News LETTER

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CONFEDERATION OF INDIAN TEXTILE INDUSTRY

News Highlights

RCEP must fix trade deficit, China told

RCEP deal likely signed by mid-2020

Garments suppliers sweat over orders cut

Worry in India as cotton prices take a hit in US-China trade war

Gujarat HC ruling on input tax a relief for T.N. textile units too

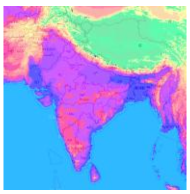
US remains largest importer of Vietnam in seven months

Cotton and Yarn Futures			
	ZCE - Daily Data (Change from previous day)	MCX (Change from previous day)	
		Aug 2019	20060 (-510)
Cotton	13320 (-380)	Oct 2019	19660 (-140)
Yarn	21040 (-320)	Nov 2019	19510 (-70)

Cotlook A Index - Cents/lb (Change from previous day)	
01-08-2019	74.80 (+0.50)
01-08-2018	99.50
01-08-2017	79.00

New York Cotton Futures (Cents/lb) As on 05.08.2019 (Change from previous day)	
Oct 2019	59.10 (-2.74)
Dec 2019	63.40 (-0.44)
Mar 2020	64.43 (-0.25)

NATIONAL



[RCEP must fix trade deficit, China told]

[RCEP deal likely signed by mid-2020]

[RCEP negotiations: India lists out demands before China for market access]

[Garments suppliers sweat over orders cut]

[Worry in India as cotton prices take a hit in US-China trade war]

[Gujarat HC ruling on input tax a relief for T.N. textile units too]

[View: India needs to be geared to a single minded pursuit of growth]

[25,000-cr tenders cancelled or modified to promote 'Make in India' products]

[Wind mills in Tamil Nadu plagued by frequent shutdowns]

['Textile and silk trade have to be encouraged']

['Critical' data list will be revised with time; move may trouble companies]

GLOBAL

[Xinjiang sees growing foreign trade with SCO member states]

[Pakistan seeks Korean investment in CPEC projects]

[US remains largest importer of Vietnam in seven months]

[Berlin to offer €200 mn to Dhaka for development projects]

[Turkey-US road map to raise trade volume to $100 bn]

NATIONAL:

RCEP must fix trade deficit, China told

(Source: Press Reader, August 04, 2019)

At Ministerial meet, India flags need to address trade imbalance; it has a deficit with 11 member nations

India has told China that the proposed mega free trade agreement RCEP should address the causes of high trade imbalances among the member countries, the Commerce Ministry said on Saturday.

The matter was among the issues raised by Commerce Secretary Anup Wadhawan in his meeting with Wang Shouwen, the Vice Minister of China's Commerce Ministry, on the sidelines of RCEP inter-sessional ministerial meeting in Beijing on Friday.

The Secretary "emphasised on the importance of an RCEP agreement that would duly address the causes of existing trade imbalances," the Ministry said in a statement. Mr. Wadhawan is in Beijing for the eighth RCEP inter-sessional ministerial meeting.

A joint statement, issued after the two-day RCEP ministerial meeting, said that the Ministers noted that over two-thirds of market access negotiations have reached mutually satisfactory outcomes, and that work on the remaining areas were being intensified through constructive engagements.

Determined to keep the momentum towards achieving the Leaders' mandate to conclude the RCEP negotiations by the end of the year, the Ministers "called on all members to find pragmatic and solution-oriented approaches to narrow divergence on the various remaining issues", it added.

Covering 47.4% of the global population, 32.2% of the global economy, 29.1% of global trade, and 32.5% of global investment flows in 2018, the Ministers emphasised that RCEP is the most important trade agenda in the region, supportive of an open, inclusive, and rules-based trading system, and an enabling trade and investment environment.

The RCEP bloc comprises 10 ASEAN group members (Brunei, Cambodia, Indonesia, Malaysia, Myanmar, Singapore, Thailand, the Philippines, Laos and Vietnam), and their trade partners India, China, Japan, South Korea, Australia and New Zealand. India registered a trade deficit in 2018-19 with 11 RCEP member countries of the 16 nations that have been negotiating a mega trade pact since November 2012.

In 2018-19, India's trade deficit with China stood at $50.2 billion.

"India's concerns regarding market access and other issues leading to imbalanced trade between some of the partner countries was specifically flagged during the meetings," the Ministry said.

The Secretary also raised bilateral trade issues with the Chinese Minister. India has sought greater market access from China for its products like sugar, rice and pharmaceuticals to narrow the high trade deficit.

He also pushed for greater market access to other items such as milk and milk products, pomegranate, soybean meal, and okra. Besides, he asked for easing of the business visa regime by China for Indians. In his meeting with Boonyarit Kalayanamit, Permanent Secretary of Thailand, the Secretary requested Thailand to improve its offer in goods and services under RCEP.

Home

RCEP deal likely signed by mid-2020

(Source: Bangkok Post, August 05, 2019)

The Asia-Pacific trade agreement known as the Regional Comprehensive Economic Partnership (RCEP) is likely to be signed by the middle of next year, said Deputy Prime Minister and Commerce Minister Jurin Laksanawisit.

"The latest round of talks have yielded many results, because the trade ministers from 16 countries were able to iron out most of their differences and continue the negotiations, ahead of the final meeting which will be held in Bangkok in November," Mr Jurin said.

He was talking to the media after the 8th RCEP Intersessional Ministerial Meeting in Beijing, which ended on Sunday.

"If the negotiations can be finalised in the meeting in Bangkok, then the deal is likely to be signed by mid-2020," he said.

Once signed, each signatory to the deal will have to make sure their domestic laws are in line with the terms of the RCEP, said Mr Jurin, who added the process will likely take between 1.5-2 years.

Mr Jurin said the next meetings will focus on foreign investment, e-commerce, and the list of services and goods which will be included in the zero-tariff list.

"Our progress right now stands at about 60%, as we have finished negotiations on seven out of 20 main issues on the RCEP," he said.

By joining the RCEP, Mr Jurin said Thailand will benefit from the cheap export of electronic equipment, heavy machines, plastic and chemical products, automobile engines, rubber tyres, textile, tapioca products, as well as pulp and paper.

The RCEP was launched in November 2012, with the goal of deeper economic cooperation between Asean and China, Japan, South Korea, Australia, India and New Zealand.

Once the RCEP is finalised, the group will form a major trading bloc that accounts for one-third of the world's gross domestic product.

Home

RCEP negotiations: India lists out demands before China for market access

(Source: Amiti Sen, The Hindu Business Line, August 03, 2019)

The big list of demands include larger exports of drugs, sugar, rice, dairy. soybean, IT and other services

Playing hardball with China in the on-going negotiations for the Regional Comprehensive Economic Partnership (RCEP) pact, India has read it out a big list of demands for market access in both goods and services, including larger exports of drugs, sugar, rice, dairy, soybean, IT and other services.

In a meeting between China's Vice Minister of Commerce Wang Shouwen and India's Commerce Secretary Anup Wadhawan on the sidelines of the on-going RCEP Ministerial meet in Beijing, New Delhi pointed out that a RCEP deal will be acceptable to the country only if it addresses the existing level of trade imbalance, a government official told *BusinessLine*.

"A firm decision has been taken by the Indian government that for the country to enter into an RCEP agreement offering market access to China, among the other fifteen member countries, it is imperative that all its demands in goods and services are met by Beijing. Otherwise, given the almost $60 billion trade imbalance and the resistance from the Indian industry, it would be difficult for India to accede to the RCEP," the official said.

Trade and investment deal

Most countries in the sixteen-member grouping, which comprises the ten ASEAN countries, China, India, South Korea, Japan, Australia and New Zealand, who are attending the Ministerial meet, are hoping to make official the tentative November-end deadline for concluding the trade and investment deal. But New Delhi, has held the position that it does not want to be hurried into a bad deal.

In fact, Indian negotiators have now started indicating that they may say no to a pact if they do not get what they are seeking not just in goods, but also in services where offers have been “disappointing”.

Wadhawan, in his meeting with the Chinese, demanded larger exports of products like pharmaceuticals, sugar and rice from India and also used the opportunity to push for some of the market access related to items such as milk and milk products, pomegranate, soyabean meal and okra. “He also used the opportunity to flag issues pertaining to Indian service sector including IT and ITeS and issues pertaining to easing business visas by China to Indian business travellers,” the official said.

The RCEP Ministers are expected to shortly issue a `media statement’ after the conclusion of their two-day meeting. The RCEP countries together constitute more than a third of the world’s GDP, almost half of its population and 30 per cent of global trade.

Home

Garments suppliers sweat over orders cut

(Source: Economic Times, August 05, 2019)

Big lifestyle, garment brands hit by slump are bringing down festive production.

Fashion and lifestyle retailers are cutting production ahead of the crucial Diwali festive season as they moderate their sales targets due to poor consumer sentiment and sluggish demand. Most retailers have already placed their orders for Diwali with suppliers, but they are using whatever curtailment leeway of 5-10% available to them for the months until December, industry insiders said.

Large retailers such as Future Group, Reliance NSE 0.35 % Retail and Aditya Birla NSE -0.70 % would generally place their orders for Diwali by March-April but now production companies fear they might cancel some of the orders due to the overall economic slowdown. “Whatever sales we had projected for the season, now we have decided to cut it by 10%,” said Rahul Mehta, managing director at Creative Casuals that supplies garments to Reliance Retail, Aditya Birla and Shoppers Stop among others. A top executive of one of the largest retailers in the country said growth of same-store sales – a retail yardstick to gauge the performance of outlets that existed for a year or more – for organised brick-and-mortar retailers have dropped this year to below 5% from the usual high single digit growth over the years. “Confidence is so lacking that everybody is becoming cautious,” said the executive. “If the current growth rate is 5%, can I produce at 20% (expected growth) and pay my vendors?" Kumar Rajagopalan, CEO of Retailers Association of India, said organised retailers are still showing somewhat growth but the unorganised sector is bearing the real brunt at present.

"Hardly any small retailer is saying they have done well in the last two months," he said. "They have been hit the hardest." Garment suppliers are particularly nervous about small retailers, who generally place orders in July-August. "Smaller retailers could cancel orders," said Mehta, who is also the president of Clothing Manufacturers Association of India. "None (of our members) will share their individual details, but from our general talks and discussions, I get the feeling that most of us will (have to) cut production." The trend is already visible. A listed retailer has decided to cut production by 10% at its textile manufacturing unit to deal with accumulating inventory, according to a large supplier who preferred not to be named. In June, the company also halted production for a week. "There inventories weren't moving at the required rate so they had to halt production. Payments to some of the vendors is also due," he said. Chief executive officer of a global apparel retailer that has been in operating in India for more than two decades said, "Consumption is on an all-time low, sentiments are down and inventory is piling. The sector is under stress.

Home

Worry in India as cotton prices take a hit in US-China trade war

(Source: CNBC TV 18, August 04, 2019)

During the last business session on the country's largest futures market Multi Commodity Exchange (MCX) on August 2 (Friday), the August contract closed at Rs 20,060 per bale (Rs 170 kg) with a 2.48 percent or Rs 510 fall over the previous session.

In the ongoing trade war between China and the US, cotton prices have taken a hit of more than 32 percent in the international market in the past one year. And the crash in prices in the global market has reflected in the domestic market, with the Indian futures market recording a 16 percent fall in cotton prices.

"The US-China trade war has badly affected the Indian cotton market. The US is the world's biggest cotton exporter and China its bigger consumer. The tussle between these two big business partners has hurt cotton market across the world, including India, which is the world's largest cotton grower," said Arun Shekhsaria, Director, DD Cotton Private Limited.

"Chances of recovery at present are few. So we expect the prices in the Indian market to crash further," said Dilip Patel of Kadi (Gujarat)-based S. Raja Exports Private Limited.

During the last business session on the country's largest futures market Multi Commodity Exchange (MCX) on August 2 (Friday), the August contract closed at Rs 20,060 per bale (Rs 170 kg) with a 2.48 percent or Rs 510 fall over the previous session.

Cotton was priced Rs 23,990 per bale on the MCX on August 2, last year. Therefore, the price has seen a fall of Rs 3,930 per bale or 16.38 percent in the past one year.

According to sources, the benchmark Gujarat Shankar-6 (29 MM) variety of cotton traded at Rs 42,000-42,300 per candy (356 kg) this week against a price of Rs 46,700 and above per candy during the same period last year.

On the US' Intercontinental Exchange (ICE) on August 2 (Friday), the December contract for cotton closed with a 2.95 cent fall of 4.73 per cent at 59.42 cents per pound. Cotton price on the ICE was 88.17 cent per pound during the same period last year. Therefore cotton prices on the ICE registered a 32.62 percent fall in the past year.

According to the Cotton Association of India (CAI), domestic cotton production during the 2018-19 (October-September) season is 312 lakh bales, while the consumption is expected to be 315 lakh bales. There's 33 lakh tonne of leftover stock, while 14.5 lakh bales have been imported.

In its July forecast, the CAI had said that the total cotton supply in the country during the season-ending September 30 may remain 376 lakh bales, which would include 33 lakh bales of remaining stock, 312 lakh bales produced and 31 lakh bales imported. Market watchers, however, add that the imports may decline. The CAI has also released a forecast of expected exports of 46 lakh bales this season.

According to figures released this week by the Union Agriculture Ministry, the country's cotton sowing area has increased by 5.35 hectare in this season against last year. Some 115.15 hectares has been sown so far this year as compared to 109.79 hectares, which was sown by this time last year.

The producers are worried. "If the cotton market continues to remain lean, the Cotton Corporation of India (CCI) may have to buy our produce at a higher minimum support price (MSP)," said Shivraj Khaitan of Salasar Balaji Agrotech.

The government has fixed the MSP of medium staple cotton at Rs 5,255 per quintal and long-staple cotton at Rs 5,550 per quintal.

Home

Gujarat HC ruling on input tax a relief for T.N. textile units too

(Source: M Soundariya Preetha, The Hindu Business Line, August 03, 2019)

Court order permits refund of accumulated credit with retrospective effect

The Gujarat High Court recently quashed a Central notification relating to availment of input tax credit under the GST for power looms manufacturing fabrics with man-made fibre, which is likely to come as a big relief to textile units in the State as well.

The input tax credit is a mechanism through which a manufacturer claims credit on raw materials, which will enable them to offset their GST. However, power looms making fabrics with man-made fibre were impacted by an inverted duty structure, as their raw materials attracted 18% GST, while the final product (fabric) attracted 5% GST, as the input tax credit kept on accumulating.

"Though the rate of GST on raw materials was reduced to 12%, the problem was not yet solved. From August 2018, the industry was made entitled to claim refund of accumulated income tax credit, however, with a rider that the credit on inward supplies received till July 31, 2018 shall lapse," G. Natarajan, advocate and partner of Swamy Associates, pointed out. Due to this, the working capital of the industry was affected.

The notification was challenged before the Gujarat High Court, which ruled that government does not have the power under GST law to prescribe such a condition.

"The Gujarat High Court decision is a welcome decision based on earlier precedents of the Supreme Court and comes as a big relief to the textile sector. When a writ petition is filed and the notification of the Central government is quashed, it will not be correct to say that the relief should be only for Gujarat. Textile units in Tamil Nadu would also benefit by this decision," said K. Vaitheeswaran, advocate and tax consultant.

Textile industry in Tamil Nadu has cheered the judgment. "When the government permitted refund of accumulated credit, it did not permit refund with retrospective effect. The industry has got relief through the High Court order. The basic aim of the GST is that cost should not be added to an intermediate product because of taxes. This is what the industry had pointed out to the government too," K. Selvaraju, secretary general of Southern India Mills' Association said.

M. Senthilkumar, chairman and managing director of BKS Textiles, which manufactures and exports woven fabrics, said the judgment will bring liquidity to the industry. However, the government should study the anomalies and bring in a uniform rate, he said.

Home

View: India needs to be geared to a single minded pursuit of growth

(Source: Amitabh Kant, Economic Times, August 05, 2019)

For India to grow at 9%, reforms need to boost domestic investment, especially from Private Sectors

India needs to transition towards a $5 trillion economy, taking it from lower-middle income status to upper-middle income. The path of this transition can only be paved with reforms.

The introduction of goods and services tax (GST), the Insolvency and Bankruptcy Code (IBC), Real Estate (Regulation and Development) Act (Rera), the Monetary Policy Framework, a focus on ease of doing business, and formalisation of the economy, enhanced foreign direct investment (FDI) limits, recognition of the scale of the nonperforming asset (NPA) problem, & subsequent recapitalisation of public sector banks (PSBs) are some of the measures undertaken in the past five years.

Structural reforms of this magnitude always bring with them transient headwinds. Demand, both internal and external, is subdued and private investments are yet to take off. Keynesian economics would tell us that expansionary monetary and fiscal policies are needed to bring aggregate demand out of its slump. However, with both fiscal deficit and inflation targets, the extent of monetary and fiscal expansion to stimulate aggregate demand is limited.

Want a Loan? Get Bond

The focus of second-generation reforms should be a single-minded pursuit of growth that is investment- and exported. In 1965, South Korea's income level was around $700. By 1996, it had risen to $16,230 thanks to the annual average growth of 10.7% over 31 years. China's per-capita income in 1993 was $530. In 2008, it had reached around $2,720 with average annual growth at 11.5%.

So what does India need to do to drive a$5 trillion economy?

A slew of recent events have triggered a liquidity crunch. Banks and mutual funds are reluctant to lend to nonbanking financial companies (NBFCs), and bank lending growth is meagre. Giventhe undercapitalised nature of PSBs, the liquidity crunch is further compounded. Ensuring sufficient credit flows is the need of the hour. The Indian financial sector is overly reliant on banks as source of funding. Here, the bond market represents only 20% of total corporate debt as compared to 80% in the US. India needs to deepen the corporate bond markets to lessen the load on banks as drivers of credit in the financial system. A direct Keynesian fiscal expansion may be limited owing to fiscal deficit targets. But innovative ideas such as asset monetisation and recycling need to be vigorously pursued to fund government capital expenditure. Reverse BOT (buildoperate-transfer) and TOT (tolloperate-transfer) for airports, roads, infrastructure investment trusts (InvITs) of power transmission grids and gas pipelines, along with monetising land lying idle with public sector enterprises, can raise significant funds. Strategic disinvestment can raise further non-tax revenues for GoI. NITI Aayog has recommended strategic disinvestment of 46 central public sector enterprises (CPSEs). These need to be expeditiously taken forward for disinvestment. There is no rationale for government being in business. It must get out of business enterprises and become afacilitator and catalyst. Reserve Bank of India (RBI) must also recognise that the real cost of borrowing in India is inordinately high when compared to peer nations. The imperfect monetary transmission mechanism implies that successive and large rate cuts from RBI are needed to bring down the cost of capital.

Liquidity needs to be infused into the system, increasing the pool of loanable funds available in the market.

Several sectors remain unreformed, agriculture, perhaps, being the biggest example. We need to unleash the productive spirit of our farmers by eliminating outdated laws such as the Essential Commodities Act, the Agricultural Produce Market Committee (APMC) Act, and replace them with modern regulations such as the Agricultural Produce and Livestock Marketing (APLM) Act, the Contract Farming Act, and the Land Leasing Act.

Get the Wheels Moving

Reviving demand, especially in the automobile sector, is a critical and necessary shortterm intervention. A special six-month programme for the auto sector should include lowering GST for automobiles and auto parts, an incentive-based vehicle-scrapping policy and a scheme like the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) for subsidising States to procure BS-VI buses. We need vibrant and dynamic power and railway sectors. This needs radical reforms, including direct benefit transfer (DBT) for targeting subsidies, bringing in franchise and public-private partnership (PPP) modes in distribution, separating carriage and content, permitting open access and freeing renewable from licensing requirement for generation and supply. Railway reforms can add 1% to India's GDP. Passenger fares have not increased for over two decades, and there is high cross-subsidisation of passenger service by freight service. We need to rationalise passenger fares, and projects like dedicated freight corridors to be completed. Private sector play in train operations and station redevelopment will fast-track infrastructure to global standards and bring efficiency. The textiles and apparel sector presents significant employment opportunities, especially to the labour force exiting agriculture. A focus on man-made fibres, through removal of the inverted duty structure, is a first step. India also needs to focus on scale. Nearly 95% of our fabric is produced in small-scale industries, leading to a loss in competitiveness in destination markets. Largescale textile parks, providing common infrastructure and plug-and-play facilities to entrepreneurs, would make this sector competitive. Mining needs urgent reforms. Opening up the coal sector for commercial mining, along with enhancing domestic oil and gas production and exploration, will reduce India's dependence on imports of fossil fuels. In allocating these blocks, the focus should be on production, rather than revenue maximisation. India must also continue its thrust towards renewable energy, especially in the area of storage and batteries. Breakthroughs are likely to aid India in driving size and scale in electric mobility. Tourism is an area where significant growth and employment opportunities emerge. While India has many destinations, we do not have many circuits. Developing the 'Buddhist Circuit', by providing air connectivity through UDAN (Ude Desh ka Aam Naagrik) to destinations such as Kushinagar and Bodh Gaya, will help us capture the burgeoning East Asian tourist market. India needs to bring down GST on hotel rooms from 28% to 18% and reduce visa fees to $25 so that we can offer attractive and

For India to grow at 8-9% over the coming years, the structural reforms need to aim at boosting domestic investment and savings levels, especially from the private and household sectors. Domestic infrastructure creation, funded through non-tax revenues, can 'crowd-in' private investment. Similarly, stability, predictability and consistency in policies can boost and maintain investor confidence. Reforms in ease of doing business must continue with the aim of making India one of the easiest places in the world to do business. Tax laws need to be simplified, the processes fully digitised, and the tax research unit needs to be manned by professional tax experts. Finally, we need to do everything possible to unleash the animal spirits of the private sector. Wealth creation on a sustained basis requires the private sector to play a key and significant role.

The writer is CEO, NITI Aayog

Home

25,000-cr tenders cancelled or modified to promote 'Make in India' products

(Source: The Hindu Business Line, August 04, 2019)

A tender worth ☐8,000 crore was withdrawn and re-issued with modified conditions after the intervention of the DIPP.

Government tenders worth over Rs 25,000 crore were either cancelled or modified and re-issued after the Department for Promotion of Industry and Internal Trade (DPIIT) stepped in to change their conditions to promote 'Made in India' goods, a top official said.

"The department is taking every step for effective implementation of public procurement order, 2017, to promote 'Made in India' products," the official said. The government issued the order on June 15, 2017, to promote the manufacturing and production of goods and services in India and enhance income and employment in the country.

A tender worth Rs 8,000 crore was withdrawn and re-issued with modified conditions after the intervention of the DIPP. The project was related to setting up of a urea and ammonia plant for gasification.

Similarly, a tender for the procurement of train set coaches was cancelled as the tender had certain restrictive conditions that were discriminatory against domestic manufacturers and favoured foreign players. The project cost was Rs 5,000 crore. A tender for Rs 8,135 crore was modified with revised eligibility criteria for setting up of a 3x800 MW project. A tender worth Rs 3,000 crore for Mumbai Metro was also modified.

The move assumes significance as concerns have been raised by certain quarters about the restrictive and discriminatory clauses being imposed against domestic manufacturers and suppliers in tender documents for public procurement. The department had earlier held a series of meetings with all the concerned departments and ministries including steel, railways, defence, oil and gas, pharmaceutical, electronics, telecommunications, heavy industries, textiles, shipping and power in this regard.

“Directions were given to ensure strict compliance of the order in letter and spirit. All nodal ministries were directed to ensure notification of local content,” the official added.

Under the Public Procurement (Preference to Make in India) Order, it was envisaged that all central government departments, their attached or subordinate offices and autonomous bodies controlled by the Government of India should ensure purchase preference be given to domestic suppliers in government procurement.

Last year, the Central Vigilance Commission had issued directives to all central vigilance officers to exercise oversight on all contracts of over Rs 5 crore to ensure that restrictive and discriminatory clauses against domestic suppliers are not included in the tender documents for public procurement and that the tender conditions are in sync with the order. Further, the official said that any grievance related to the issue will be taken care of by the standing committee on the implementation of this order. It is chaired by the DPIIT Secretary.

Several departments and ministries including pharmaceuticals and defence production have already identified several items that would have a minimum level of domestic content.

Home

Wind mills in Tamil Nadu plagued by frequent shutdowns

(Source: M Soundariya Preetha, The Hindu Business Line, August 05, 2019)

Grid availability affecting energy generation, says association

Wind mills in Tamil Nadu were hit by a shutdown lasting hours on several days during the current wind season, according to energy generators.

With an installation of nearly 9,300 MW in Coimbatore, Tiruppur, Tirunelveli, Thoothukudi, and Kanyakumari districts, Tamil Nadu has the highest installed wind energy capacity in the country. "On an average, wind mills are stopped for four hours a day on working days and for almost eight hours on holidays," claims K. Kasthurirangaian, Indian Wind Power Association president.

According to data shared by Tamil Nadu Electricity Consumers' Association (TECA), 54.55 million units of wind energy was consumed on August 3. Winds are better this year compared to last year. So, if there is no evacuation problem, generation can be high, say sources. Grid availability for wind energy is low in Tamil Nadu compared to Gujarat or Karnataka, says Mr. Kasthurirangaian.

The State should ensure grid stability and improve wind energy generation, says N. Pradeep, secretary of TECA. Tamil Nadu saw 700 MW of installed wind energy capacity addition last year. With arrears pending for almost 23 months now for wind energy generators and wind mills facing grid drop, Tamil Nadu might not attract much investment in the sector this year, says Mr. Kasthurirangaian.

40% captive use

Almost 40 % of the installed wind energy capacity is for captive use by industries.

"The units that go in for captive wind energy incur just about half the power cost compared to grid power. So wind energy has helped exporting industries improve their competitiveness in the international market. When there is no wind energy generation, the competitiveness of these industries is hit," he says. In an appeal to the government, the Southern India Mills' Association said that in recent days huge backing down in the sector is more than 25 %. Generation in June and July this year was 12 % and 17 % less compared to the corresponding months last year.

Curtailing wind energy generation is high in the current season and the revenue loss works out to almost ☐2,000 crore, it said. Many industries, across sectors, are facing a slowdown. Those that have invested in renewable energy are able to have better operation. The industries cannot afford to face a power crisis, says Mr. Pradeep.

Home

'Textile and silk trade have to be encouraged'

(Source: The Hindu, August 04, 2019)

"Your contribution to the nation as Tamil Sourashtrians is honourable and we are proud to call you 'Sourashtrian Tamils' – a combination of two cultures of India, sustaining unity in diversity," said Vibhavari Dave, Gujarat Minister of State, Women and Child Welfare, Education (Primary and Higher Education) and Pilgrimage.

Addressing members of Sourashtra community here on Saturday, the first day of a two-day event titled 'Sourashtra Industrial Trade Conference', hosted by Sourashtra Chamber of Commerce, she said textile and silk industry here had to be encouraged to reach greater heights and there were many members of Sourashtra community who had been successful. Gujarat would help them in developing relations with other business communities, she added.

The Minister said she expected to see several collaborations and memorandums of understanding signed between businessmen of Madurai and the organisers of Vibrant Gujarat 2020 summit. She said Prime Minister Narendra Modi and Home Minister Amit Shah would steer businessmen from Tamil Nadu in the right direction.

Chairman of Velammal Group of Institutions M. V. Muthuramalingam said if the BJP wanted to make inroads in Tamil Nadu, it must set up functional and long-lasting industries to improve commerce here. "It will help in combating communal clashes," he added.

Regional Passport Officer P. K. Ashok Babu, former Vice-Chancellor of Saurashtra University, Rajkot, Kamalesh P. Joshipura and Madurai South MLA S. S. Saravanan attended the event.

Businessman T. K. Subramanian from Dindigul received SITCON Star Award and president of Sourashtra Chamber of Commerce K. K. G. Prabhakaran received Udyog Seva Rathna Award.

'Critical' data list will be revised with time; move may trouble companies

(Source: Economic Times, August 05, 2019)

Experts say updating the list for data storage within India time and again likely to create.

The list of ‘critical’ data that has to be processed and stored only in India will be updated from time to time based on new technology developments, officials said.

The first critical data list will be notified by the yet-to-be-formed Data Protection Authority after thorough consultations once the Personal Data Protection Bill is passed in Parliament, they said.

“It will be a flexible list, an evolving list,” a senior government official said. “It will be done through a consultative process by taking inputs from all the ministries.”

Experts, however, said an evolving list can pose a challenge to companies that may have to change their data storage sites every time the list is updated.

“An evolving list will create uncertainty for companies if they have to time and again change their data storage architecture and reinvent the wheel on data classification,” said Nikhil Narendran, partner at law firm Trilegal. “It is good to lay down upfront the principles based on which data is considered to be critical.” Companies are barred from storing critical data outside Indian territory, unless exempted by the authority and the central government. Once the critical data list comes out, organisations will have to perform an assessment of their data storage practices and maintain servers and data centres in India, if needed.

“To continue India’s data privacy journey at the envisaged pace, it would be important for the bill to have concrete clarity around definitions specifically for critical data,” said Vidur Gupta, partner — data privacy at EY India. An email sent to the electronics and information technology ministry did not elicit a response as of press time on Sunday. Top global technology firms including Google, Facebook and Amazon are lobbying against data localisation, citing increased costs and privacy concerns. The issue also raised trade tensions between India and the US. Indian technology companies such as Reliance Jio and Paytm have supported data localisation as necessary for national security.

Home

GLOBAL

Xinjiang sees growing foreign trade with SCO member states

(Source: Xinhua, August 04, 2019)

Northwest China's Xinjiang Uygur Autonomous Region has seen 107.93 billion yuan (about 15.56 billion U.S. dollars) of imports and exports to member states of the Shanghai Cooperation Organization (SCO) in the first half of 2019.

In the period, Xinjiang's exports to the SCO member states reached 65.41 billion yuan, up 4.3 percent year on year, while its imports totaled 42.52 billion yuan, up 13 percent, according to Urumqi Customs.

The main exports to SCO member states via Xinjiang are mechanical and electrical products, textiles, clothing and footwear, while crude oil and natural gas are the main import commodities.

The major trading partners of Xinjiang ports to SCO member states are Kazakhstan, Russia and Kyrgyzstan. The inland port of Alashankou and the Horgos Port in Xinjiang are the major trading ports, according to the customs.

The SCO was established in 2001 by China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan. India and Pakistan joined as full members in 2017.

Home

Pakistan seeks Korean investment in CPEC projects

(Source: The Tribune, August 04, 2019)

Adviser to Prime Minister on Commerce, Textile, Industries, Production and Investment Abdul Razak Dawood has urged South Korean companies to participate in China-Pakistan Economic Corridor (CPEC)-related projects and has also proposed the establishment of an exclusive economic zone for Korean companies as part of CPEC.

He invited Korean investors at the Pak-Korea CEO Forum held in Seoul where representatives of top Korean companies were present. Dawood headed a delegation of top players of the textile industry during the visit to South Korea. The visit has now concluded. Speaking at the forum, the PM adviser urged Korean companies to invest in Pakistan because of its improved global ranking in the Ease of Doing Business Index, which went up 11 points.

Moreover, he said, Pakistan had launched a programme titled Regulatory Guillotine to improve business regulations in an attempt to attract investment into the country.

Through this programme, two to three regulations were being scrapped every month to streamline business activities. He added that Pakistan government had taken various effective steps to improve trade procedures by establishing a better trade facilitation regime.

During the trip, the PM adviser also met his Korean counterpart and deliberated the challenges and opportunities in order to enhance bilateral cooperation in trade and investment.

He emphasised that there was enormous potential for bilateral trade and investment, which needed to be exploited by both countries.

The adviser also held meetings with heads of private-sector organisations in an effort to draw investment. In order to enhance bilateral trade, the PM aide offered the Early Harvest Programme to his Korean counterpart, which may lead to a free trade agreement (FTA) between the two countries.

He also asked his counterpart to hold a meeting of the Joint Trade Committee at the earliest in order to address the trade issues and facilitate trade. The Korean minister agreed to organise the meeting by the end of current year. The minister said big companies of South Korea were interested in investing in different projects of mutual interest, pertaining to manufacturing of technology equipment.

"Businessmen are very much interested in making investment in Pakistan due to huge investment opportunities and intend to engage in constant interaction with the business community for better understanding of the investment regulatory regime in the country," the Korean minister said.

Both sides agreed to remove trade and investment bottlenecks in order to enhance bilateral economic cooperation. South Korea will also send a buying mission of importers to Pakistan in coming months.

Home

US remains largest importer of Vietnam in seven months

(Source: Saigon, August 04, 2019)

The US was the largest importer of Vietnam in the first seven months of 2019 with a turnover of US$32.5 billion, a year-on-year surge of 25.4 percent, according to the Ministry of Industry and Trade.

The European Union came second with US$24.3 billion, up 0.4 percent against the same period last year. China followed with US$20 billion, rising 0.1 percent year-on-year.

Vietnam earned US$145.13 billion from shipping goods abroad in the period, a year on year increase of 7.5 percent.

The growth in export value was mainly contributed to by 24 'billion dollar' goods items, which accounted for 88.1 percent of total export revenue.

Telephones and spare parts were the largest earners with US$27.3 billion, or 18.8 percent, followed by electronics, computers and spare parts, and garment and textiles.

Meanwhile, shipments of vegetables and fruits, coffee and cashew experienced a fall compared to the same time last year. Also in the period, Vietnam splashed out US$143.34 billion on imports, up 8.3 percent year on year. Of the sum, some US$60.83 billion was spent by the domestic economic sector, up 12.6 percent, and US$82.51 billion by the foreign-invested sector, growing 5.3 percent.

There were 28 goods items seeing import value of more than a billion USD, making up 85.8 percent of total purchase from foreign countries, including electronics, computers and spare parts, and machines and equipment. Most of the goods were bought from China, the Republic of Korea and ASEAN countries.
As a result, the country recorded a trade surplus of US$1.8 billion in the first seven months of the year.

In July alone, the country booked an export value of US$22.6 billion, up 5.5 percent month-on-month, while imported goods worth US$22.4 billion, a rise of 14.9 percent against the previous month.

Home

Berlin to offer €200 mn to Dhaka for development projects

(Source: Fibre2Fashion, August 04, 2019)

Two agreements were signed between Bangladesh's economic relations secretary Monowar Ahmed and German ambassador to Bangladesh Peter Fahrenholtz recently for provision of €200 million by Germany to Bangladesh for development projects. An amount of €172 million will be available as financial cooperation and €28 million for technical cooperation.

Projects for renewable energy and energy efficiency will receive €156 million out of which €89.5 million will support renewable energy. Projects for climate change adaptation in urban areas will receive €26 million and those for textile sector will get € 7.5 million, according to Bangla media reports. Germany has been offering financial and technical assistance for the development of Bangladesh since 1972, which amounts today to a total of over €3 billion, according to the embassy here in Dhaka.

Home

Turkey-US road map to raise trade volume to $100 bn

(Source: Fibre2Fashion, August 04, 2019)

Despite the ongoing dispute over the S-400 missile system and the F-35 fighters, Turkey and the United States drew a road map to gradually increase bilateral trade volume to $100 billion—revised from the earlier target of $75 billion—during the bilateral meeting held between Presidents Recep Tayyip Erdogan and Donald Trump at the G20 summit last month. A report commissioned by the Turkish business community and prepared by the Boston Consulting Group (BCG) on the new trade volume target identified eight sectors out of 38 in Turkey that have potential for exports to the United States.

The sectors identified were automotive, textile, aviation, white goods, jewellery, building materials, furniture and tourism, according to a Turkish newspaper. The BCG report focuses on the recent stagnation in global trade, highlighting the sectors and issues that Turkey needs to concentrate on while stressing that the US-China trade war create a vital opportunity for Turkey. There is a lot of potential in the US market for Turkish textiles and apparel. The fact that China will lose its competitiveness with customs duties implies a new share for many countries. It is difficult to compete with cost-effective countries such as Vietnam, Cambodia and Pakistan only on prices and costs.

However, it is possible to get more shares from the US market by succeeding over these countries with both design and quality competencies and social standards in production. For this, Turkish products come to the fore by focusing more on branding and promotion, according to the report. A special project will be carried out to boost trade between the two nations. These titles include preparing a preferential trade agreement with business representatives and government officials from both sides to facilitate customs duties and regulations, conducting a holistic country-oriented promotion campaign using digital and alternative communication channels to promote Turkey in the United States, and launching a positive Turkey-specific campaign for American investors to invest more in Turkey and make joint ventures.

Home
