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NEWS CLIPPINGS –27-03-2019

Upgraded input tax reimbursement scheme to be extended to all textiles	Business Line https://www.thehindubusinessline.com/economy/upgraded-input-tax-reimbursement-scheme-to-be-extended-to-all-textiles/article26636648.ece

Under WTO rules, India cannot extend direct export sops anymore

The government is working on a plan to extend the upgraded Rebate of State and Central Taxes and Levies scheme (RoSCTL) — that reimburses garments and made-up exporters all un-remitted input taxes paid at the State and Central levels — to all textile products.

This is being done to prepare the sector for an eventual withdrawal of the Merchandise Export Incentive Scheme (MEIS) that flouts global trade rules.

"The textile sector has long graduated out of the special dispensation that the WTO extends to vulnerable sectors or countries that need support by allowing them to extend export sops that are otherwise banned. If the MEIS is extended for a longer period to textile exporters and a WTO member files a dispute, there is no way India can defend itself. That is why there is a hurry to replace the scheme for the sector first before moving on to other sectors," a government official told *BusinessLine*.

Under the popular MEIS, claimed by a bulk of garments and textiles exporters, the government gives incentives to exporters equivalent to about 4 per cent of their export value in the form of duty credit scrips that can be used to pay customs duties and are freely transferable.

Since it is a direct export subsidy, and the textile sector's phase-out period for such subsidies ended in 2018, it would have to be withdrawn soon.

"The government has now decided to withdraw the MEIS scheme as soon as possible and extend the Rebate of State and Central Levies scheme to all textile sectors, including fibre, yarn and fabric," the official said. But this will now probably happen after the general elections, he added.

Meanwhile, garments and made-ups manufacturers will be allowed to enjoy the benefits of both the RoSCTL and the MEIS till the latter is withdrawn as exports from the two sectors have taken a beating in the current year. "The Indian textile exporters have a cost disability of 15-20 per cent compared to their competitors because of high input costs. Letting them take advantage of two schemes can help them tide over the present low," the official said.

The RoSCTL includes value-added tax on fuel used in transportation, captive power, farm sector, mandi tax, duty of electricity, stamp duty, embedded SGST and CGST paid on inputs and Central excise duty on fuel.

"Although the new scheme has been implemented this month for only a one-year period, the idea is to make it permanent and make it a replacement for the MEIS," the official said.

Once the MEIS is withdrawn from the textiles sector, it would be taken away one by one from other sectors as well as India has moved above the threshold of a per capita gross national income of $1,000, which makes it ineligible to offer export sops to any sector.

"While for the textiles sector, there is no room for further extension of the implementation period beyond 2018 as exports officially crossed the threshold limit of 3.25 per cent of world exports in 2010 and the eight-year phase-out period is over, New Delhi is trying to bargain for a longer phaseout period for other sectors," the official said.

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

A. Cotton		
Spot price- Shankar-6 (Ex-Gin) 28.5 to29 mm		
Rs/Bale	Rs/Candy	USD Cent/lb
21292	44500	82.32
Domestic Futures price (Ex-Warehouse Rajkot) April		
Rs/Bale	Rs/Candy	USD Cent/lb
21680	45311	83.82
International Futures		
NY ICE USD Cents/lb. (May 2019)		77.89
ZCE Cotton: Yuan/MT (May 2019)		15245
ZCE Cotton: USD Cents/lb.		102.97
Basis difference (ICE March -Domestic Spot)		4.43
Cotlook A Index - Physical		87.05
WTI Crude USD / Barrel		59.94
B. Currency		
USD/INR	Close	Previous Close
Spot	68.88	68.86
USD Dollar Index	96.79	

Cotton Guide

After the markets touched a new high at 77.98 cents/lb the markets remained consolidated therefore showing a low of 77.42 cents/lb with a difference of just 0.56 points. The ICE may contract settled mixed with a positive increase of +16 points at 77.89 cents/lb. The ICE July contract showed a small increase by +27 points therefore settling at 78.78 cents/lb. We expect prices to move on the higher end today. A breach of 77.98 was expected yesterday but the bulls could not keep the momentum going. We have to revise the support level from 73.50 to 75.50. Broad trading band is expected to be between 75.50 to 79.50/80 in the very near term. The volumes are lesser as compared to that of Monday. The volumes were seen at 29,830 contracts as compared to 35,242 contracts.

The MCX contracts on the other hand also emitted a consolidated view with the nearby contracts settling with increases in the range of +20 and +50. The MCX April contract settled at 21680 Rs/Bale with a positive figure of +50 Rs. The MCX May and the MCX June contract settled at 21940 Rs/Bale and 22200 Rs/Bale respectively with a positive change of +20 Rs for both the contracts. The volumes were seen at 7105 lots with MCX April contract showing a volume of 4365 lots. The total open interest did not show much of a difference with a figure of 20040 lots registered yesterday.

The arrival figure estimate is 93,500 lint equivalent bales (170 kg)(source cotlook), including 33000 registered in

Maharashtra, 28,000 in Gujarat and 15,500 in Andhra Pradesh. The average price of Shankar 6 is at 44500 Rs/Candy. The cotlook Index A is adjusted to 87.05 i.e. an increase of +1.25 cents/lb.

Tomorrow we will have the weekly Net Export Sales being released. Market participants might wait to get another glance of the trends with respect to sales and thus pricing. Also on Friday we have the release of the planting intentions for 2019. The intentions are expected to be 50% cotton and 50% corn. The Reason attributed to it is that producers are needing some mid-summer income flow, and are not willing to risk everything on a full cotton crop into a fall harvest.

WTI crude yesterday crossed it's Threshold point by trading at 60.33 $/Barrel, which could drive cotton to positive grounds. While we write this report, the prices of WTI crude are still above the 60$/Barrel mark.

On the technical front there is no change in our view, ICE Cotton futures continued to hold above 77 levels (50 % Fibonacci retracement level) after moving out of the downward sloping channel with the formation of pennant pattern. In the daily charts price got supported by bullish crossover of short EMA (13) above the Long term EMA (26) and the momentum indicator RSI which is trading above 60. Moreover, positive divergence between RSI and price strengthened the bullish bets. So for the day price is expected to move in a positive direction targeting 78.20 followed by 78.80 levels. On the downside immediate support exists around 76.70. Prices were up through the important 100 day moving average last week. This kind of break is termed to be a bullish sign for all who trade based on technical signals especially speculators. In the domestic market April futures is expected to rise towards 21500-21900 zone.

Currency Guide

Indian rupee may witness mixed trade against the US dollar but general bias may be on the downside. Rupee managed to gain modesty yesterday amid some stability in US and global equity markets. Domestic equity markets continued to benefit from investor inflows, increasing expectations of a second term for ruling BJP government and RBI's measures to boost liquidity. As per reports, RBI accepted $5b at FX swap auction in a bid to ease liquidity ahead of March 31 financial year-end; the move was seen as successful and may lead to more such auctions. Rupee and other emerging market currencies have also benefitted from Fed's dovish stance. Stephen Moore, President Donald Trump's pick for an open Fed board seat, said the central bank should immediately cut rates by half a percentage point. However, weighing on rupee is higher crude oil price and increasing global uncertainty. Brent crude has rescaled $68 per barrel amid supply disruption in Venezuela and Russia's support for continuing with production cuts. Global economic concerns are high amid disappointing economic data and inversion of US bond yield curve. US-China will resume trade talks this week but no immediate deal is likely. Rupee has been struggling for direction ever since breaking below 69 levels and we could see choppiness continuing however higher crude price and global concerns will keep pressure on the currency. USDINR may trade in a range of 68.65-69.2 and bias may be on the upside.

Sportswear major Under Armour bets big on India with launch of first store	**Business Line** https://www.thehindubusinessline.com/companies/sportswear-major-under-armour-bets-big-on-india-with-launch-of-first-store/article26645540.ece

Global sportswear major Under Armour has marked its foray into India with the launch of its first store on Tuesday.

Patrik Frisk, President and Chief Operating Officer, Under Armour Inc, told *BusinessLine*: "India is the last piece of the puzzle in this part of the world for us, and an incredibly important market. We believe that India and China are the two markets where the growth is going to come from in the future." He said India may become its fastest growing market in the medium term.

The entry of the US-based brand, known for its performance athletic apparel, footwear and accessories, comes at a time when there is intense competition in the market. The NYSE-listed company has decided to take the franchise route for expansion in India and plans to open 10 stores in the next 12 months.

Replying to a query on the timing of its India entry, Frisk said: “We believe consumers in India are now increasingly starting to think about their health and fitness. The athletic performance products market is fast evolving and we want to come in and grow this market further. We may be criticised for being late to India, but we were very realistic when we started thinking about our India entry. But we think this is the right time for us to enter the Indian market.”

Franchise model

Asked why the brand decided to rope in franchisees instead of taking the single-brand retail route, Frisk said: “I think it’s the right model for markets such as India and China. If you want to scale up quickly, you need to be able to leverage on the local knowledge of the franchise partners. So, part of the reason for this strategy was scale and part of it is was to be able to tap into the expertise of Indian entrepreneurs as our partners.”

Under Armour has already been selling its products on e-commerce platforms such as Amazon and Myntra in the country for some time. Frisk said that on an average the e-commerce channel contributed 10-20 per cent to the brand’s sales in other markets, adding that he expected the channel’s contribution to be bigger in the Indian market.

Unlike other players who started focussing on athleisure apparel, the brand has remained rooted to the athletic performance segment. “We are taking a very different approach than some of the other players. We want to make sure we remain true to the performance segment and we believe it’s going to be our strength in the longer term,” Frisk added.

NITI Aayog, ABB facilitate adoption of Artificial Intelligence technologies by MSMEs	**Zee News** https://zeenews.india.com/economy/niti-aayog-abb-facilitate-adoption-of-artificial-intelligence-technologies-by-msmes-2190324.html

New Delhi: NITI Aayog and ABB India organized a workshop to discuss various facets of AI based technology adoption across certain sectors that brought together entrepreneurs, policymakers, state government functionaries and technology experts.

Aligned with the national objective of ‘AI for All’, the workshop, held at the ABB Ability Innovation Center (AIC) in Bengaluru featured MSME entreprenuers from the selected sectors of pharmaceuticals, textiles, electrical and electronics, food processing and manufacturing

The workshop focused in three key areas that included addressing sector specific issues - regulatory, financial and policy concerns relating to adoption of automation by the MSMEs; exploring innovative business and economic models (plug and play, cluster approach, shared manufacturing approach) to accelerate technology adoption by MSMEs, while optimizing costs; and addressing potential impacts of automation and AI on the workforce and steps that could be taken to educate, train and reskill the workforce

“At NITI Aayog we are no longer working on one-way policy plans, we have wide and deep interactions with those for whom the policies are intended to focus on. At ABB Ability Innovation Center we have brought all stakeholders of MSME value chain to identify the roadblocks they face in growth, be it in business models, financing or skilled labor, and together find ways in which we can address the same using tools ranging from policy to technology,“ said Anna Roy, Senior Adviser, NITI Aayog.

“India can leapfrog and show the way when it comes to innovative AI applications. Working with MSMEs and the eco-system is critical for the industrial and manufacturing adoption of such technologies. With its established history of working with them for several decades and driving the change with new digital solutions, ABB would be the perfect catalyst,“ said Sanjeev Sharma, Managing Director, ABB India.

Last year, NITI Aayog and ABB signed a Statement of Intent (SoI) to support the Indian government to realize its ambitious vision of “Make in India” through advanced manufacturing technologies that incorporate the latest developments in robotics and artificial intelligence.

ITC sells John Players brand to Reliance Retail	**The Hindu** https://www.thehindu.com/business/itc-sells-john-players-brand-to-reliance-retail/article26646203.ece

Move part of rejig plan for lifestyle retailing business

Diversified conglomerate ITC has sold its John Players apparel brand and related trademarks and intellectual property to Reliance Retail.

An ITC spokesperson said that as part of the strategic review of the lifestyle retailing business, a restructuring plan is underway. In line with this ongoing restructuring, ITC had sold the brand ‘John Players’ and related trade-marks and intellectual property, and the goodwill related to it, to Reliance Retail Limited. ITC declined to disclose the deal size.

Launched about 2002, the apparel brand started with men’s shirts and was later extended to jeans, tees and trousers. ITC’s lifestyle business covered the mass John Players brand and the premium WLS brand (erstwhile Wills Lifestyle. It recently repositioned the WLS brand .

Challenge from e-com

However, ITC faced challenges in its branded apparel business due to aggressive discounts offered by e-commerce players and GST transition, which triggered premature end of season sales. It responded by making structural interventions including store rationalisation, modifying offerings and sharpening working capital management. While WLS was available at 350 outlets across multiple channels, John Players was available at about 750 points-of-sale in leading national and regional department stores and also exclusive stores.

In August 2018, ITC said in a regulatory clarification that it was undertaking a “routine business review of its apparel business.”

Abneesh Roy, research analyst and senior vice-president — institutional equities — research at Edelweiss Securities, said the business was hit by competition for three years. “ITC will now focus on the premium-end through its WLS stores. It also said the sale would improve ITC’s consumer business margins but impact sales from this business. “Over the past three quarters, this business’s EBIDTA has been improving” , he noted.

Indians urged to explore investment opportunities in Kenya	**KBC.Com** http://www.kbc.co.ke/indians-urged-to-explore-investment-opportunities-in-kenya/

Indians are being encouraged to tap investment opportunities in textile and pharmaceuticals, under Kenya government are manufacturing agenda.

Indian High Commissioner to Kenya Rahul Chabra says there is need for Indian investors to create partnerships with their Kenyan counterparts to deepen bilateral ties.

Trade between Kenya and India stands at over 200 billion shillings with Kenya exporting soda ash, vegetables and tea and importing pharmaceuticals, steel, machinery and automobiles from the Asian country.

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Indian investors are being encouraged to explore investment opportunities in the pharmaceutical and textile sectors under the government's manufacturing agenda. With direct flights between India and Kenya, tourism is another investment opportunity that Indians were encouraged to consider.

Kenya has signed an agreement with a fast food chain and two coffee and tea companies that are expected to set up in the country once modalities are finalized.

ElsewhereIndians, extremely hot temperatures and a prolonged dry spell in Uganda are hitting farmers hard in several parts of the country, with meteorologists warning that the country's drought could continue until the end of March.

There are jobs but no salaries! This is what employees need to do for better wages	**Zee biz** https://www.zeebiz.com/india/news-there-are-jobs-but-no-salaries-this-is-what-employees-need-to-do-for-better-wages-91620

Result shows that, though the productivity ratio has registered improvement, the overall productivity growth remains relatively stagnant (9.4% to 9.9%) in the last six years, barring FY15.

India is currently not facing job problem but shockingly low income as limited productivity has been witnessed across major sectors, revealed a SBI Ecowrap research note titled - 'Be the Bank of Choice for a Transforming India'. Dr. Soumya Kanti Ghosh, Group Chief Economic Adviser at SBI said, "Low productivity is one of the root causes of the "working poor" phenomenon: people who work long hours, often in the informal economy or in subsistence agriculture, do not earn enough to feed their families. Raising Labour productivity is therefore of critical importance for better wages." Data compiled and SBI estimates showed that in India there has been a growth in the labour productivity as a ratio and in terms of growth as well, however the output has not complemented equitably. The manufacturing sector output, which holds the key to employment is lower than the average overall CAGR, while services records a higher than average growth.

According to RBI KLEMS data (this include measures of economic growth, employment creation, capital formation and productivity at the industry level from 1980-81 onwards), apart from post and telecommunications, no remarkable gains have been achieved in sectors such as Agriculture, Textiles, Transport Services and so on till 2015-16.

In fact, SBI says, "Productivity has seen a decline in crucial sectors, including Education and Health. Further, even if productivity gains have been achieved in some sectors, that is due to use of efficient technology and machinery and relatively lower concentration of labour."

Compiling KLEMS data, SBI estimated the productivity of various sectors during FY17-FY19.

Result shows that, though the productivity ratio has registered improvement, the overall productivity growth remains relatively stagnant (9.4% to 9.9%) in the last six years, barring FY15.

On sector-wise, SBI highlighted that, however service industry shows better productivity growth. Contrary to market perception, it is declining productivity growth in Agriculture which has led to overall stagnant growth. This is consonant with the stagnation in productivity growth in the advanced economies, which is a puzzle.

Interestingly, manufacturing productivity growth that had declined precipitously in FY17 has picked up pace now, but is still much lower than FY16 levels when it peaked. Productivity in construction sector had turned negative in FY16 and FY17, added SBI.

Productivity growth in agriculture & allied sector, has decelerated to 9.9% in FY18 from 15.1% in FY17. So far in FY19, the growth rate is even lower at 6%. Meanwhile, service sector has been muted in past three fiscal. Between FY18 - 19, service sector has been slightly over 10%, compared to 9.4% in FY17.

Overall, research shows, productivity has remained muted at 9.8% each in FY17 and FY18. Even in FY19, it stood at 9.9%.

Thereby, Ghosh says, "India lags significantly in terms of labour productivity. Even in the next decade i.e., by 2021 it is estimated that India's output per worker will rise to just $6,414 compared to China's $16,698. The gap, therefore needs to be bridged through policy changes. Persistent low productivity encourages over-borrowing by corporations and households; private debt crises, in turn, represent a big risk to economies and fiscal systems."

SBI believes the current cacophony of jobless growth is not correct, as India is witnessing an era of declining labour productivity growth across sectors thus limiting the gain in wages! In fact, we are now in an era of low wage growth. This also holds important lessons for monetary policy setting as the familiar nexus if any, between wages and prices then breaks down!

India yet to gain from US-China standoff	Business Line https://www.thehindubusinessline.com/markets/commodities/india-yet-to-gain-from-us-china-standoff/article26645596.ece

India’s image of an unreliable supplier in the world market hits prospects, say sources

Contrary to expectations, Indian farm commodity exporters have not benefited from the ongoing trade war between the United States and China.

Key commodities such as soybean seeds or oilcake and rapeseed oilcake, which had genuine prospects to replace US supplies, found no attention in China . In the case of soybean, China preferred imports from Argentina and Brazil to sourcing it from India . Sources said India’s image of an unreliable supplier in the world market could be the reason for China turning to the South American producers .

The Soybean Processors Association of India (SOPA), the apex trade body of the oilseed producer in Central India, has expressed disappointment over the missed opportunity .

“China usually buys soybean. And amid trade tensions with the US, it could have turned to India, but they (China) didn’t open it, instead it is procuring from Argentina,” said a SOPA official.

The Solvent Extractors’ Association (SEA) had earlier stated that resumption of soybean meal exports to China could take longer due to pending inspection and approval of the units by Chinese authorities.

Even in the case of rapeseed oil cake, the orders are not forthcoming. BV Mehta, executive director, SEA said, “There is no known reason why China is not allowing imports of rapeseed oilcakes from India. Already, five of the factories were inspected and approved by the Chinese authorities. But they have still not allowed any shipment. They have not given any reason for not allowing shipments despite companies showing readiness to start the shipments.”

Major edible oil players, including Adani Group and Gujarat Ambuja Exports, are reportedly making efforts to begin shipments to China.

In the past few months, several feelers were given to the trade that China will resume the import of rapeseed meal from India. It was believed that units that were approved by General Administration of Customs of the People’s Republic of China would be able to resume the export once their registrations with Chinese Ministry of Agriculture (MoA) was done. But there is no breakthrough yet .

Prior to ban in 2012, China used to import nearly half a million tonnes of oilmeals (rapeseed meal 3.5 to 4 lakh tonnes and 1 lakh tonnes of soybean) from India.

“If the ban is revoked, there is an immediate possibility of at least 2 lakh tonnes of rapeseed meal exports to China,” said Mehta.

“Exports have become a residual issue. When we have surplus production, we look at the international markets.

Otherwise, we don't see production as part of export strategy. If international markets was part of our strategy, then potential importers would have relied on us. We need to factor in international markets as a strategy," said Biswajit Dhar, Professor, Centre for Economic Studies and Planning at JNU.

According to cotton stakeholders, China possesses an important place in the cotton exports from India. Bangladeshhas bought about 10 lakh bales (each of 170 kg) so far this season (October 2018-September 2019) .Exports to China is reported at about 8 lakh bales. Rising prices of the fibre crop in the domestic markets slowed down the exports.

"Cotton prices have shot up sharply in the past fortnight and due to higher prices, export contracts have taken a halt," said Atul Ganatra, President, Cotton Association of India (CAI).

Also the diplomatic initiative launched by the Modi Government to push shipments of Indian rice has not paid off. Sources said China has preferred to source its white rice requirement from Pakistan because of the cost advantage. In addition to the lower costs, the exporters from Pakistan have a 5 per cent duty advantage while shipping to China.

The Indian rice has turned expensive in the world market after the Centre increased the MSP for paddy this year.

India must support all options to end crisis at WTO's dispute settlement system, says expert	**Business Line** https://www.thehindubusinessline.com/economy/india-must-support-all-options-to-end-crisis-at-wtos-dispute-settlement-system-says-expert/article26645675.ece

India must play an active role in resolving the WTO's Appellate Body crisis triggered by the US by supporting feasible options for the appointment of judges, a top legal expert has said.

"There is a big chance that the US may declare the Appellate Body of the WTO non-functional in December 2019, as there would be just one judge left. India and other countries must then support Mexico's proposal of appointing judges through an administrative majority decision (selection done on the basis of majority of vote cast)," said Ernst-Ulrich Petersmann, Emeritus Professor, Department of Law, European University Institute, in an interaction with *BusinessLine*.

Petersmann is here to deliver a lecture on the WTO's Appellate Body crisis at the invitation of the Centre for WTO Studies and the Centre for Trade and Investment Law. The Appellate Body is the top decision-making body that hears appeals from reports issued by panels in disputes brought on by WTO members.

The WTO's dispute settlement system is facing a crisis as the US has blocked the appointment of appeals judges since last year, which has now resulted in the shrinking of the numbers from seven to three. Two of the three judges are scheduled to retire on December 10, following which appeals made by WTO members on panel reports can't be entertained.

Call for change

The Donald Trump regime had initially said the Appellate Body's functioning needed to be improved and that the body had been over-reaching and creating laws through legal rulings. The EU and several other members including India subsequently came up with proposals for inter-governmental reforms of the dispute settlement system, but Washington's goal posts changed.

"The US' blocking strategy seems to be now aimed at gaining leverage for WTO reforms in areas such as market access, notifications, state-owned enterprises, subsidies and least developed countries. The proposals on reforming the dispute settlement system is something it is unlikely to agree to," Petersmann said.

Initiating an administrative majority decision, which is provided for in Article IX of the WTO ('where a decision cannot be arrived at by consensus, the matter at issue shall be decided by voting'), would require a meeting to be convened by the General Council or the Dispute Settlement Body, the trade law expert added.

Asked whether going in for an administrative majority decision before the two judges retire in December would be a good move, Petersmann said it would be desireable but WTO diplomats are not likely to do so. "Members are more likely to wait and see as they do not want to provoke the US more at the moment," he said.

How India should respond to dispute over tariffs with US	**Live Mint** https://www.livemint.com/news/india/how-india-should-respond-to-dispute-over-tariffs-with-us-1553623719188.html

The govt can't ignore the fact that the US is a strategic partner of India

The trade war goes further back than the cancellation of the GSP

About 100km south-west of Delhi in the industrial belt of Bawal in Haryana stands an assembly plant of Harley-Davidson. One of only three such plants the iconic American motorcycle company has outside the US, it employs 170 people. That's a small number, but in Trump's fight against what he calls the unfair trade practices of "tariff king" India, which has led to the US withdrawing zero tariff benefits on some 1,900 Indian products, Harley-Davidson loomed large.

Trump's repeated tirades against high Indian tariffs on premium bikes forced India to reduce the duty on completely built units of such bikes to 50% from 75%. India, however, denied the charge of being a high-tariff nation, holding that its tariff regime is fully compliant with its commitments under the World Trade Organisation rules.

Sajeev Rajasekharan, managing director of Harley-Davidson India, in an interview, refused to reveal the capacity of the Bawal plant. But he said 13 out of the 17 models of the bikes sold in India are assembled in India, including the best-seller Street 750cc.

Trade tension

On 4 March, the Trump administration decided to scrap duty benefits on $5.6 billion of exports from India by early May, alleging that India has introduced a "wide array of trade barriers that create serious negative effects on United States commerce". The Generalized System of Preferences (GSP) programme allows duty-free entry of around 1,900 products from India into the US market, benefiting exporters of textiles, engineering, gems and jewellery and chemical products. Both sides were negotiating a trade package after the United States Trade Representative in April last year announced that it was reviewing India's GSP eligibility, following complaints filed by the US dairy and medical devices industries on market access issues. While American dairy companies were upset at Indian import restrictions, its medical devices industry had opposed Indian price ceilings on stents and knee caps.

However, "disproportionate" demands by the US led to a collapse of the talks, leading to the withdrawal of GSP benefits from India, the largest beneficiary of the US programme.

The trade war goes further back than the cancellation of the GSP. In March 2018, the US unilaterally hiked duties on steel and aluminium imports from major trading partners, including India.

India has the option of enforcing tit-for-tat tariff hikes on 29 US products including almonds, apples and phosphoric acid worth $235 million in response to that measure. But New Delhi has been deferring its implementation month after month, apparently unwilling to take a harsh measure amid ongoing talks between the two sides on a possible trade package.

India is unlikely to implement the decision and may yet again extend the deadline by another month after the current deadline expires on 31 March.

"The US is not just another trade partner. We need to take into account the fact that our strategic partnership is growing at a fast pace and millions of Indian tech professionals are working in the US," a commerce ministry official said, speaking under condition of anonymity. However, he added that revoking the retaliatory tariffs at this time will send the wrong signal to the domestic audience and show the Indian government as weak.

"Hence, the deadline for its implementation may be further extended. A final decision will be taken by the Prime Minister's Office," he added.

The US is also peeved with the new restrictions on e-commerce companies, directly impacting the Indian operations of Amazon and Walmart-owned Flipkart. The proposed data localisation norms could also impact internet giants like Facebook and Google, and complicate the bilateral trade relationship.

The bigger S&D Game

However, analysts believe there is a bigger gameplan: The US wants large developing countries like India and China to forgo the special and differential treatment they enjoy. It has recently convinced Brazil to give up similar benefits in return for membership of the Organisation for Economic Cooperation and Development. India, however, has been arguing that it lags behind developed countries on many socio-economic parameters and hence remains a legitimate beneficiary of differential treatment. Biswajit Dhar, professor at JNU said: "India has to assert its rights under WTO. It just cannot allow one member country to unilaterally redefine the rules of the game."

Withdrawal of GSP benefits undermines WTO's objectives	Live Mint https://www.livemint.com/news/world/withdrawal-of-gsp-benefits-undermines-wto-s-objectives-1553625890307.html

The genie is out of the bottle. After constantly objecting to India's trade restrictions on import of goods, the US has finally responded by announcing the withdrawal of the preferential tariff benefits to India under the Generalized System of Preferences (GSP) programme.

However, given the chequered use of preferential tariffs by the US, the recent measure deserves a closer look.

One of the key principles of WTO (World Trade Organization)law is the provision of non-discrimination between WTO members, i.e., the principle of Most-Favoured Nation (MFN). Applying lower tariffs to imports coming from certain countries would be against the MFN principle. However, the enabling clause permits members to derogate from this MFN principle and provide preferential tariffs to imports from "developing countries".

There is no criteria for qualifying as a developing country in WTO—a member may self-elect itself as a developing country.

An analysis of average MFN tariffs applied by the US (as reported in the WTO tariff analysis online database) is of interest. The average MFN tariff by the US on import of goods is around 3.5%. Thus, for many products of export interest, the MFN tariff, in the absence of GSP benefits, may not be very high and may not have significant impact.

However, it appears that the withdrawal will impact different products of export interest at varying degrees depending upon the applicable MFN tariff.

Irrespective of the eventual trade impact, the US action is at loggerheads with its WTO obligations. Requiring the developing countries to provide "reasonable and equitable market access" is not strictly in compliance with the enabling clause, which expressly requires grant of preferential treatment by developed countries to developing countries to be on a non-reciprocal basis.

Withdrawal of GSP benefits on such pretext also undermines the objective recognized in the preamble to the WTO Agreement that there is a need for "positive efforts" to ensure that developing countries secure a share in their growth in international trade commensurate with the needs of their economic development.

GSP benefit to India is not being withdrawn because it has crossed certain financial, developmental or trade threshold, but because it has not reciprocated with "reasonable and equitable market access". Such criterion for discriminating between developing countries is not consistent with WTO.

There is also an obligation to not discriminate between "similarly situated" developing countries. The WTO Appellate Body, in response to the complaint by India, in the case of European Communities—Conditions for the Granting of Tariff Preferences to Developing Countries (EC-Tariff preferences)—decided that discrimination between similarly situated developing countries is not consistent with the WTO obligations of the member country.

The US action does not even attempt to distinguish or identify developmental, financial or trade needs of India vis-à-vis other developing countries.

India's response to the US action is yet to be formally announced. The record shows that India has been reluctant to resort to retaliatory tariff but has not been shy of initiating WTO dispute against the US. Another alternative in this case is to bend over backwards and allow what the US considers "reasonable and equitable" market access.

Shift to formal trade slower than expected'	**The Hindu** https://www.thehindu.com/business/shift-to-formal-trade-slower-than-expected/article26646629.ece

GST focused on ease of doing business, but procedural issues made transition phase tough: report

The Goods and Services Tax (GST), which was introduced about 20 months ago, has seen the total number of returns filed increase, though the shift in trade towards a formal economy has been slower than anticipated.

In a report by Motilal Oswal Financial Services, the brokerage highlighted that though the collections had increased, it was still below the target as deferment of anti-evasive measures for a smooth roll-out of GST impacted collections.

In the GST regime, the manufacturing sector witnessed an increase in working capital requirements, while the services sector has had to comply with increased state-level compliances and higher tax rates, the domestic brokerage said.

"GST collections have increased year-on-year in FY19 [until February], but the monthly average collection is lower than the target, slimming the prospects of achievement of the full-year target. However, in our view, collections should improve once the anti-evasive measures are put in place," the report said. The average monthly GST collection in FY19 till February was ₹97,400 crore, higher than the FY18 monthly average of ₹89,900 crore, it added.

Scope for improvement

"We believe that GST collection should improve going forward, led by the rising compliance level from the broadening tax base and the government's increased focus on implementing anti-evasive tax measures," the brokerage report said.

Meanwhile, the total number of returns filed increased from 6.5 million in July 2017 to about 7.8 million in recent months. Further, while the GST revenue collection trend has been improving over the past 20 months, the monthly average revenue collection of around ₹97,300 crore (until February) in this fiscal is below the target of ₹1.06 lakh crore.

According to the brokerage, the FY19 revenue collection may fall short of the target by close to ₹1 lakh crore if the same revenue trend continues for the last month of FY19. "GST is certainly a move focused on ease of doing business. However, the lack of preparedness, the technology glitches in the GST platform and the non-clarity over certain procedural issues have made the transition phase tough," the report highlighted.

Happy days are here again for Sircilla weavers	The Hindu https://www.thehindu.com/news/national/telangana/happy-days-are-here-again-for-sircilla-weavers/article26646601.ece

Polls bring in plenty of work to weavers of this textile town

Come elections, the powerloom weavers of Sircilla textile town have their hands full, looms busy, and later pockets full producing a variety of election campaign materials for all the political parties of the country.

Any election, any political party, any contestant and any State, the election material is produced only in Sircilla town because of its quality and affordable prices. Weavers are busy producing flags, banners, caps, shawls and other poll-related paraphernalia for the TRS, Congress, BJP, YSRCP, BSP and others.

The powerloom weavers, who were in a happy spot given the bulk orders by the State government to weave Bathukamma saris and school uniforms, are delighted with the general election as they have hands full of work producing election material for all political parties and contestants. Five months ago, the weavers had secured bulk orders for producing poll material for the Assembly elections in Telangana and had done a business of over ₹3 crore. Now, Parliament elections have come as a boon to the weavers as they have secured orders for more than ₹5 crore.

Screen printing

It all started in 1978 with screen printing of party flags. With the advancement of technology, the Sircilla textile industry had started producing all types of election material such as caps, shawls, banners, flags, festoons etc. They charge anywhere between ₹50 to ₹500 per banner depending on its size. Printed shawls and flags come at ₹20 to ₹50 a piece, festoons at ₹20 to ₹30, while the VIP shawls cost ₹100 per piece.

The election season is hay-making time for the powerloom weavers and their womenfolk. Around 500 persons, including weavers would be actively involved in the business of producing election material. The womenfolk, who are otherwise involved in the beedi industry, shift to campaign material production side-by, stitching shawls, caps and flags and their packages.

“Election time is happy days for the weavers and the womenfolk as we get plenty of work to make quick money. I regularly roll beedies to add to the family income. But during elections, I shift to election material production as I would get daily ₹250 against ₹90 to ₹100 I make per day by rolling 1,000 beedies,” said Gagerla Kavalathi, a beedi worker.

D. Murali, who produces election material, said there were good, bulk orders from all political parties from Telangana and Andhra Pradesh. Declining to disclose the worth of the orders, he said he was employing 25 persons in his firm. One can stitch up the rest.

UN launches initiative to control environmental impact of 'fast fashion'	CGTN.Com https://news.cgtn.com/news/3d3d414d77496a4e33457a6333566d54/index.html

Concerned over the growing environmental damage caused by the clothing industry, the United Nations (UN) launched an Alliance for Sustainable Fashion in Nairobi, Kenya on Monday.

Global textile production doubled between 2000 and 2014, leading to massive emissions, water use, and soil contamination. The clothing sector has emerged as the second biggest consumer of water, consuming nearly 93 billion cubic meters every year.

Experts pointed out, manufacturing a pair of jeans consumes around 7,500 liters of water, the amount of water an average person drinks over seven years.

Such a massive use of vital natural resources results in textile manufacturing units generating 20 percent of the world's wastewater annually. Moreover, this wastewater contains half a million tons of synthetic microfibers that eventually ends up in the ocean harming marine life.

Since the recycling facilities for the waste remains extremely low, it results in one truck of textile waste ending up either at a landfill or burned, every second.

The heat-trapping greenhouse gas release --responsible for global warming -- from textile manufacturing units has surpassed combined emissions from international flights and maritime shipping combined, a recent study estimated.

The Alliance is aiming to improve collaboration among UN agencies by analyzing their efforts in making fashion sustainable, identifying solutions and gaps in their actions, and presenting these findings to governments to trigger policy changes, the UN officials said.

Experts also pointed out that the clothing sector is also responsible for 24 percent of insecticides, and 11 percent of global pesticides used for growing cotton, which increases the toxicity in soil.

Experts blamed the prevailing "fast fashion" business model responsible for creating such a large amount of textile waste. “Many people succumb to buying seasonal trends that then get thrown away within a couple of months, and it's just not sustainable,” said Nadya Hutagalung, a renowned Indonesian-Australian model and actress.

The Alliance, comprising of leading fashion brands and famous personalities, like Chinese pop star Karry Wang, launched a series of campaigns at various social media platforms for promoting sustainable fashion.

The campaign focuses on improving recycling facilities, enhance concept of sustainable clothing, and reducing demand. "It is crucially important to ensure that clothes are produced as ethically and sustainably as possible," a UN statement maintained.

Fashion industry valued at around 2.4 trillion U.S. dollars, employs over 75 million people worldwide, making it environment friendly without harming revenue and job losses has become a significant challenge, in both developing and developed economies.

"The UN Alliance for Sustainable Fashion doesn't perceive sustainability as a limitation to fashion, but rather a trigger for bringing real creativity and passion into the industry," He Siim Kiisler, President of the UN Environment Assembly said.

Duty waived for Jamdani components' import	New Age http://www.newagebd.net/article/68453/duty-waived-for-jamdani-components-import

National Board of Revenue has offered duty waiver on import of two types of yarn for Jamdani industry to facilitate the development of the sector.

Customs wing of NBR on March 19 issued a statutory regulatory order, amending the previous SRO on weaving industry, in this connection reducing the import duty for metalised round yarn and other metalised yarn. NBR waived customs duty in excess to 5 per cent, all supplementary duty, regulatory duty and value-added tax on import of the two products.

Previously, there was a total of 91.88 per cent duty including 25 per cent customs duty, 20 per cent SD, 15 per cent VAT, 3 per cent RD, 5 per cent advance income tax and advance trade VAT respectively on import of metalised round yarn.

On the other hand, total duty rate was 60.73 per cent including 25 per cent customs duty, 15 per cent VAT, 3 per cent RD and 5 per cent AIT and ATV respectively on import of other metalised yarn.

After the waiver, total duty incidence will be around only 17 per cent.

Metalised yarn, one kind of textile yarn combined with metal in the form of thread, strip or powder or covered with metal, are basically used for design and decoration of Jamdani, one of the luxuries textiles of Bangladesh. Officials of the NBR said that registered Jamdani Weavers Association would be able to import the yarns by paying duty at reduced rates.

They said that NBR offered the benefit in line with demand of Jamdani manufacturers to boost production, employment and contribution to economy.

The benefit will reduce the cost of production, Bangladesh Jamdani Manufacturers and Exporters Association founding secretary Md Zahirul Hoque told New Age on Monday.

He said that metalised yarn costs 20 per cent of the total production cost of Jamdani.

So, weavers will be benefited from the reduction of the duty as it will reduce the cost of production, said Zahirul, also the owner of Semom Fabrics, based in Tarabo of Rupgonj of Narayangonj.

NBR officials said that registered Jamdani weavers would import the yarns and distribute to their member weavers for the purpose of production of Jamdani.

Importers will have to pay duty at the original rate along with penalty for failure of using the imported yarns for the purpose, they said.

Earlier on November 2016, the Department of Patents, Designs and Trademarks under the industries ministry certified the Jamdani as the country's first geographical indication product.

DPDT also registered 66 weavers as authorised users of geographical indication of Jamdani so that they can commercially utilise the GI recognition for the product.

Export prices take a dent	**Business Recorder** https://www.brecorder.com/2019/03/26/483218/export-prices-take-a-dent/

Pakistan's exports at $15 billion, growing at 1.86 percent year-on-year in 8MFY19 must be a worry. Only that the massive slide in imports seems to have masked the minimal growth in exports. But imports can only be curtailed to a limit, and the limit appears to be here. Exports growth, on the other hand, will depend on a multitude of factors, mostly out of Pakistan's control, unlike imports.

Exports were never expected to rise immediately with the sharp currency correction. Prices were expected to slide with the dollar going dearer and that happened. Pakistan also made efforts on its part to provide the exporting sectors ground to play competitive through reduction in energy prices, issuing of promissory notes for clearing long pending dues of the textile sector, among other factors.

But as luck would have it, the sharp slide in rupee and the resultant drop in unit prices almost across all major export product categories, coincided with a considerable drop in demand in the major exporting markets of Pakistan, such as Europe and the USA.

Growth of textile and apparels in the European market has gone down from 4.1 percent in 1HFY18 to 1.4 percent in 1HFY19, according to SBP's latest report on the state of the economy. That in the US almost doubled during the period, but Pakistan's textile and related exports to the US grew by only 0.5 percent, down from 4.6 percent in 1HFY18.

Apart from fruits with a total share of 2.25 percent in exports, all major export categories have either faced a drop in unit prices or quantity or both. Readymade garments, for instance, grew by a massive 27 percent year-on-year in terms of quantity, but the unit price slid to $4.43 a piece, by 19 percent, restricting the growth to under 3 percent year-on-year. Towels on the other hand, fetched 11 percent higher prices year-on-year, but the quantity dropped by the same magnitude, limiting the value growth.

Basmati exports have shown resurgence with nearly 28 percent year-on-year growth in quantity. The unit prices dropped by 10 percent year-on-year, but the quantum growth were more than enough to keep the value growth well within double digits. But the story on no-Basmati rice is not as good, as the 10 percent drop in quantity, more than wiped off the Basmati gains.

Most of the exporters' concerns seem to have been addressed. Some are also reportedly in different phases of expansion. But, the SBP has rightly pointed out that the "support would not amount to much-desired forex earnings if the exporters continue to chase the same markets without making concerted efforts to improve their product quality and brand image".

There is a dire need for the exporters to tap new markets. Pakistan's share in the Middle East textile and apparel market of over $5 billion is a mere 3 percent. This is simply not enough. Diversification has to happen, both in terms of product mix and markets, and soon.

Zim clothing industry in dire straits	**ZBC.Com** http://www.zbc.co.zw/zim-clothing-industry-in-dire-straits/

Zimbabwe's clothing and textiles industry is operating at critically low capacity due to distortions in the cotton value chain as well as illegal imports.

The latest Zimbabwe All Media Products Survey results show that over 65 percent of the population buy their clothes from flea markets with only seven percent making use of the traditional departmental stores, highlighting a gloomy picture on the clothing and textiles industry.

During a tour of the manufacturing facilities of a leading departmental store in Harare, its Chief Executive Officer for Zimbabwe Mr Themba Ndebele lamented the depressed economic situation undermining buying power as well as the death of textiles industry value chain as chief culprits to this saddening scenario.

"The biggest challenge is that people are resorting to cheap and sometimes illegal imports because they cannot afford the local fabric and also the lack of foreign currency to import essential raw materials means we can't satisfy the market," said Ndebele.

Zimbabwe was the textiles and clothing heartland in the region with local companies churning export quality cotton fabric.

However, the expiry of the South Africa-Zimbabwe trade agreement triggered the industry collapse with cheap and at times smuggled imports filling the gap.

Ndebele revealed that on average shoppers make a purchase after three months spending not more than $220 per purchase.

The tour laid bare the importance of industry stakeholders to find lasting solutions for the resuscitation of the industry but this should also take place in broader context of stabilising the economy.

Faisalabad manufacturing hub of popular int’l textile brands	**Business Recorder** https://www.brecorder.com/2019/03/27/483482/faisalabad-manufacturing-hub-of-popular-intl-textile-brands/

Faisalabad is manufacturing hub of popular international textile brands while local businessmen have also introduced their own brands in South Asia which can be internationalized by launching joint ventures with the collaboration of Italian experts.

Syed Zia Alumdar Hussain President Faisalabad Chamber of Commerce & Industry (FCCI) said this during a meeting with a six-member Italian delegation headed by Italian Designer Ms Stella Jean.

The FCCI Chief said that Faisalabad is iconic textile city. However, other segments are also contributing their role in the overall development of this city.

He said that Faisalabad is providing 55% textile related raw material to the Pakistan while its share in total textile export is around 45%.

He said that Faisalabad has state-of-the-art textile units which are supplying branded items to American and European Union countries. Among these brands include Zara, Nexus, American Eagle, Puma etc.

Regarding Italian machinery, he said that many local units are using Italian textile machinery.

He said that a delegation of FCCI is scheduled to visit Spain to participate in international exhibition at Barcelona, adding that another delegation for Italy has also been proposed to have B2B meetings with Italian buyers.

Ms. Stella said that Milan Fashion Week is scheduled to be held in September which will attract large numbers of buyers from all over the world. She hoped that Pakistani exporters will also participate in this event.

A representative of United Nations Industrial Development Organization (UNIDO) said that 90% industrial sector of Italy is consisting of SMEs.

He said that Italy has a very rich cultural values and its people have successfully combined their cultural values with modern technology to give a new and popular shape to their innovative products. He said that Pakistan should also get benefits from this Italian experience.

Engineer Rizwan Asharf Former President FCCI, Sectary General Abid Masood, Fazal-ur-Rehman Rao Deputy Director Trade Development Authority of Pakistan (TDAP), Senior Vice President Mian Tanveer Ahmed, Rana Sikandar Azam, Mian Gulzar Ahmed, Engineer Asim Muneer and other executive member of the FCCI were also present during this meeting.

Later, Syed Zia Alumdar Hussain presented FCCI shield to Ms. Stella Jean.