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IBTEX No. 117 of 2018 June 06, 2018

USD 67.04| EUR 78.55 | GBP 89.86 | JPY 0.61

Cotton Market

Spot Price (Ex. Gin), 28.50-29 mm

Rs./Bale	Rs./Candy	USD Cent/lb
21226	44400	**84.38**

Domestic Futures Price (Ex. Gin), June

Rs./Bale	Rs./Candy	USD Cent/lb
22220	46749	**88.34**

International Futures Price

NY ICE USD Cents/lb (July 2018)	92.10
ZCE Cotton: Yuan/MT (Jan 2019)	18,730
ZCE Cotton: USD Cents/lb	**112.69**
Cotlook A Index – Physical	**99.95**

Cotton guide: Cotton price slipped the most since last one and half month and fell below 90 cents to end the July contract at 89.84 cents. Likewise, December contract has also declined to end Tuesday at 88.98 cents per pound. In last two days both the contracts were down by more than 330 points and it's a clear hammer to cotton price on the recent price rally.

There is no change in the fundamental news while the ICE price performance and behavior has been clearly in line with ZCE cotton price trend in last two weeks.

During the price rise ICE followed the suites of ZCE while the same scenario on descending trend. It's the mere speculative action that is keeping the market juxtaposed.

With the news that Chinese government might intervene on the speculative movement and allow only spinners to purchase cotton at the Chinese State Reserve Auction turned into fact over the weekend. Merchants are now restricted from participating for the rest of the auction which ends August 31st. Additionally, the cotton bought by spinners may not be resold and must be used by the spinners who purchased the cotton. Also the Chinese government announced more import quotas may be issued; and that the State Reserve Auction may be extended through September.

This morning ZCE Cotton for active January 2019 contract is down by 625 points from the previous close and trading at 17605 Yuan/MT. The same contract had made a recent high of 19250 Yuan/MT on 30th May 2018. For reference, price rally that began on 15th May had surged 18.24% while the last three days fall has eroded 9% of gain.

We think the trading direction for the day may be on the lower side for both ZCE and ICE contracts. The trading range for the day would be 89.20 to 90.60 cents per pound. Another factor that might have pulled price lower is the weekend rain in Texas region.

Coming to domestic front, spot price of Shankar-6 quoted at Rs. 44,500 per candy ex-gin which is around 84.50 cents per pound with the prevailing exchange rate. The estimates of daily seed cotton arrivals are 39,200 lint equivalent bales (170 kgs). This includes 14,000 registered in Gujarat, 12,000 in Maharashtra, 8,000 in Andhra Pradesh/Telangana, and only a minimal quantity from Northern India, where supplies of raw cotton and other products have been interrupted by a farmers' strike.

On the futures front the June contract ended the session at Rs. 22220 down by Rs. 230 per bale from the previous close. We expect market might hold a sideways trend and the trading range would be Rs. 22000 to Rs. 22370 per bale.

Currency Guide:

Indian rupee appreciated by 0.12% to trade near 67.06 levels against the US dollar. Rupee has benefitted from correction in crude oil price and choppiness in US dollar. However, weighing on rupee are concerns about US-led global trade war. Rupee may witness choppy trade amid positioning ahead of RBI decision. RBI is expected to keep lending rate unchanged at 6% however recent surge in inflation and robust GDP data has increased expectations that the central bank may turn hawkish and signal interest rate hike in coming months. USDINR may trade in a range of 66.85-67.25 and bias may be on the downside.

Compiled By Kotak Commodities Research Desk , contact us : mailto:research@kotakcommodities.com, Source: Reuters, MCX, Market source

NEWS CLIPPINGS

INTERNATIONAL NEWS

Vietnam's Chinese exports up 41 per cent

In the first four months of 2017, Vietnam's export value of textiles and garments was up 15.7 per cent year on year. The country's total exports in the four months were up 23 per cent from a year ago.

Exports of textiles and garments from Vietnam to Japan were 20 per cent higher than the same period last year, accounting for 13.3 per cent of the total export value. Similarly, exports to the Republic of Korea and China increased 15 per cent and 41 per cent respectively against the same period in 2017.

During the same period, exports to the European Union rose by 12 per cent while that to Asean increased 26 per cent.

Vietnam has trade relations with over 200 countries and territories around the world, and is gradually moving import-export markets from Asia to Europe and America. Its foreign trade increased fourfold from 2007 to 2014.

The country is focusing on developing other markets such as Asean, the Eurasian Economic Union, India and Latin American countries.

Enterprises are fully exploiting the working capacity of their workers as well as restructuring their management practices to improve labor productivity.

Vietnam is fast emerging as a major supplier of textiles and garments to the global market and the industry has become the second largest foreign exchange earner for the country.

Source: fashionatingworld.com- June 06, 2018

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Supply Chain Issues Are Causing a Spike in Polyester Prices

Polyester prices could be on the rise as the effects of one shuttered Dow Chemical production line—making one of the key ingredients of the fiber—works its way through the supply chain.

On May 17, Dow declared force majeure for Vinyl Acetate Monomer (VAM) globally, with associated impact to select VAM-based emulsions in North America and select acetic acid-dependent products in Dow's North America and Latin America Industrial Solutions portfolio.

Acetic acid is an ingredient in producing polyester. A force majeure is an unforeseeable circumstance that prevents the fulfilling of a contract.

"These actions were taken in response to production issues beyond Dow's reasonable control affecting an external supplier of raw material," Dow said. "At this time, Dow estimates this force majeure event will prevent Dow from supplying VAM, and producing products dependent on VAM and/or its key raw material, in quantities required to meet contractual commitments for approximately two months."

Dow said the force majeure would last "approximately two months." The company added that it is "committed to providing timely updates to affected customers."

ICIS News reported that Dow's declaration came about after BP Chemical's force majeure at an acetic acid plant in Texas in late April. BP said in its April force majeure statement, reported by ICIS and other media outlets, that all discretionary sales of acetic acid at the plant had been terminated.

The force majeure stemmed from an expected delay in repairs needed in critical equipment by the plant's carbon monoxide feedstock supplier, according to BP.

According to Dow's website, VAM is an essential chemical building block used in a wide variety of industrial and consumer products. VAM is a key ingredient in emulsion polymers, resins and intermediates used in paints, adhesives, coatings, textiles, wire and cable polyethylene compounds, laminated safety glass, packaging, automotive plastic fuel tanks and acrylic fibers.

ICIS reported that in the week ended May 18, spot prices of ethylene-based VAM across Asia rose between $10 and $15 and tone, the highest levels since 2014. Polyester prices has been elevated going into this latest event. The U.S. Bureau of Labor Statistics' Producer Price Index for April showed the synthetic fiber prices has risen 5.4% from March to 128.4 and was up from 122.9 in April 2017.

Stein Fibers Ltd. said on June 1 increased the price of all polyester staple fibers produced at its U.S. manufacturing sites by 3 cents a pound. Stein Fibers wrote in a letter to customers posted on its website that "The virgin PET polymer chain continues to face significant rising costs. This increased price pressure pushes demand higher on recycled PET raw materials due to non-traditional industries entering the recycled PET market."

This followed a 5 cents a pound increase on due to what the company said was an increase in recycled raw material prices stemming "significantly rising costs in the virgin polymer chain." Stein Fibers said it is one of the largest suppliers and producers of polyester fiberfill and non-woven fibers in North America, with annual shipments exceeding 400 million pounds.

Source: sourcingjournal.com- June 05, 2018

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Asia to be top growth market for textile machinery parts

Asia will remain the biggest growth market for textile machinery parts in various segments in the near future, according to Johan Steegh, managing director of Germany-headquartered Kern-Liebers Textile, which offers a complete range of needles, sinkers and components for weft and warp knitting machines. Steegh said this in an interview with Fibre2Fashion.

The Asian region is the major market now for our main original equipment manufacturing (OEM) partners in Europe as well as for our products in general, he said.

The group comprises Kern-Liebers Knitting Parts, Saxonia Textile Parts and Bayerische Nadelleistenfabrik Leistner among 50 companies spread over 40 locations around the world.

The group also sees a very strong demand for its sinkers and guide needles for the warp knit market and a continuously high demand in the flat knitting sector. “The strongest growth that we are expecting is for elements and needles for large diameter machines,” added Steegh.

Source: fibre2fashion.com- June 06, 2018

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Pakistan trying trilateral trade accord with China, Vietnam

A trade accord between Pakistan, China, and Vietnam could help claim 50 per cent share of the global textile market.

China’s share in world textile exports is 36 per cent. Vietnam contributes 12.4 per cent and Pakistan seven per cent. So a trilateral products’ specific agreement between the three countries can make a huge difference.

Pakistan’s regional competitors are upping the ante on textile exports to make inroads into more global markets, while Pakistan, which has almost fallen out of the competition, has even regressed in the worst possible ways owing to a number of crippling hurdles.

Bangladesh is eyeing 50 billion dollars’ worth of textile exports. India is targeting an increase of 30 billion dollars. Pakistan’s total exports have decreased from 25 billion dollars to 20 billion dollars in which the textile sector’s share is 61 per cent.

Pakistan is the only country in the region that has seen its total textile exports decline by ten per cent between 2011 and 2018.

Problems faced by the textile sector include the high cost of doing business, multiple taxes and surcharges, low production of cotton bales, limited supply of raw materials, and power and energy shortages.

Pakistan’s textile exports rose 7.2 per cent during the first eight months of the current fiscal year.

Source: fashionatingworld.com- June 05, 2018

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Can India-China's trade gap be trimmed? Boosting exports in these areas may help, says report

While widening trade deficit between India and China is continuing to raise concerns, a recent report suggests that rice exports could actually help India to reduce the trade gap which it currently runs with China.

An SBI 'Country Wrap' report released earlier this week said that India should try to tap sectors such as pharmaceuticals and agriculture — particularly in commodities like rice — in the Chinese market with an aim to bridge the widening trade gap.

According to the Economic Research Department of the SBI, China is a top importer of rice globally. However, for some reason, India has not been able to export enough rice to China. Once India is able to tap those (agriculture and pharma) markets and increase its exports, the trade deficit will be quite balanced.

Demand for Indian goods has been on a decline in the Chinese market, while India's dependence on China for items such as electric equipment, machines, medical and surgical instruments and fertilizers, among others, is on a rise.

Other top imports from China include organic chemicals, plastic, ships and boats, iron and steel, and optical photographic.

The report pointed out that this has led to a widening trade deficit between India and China. Huge imports of Chinese goods by India has made China the country's largest trade partner, it added.

In FY17, India's trade deficit with China expanded to $51.11 billion from $38.72 billion in FY13. Structural reforms in China has reduced its imports from India, the report said.

Commerce ministry data showed on Tuesday that the US emerged as the top export destination for India with $47.9 billion worth of shipments in FY18, PTI reported. However, China was India's largest source country for imports during 2017-18 with $76.3 billion worth of imports.

Items like ores, cotton, organic chemicals mineral fuels copper, iron and steel, nuclear reactor and mechanical appliances, electrical machinery and plastic make it to the list of top export items from India to China, the report said.

Source: financialexpress.com- June 05, 2018

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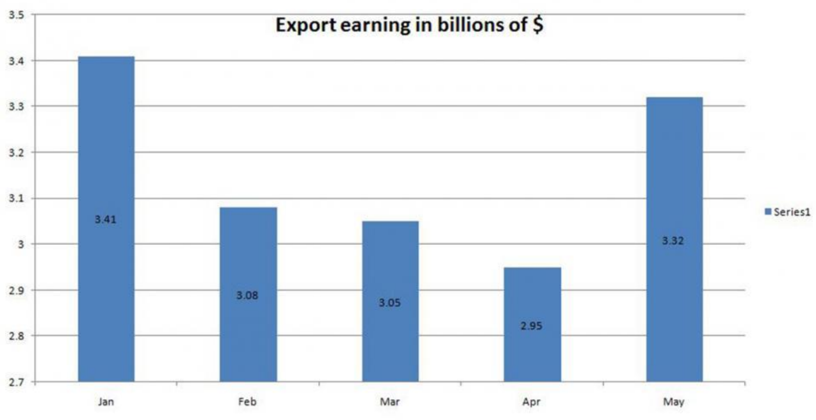
Bangladesh: Export fetches $3.32 billion in May

Exports grew by 9.01 percent year-on-year to $3.32 billion in May riding on the higher shipment of garment items, Export Promotion Bureau (EPB) revealed today.

However, the receipt is 1.70 percent lower than the monthly target of $3.38 billion, according to data from the EPB.

The main driver of the growth, garments exports grew by 9.77 percent year-on-year to $28.12 billion in the first 11 months of the fiscal year. Knitwear exports rose by 11.48 percent to $13.94 billion and woven garments exports were up by 8.15 percent to $14.18 billion.



The shipment of garments, which account for more than 80 percent of the national export, grew because of the increased sales of high-value items and the depreciation of the local currency against the US dollar, according to exporters.

"At the end of the year, we will be able to export more than the target set for the current fiscal year at $30.16 billion," said Siddiqur Rahman, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The earning from garment export even crossed the 11 months' target at 3.24 percent to $27.24 billion.

The export growth in the apparel sector in June might be a little less, but it will grow more from July onwards as the manufacturers have a handful of work orders, the BGMEA president said.

In recent months, garment export to the US is declining as China, India and Vietnam are performing well to the US markets.

"However, we are performing strongly in the new markets like in Japan, India, Russia, South Africa, Australia and in Latin American markets," said the leader of the apparel exporters' body.

Although the export is growing, the prices and demand for the garment items are declining worldwide, he said. "We need to modernise our machinery and production for more productivity to be more competitive in the global apparel markets," he said.

He said the country's garment factories are full of orders from international retailers and brands, thanks to the massive progress in workplace safety carried out by the Accord, the Alliance and the government.

The exporters also benefitted from the depreciated exchange value of the taka. On Monday, the interbank exchange rate was Tk 83.70 per US dollar, up from Tk 80.50 a year earlier, according to central bank data.

Shipment of agricultural products such as fruits and spices was up by 18.09 percent to $609.01 million. Cement, salt and stone fetched $11.88 million, up by 24.01 percent, and pharmaceuticals brought home $95.98 million, an increase of 15.89 percent.

Cotton, cotton products, and yarn exports went up by 15.86 percent to $117.15 million in the July-May period. Jute and jute goods also fared well as the demand for the goods made in Bangladesh from the natural fibre is rising. In July-May, jute and jute goods fetched $966.90 million, up by 6.99 percent.

Jute and jute goods may fetch more than $1billion at the end of the current fiscal year after three years.

If it happens, only three sectors among 725 kinds of export goods from the country -- apparel, leather and leather goods, and jute and jute goods -- will be earning more than one billion dollars.

Home textile export rose by 11.67 percent to $823.00 million, footwear by 2.55 percent to $225.77 million, furniture by 21.33 percent to $58.19 million, bicycle at 4.47 percent to $81.34 million and ceramic products at 10.92 percent to $40.52 million.

On the other hand, exports of plastic goods fell by 17.82 percent to $90.04 million in July-May. Leather and leather goods sector, the second largest export earner after garments, fetched $999.07 million in the 11-month period, down by 11.08 percent.

The shipment of leather and leather goods was hit largely by the relocation of tanneries from Hazaribagh to Savar as production was hampered.

All the 155 tanneries have been relocated, but only 25 of them have so far been able to start production in their new location, industry people said. Frozen and live fish exports fell by 1.59 percent to $465.32 million.

Overall, exports rose by 6.66 percent year-on-year to $33.72 billion in the July-May period. The earnings narrowly missed the periodic target of $33.87 billion, according to the data.

Source: thedailystar.net- June 05, 2018

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Bangladesh's DBL Group plans to set up synthetics unit

Bangladesh's DBL Group, a diversified business conglomerate with textile and apparel manufacturing facilities, plans to set up a processing unit fully dedicated to synthetics, according to company marketing head Shohidul Islam.

The company will also focus on seamless knitting for intimates in the near future, he said in an interview with Fibre2Fashion.

The company's vertically-integrated production facility is strengthening its verticals with more varieties. In spinning, it has introduced mélange yarn and to support this line, it introduced fibre dyeing in its own facility, said Islam.

The company sources cotton primarily from India, Pakistan, Sudan and the United States and yarn from India, China, Korea, Thailand and a few local spinners.

Bangladesh's $26-billion readymade garments sector aspires to reach $50 billion by 2021, he added.

Source: fibre2fashion.com- June 05, 2018

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Bangladesh exports up 9 pct in May as garment sales surge

Bangladesh exports in May rose 9 percent from a year ago to $3.32 billion, driven by an increase in clothing sales, data showed on Tuesday.

From July to May, the first 11 months of the 2017-18 financial year, exports rose 6.7 percent to $33.7 billion from a year earlier, the Export Promotion Bureau said.

Overseas shipments of key readymade garments, comprising knitwear and woven items, totalled $28.13 billion in the July to May period, up 9.8 percent.

Source: in.reuters.com- June 05, 2018

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New Zealand exports to China total nearly 11 bln USD: statistics

New Zealand exports to China totaled 15.3 billion NZ dollars (10.77 billion U.S. dollars) in the March 2018 year, led by dairy products, the statistics department Stats NZ said on Tuesday.

Dairy product exports totaled 4 billion NZ dollars, accounting for one-quarter of New Zealand's exports to China, Stats NZ said.

China has remained New Zealand's top trading partner since the December 2017 year, followed by Australia. China, Australia, and the European Union (EU) account for nearly half of New Zealand's total trade with the rest of the world, it said.

Travel services continue to be the most valuable export to Australia. Travelers from Australia spent 2.6 billion NZ dollars in New Zealand in the year ended March 2018, statistics show.

For the year ended March 2018, New Zealand's two-way trade with China was valued at 26.9 billion NZ dollars, while that with Australia was at 25.9 billion NZ dollars. Two-way trade measures the total amount of goods and services New Zealand imports and exports with the rest of the world.

New Zealand's two-way trade with the EU was 22.2 billion NZ dollars for the year ended March 2018, Stats NZ said, adding the EU is New Zealand's third-largest market for trading goods and services.

"In recent history we have continued to import more from the EU than we have exported to them, while our trade balance with China switched from a deficit to a surplus in 2013," international statistics senior manager Peter Dolan said, adding since 2009, New Zealand has maintained a trade surplus with Australia.

Source: xinhuanet.com- June 05, 2018

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NATIONAL NEWS

Indian cotton yarn exports grows in April

Cotton yarn exports stood at $US 318mn in April, almost twice from that of same month last year.

Seventy-five countries imported yarn at an average price of US$3.20 a kg in the month.

China sharply increased its import by almost four times in volume and value terms and was top importer during the month.

It was followed by Bangladesh with volume and value both rising by 45 per cent over the year. Portugal and Vietnam were the other major importers, also doubling their imports from India. Peru was the fifth largest destination.

Bulgaria, Indonesia, Hong Kong and USA were among the fastest importers of cotton yarn in April while Austria, Brazil and United Arab Emirates significantly reduced their import compared to last year.

Combed yarn export accounted for 63 per cent of total exports during April with China and Bangladesh being the major buyers followed by Portugal and Vietnam. Knit yarn accounted for more than half of total export value of cotton yarn.

Source: fashionatingworld.com- June 05, 2018

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Don’t be suspicious of free trade pacts

India needs to secure its long-term interests by actively engaging in the process of formulating these agreements

There is general scepticism and distrust about the benefits of Free Trade Agreements (FTAs) in some sections of Indian industry and policy establishment. FTAs are seen to be ineffective in ensuring market access for Indian businesses, while benefiting foreign partners who take advantage of significant tariff reductions to access India’s large market.

Compliance with FTA requirements, such as Rules of Origin certification is seen as complicated and often too costly for the smaller Indian entrepreneur-exporter. This narrative misses the point about FTAs, especially the new architecture of FTAs that is emerging globally. The problem lies in the fact that this view of FTAs is essentially a narrow and static one.

The first problem with such a narrative is the over-emphasis on tariffs. Tariffs are increasingly an ineffective determinant of production and consumption decisions. If tariffs were effective then entire segments of India's low-end consumer electronics would not have been dominated by Chinese imports, and the higher end dominated by Japanese and Korean brands. One can argue that tariff walls forced some investment into large markets such as India, and the Korean and Japanese success story in electronics is as much one of FDI into manufacturing in India as of imports.

But future trends in automation, greater customisation, and ability of consumers to directly access many products through e-commerce would substantially reduce the bandwidth of tariffs as an instrument for FDI and technology transfer. Automation and robotics will also drastically cut cost of production, and change the quality frontier. This would mean a high quality product can be priced much lower, making tariff protection largely redundant.

While criticism about the procedural complexity of availing FTA benefits is somewhat valid, the adaptation of new technologies such as secure ledgers or blockchain in trade compliance means that in the future obtaining and verifying instruments such as rules of origin certificates would be much less cumbersome and expensive. This would make FTAs much more attractive, even to smaller enterprises.

Tariffs are passé

But the critical point that standard narratives that reject usefulness of FTAs miss out on is that such agreements are increasingly less about tariff-based market access, and more about rules and institutional measures dealing with market access in services and dealing with technical standards.

With increasing focus on quality and customisation, market access in manufacturing is increasingly driven by the ability to meet and demonstrate quality. The current crop of trade agreements provide an opportunity to find institutional solutions to deal with such product market issues. The key objective for India would be to reduce the cost of compliance with product market standards for Indian exporters, and FTAs provide an interesting platform to achieve this, if Indian negotiators choose to pursue this avenue with greater vigour.

It needs pointing out that none of India's existing crop of FTAs — with Japan, Korea, Malaysia or Singapore — have pursued this goal comprehensively.

Services: Advantage India

On a similar vein, with increasing 'servicification' of manufacturing, where services capture larger and larger shares of the value-added, has led to negotiations on services trade from being an afterthought in trade negotiations to being on the centre stage. India's comparative advantage on a range of technical services, and potential to develop capabilities in others, makes it imperative that it pursues its interests in services market access aggressively.

Since the market access concerns in services are typically related to regulatory issues behind the border, for instance difficulty in obtaining certain licenses for professional services, or cumbersome requirement for local commercial establishment to be eligible to serve customers, institutional solutions to these challenges can only be found in FTAs that comprehensively deal with these issues.

Related to services trade is the issue of data and cross-border data flows, a critical area of interest for India's IT and IT enabled services (ITES) industry. As the IT/ITES sector undergoes transformational changes with new services related to data management, analytics, and internet of things (IoT) becoming growth drivers, it is inevitable that the rules and regulations on data, its location, and ability to transfer it across borders would become central to the debate on trade agreements. E-commerce, which is intrinsically linked to the issue of data flows and trade in services, would emerge as another key element in trade negotiations.

The design of modern day trade agreements, and the debate on them, is increasingly on these issues and their institutional solutions. Given the nature of diversity of members in terms of economic size and stage of development, a multilateral forum like the WTO is unlikely to be the platform for workable solutions, and would be used to develop general global guidelines.

It would be FTAs and regional agreements that would drive solution based protocols on such issues. Thus, FTAs assume great importance for India's future economic engagement with major players in the global economy, including the larger trade partners in Asia. Disengagement from the FTA process, or focusing on the more 'shallow' tariff related concerns while ignoring the 'deep' institutional aspects in negotiations would be to India's longer term detriment.

In fact, India can be the driver for innovative solutions. Take, for example, the area of investment protection and investor-state dispute settlement which many of the new age trade agreements incorporate. Such measures can allow private parties to sue governments for treaty violations that damage their interest and seek compensation.

This is obviously an area of great concern for developing countries like India, where sovereign decisions for the welfare of its citizens can be construed as a treaty violation leading to compensation claims.

However, there is nothing stopping India from insisting on including language in such agreements to ensure sensitive sectors are excluded, or for special and exceptional treatment of sectors that are related to welfare and economic development.

But in order to innovate and protect its interest, India would have to become an aggressive participant and engage. The strategy of 'masterly inactivity' at a time when the world is working to develop the institutional solutions for trade networks of the future would ensure that the interests of a very important group of people are left out — that of 1.3 billion Indians.

Source: thehindubusinessline.com- June 05, 2018

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Textile traders meet Piyush Goyal over GST

The representatives met Adhia and Goyal after the intervention of Navsari BJP MP CR Patil. After the meeting they said that the ministry had assured to look into their representation.

A delegation of the textile industry representatives from Surat met Union Finance Minister Piyush Goyal and Revenue Secretary Hasmukh Adhia over Goods and Service Tax (GST) issues in New Delhi on Tuesday.

The delegation expressed hope that their problems would be looked into. The representatives met Adhia and Goyal after the intervention of Navsari BJP MP CR Patil. After the meeting they said that the ministry had assured to look into their representation.

South Gujarat Textile Processors Association (SGTPA) president Jitu Vakhariya said, “We have put up the issue of the input tax credit (ITC), which we are not getting from the GST since the day of its implementation.

Till now, hundreds of crores of our textile processing units is jammed with GST and it has not been refunded.”

Source: indianexpress.com- June 06, 2018

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Exporters asked to show records

Apparel exporters in Tirupur have been directed by customs to submit records of exports done by them since 2004.

Exporters, however, say records stretching that far back are not computerized.

Units in the district export apparels to various western countries. The goods are transited mostly through ports in Tuticorin, Kochi and Chennai and sometimes through airports in Coimbatore and Chennai.

In order to encourage exports, duty drawback and other incentives were introduced at certain rates in accordance with the value of the exported goods. Exporters had to submit shipping bills in banks and obtain a Bill Realisation Certificate, which showed an exporter had received the payment as per the bill from a foreign buyer. Due to various reasons, the partial or full payment would not have happened.

Since 2014, the system has been automated. If exporters do not submit a BRC, or close the shipping bills within two years, they will be placed on a caution list.

This data will be uploaded online by banks under the Export Data Processing and Monitoring System (EDPMS), and violators can even be stripped of their IE code. The measure was taken as exporters were found to have been involved in fraud to receive duty drawback.

Source: fashionatingworld.com- June 05, 2018

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India to ask US for renewal of GSP scheme

India will ask the United States for a fast renewal of the generalised system of preferences (GSP) scheme, which allows market access at zero or low duties for about 3,500 Indian products, including textiles and chemicals.

The US Trade Representative's (USTR) office did not renew the scheme for India in April, saying it wanted to hold an eligibility review.

India's commerce and industry minister Suresh Prabhu will visit Washington in June and is expected to point out that GSP extension should not tied up with India's policy on pricing of medical devices or the dairy industry as the United States had been unilaterally offering the concession to help labour intensive sectors, according to a report in a top Indian business daily.

Though the US Congress had voted to extend the GSP scheme through 2020, it was not done so for India, Indonesia and Kazakhstan. Petitions were filed by the US dairy and medical device industries highlighting trade barriers in India and requesting a review of India's GSP benefits.

The United States is reportedly unhappy with recent caps imposed by India on medical products such as stents and Prabhu may discuss that issue separately during his visit.

Source: fibre2fashion.com- June 06, 2018

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US remains top export destination for India with shipments worth $47.9 bn last fiscal: Commerce ministry data

The US has emerged as the top export destination for India, with $47.9 billion worth of shipments last fiscal, followed by UAE and Hong Kong, as per the commerce ministry data.

"USA was India's top export market during April-March 2018 with exports reaching $47.9 billion, followed by UAE ($28.1 billion) and Hong Kong ($14.7 billion)," the department of commerce said in a series of tweets.

In 2016-17, the country's shipments to America stood at $42.2 billion.

The other key destinations include China, Singapore, UK, Germany, Bangladesh, Vietnam and Nepal.

The top ten exporting products last fiscal included petroleum; pearls, precious, semiprecious stones; pharmaceuticals; engineering goods; chemicals; textiles and rice.

According to trade experts, the US would always be the main export destination for domestic exporters as it accounts for about 16 percent of India's total merchandise shipments.

"It is a very big market for us as the US is largest economy in the world. We need to give special focus on this market as it is going to be an important destination for our exports," Professor at Indian Institute of Foreign Trade (IIFT) Rakesh Mohan Joshi said.

Federation of Indian Export Organisations (FIEO) Direct General Ajay Sahai said that the US, being the biggest consumer, is extremely important for sectors such as apparels and made ups, leather footwear, pharma and engineering.

"We should push those exports which account for major imports into US so as to achieve quantum jump in exports," he said.

Further in terms of imports, China was India's largest source country for imports during 2017-18 with $76.3 billion.

This was followed by America ($26 billion) and Saudi Arabia ($22.1 billion).

Top imported products in India during April-March 2018 were petroleum crude ($87.4 billion) followed by pearls and semi precious stones ($34.2 billion) and gold ($33.7 billion).

In 2017-18, exports recorded a growth of about 10 percent to $303 billion. Imports on the other hand totalled nearly $460 billion, leaving a trade deficit of about $157 billion.

Higher growth in outbound shipments helps create employment opportunities, earn foreign exchange and boost economic activities.

Source: firstpost.com- June 05, 2018

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Govt unable to crack GST e-wallet code as export refunds remain unpaid

Traders had supported the e-wallet mechanism to battle the crippling liquidity crunch that had set in after GST was imposed

Even as exporters and the government continue to argue over the amount of unpaid refunds under the goods and services tax (GST) regime, the much-awaited e-wallet mechanism remains a non-starter.

Traders had supported the e-wallet mechanism to battle the liquidity crunch that had set in after the GST was introduced.

Subsequently, a decision to adopt it was taken at the 22nd GST Council meet on October 6 last year, with an initial deadline for April 1. However, after the deadline was missed, the government extended the roll-out by six months.

Earlier this year, Business Standard was the first to point out that little progress would derail the April 1 deadline. More than two months later, despite multiple meetings between top officials of the Ministries of Commerce and Finance, the progress was slow, sources said.

“We still have enough time before the tentative deadline of October, but work is still pending. A workable model of an online transaction platform is yet to be created. Once that is done, the beta model of the software will have to be tasted in keeping with government regulations on a live platform and that is expected to take some time,” a senior Commerce Ministry official said.

However, procedural glitches arising from converging online operations with offline realities of documentation and background checks would still be left to weed out, he added.

According to sources, Commerce and Industry Minister Suresh Prabhu backs the e-wallet idea and had been instrumental in convincing the Finance Ministry on having a tax refund mechanism for exporters. But back in March, Prabhu had hinted that the proposal was stuck in North Block.

“We are still assessing key aspects of the wallet, especially with regard to digital security,” a revenue department official said. He added a final nod was expected once Arun Jaitley was back at the Finance Ministry after recuperation.

Alternative measures not working

To offset pressure on exporters, the GST Council had in March also extended the tax exemptions on imported goods for six more months beyond March 31.

But exporters say the move hasn’t helped much. Exporters were earlier allowed duty-free imports of goods used for making products for export. With the GST, they have to first pay the duty and later apply for a refund. As a result, their costs have risen by up to 1.25 per cent (freight on board value) since July 1 last year.

While industry estimates peg the amount of unpaid refunds as of June 1 at Rs 200 billion, the government has said the figure is Rs 140 billion. “It should be noted that Rs 140 billion is what has been filed, but they are not taking into account what exporters are not being able to file unless the government modifies its software,” Federation of Indian Export Organisations (Fieo) Director General Ajay Sahai said.

Fieo batted for the idea whereby, based on the preceding year’s exports and an average GST rate, the notional currency would be credited to exporters’ accounts by the Directorate General of Foreign Trade.

“Like a running account, money may be debited from the e-wallet when duty-paid supplies have to be undertaken and the amount may be credited when the proof of export is made available from Indian Customs Electronic Commerce/Electronic Data interchange (EC/EDI) Gateway (ICEGATE),” Fieo had told the finance ministry.

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