India's trade with China that is of real concern. Imports from China are primarily in two commodity groups — electrical and electronic equipment and pharmaceuticals.

In 2017-18, almost 60 per cent of India's import requirements of electrical and electronic equipment were met by China, as were more than 75 per cent of the active pharmaceutical ingredients, the raw material used by India's generic pharmaceutical industry. China supplied more than 80 per cent of the antibiotics imported by India, and well above 60 per cent of electronic products and components. Thus, some of the key sectors of the Indian economy are critically dependent on China.

In sharp contrast, India's top exports were mostly intermediate products and raw materials. These included cathodes, petroleum oils, intermediate products for the producing films and plastics and iron ore and concentrates.

The broad sectoral trends of the exports of China and India show that for the latest year, manufactured products constituted 55 per cent of India's non-oil exports to China, while the corresponding figure for China was as high as 95

per cent. This implies that primary commodities had a significant share of India's exports, which is consistent with China's strategy to source raw materials from its trading partners.

Now that India's exports have jumped by more than a third in April-December 2018, as compared to the corresponding period in the previous year, has the commodity composition also changed in India's favour?

The product group contributing the most to the increased exports to China was petroleum products. In terms of volume, the increase was by over two and a half times during April-December 2018 as compared to the previous year. Favourable movement in product prices in most of 2018 resulted in a three-fold increase in value of exports.

Augmentation of Reliance Industries' aromatic production capacities over the past couple of years has positioned the company as one of the major producers of paraxylene, orthoxylene and benzene (the building blocks for polyester fibres and several other petrochemical intermediates). This increased production has found its way into the export market; China emerging as one of the major destinations.

Among the group of products pushing India's exports to China in the recent months are two primary products — fish and crustaceans and raw cotton. Exports of both these product groups in the current fiscal increased by at least three-fold as compared to 2017-18.

Although India's exports to China have registered impressive increase, and have also contributed to the lowering of the trade deficit with its largest trade partner, there remains a significant area of concern. This stems from the fact that the recent export trends merely reinforce India's role as a supplier of raw materials and intermediates to China.

Thus, in the absence of adequate manufacturing facilities that could have helped in processing the increased production of raw materials and intermediates, these products are being exported and India is foregoing domestic value addition.

With the government failing in its attempt to incentivise "making" in India, increased exports to China should, therefore, be seen as a stream of opportunities missed for creating jobs in the country and adding additional incomes in Indian hands.

<b>IDBI Bank receives nod to handle import, exports transactions with Iran: Sources</b>	<b>Money Control</b> <a href="https://www.moneycontrol.com/news/business/idbi-bank-receives-nod-to-handle-import-exports-transactions-with-iran-sources-3606241.html">https://www.moneycontrol.com/news/business/idbi-bank-receives-nod-to-handle-import-exports-transactions-with-iran-sources-3606241.html</a>
<p>India used to pay its third largest oil supplier in euros using European banking channels. But this channel is also blocked from November last year.</p> <p>The IDBI Bank has received government nod to handle import and export transactions with Iran, a move which would help in promoting two-way trade amid US sanctions on the Persian Gulf nation, industry sources said.</p> <p>US President Donald Trump had in May last year withdrawn from the 2015 nuclear accord with Iran, re-imposing economic sanctions against the Persian Gulf nation. Some sanctions took effect from August 6, 2018 while those</p>	

affecting the oil and banking sectors started from November 4, 2018.

According to sources, IDBI Bank has been identified to route the payments. UCO Bank had in the previous round of sanctions handled rupee payments.

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Iran is India's third-largest oil supplier after Iraq and Saudi Arabia. It was India's second biggest supplier of crude oil after Saudi Arabia till 2010-11 but sanctions by the West over its suspected nuclear programme relegated it to the seventh spot in the subsequent years. In 2013-14 and 2014-15, India bought 11 million tonnes (MT) and 10.95 MT of crude, respectively from Iran.

Bilateral trade between India and Iran increased to \$13.8 billion in 2017-18 from \$12.9 billion in the previous fiscal. However, India's exports were only worth \$2.5 billion to that country. The Federation of Indian Export Organisations (FIEO) said that more banks should get permission for trade with Iran. "This will generate healthy competition between UCO and IDBI encouraging them to be more customers friendly and thereby benefitting exim community," FIEO President Ganesh Kumar Gupta said.

### E-com to drive Indian consumer growth's next level: report

### Fibre 2 Fashion

<https://www.fibre2fashion.com/news/apparel-news/e-com-to-drive-indian-consumer-growth-s-next-level-report-247770-newsdetails.htm>

E-commerce will drive the next level of Indian consumer growth starting this year, says a report by Deloitte India and Retailers Association of India. India's e-commerce marketplace is worth \$200 billion now, is growing at a compound annual growth rate of 32 per cent and is poised to grow to \$1.2 trillion by 2021 as the space grows at a massive pace, it said. The report, titled 'Unravelling the Indian Consumer', lists some factors for this growth that include changing purchase patterns, high-intensity online shopping and heightened use of smartphones, according to a press release from Deloitte.

Mobile-commerce is growing at an exponential pace with such transactions in India increasing from ₹200 billion in fiscal 2015-16 to ₹3,000 billion in 2017-18. The millennial population has mostly championed this trend across tier one, tier two, and tier three markets. Social media-related commerce in India has been on the rise, with 28 per cent millennials purchasing products due to social media recommendations and 63 per cent millennials staying updated on brands through social media.

Experiential retail offerings have picked up with the use of advanced data analytics, bots and drones, beacons, cloud-platforms and virtual reality to understand consumer needs. The report emphasises that despite the stress faced by the Indian rupee and the rising crude oil bill, Indian retail market would grow at a compound annual growth rate of 7.8 per cent between 2021 and 2026

**INDIAN EXPORTS TO AFRICA INCH UP****Fashionating World**

<http://www.fashionatingworld.com/new1-2/indian-exports-to-africa-inch-up>

India's exports to Africa increased from 7.5 per cent in 2009-10 to eight per cent in 2017-18. Of the 54 African countries, there was significant trade with 47. Many of these countries rank high in terms of ease of business.

For Indian exporters, Africa presents an almost unlimited market.

The country's biggest market on the African continent is South Africa. South African chain store buyers, independent retailers, boutique owners, home textile and soft furnishing buyers, agents, wholesalers, importers and other industry professionals are interested in Indian products particularly fashion garments, embroidery, sequins, beadwork and the hand washes that India is famous for.

India has set up an apparel training centre in Nigeria. This will rebuild the cotton and textile value chain of Nigeria.

India is South Africa's second-largest clothing import source market. It is recognised as one of the best sourcing destinations for garments, textiles, footwear and leather. India is the largest producer of jute, the second largest producer of cotton, silk and cellulosic fiber, the third largest producer of raw cotton and the fourth largest producer of synthetic fiber.

There is growing investment by Indian companies in Africa in a range of sectors including textiles and such as telecommunications, hydrocarbons, agriculture, manufacturing and IT.

**India tops Global Consumer Confidence Survey****Business Standard**

[https://www.business-standard.com/article/news-ani/india-tops-global-consumer-confidence-survey-119030400086\\_1.html](https://www.business-standard.com/article/news-ani/india-tops-global-consumer-confidence-survey-119030400086_1.html)

Singapore, March 4 (ANI):The global consumer confidence in India is at peak.

This was revealed in the latest Conference Board Global Consumer Confidence Survey, which is conducted in collaboration with Nielsen. The survey which was conducted over the internet, polls more than 32,000 consumers in 64 countries across Asia-Pacific, Europe, Latin America, the Middle East, Africa and North America.

India had a Consumer Confidence Index (CCI) score of 133 in the fourth quarter of 2018 edging past the Philippines (131) and Indonesia (127). India maintain its number one position from the third quarter when it scored 130 on the index whereas Philippines and Indonesia were joint fourth in Q3 of 2018 with an identical score of 126.

South Korea has the most pessimistic consumers in the world. People there are worried about rising inflation, lower wage growth, a weak stock market, unemployment and global trade uncertainties.

Meanwhile, the Global Consumer Confidence Index increased one point to 107 in fourth quarter of 2018, the highest in 14 years.

The main indicators measured by Conference Board CCI are optimism towards job prospects, health of personal finances and spending intentions in the next 12 months.

Globally, consumers perceptions towards job prospects and personal finances remain positive but consumer sentiment towards spending remain low and less optimistic because of anticipated higher prices due to higher oil prices creating inflationary pressures, uncertainty with regards to global trade, falling currency and rising interest rates affecting borrowing costs.

With the exception of North America where consumer confidence is at its highest for years, developed economies are generally less optimistic. With a reading of 100 on the CCI considered positive, European consumers tended to be the least optimistic with an average score below 90. Whereas their Asian and North American counterparts tended to be more upbeat. Consumers in the Latin America, Middle East and Africa are considered to be cautiously optimistic with a score in the nineties, but all regions have seen improvements in consumer confidence in the last year.

The survey shows the CCI in the Asia-Pacific increased three points to 117. Major markets such as China, India, Indonesia and Japan all improved. Although the CCI for Asia-Pacific is generally good, people in the more mature economics like Australia, New Zealand, Singapore and Hong Kong are more cautious about their spending but these countries continue to offer good opportunities for consumer businesses.

While consumer confidence remains high in China, there are signs from retail spending data that consumers are spending less - an impact as a result of trade tensions with the US. The residents in the second largest economy in the world are also beginning to be less positive about jobs.

On balance, consumers globally are somewhat more confident compared with a year ago.

The global uptick in confidence is a positive sign for economic and business growth in 2019. Consumer confidence surveys are seen as a proxy measure to gauge short term demand by assessing people's views on the economy. A positive trend indicates the possibility of higher spending by consumers in the short-term and that may boost economic growth.

However, several economic headwinds are expected to affect global GDP like the yet unresolved trade dispute between China and the US, rising interest rates, inflationary pressures and uncertain oil prices.

Indeed, some economists expect that GDP growth will moderate in 2019. Fears of significant pullback of global trade could undermine growth outlook for both emerging and mature economies particularly those that depend on global trade.

This is after a steady rise in GDP in recent years despite trade fears, fluctuating oil prices and worries about the impact of Brexit. According to International Monetary Fund data, real global GDP growth has been inching up since 2015 at a rate of between 3.3 percent in 2016 to 3.7 percent in 2018. However, growth is not even with emerging

markets growing at a higher rate of 4.7 percent in 2018 compared with 2.4 percent in the advanced economies.

For India, the results of this survey mirrors a Reserve Bank of India (RBI) survey released in early February which indicates that consumer confidence in India is at a two year high. The RBI survey was conducted across 13 major Indian cities.

The rise in consumer sentiment is likely due to inflation hitting an 18-month low in December as oil prices stabilised and the rupee appreciated.

Although 76 percent of respondents in the RBI survey expect inflation to rise in 2019, consumers say they expect a rise in income and employment opportunities in the same period.

The results of this survey come at a time when PM Modi's government is facing criticism due to a lower job creation rate resulting in unemployment touching a 45-year high in 2017-18 according to the National Sample Survey Office's periodic labour force survey released recently.

Going forward, India's consumer confidence may be dampened by poorer macroeconomic fundamentals like a weak currency, widening deficits, rising prices, mounting bad loans and stricter credit conditions. However, this impact is expected to be buffered by ramped up government spending and social programmes leading to the general elections.

**Exclusive: India Needs Land, Labor Reform to Aid Manufacturing - Chief Economic Adviser**

**US News.com**

<https://money.usnews.com/investing/news/articles/2019-03-04/exclusive-india-needs-land-labor-reform-to-aid-manufacturing-chief-economic-adviser>

India's next government will have to bring in land, labor and financial sector reforms to improve the productivity of the manufacturing sector and boost economic growth, India's chief economic adviser said.

"These are the critical areas, we need to work on,"

Krishnamurthy Subramanian told Reuters in an interview.

Several business leaders said a delay in land acquisition for private factories, decades-old restrictive labor laws and higher borrowing costs discourage many investors who therefore prefer to build new plants in countries like Vietnam, Thailand, and Bangladesh.

The share of manufacturing in the economy has grown just 1.5 percentage points in the last three years to 18 percent, and good exports have shown little sign of a pick up in the last five years.

India's economic growth rate has decelerated to a five-quarter low of 6.6 percent in the last quarter of 2018, dragged down by lower growth in consumer demand and government spending, raising concerns among policymakers and politicians.

But brushing aside concerns about an economic slowdown, Subramanian said the present government's economic

reforms have contributed to an average annual growth rate of 7.3 percent over the past five years.

Subramanian, who was a student of former Reserve Bank of India governor Raghuram Rajan at the University of Chicago Booth School of Business, was appointed as chief economic adviser by Prime Minister Narendra Modi last December for three years.

#### BACKED OFF

Modi tried to push land and labor reforms after he took charge in 2014, but had to shelve them after strong opposition from political parties and labor unions.

Industry has for years sought approvals for easy acquisition of land at a cheap price for setting up factories, flexible labor laws to hire and fire workers, a subsidized social security network for employees, and lower interest costs for funding to compete with other countries.

Land costs have more than doubled over the past five years, and hiring costs have gone up significantly, hitting labor intensive sectors like textile, leather and gems and jewelry, business leaders said.

The country faces an uphill task to create jobs and shift millions of unemployed and underemployed youth from the rural farm sector to urban areas.

As many as 75-100 million young people are expected to come onto the Indian labor market in the five-year term of the next government. A general election must be held by May.

As for low food prices, Subrmanian said that increasing farm production is taking its toll on prices.

"We have a population that is growing at less than one percent and the food is growing more than 3 percent," he said referring to fall in prices of food items.

"Because there is a surplus, the prices will go down," said Subramanian, adding that India's farm sector faced a real crisis and needed government intervention.

The average annual income of farm households was just 30,000 rupees (\$423.71), he said, and the government's plan to directly transfer 6,000 rupees annually to each of about 120 million farmer households would help them as well as the economy.

On the state of the economy compared to 2014 when Modi took charge, Subramanian said the economy was on a stronger footing thanks to economic reforms, higher state spending on infrastructure and fall in inflation which has strengthened the domestic consumer demand and private investments.

"We are poised for growth because some of the requirements for a sustained growth without speed breakers have been erected," he said adding the economy could grow at 7.2 to 7.5 percent in the next fiscal year beginning April 1.



**India needs land, labour reform to aid manufacturing: Chief economic adviser**

**Economic Times**

<https://economictimes.indiatimes.com/news/economy/policy/india-needs-land-labour-reform-to-aid-manufacturing-chief-economic-adviser/articleshow/68256840.cms>

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**Farmers getting raw deal? Paper says  
MSP calculated on old data**

**Times of India**

<https://timesofindia.indiatimes.com/city/mumbai/farmers-getting-raw-deal-paper-says-msp-calculated-on-old-data/articleshow/68247381.cms>

MUMBAI : The pricing of crops has been central to farmer agitations across the country and this has pushed the Centre to hike Minimum Support Price (MSP) for several crops by 50% over the cost of production in the 2018 budget. Now, new research, led by economist R Ramakumar, argues that the MSP is calculated on the basis of three-year-old projected data and should in fact be 20-30% higher than the current rate. The paper, "Underestimation of Farm Costs," argues that the Commission of Agricultural Costs and Prices (CACP), which calculates the MSP, underestimates the cost of production for a range of crops and sets the MSP much lower than it should be. The paper compared the CACP's projection of the cost of production in 2014-15 with final figures on the actual cost of production that year and found a 20-30% gap. The final figures were only recently released.

Former CACP chairman Abhijit Sen disagrees and points out that the data lag is factored into the calculations. This makes the margin of error only 10% and that too, in either direction. "While it's true that old price data is used to calculate the cost of production, this is updated using more current data on wages, consumer price indices and wholesale price indices. So the calculation of cost of production could have a margin of error of about 10% which could be higher or lower," he says. The CACP uses cost estimates generated by the Centre's Directorate of Economics and Statistics (DES) under the comprehensive scheme for studying the Cost of Cultivation of Principal Crops in India. But the comprehensive scheme data is available only after a lag of two-three years, the research paper points out.

This means the latest data available to the CACP for calculating the cost of cultivation for 2018-19 would be 2015-16, the papers says. The CACP then constructs a composite input price index (CIPI) combining these estimates with the latest prices of inputs like labour, seeds, fertilisers, irrigation charges and so on. Then it projects the cost of cultivation for states and nationally. The researchers, instead, constructed CIPI using “actual plot level data” or data collected directly from each plot of farmers in the CACP surveys. “For projecting the MSP in 2015, CACP used prices of three years ending 2012-13. It released the actuals for 2014-15 in 2018. We compared the actuals for 2014-15 with the CACP’s projections for that year and found a 20-30% gap.” The researchers found a “consistent underestimation of input costs in the CACP’s estimation procedure.” The researchers assessed estimates for MSPs on cotton using the one set projected by the CACP and their own estimates for the period 2008-09 to 2014-15. They found that the use of plot-level data resulted in the MSPs being at least 30% higher (assuming the same markup of MSPs over cost of production). Acknowledging the issue of underestimation, the CACP has been using a correction factor. But this did not fix the issue of delayed data on which MSP is calculated, the paper noted.

### India at Disadvantage By Cutting

Trade-Ties, MFN Status with Pakistan:  
Experts

### Eurasian Times

<https://eurasianimes.com/india-at-disadvantage-by-cutting-trade-ties-mfn-status-with-pakistan-experts/>

**Trade and investment in Pakistan presented many challenges and opportunities for Islamabad. The opportunities were provided in the form of financial assistance and investments while challenges came from India – who removed the MFN status after the Pulwama attack.**

Trading patterns are analysed with the help of data from Trademap Pakistan imported more than \$2.7 billion of goods from Saudi Arabia and \$1.7 billion of products from India in 2017. Saudi Arabia is the fourth largest source of imports into Pakistan while India is the seventh largest source.

Furthermore, Pakistan imported \$7.5 billion of goods from the UAE in 2017, its second largest source of imports after China. Therefore, recent developments will impact the trading patterns for Pakistan.

According to data from BP’s Statistical Review of World Energy 2018, Pakistan consumed approximately 589,000 barrels of oil (bpd) per day, with a growth rate per annum of 4.8% between 2006 and 2016. On the other hand, its refining capacity was only 401,000 bpd, increasing 3.7% per annum between 2006 and 2016.

Pakistan imported \$13.7 billion of mineral fuels in 2017 and \$3.1 billion of crude oil, mainly from Saudi Arabia and the UAE. Mineral fuels constitute 54% of total imports from Saudi Arabia and 85% of imports from the UAE. However, 88% of the mineral fuels imported from Saudi Arabia comprised crude oil, with considerably smaller amounts of other forms of mineral products.

On the other hand, approximately 30% of the mineral fuels imported from the UAE were in the form of crude oil. Pakistan imported \$4.3 billion of furnace oil, high-speed diesel and motor spirit from the UAE in 2017.

With a \$10-billion oil refinery planned to be built in Gwadar, which is expected to slash imports of refined petroleum products into Pakistan, imports of crude oil will likely increase. The refinery is expected to produce 300,000 bpd. Once it starts operations, the composition of mineral fuel imports will likely shift towards crude oil, substituting the imported refined petroleum products. With Saudi Arabia as an investor and a major supplier of crude oil, imports of crude oil from it may further increase. In the short run, imports of plant, machinery and equipment will increase in

total imports. In the long run, the reliance on imported refined petroleum may fall.

However, it is essential that the government boosts exports of refined products as well as develops complementary downstream industries, such as petrochemical and other synthetic products that can benefit from the refined as well as residual products produced by the new investments. Even though profit repatriation is expected from foreign investors, better trade policies will help decrease the current account deficit.

### **Imports from India fall**

India recently retracted the most favoured nation (MFN) status awarded to Pakistan, imposed additional tariffs on goods imported from Pakistan, cancelled export orders from Pakistan and banned the export of certain products to Pakistan such as tomatoes.

According to the data extracted from Trademap.org, Pakistan exported \$335 million of goods to India in 2017, which was approximately 1.5% of total exports from Pakistan. The range of products exported was limited, mostly comprising cement, gypsum and dried dates.

Pakistan exported \$90 million worth of fresh or dried dates, \$65 million of Portland cement, \$14.4 million of medium oils and preparations, \$13.9 million of gypsum and \$13.6 million of tanned leather. Pakistan is by far the largest source of Portland cement and fresh or dried dates into India. Pakistan is also one of the leading exporters of Portland cement and dried dates around the world. In essence, exports from Pakistan to India are limited to a few products in which Pakistan has a relative advantage in the global market.

Furthermore, cement and dates contributed only 1.4% of total exports from Pakistan to all its trading partners in 2017. On the other hand, out of \$1.7 billion of goods imported by Pakistan from India in 2017, \$555 million was paid for chemicals or allied products, \$203 million for raw cotton, \$141 million for cotton yarn and \$68 million for polymers of propylene in primary form. In essence, India supplied mainly raw material and intermediate goods to Pakistan.

Pakistan reduced imports of vegetables from India in 2017. For instance, it imported more than \$100 million worth of fresh or chilled tomatoes from India in 2016, approximately 86% of total import of the commodity from all partners. However, in 2017, it stopped the import of tomatoes.

Similarly, more than 50% of the total raw cotton imported into Pakistan was sourced from India in 2014 and 2015. In 2017, the share of Indian raw cotton fell below 27%.

The United States replaced India as the largest source of raw cotton as \$279 million worth of the commodity was imported from it. This is primarily due to the resurgence of the US as a significant exporter of raw cotton globally.

Furthermore, Saudi Arabia has been a major source of polymers of propylene. In essence, Pakistan has shifted away from Indian imports, replacing it with other sources.

According to the World Bank's "Glass Half Full: The Promise of Regional Trade in South Asia", trade potential between Pakistan and India is estimated at \$37 billion. Uncertainties in the relationship between the two countries not only impede trade but have rather led to trade diversion in recent years.

Considering the recent economic opportunities and challenges, Pakistan must further strengthen its trading

relationship with important trading partners by pursuing trade and investment agreements. It must take full advantage of the renewed geopolitical and economic interests.

**Textile units sweat it out to make freshers industry-ready**

**Times of India**

<https://timesofindia.indiatimes.com/city/indore/textile-units-sweat-it-out-to-make-freshers-industry-ready/articleshow/68247448.cms>

INDORE: Lack of skilled talent has weighed on efficiency and output of textile mills forcing units to spend thousands on training workforce and coming up with a separate workforce hunt department.

Corporate human resource head HS Jha at a leading textile mill said, "We are imparting training to fresher's to take them on roll. On an average we spent around Rs 50,000 on a single person before hiring. The cost of training and keeping a separate team to hunt for possible work force is very high." Jha has over 5,000 workforce in his textile mill'

According to National Textile Association MP chapter, most textile mills operating from Indore and nearby areas are running at loss while seven mills have been shut for decades. According to textile units, training period extends from 2 to 4 months depending upon job profile and background of candidate. Textile sector is the largest employment provider after agriculture. Industry participants said cost for training and exercise involved in reaching out to possible workforce escalates every year.

A senior executive at another leading textile mill that exports 50 per cent of its garment said, "There is no provision by state government to provide training to people for textile mills despite state being a textile hub. The courses in ITIs are not updated." According to industry experts, regional mills are hiring workforce from Haryana, Kanpur and Maharashtra. There are over 20 textile mills in Indore, Ujjain, Nagda and Khandwa, according to trade estimates while the state houses over 50 textile mills.

Madhya Pradesh Textiles Mills Association secretary MC Rawat said, "To promote textile mills, the government should introduce proper skill courses. There should be provision to help industries upgrade and incentives for old units."

**US COMPANIES ACCELERATE THEIR SHIFT FROM CHINA**

**Fashionating World**

<https://www.fashionatingworld.com/new1-2/us-companies-accelerate-their-shift-from-china>

US manufacturers are accelerating their shift out of China, coming to terms with a new reality that the Trump administration's tariffs are not likely to go away any time soon.

President Donald Trump's lead trade negotiator, Robert Lighthizer, warned lawmakers that the United States would need to keep the threat of stiff tariffs on China in place for years, even if a trade deal is inked, as part of an enforcement mechanism that would include frequent reviews of whether China was abiding by any agreement.

That confirms what many companies have already concluded. Even if the hot phase of this trade war passes, tensions will linger and continue to reshape the economic relationship between the world's two largest economies.

BGMEA informed the ambassador that Bangladeshi spinners are keen to set up spinning mills in the USA

Bangladesh will import more cotton from the United States if the American government offers duty benefits for apparel items manufactured of American cotton.

BGMEA president Md Siddiqur Rahman made the proposal at a meeting with the US Ambassador to Bangladesh, Earl R Miller, at the trade body's headquarters in the capital on Sunday.

In addition, BGMEA informed the ambassador that Bangladeshi spinners are keen to set up spinning mills in the USA , if the US government would grant tariff benefits for RMG made with yarn imported from such factories in the USA.

"Since Bangladesh is the largest importer of cotton, we could import more cotton from the USA. In that case, we need to know what kind of duty benefits the US government will offer on the export of clothing made of American cotton," BGMEA president Siddiqur Rahman told reporters after a meeting with the US envoy.

Bangladesh does not enjoy duty free market access facility for apparel products in the US market.

According to Bangladesh Textile Mills Association (BTMA), Bangladesh imports nearly 8 million bales of cotton from across the world annually, of which 6.93% is from the USA.

According to international trade administrator Otexa' data, Bangladesh exports to the US market stood at \$5.20 billion, up by 5.72% in January-November of 2018. Apparel exports to the US market saw a 6% jump to \$5 billion in the period.

The BGMEA will write a letter to the US government soon, expressing its interest and seeking duty benefits in exporting apparel goods, according to Siddiqur.

"I told the US ambassador that a few spinners showed keen interest to establish spinning mills in your country and they will invest to produce yarn if the US government offers duty benefits for RMG goods exported to the US, made of US cotton," said the BGMEA leader.

The BGMEA underscored the need for restarting negotiations to restore the Generalized System of Preferences (GSP) suspended in 2013 over workers' rights and workplace safety.

Citing the US envoy, Siddiqur said "Labor rights and human rights situation have improved in Bangladesh after the Rana Plaza collapse, but there was no evaluation of rights and safety issues in last two years."

But during the talks, he assured the ambassador that Bangladesh has met all the 16 conditions attached for the restoration of GSP trade facilities, said Rahman.

The business leader also said that the duty free market access will ultimately benefit US consumers and increase

bilateral trade as well as help Bangladesh in creating jobs, he added.

At the meeting, the US ambassador also wanted to know about the termination of 11,000 apparel workers centering the recent unrest over a new wage structure, the BGMEA president said.

However, he disputed the number and said that the figure was not more than 4000 and they were terminated as per the law.

**Indonesia, Australia sign long-awaited trade deal**

**NST.com**

<https://www.nst.com.my/world/2019/03/465773/indonesia-australia-sign-long-awaited-trade-deal>

: Indonesia and Australia on Monday signed a long-awaited trade deal after months of diplomatic tension over Canberra’s contentious plan to move its embassy to Jerusalem.

Indonesian trade minister Enggartiasto Lukita and his Australian counterpart Simon Birmingham wrapped up the multi-billion-dollar agreement in Jakarta, some nine years after negotiations first started.

The pact will include improved access for Australian cattle and sheep farmers to Indonesia’s 260 million people, while Australian universities, health providers and miners will also benefit from easier entry to Southeast Asia’s biggest economy.

Greater access to the Australian market is expected to spur Indonesia’s automotive and textile industries, and boost exports of timber, electronics and medicinal goods.

Bilateral trade was worth US\$11.7 billion in 2017, but Indonesia is only Australia’s 13th-largest trading partner and the economic relationship has been viewed as underdone.

Both ministers touted the deal as indicative of deepening ties between the two countries, which have occasionally butted heads on foreign policy issues, including Australia’s hardline policy on asylum seekers.

Birmingham said the deal marked a “new chapter of cooperation” between the two neighbours.

“The signing of the Indonesia-Australia Comprehensive Economic Partnership Agreement brings our two nations closer together than ever before,” Birmingham told reporters.

Lukita said the signing had the potential to transform the economy of both countries.

“Today is definitely the brightest moment on of the Indonesia-Australia relationship,” he said.

The deal has been in negotiation since 2010 and was expected to be signed before the end of last year, but it stalled when Prime Minister Scott Morrison proposed the relocation of Australia’s embassy to Jerusalem.

Morrison first floated the shift in October, ahead of a critical by-election in a Sydney suburb with a sizeable Jewish population. Indonesia, the world’s most populous Muslim nation, was angered by the proposal.

Both Israel and the Palestinians claim Jerusalem as their capital. Most nations have avoided moving embassies there to prevent inflaming peace talks on the city's final status – until President Donald Trump unilaterally moved the US embassy early last year.

In December, Morrison formally recognised west Jerusalem as the capital of Israel, but said the contentious embassy shift from Tel Aviv will not occur until a peace settlement is achieved.

The Australian PM stood by his decision despite outcry from neighbouring Muslim countries. Indonesia in response simply said it had noted the decision.

The trade deal also comes just ahead of national polls in which Indonesian President Joko Widodo is pushing his economic record in the battle for re-election.