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IBTEX No. 60 of 2018 March 23, 2018

USD 65.14| EUR 80.35 | GBP 91. 95 | JPY 0.62

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19194	40150	**78.55**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
20340	42546	**83.24**

International Futures Price

NY ICE USD Cents/lb (May 2018)	82.15
ZCE Cotton: Yuan/MT (Jan 2018)	14,995
ZCE Cotton: USD Cents/lb	**91.43**
Cotlook A Index – Physical	**90.75**

Cotton guide: Another streak of bearish trend has come for cotton at the global market on Thursday. The week has come to an end and broadly market is onto bearish tone. The most active May ICE cotton future is seen trading near 82 cents per pound. From the recent high of 86.60 markets is down by more than 4 cents. The similar kind of trend is seen on the subsequent contracts.

More than the cotton news and fundamentals entire this week it has been highly swayed by the global equity market trend and the USD currency movement. Also note this is the third consecutive weeks cotton is trading onto the lower note.

On the trading front this entire week the trading volumes have not been so high and maintained below 30K contracts a day and no major difference on Thursday that it traded was 22K contracts. However, the aggregate open interest has been rising on a daily basis. This is because OI is gradually building up in July and other contracts while near month May contract OI is slowly declining.

The traditional rollover of positions by the fund houses and general trades are may be aggressively taking place while the official date for rollover of the former is scheduled next week Wednesday by Gim Rogers's fund.

The Weekly CFTC On-Call Cotton report for the week ended March 16th was released after the market close. It showed new all-time records for both on-call sales and purchases. Total on-call sales were 160,636 contracts, up 4,283 contracts. The previous record was 158,195 contracts for the week ended January 19, 2018. On-call sales a year ago were 119,291 contracts.

Total on-call purchases were 41,653 contracts, up 2,804 contracts. The previous record was 39,314 contracts for the week ended September 1, 2017. On-call purchases a year ago were 30,466 contracts.

We believe as we proceed through the coming weeks and approach 1st notice period for May contract in April the effect of on-call positions be felt and until then the trading volume and aggregate OI will determine the market behavior.

The regular weekly US export sales data is releasing today in the evening at 6pm IST. We believe this may have significant impact on cotton if the sales figure considerably declines below 450K bales. For reference the previous week export sales were 520K bales and while earlier it stood at 636K bales.

Lastly on the technical front we see 81 are considered as strong support level while 84 the resistance area. Market is expected to swing between the price band and witness volatility.

Coming onto domestic market, the spot price has maintained steady near Rs. 40500 per candy ex-gin and the arrivals have been more or less stable around 155K to 160K bales a day. On the futures front market corrected down in line with ICE market trend. The March posted a negative close at Rs. 20160 down by Rs. 180 from previous day's close. We believe the weakness in the trend is still persist and the trading range for the day would be Rs. 19970 to Rs. 20280 per bale and recommend selling on rise for the day. .

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

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INTERNATIONAL NEWS

Trump Hits China with Stiff Trade Measures

President Trump put China squarely in his cross hairs on Thursday, imposing tariffs on as much as $60 billion worth of Chinese goods to combat the rising threat from a nation that the White House has called “an economic enemy.”

The measures are Mr. Trump’s strongest trade action yet against a country that he says is responsible for thousands of lost American jobs and billions in lost revenues. Financial markets plunged on fears of a potential trade war between the world’s two largest economies, with the Standard & Poor’s 500-stock index dropping by 2.5 percent.

The White House said it was taking action in retaliation for China’s use of pressure and intimidation to obtain American technology and trade secrets. The measures include a significant change in Mr. Trump’s looming steel and aluminum tariffs that would aim them primarily at China.

After Mr. Trump announced the moves, China’s Ministry of Commerce said that it was proposing tariffs of its own on 128 products from the United States, like nuts, wine and pork, that it valued at about $3 billion. China urged the Trump administration to resolve differences through dialogue to “avoid damage to the broader picture of Chinese-U.S. cooperation.”

The president’s actions fulfill his frequent campaign pledge to demand fairer trade deals with nations around the globe and to retaliate against trading partners if the United States does not secure better agreements.

"We have one particular problem,” the president said before signing an order that will impose tariffs on hundreds of Chinese products, from shoes and clothing to consumer electronics. “We have a tremendous intellectual property theft situation going on.”

The sanctions reflect a shift in relations between the two economic giants, which for years engaged in highly structured dialogues to try to reach agreement on economic and security issues. But the White House now views those dialogues — and the agreements they produced — as largely hollow promises by the Chinese.

Rather than trying to draw China into the rules-based international economic order — a policy that dates back to Richard M. Nixon and Henry A. Kissinger — the United States now regards China as a strategic competitor, bent on eroding American security and prosperity.

The White House — along with many in the business community — believes the United States needs to strike back against China's exploitation of its intellectual property, even if many question whether tariffs are the best tactic.

"We repeatedly aired our concerns about China," said Peter Navarro, director of the White House National Trade Council and a key architect of the measures. "What the United States is doing is strategically defending itself from China's economic aggression."

Mr. Trump said that he respected China's president, Xi Jinping, and that China had been helpful in pressuring North Korea over its nuclear and missile programs. But the president declared that the United States would no longer tolerate running a trade deficit of nearly $400 billion with China, its second-largest trading partner, after the European Union.

On Thursday, the United States trade representative issued a lengthy report outlining a pattern of predatory behavior by the Chinese, including forcing American companies to transfer valuable technology and trade secrets, and "systematic" data theft by China through hacking of American computer systems.

In addition to the tariffs, the Treasury Department will restrict Chinese investment in American technology firms — a practice that officials said China uses to nurture its own "national champions" in cutting-edge industries like artificial intelligence and autonomous vehicles.

The administration's increasing focus on punishing China was evident in its decision to exempt allies like the European Union, South Korea, Brazil, Canada and Mexico from what were supposed to be worldwide tariffs on steel and aluminum imports. The levies, which go into effect on Friday, will largely hit China.

Source: nytimes.com- Mar 22, 2018

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NCTO Chairman Delivers 2018 State of the US Textile Industry Address

Outgoing 2017-18 National Council of Textile Organizations (NCTO) Chairman William V. "Bill" McCrary Jr. delivered the trade association's 2018 State of the U.S. Textile Industry overview at NCTO's 15th Annual Meeting on March 22 at the Capital Hilton in Washington, DC.

Mr. McCrary's speech outlined (1) U.S. textile supply chain economic, employment and trade data, (2) the 2018 policy priorities of domestic textile manufacturers, and (3) other NCTO activities.

The text of his remarks as prepared for delivery are included in this press statement along with hyperlinks to an economic data infographic and a graphic illustrating the U.S. textile industry's trading relationship with Mexico.

Mr. McCrary is Chairman and CEO of William Barnet & Son LLC, a synthetic fiber/yarn/polymer firm headquartered in Spartanburg, South Carolina with plants and/or offices in the Americas, Europe, and Asia.

NCTO is a Washington, DC-based trade association that represents domestic textile manufacturers.

• U.S. employment in the textile supply chain was 550,500 in 2017.
• The value of shipments for U.S. textiles and apparel was $77.9 billion in 2017.
• U.S. exports of fiber, textiles and apparel were $28.6 billion in 2017.
• Capital expenditures for textile and apparel production totaled $2.4 billion in 2016, the last year for which data is available.

It has been an amazing year for the U.S. textile industry and the National Council of Textile Organizations (NCTO). President Trump's pro-manufacturing agenda is forcing Washington to do what NCTO has long sought – rethink policies on trade, taxation, regulatory reform and a host of other issues.

Let there be no doubt. The time for change is now and NCTO is committed to working with the Trump administration to achieve the best policy outcomes on these and other issues. But before laying out NCTO's policy agenda, I want to recap how the industry fared in 2017.

THE NUMBERS

Thanks to its productivity, flexibility and innovation, the U.S. textile industry has cemented its position in the global market.

In 2017, the value of U.S. man-made fiber and filament, textile, and apparel shipments totaled an estimated $77.9 billion, this is an uptick from the $74.4 billion in output in 2016 and an increase of 16 percent since 2009.[1]

The breakdown of 2017 shipments by industry sector is:[2]

- $31.5 billion for yarns and fabrics
- $26.6 billion for home furnishings, carpet & other non-apparel sewn products
- $12.5 billion for apparel
- An estimated $7.3 billion for man-made fibers

Capital expenditures also are healthy. Investment in fiber, yarn, fabric, and other non-apparel textile product manufacturing has more than doubled from $960 million in 2009 to $2.1 billion in 2016.[3]

Our sector's supply chain employs 550,500 workers.[4] The 2017 figures include:

- 112,300 jobs in yarns and fabrics
- 114,700 jobs in home furnishings, carpet, and other non-apparel sewn products
- 119,300 jobs in apparel manufacturing
- 25,100 jobs in man-made fibers
- 126,600 jobs in cotton farming and related industry
- 52,500 jobs in wool growing and related industry

As we examine these numbers, it is important to note that the heavy job losses incurred because of massive import surges in the 1995-2008 timeframe, virtually have stopped.[5]

Today, like most other U.S. manufacturing sectors, fluctuations in employment figures are generally due to normal business cycles, new investment, or productivity increases.

U.S. exports of fiber, yarns, fabrics, made-ups, and apparel were $28.6 billion in 2017. [6] This is nearly a nine percent increase in export performance over 2016. Shipments to NAFTA and CAFTA-DR countries accounted for 54 percent of all U.S. textile supply chain exports.

The breakdown of exports by sector is as follows:

- $5.9 billion – cotton and wool
- $4.4 billion – yarns
- $8.9 billion – fabrics
- $3.7 billion – home furnishings, carpet & other non-apparel sewn products
- $5.7 billion – apparel

The United States is especially well-positioned globally in fiber, yarn, fabric, and non-apparel sewn products markets; it was the world's 4th largest individual country exporter of those products in 2016.[7]

The most important U.S. export markets by region are:[8]

- $11.85 billion – NAFTA
- $3.4 billion – CAFTA-DR
- $8.7 billion – Asia
- $2.8 billion – Europe
- $2.0 billion – Rest of World

Focusing solely on America's $13 billion in man-made fiber, yarn and fabric exports, the countries buying the most product are:[9]

- $4.4 billion – Mexico
- $1.7 billion – Canada
- $1.3 billion – Honduras
- $987 million – China
- $473 million – Dominican Republic

The numbers show the fundamentals for the U.S. textile industry are sound. This is true even though some markets for U.S. textiles and apparel were soft last year. For the most part, any sluggishness was due to factors beyond control, such as disruption in the retail sector caused by the shifting of sales from brick and mortar outlets to the internet.

With that said, the U.S. textile industry's commitment to capital re-investment and a continued emphasis on quality and innovation make it well-positioned to adapt to market changes and take advantage of opportunities as 2018 moves along.

POLICY ISSUES

For decades, U.S. policy systematically undervalued the importance of domestic manufacturing, and President Trump is right that this has hurt America.

As evidenced by the work done by NCTO's government relations team, NCTO endorses President Trump's macro policy objectives of reshoring industry, fighting for free, but fair trade, enforcing U.S. trade laws, making the U.S. tax code more competitive, buying American, cutting unnecessary regulation, revitalizing infrastructure, ensuring cheap energy, and fixing health care.

On trade, NCTO agrees with President Trump that U.S. trading relationships must be rooted in fairness and reciprocity to benefit a broad swath of American society.

America's most important trading relationship is NAFTA, a pillar upon which the U.S.-Western Hemisphere textile supply chain is built. At almost $12 billion combined, Mexico and Canada are the U.S. textile industry's largest export markets. Moreover, Mexico provides vital garment assembly capacity the United States lacks at this time.

Let me be clear. NCTO strongly supports NAFTA. That said, NCTO agrees with President Trump that NAFTA can and must be improved.

NAFTA's yarn-forward rule of origin contains loopholes that benefit third-party countries, such as China. Closing them would boost U.S. and NAFTA partner textile and apparel production and jobs.

NCTO's NAFTA objectives include:

• Eliminating tariff preference levels (TPLs) on apparel, non-apparel sewn products, fabrics & yarn
• Require use of NAFTA-origin components beyond the "essential character" of the fabric – i.e. sewing thread, pocketing & narrow elastics
• Strengthen buy American laws for Dept. of Homeland Security textiles & clothing by closing the Kissell Amendment loophole for Canada & Mexico
• Strengthen customs enforcement

NCTO further agrees with President Trump that all U.S. free trade agreements should be periodically reviewed on a performance basis.

Click here for more details

Source: furnituretoday.com - Mar 22, 2018

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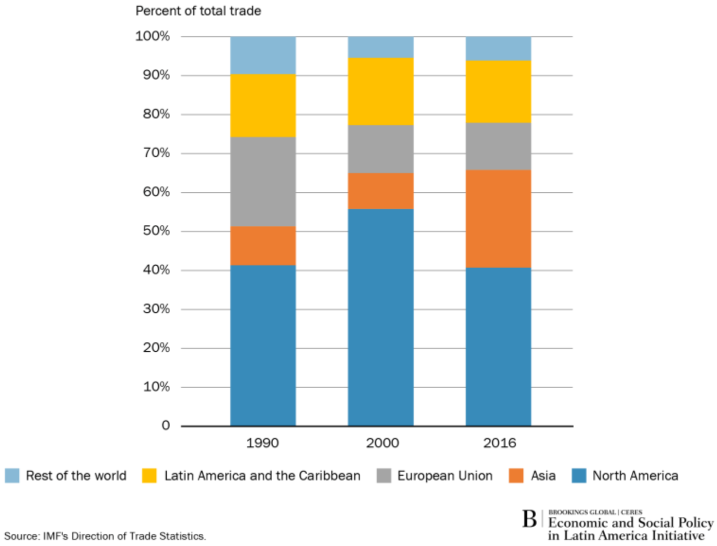
Latin America in the new Asia-Pacific trade order

Economic relations between Latin America and the Caribbean (LAC) and Asia are at a crossroads. LAC countries face the dual challenge of reigniting trade with Asia, which remains the world's fastest-growing region, while also diversifying and adding value to their exports to said region.

Latin America also faces a radically different global trade environment than a few years ago. In late 2016, several LAC and Asian countries were on the verge of entering the Trans-Pacific Partnership (TPP). A year later, the U.S. has abandoned the TPP and relinquished its traditional role as a driver of global economic integration in bilateral and multilateral negotiations.

While the turn in U.S. trade policy creates uncertainty, especially for closely integrated LAC economies such as Mexico and Central America, it also gives renewed impetus to several projects to improve economic relations between Asia and LAC. At the same time, regional efforts to bolster trade within LAC are accelerating, spurred by the efforts of initiatives such as the pacific Alliance and key countries like Argentina and Brazil. The European Union has had increasing relevance as well, with lengthy trade negotiations with the South American trade bloc Mercosur and major steps to modernize the EU-Mexico Free Trade Agreement both nearing conclusion.

Figure 1. The shifting geography of Latin American and Caribbean trade
Asia has become the second largest partner for the region



As shown in Figure 1, it took less than 20 years for Asia to become Latin America's second largest partner. The region now has an opportunity to deepen trade and investment links with Asia even further, addressing key trade barriers and promoting a more diversified and sustainable relationship. As new options emerge, challenges will also arise surrounding the need to prioritize among competing negotiations, avoiding uneven participation by LAC countries, and ensuring LAC-Asia talks do not slow down regional integration within LAC.

Below is an analysis of ongoing Asia-LAC trade integration projects. The discussion could hardly be timelier: Every major Asia-LAC trade deal has held key talks over the past few months, underscoring the evolving nature of the Asia-Pacific trade architecture.

The best options for better integrating LAC and Asia

The region's approach to integration with Asia should address a few key issues. First, market access concerns such as high tariffs, tariff escalation, and burdensome regulatory standards continue to impede LAC's ability to add value to natural resource-based exports. Lowering these barriers must be a priority. Next, a subset of LAC countries—Chile, Peru, and, to a lesser extent, Costa Rica, Mexico, and Colombia—account for nearly all formal agreements with Asia.

Moving forward, the region should be wary of further divergence between this group of deeply integrated countries and others such as Argentina and Brazil with no current free trade agreements (FTAs) with Asia. Finally, greater emphasis is needed on LAC's own regional integration efforts—particularly as the Pacific Alliance and Mercosur continue to make progress in their convergence agenda.

Which options are on the table? In order of increasing scope (and decreasing progress to date), the four main Asia-LAC integration processes are: (i) the TPP-11 (without the U.S); (ii) the Pacific Alliance plus Asian partners; iii) the expansion of the Regional Comprehensive Economic Partnership (RCEP) to LAC; and iv) a Free Trade Area of the Asia-Pacific (FTAAP).

Revival of the Trans-Pacific Partnership

After U.S. withdrawal in January 2017, the 11 remaining TPP partners forged ahead with negotiations toward a new iteration of the deal, with Japan playing a leading role. During a January 2018 summit in Tokyo, these countries ironed out the final terms for a new pact, which they plan to formally sign this March in Chile.

The agreement, now called the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), strips out several provisions on intellectual property and investor-state dispute settlement, but maintains most of the original TPP, which will reduce barriers on an important number of goods of LAC-Asia trade. Importantly, the CPTPP will allow for accession of new members, opening the door for other LAC economies to join.
Addition of Asia-Pacific countries to the Pacific Alliance

The Pacific Alliance—made up of Chile, Colombia, Mexico, and Peru—has been a key player in integrating LAC with Asia. In June 2017, the alliance announced the inclusion of three Asia-Pacific countries (Australia, New Zealand, and Singapore) as associate members alongside Canada. This associate status represents a new category that entails negotiations of a free trade agreement with the Pacific Alliance as a trade bloc. South Korea has also shown interest in becoming an associate member. In addition, the Pacific Alliance includes other Asian partners as observers, and it has a working agenda with the Association of Southeast Asian Nations.

The first round of negotiations with associate members, held in late October, focused on setting a timetable for future rounds, technical talks between thematic working groups, and establishing deadlines for the presentation of proposals on market access, rules of origin, trade in services, and other issues. A second round is taking place in Australia at the time of writing, and a third is scheduled for early March in Chile.

The Pacific Alliance has pursued deep integration by harmonizing rules of origin and other trade rules between countries. Although additional deals between the alliance and Asian partners would therefore represent an important step toward liberalizing trade between LAC and Asia, the feasibility of including Asia's major economies as associate members is still unclear.

In addition, the successful conclusion of CPTTP negotiations has created some uncertainty regarding the path forward for these negotiations, since all parties but Colombia are part of the agreement.

Expansion of the Regional Comprehensive Economic Partnership to LAC

The RCEP is a trade deal between 16 Asia-Pacific countries whose negotiations have been underway since 2013. In November 2016, Chile, Mexico, and Peru expressed interest in the deal, raising the possibility of the deal becoming a vehicle for Asia-Latin America integration.

The RCEP includes major economic Asian powerhouses like China, Japan, and India. China has been a main driver of the RCEP process, with Chinese President Xi Jinping urging a "speedy conclusion of RCEP negotiations" during the APEC Summit last November.

The parties have yet to agree on key market access issues, and the final deal may fail to meaningfully reduce barriers in areas such as agriculture, textiles, and food products where greater market access is a priority for LAC.
A Free Trade Area of the Asia-Pacific

The idea for a free trade area spanning the Asia-Pacific region has been an explicit goal of the Asia-Pacific Economic Cooperation bloc since its 2014 Leader's Summit, which endorsed the Beijing Roadmap toward a FTAAP. President Xi gave the project a rhetorical boost at the 2016 APEC Summit, calling it "critical for the long-term prosperity of the Asia-Pacific."

At this stage, however, formal negotiations toward a FTAAP have not begun, and the APEC Summit last November produced only a generic commitment to "the eventual realization of an FTAAP to further APEC's regional economic integration agenda."

Regional integration as a basis for global engagement

This increasingly important Asia-Pacific agenda will benefit from closer regional integration between LAC countries. Most importantly, in recent years the Pacific Alliance and Mercosur have tried to bring LAC's two largest trade groups closer together.

In early 2017, trade ministers established a roadmap for cooperation on trade facilitation, customs agencies, trade promotion, support for small and medium-sized enterprises, and regional value chains, among other issues. Pacific Alliance and Mercosur countries are pushing for bilateral deals, including ongoing Argentina-Mexico and Brazil-Mexico negotiations.

Beyond traditional trade agreements, the region is making inroads in facilitating trade through agreements between customs agencies and other entities involved in the international movement of goods. Moreover, a more integrated region is a more attractive region for foreign direct investment as well as a more services-oriented region.

With Latin America itself more closely integrated, improved ties between any LAC and Asian countries will have spillover effects to the rest of the region. Asian manufacturers in LAC will be more likely to source inputs from neighboring countries when regional tariff barriers are low, rules of origin are less restrictive, and customs procedures are streamlined.

To realize this goal, however, LAC countries involved in multiple, at times overlapping, trade negotiations should make sure these are mutually compatible, especially in areas such as rules of origin, in order to avoid ending up with a complex network of different trade rules for different partners.

In addition, trade negotiators in countries with multiple projects underway will have to consider how to strategically sequence different agreements. Delivering on this agenda would help spark a new wave of Asia-LAC trade and investment.

Source: brookings.edu - Mar 22, 2018

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Belgrade new base for Turkish firms for easier access to EU

Belgrade is now the new base for medium and big Turkish firms as the city offers easier access to the European market and helps reduce logistics time and costs.

These companies, including 10 from the textile sector, have invested $100 million in Serbia and are aiming to raise their capacity in future. Many are attracted to the incentives offered.

Serbia's highly trained power and lower minimum wage increase add to the attraction, Istanbul Textile and Apparel Exporters Association (ITKIB) chairman Hikmet Tanriverdi was quoted as saying in a report in a Turkish daily.

According to Turkey's Ambassador to Belgrade Tanju Bilgiç, Turkish companies provide employment to 15,000 Serbians in Belgrade. A factory will soon be opened there, providing employment for 1,000 people, he said.

Tanriverdi said costs are very high in Turkey due to taxes on imported raw material.

Being in Serbia means moving fast and conducting flexible and low-capacity production, Irfan Özhamaratli, vice chairman of the Istanbul Chamber of Industry (ICI), said. Certain companies have adopted the clustering system, which means until training is provided in Serbia, they recruit workers from Turkey.

Source: fibre2fashion.com- Mar 23, 2018

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Bangladesh: BGMEA to get land in SEZ to boost apparel exports

The government of Bangladesh is set to give 500 acres of land within the SEZ in Mirersharai of Chittagong to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) to enhance apparel exports.

The Bangladesh Economic Zone Authority (BEZA), is set to sign a MoU with BGMEA. The Authority is of the view that this measure would incentivise garment makers garner $50 billion from export orders by 2021.

Paban Chowdhury, Executive Chairman, BEZA disclosed BGMEA has targeted apparel exports worth $50 billion by 2021. The government has decided to provide them the land so that they can set up new factories, create more employment and earn more from exports.

Chowdhury announced the BEZA was looking at providing BGMEA a further 1,500 acres of land inside the same zone and it would complete development inside the zone by this year and investors could start setting up factories by March next year.

Investors will enjoy exemptions from VAT on electricity and taxes on sale and self-generated or purchased electricity for 10 years. All purchases, excluding petroleum products, will get VAT and sales tax exemptions, he added.

Siddiqur Rahman, President, BGMEA, says they would allocate the land for setting up garment and backward and forward linkage industries. Anyone from Bangladesh and abroad can purchase land at the zone for establishing garment factories.

Source: fashionatingworld.com- Mar 22, 2018

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Korea, China begin follow-up FTA talks

Korea and China on Thursday began the first round of talks to expand the scope of the bilateral free trade agreement (FTA) to better cover the service and investment sectors and increase business opportunities for both countries.

The two nations implemented the FTA, which is focused on lowering tariffs on goods, in December 2015 and recently agreed to hold negotiations to upgrade the trade deal.

Kim Young-sam, a deputy minister of trade and investment at the Ministry of Trade, Industry and Energy, and Wang Shouwen, vice Chinese commerce minister, attended the first dialogue held in Seoul.

“The time has come for Korea and China to put tough times behind them and raise their economic and trade relations to a new level,” Kim said in an opening address. “The [follow-up FTA] negotiations will help further expand the fast-growing services trade and create a stable investment environment in the two nations.”

China has been reducing its focus on manufacturing to restructure itself as a more service-oriented economy. China’s service industry was rated at US$5.6 trillion in 2016, making it the world’s second-biggest market.

The value of services trade between the two nations has risen from $2.7 billion in 1998 to $36.7 billion in 2016, roughly quadruple the growth rate of global services trade, according to Seoul’s trade ministry.

The two sides will exchange their views on the service sector and on legal issues in the first talks before moving on to market access and investor protection measures in following dialogues, the ministry said.

“The government will seek to expand market access in tourism, culture and finance through the negotiations to improve the competitiveness of the Korean service industry and create new jobs in the sector,” the ministry said in a release.

China defended free trade and open markets, calling for Korea to collaborate with its efforts to stand up against the rising protectionism, a thinly-veiled comment aimed at U.S. President Trump's "America First" policy.

"At the moment, the global recovery of trade growth is very fragile and the trend of trade protectionism is on the rise," Wang said in a speech. "As such as a background, it is very important for China and Korea, two important economies in East Asia, to send a positive signal for our further market opening."

Source: koreajoongangdaily.joins.com- Mar 22, 2018

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Indonesian government conducts trading mission in Taiwan

The Trade Ministry will continue to intensify its trade mission in various regions, including in Taiwan, Director General of National Export Development Arlinda said.

"The Trade Ministry continues to intensify the trade mission in various regions to boost exports and achieve export growth target of 11 percent," Arlinda stated during the opening of a series of exhibition of the 2018 Indonesian Week in Taipei, Taiwan, on Thursday.

The ministry, in cooperation with the Indonesian Economic and Trade Office in Taipei, organized the 2018 Indonesian Week at the Taiwan World Trade Center, and brought 79 Indonesian business actors to participate in the exhibition.

Arlinda explained that the participating business actors came from various promising sectors of fashion and accessories, footwear, food and beverages, paper, property industry, textiles, coffee, tea, palm oil products, bio diesel, travel agency, and skillful workers.

"This activity aims to provide a lot of information and to facilitate business actors from both parties to meet and get business partners," Arlinda noted.

Arlinda further stated that the event served as the government`s commitment to increase trade and cooperation and create a mutually beneficial business climate for both sides.

"On the occasion, the Ministry of Trade will promote various premium export commodities, such as coffee, crude palm oil, and services," Arlinda added.

The 2018 Indonesian Week consists of several series of activities, namely product exhibition, business forums, business matching, consultation forum, cultural performances, culinary competition, and batik fashion show competition.

During business forums, business actors will be provided with information on matters concerning policies, business opportunities, investments, and cooperation opportunities.

Source: en.antaranews.com- Mar 23, 2018

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Pakistan's exports potential: Growth opportunities and strategy

Pakistan is the 25th-largest economy in the world. The country has a sound manufacturing base and well-developed agriculture and service sectors. Additionally, the country is abundantly blessed with natural resources.

It is the sixth-most populated country in the world, and 60 percent of the population is young. Geographically, it is ideally located between east and west.

All these factors make Pakistan ideally placed to become one of the world's leading trade partners.

Despite having all the positive essentials of an export hub, annual global exports from Pakistan are only about $20 billion, much lower than its potential. This untapped potential provides the best opportunity for investors across the globe looking for maximum returns on their investments.

The following are some of the best avenues for investment in the emerging Pakistan.

The textiles sector is the mainstay of our exports sector which, together with cotton and yarn, accounts for more than half the total value of Pakistan's annual exports.

Pakistan is one of the few countries where the complete value chain of textiles manufacturing exists. Pakistan annually produces more than 11 million bales of cotton. The cotton is domestically ginned and then spun into yarn by a robust spinning sector. Weaving, knitting and processing sectors produce a wide variety of fabrics that are stitched to produce world-class garments.

The blossoming fashion industry renders ultimate value-added products. However, some of the subsectors are not completely integrated. Due to value-chain constraints, Pakistan exports more than $3.5 billion of cotton, yarn and woven fabric each year.

These are relatively low value-added products and the proper placement of value-chain addition through investment can bring three to four-fold export proceeds and a handsome return for investors.

Similar potential for huge value-addition exists in other sectors. Gems and jewellery are one example.

Emeralds mined from the Swat region are considered some of the best in the world. Careful mining of precious and semi-precious stones through advanced equipment, and artful cutting, polishing and rendering into jewellery, immensely increases the value of finished products. There is equally great scope for product diversification, as is the potential for raising new sectors.

Pakistan has overcome to a great extent its short-term issues affecting the exports sector. The law and order situation has long been restored to normalcy. The success of the Expo Pakistan event in November 2017 in Karachi is clear testimony to this.

Hundreds of business delegates from throughout the world participated in this mega event and discussed and concluded business agreements with their Pakistani counterparts. In view of the interest of investors and businessmen traveling to Pakistan, the government has recently relaxed its business visa regime.

Great emphasis has been laid on improving energy availability. More than 10,000 MW of electricity is being added in the national grid as a result of recent initiatives. After operationalization of all energy-generating projects, there will be surplus electricity.

Already the situation regarding industrial load shedding has been markedly improved. In addition to this, the State Bank of Pakistan has recently made adjustments to its exchange rate regime to make it more attractive to exporters.

These interventions have started to yield positive results. After registering negative growth over the past four years, exports from Pakistan are picking up. The first six months of the current financial year have seen a more than 11 percent increase in our exports, and the trend is continuing. February 2018 registered the highest month-on-month increase of 16 percent in the dollar value of exported commodities.

Apart from immediate measures, the government is pursuing a comprehensive plan of medium to long-term interventions aimed at realizing the true export potential of Pakistan.

To enhance the competitiveness and strengthen the manufacturing base, a number of schemes have been launched to help industry modernize its machinery; improving access to utilities; enhancing labor productivity; and ensuring quality infrastructure.

Apart from schemes for the general industry, the government has incentivized the setting up of Special Economic Zones (SEZs) that additionally provide the benefits of subsectors integration, improved connectivity and economies of scale.

In addition to already notified SEZs, the government has recently announced the setting up of nine more zones along the China-Pakistan Economic Corridor to better leverage emerging opportunities in the region.

Product diversification and branding are also being given attention. Dedicated funds have been set up aimed at promoting research and development.

Pakistan has elaborate laws and the necessary organizational setup for the effective protection of intellectual property rights to provide a conducive environment for promotion innovation.

Pakistan is also moving toward achieving more market diversification and improved market access.

The "Look Africa" plan is a part of such efforts. Pakistan has achieved some notable successes in the field of trade diplomacy in 2018. In January, successful negotiations earned unilateral concessions by Indonesia in 20 tariff lines.

In February this year, Pakistan successfully had the GSP Plus facility reviewed by the EU Parliamentary Committee on International Trade.

The committee expressed satisfaction over the progress made by Pakistan and decided in favor of the continuation of the facility.

In short, Pakistan is poised and ready to become a regional hub of connectivity, investment and productivity and the coming days will witness the emergence of this nuclear power as a significant player on the global trade landscape.

"Emerging Pakistan" is the best place for all investors, specially investors from Saudi Arabia.

Source: arabnews.com - Mar 23, 2018

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Vietnam-US trade outlook 2018: challenges and opportunities

With protectionism pursued by the Trump administration, Vietnam's exports, especially seafood and steel, to the US will face challenges in the time to come.

Vietnam exports more than imports

The US has been one of the biggest trade partners of Vietnam, which has always enjoyed a trade surplus with the US.

According to the General Customs Department (GDC), Vietnam exported $41.6 billion worth of products to the US in 2017, which accounted for 20 percent of Vietnam's total export turnover.

It imported $9.2 billion worth of products from the market. As such, the US was the biggest market that Vietnam had a trade surplus with in 2017, roughly $32.4 billion.

In 2000-2017, Vietnam-US trade made a big leap with the growth rate of 40 times. During these years, the exports grew by 28 percent per annum from $732 million in 2000 to $41.6 billion in 2017.

In 2002, exports soared by 127.3 percent, in 2003 by 62.7 percent, and in 2006 by 32 percent.

According to UN Comtrade, the US total import turnover in 2016 was $2.45 trillion, of which imports from Vietnam accounted for 1.9 percent and Vietnam ranked 12th among the biggest exporters to the US market.

The US is the biggest importer of Vietnam's textiles and garments as well as footwear products. In 2017, Vietnam exported $12.28 billion worth of garments to the US, or 47 percent of total garment exports, and $5.11 billion worth of footwear products.

Vietnam is also a big exporter of agriculture, forestry and seafood products, earning $1.22 billion from cashew nuts, $1.4 billion from seafood, and $3.27 billion from wooden furniture exports.

What will happen?

From January 1, 2018, seafood products to be exported to the US will be put under control of SIMP (Seafood Import Monitoring Program) designed for 13 aquatic species, including tuna, Vietnam's key export item.

The US is now the third largest single tuna export market for Vietnam, consuming 17 percent of Vietnam's exports.

As for seafood, the US has been applying an inspection program on Vietnam's tra (catfish) exports since September 2017. The program sets very strict requirements which are far higher than standards applied all over the globe.

Vietnam's shrimp exports now bear an anti-dumping duty of 4.8 percent, much higher than tax rates on imports from other sources.

Three Of Vietnam's major seafood export items in 2017 were shrimp (17 percent of export turnover), catfish (19.3 percent) and tuna (23 percent).

As for textiles & garments, the product with highest export turnover, the US withdrawal from TPP has disappointed Vietnamese enterprises. However, the export of these products still gained satisfactory growth in 2017.

Source: vietnamnet.vn- Mar 22, 2018

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India has not signed any FTA in last 3 years: Government

India has not signed any free or preferential trade agreement (FTA/PTA) in the last three years, Parliament was informed today.

Minister of State for Commerce and Industry C R Chaudhary, however, said that the country has expanded the scope of India-Asean trade in goods agreement in November 2014.

India and Chile have also expanded the existing PTA (preferential trade agreement) to include new products, he said in a written reply to the Lok Sabha.

"The department of commerce is negotiating/reviewing 22 trade agreements, including with Israel in West Asia and African countries like Mauritius," he added.

Under free trade agreement (FTA), he said, the government has largely adopted a "conservative" policy on some industrial products and most farm items by maintaining a large number of products in the negative list of those pacts.

Countries do not cut duties on products listed in negative list.

While in a FTA, countries cut or eliminate duties on most number of goods traded between them, in PTA countries reduce import duties on a few identified products.

In a separate question, he said that during April-December this fiscal, India's exports to the US stood at USD 35.26 billion, while imports were USD 2014 billion.

Source: economictimes.com - Mar 20, 2018

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A conclave on challenges faced by cotton textiles sector in Coimbatore

On Monday (March 26), BusinessLine, in association with India's leading commodity bourse Multi Commodity Exchange of India, is organising a conclave in Coimbatore bringing key stakeholders of the physical cotton textile market – spinners, weavers, processors, apparel makers and exporters to brainstorm on the challenges facing the industry and bring out solutions.

The conclave will be held at Radisson BLU, Peelamedu.

The key note speech will be delivered by G Chandrashekhar, an independent commodities expert. The special address will be given by J Thulasidharan, President, Indian Cotton Federation.

A panel discussion on the subject – "Is Indian Cotton textiles losing its competitiveness?" will be held with renowned businessmen and experts from the city including – S Dhananjayan, a senior auditor and advisor to Tirupur Exporters' Association; Prabhu Damodaran, Convenor, India Texpreneurs Federation; S Susindaran, Chief Executive Officer, Kay Ventures; Suresh Manoharan, Secretary, Perundurai SIPCOT Textile Processors Association; R Venkatesan, Deputy General Manager and Divisional Head, Coimbatore-Karur Vysya Bank; and Deepak Mehta, Head – Agri & Energy, MCX.

Rajalakshmi Nirmal, Deputy Editor, BusinessLine, will moderate the discussion.

The discussion will focus on various issues including rising cost of production, exchange rate risks, government policies and tariff structure and ways to address the challenges in value-addition to create demand for domestic cotton textiles in the global market.

Speakers will also highlight how textile mills can effectively hedge their price risk through the commodities exchange platforms to reduce loss.

Source: thehindubusinessline.com- Mar 21, 2018

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Pakistan's textile exports rise; India buys cotton

Pakistan's textile exports shot up by 7.2 per cent to $1.1 billion in February as against the same period last year, officials said.

India and Bangladesh are the main buyers of Pakistani cotton.

The increase in Pakistan's overall textile exports was attributed largely to the surge in non-value added exports which were bolstered by 17.4 per cent in February against the same month last year and 13 per cent when compared with the previous month (January) to $299 million, the Pakistan Bureau of Statistics (PBS) said on Thursday.

Pakistan's cotton yard exports posted a tremendous growth of 54.7 per cent in February.

Experts believe Indian and Bangladeshi textile mills were the main buyers of Pakistani cotton.

The margins of textile sector also increased due to the depreciation of Pakistani rupees against the dollar by 10 per cent cumulatively from June last year.

Source: business-standard.com- Mar 22, 2018

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Apparel sector seeks immediate steps to boost dwindling exports

As labour-intensive apparel sector is witnessing a continuous decline in exports since October 2017, exporters have sought government intervention, including resumption of duty drawback rates, faster GST refunds and measures to boost exports.

The Indian apparel industry saw declining numbers for overall exports in October, November, December 2017, January and February 2018 — a fall of 41%, 14%, 13%, 14% and 14% year-on-year, respectively, mainly due to the impact of GST and discontinuation of certain export incentives.

Apparel exports in the April-February period (2017-18) were to the tune of Rs 97,990.40 crore, a fall of 6.29% as compared to Rs 1,04,572.90 crore in the same period previous fiscal.

As compared to national average, the impact in Punjab, Haryana and Uttar Pradesh is in double digits as the input costs are higher.

Harish Dua, president, Apparel Exporter Organisation, said the exports from Punjab may be down by around 30%. "We are far away from ports, so it leads to high input costs. Therefore, units situated in Punjab are less competitive than those in South.

There are around 200 apparel units in Punjab and in the past five months, they have decreased their work force by 25-30% as export orders have dried up," he added.

Source: tribuneindia.com- Mar 22, 2018

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Informal ministerial: Members reaffirm support to WTO

An informal ministerial of the World Trade Organization (WTO), organised by India, almost unanimously reaffirmed commitment to preserving a rule-based, multilateral trading system that the WTO represents.

The move comes barely three months after the Buenos Aires ministerial collapsed over issues such as the role of the WTO as a multilateral trading body. It also comes at a time when growing unilateral protectionist policies by the US and some others have worsened fears of an escalating global trade war, threatening to render the WTO meaningless.

Speaking at the two-day informal ministerial on Tuesday, commerce and industry minister Suresh Prabhu stressed that India has been a votary of multilateral trading system. "Let us be mindful that in the past when the key economies departed from multilateral obligations by taking recourse to exceptions for agriculture and textiles, it led to other members securing similar exceptions. This only eroded the system and diminished its credibility," he said.

WTO director general Roberto Azevedo said although there is a concern on unilateral decisions by some countries and their potential escalation, members are committed to actively engage to find solutions.

The US recently slapped tariff on its imports of steel and aluminium and hinted at more such protectionist steps. It has also dragged India to the WTO over the latter's export subsidy programmes, alleging these are hurting US companies.

Offering India's stance on various issues at the WTO, Prabhu called for respecting mandates and decisions made at earlier ministerial, including the Doha Development agenda (DDA), and pushed for preserving the mandate of special and differential treatment to poor and developing nations.

Special treatment allows longer time frames to such nations than their developed counterparts to implement a particular trade agenda, among other facilities.

Separately, Prabhu said the issue of a permanent solution to the critical issue of public procurement programme and all other issues relating to agriculture were discussed.

India has been calling for the need for developed nations to cut their massive trade-distorting farm subsidies, which was one of the key issues of the DDA, which is now being sought to be undermined by the rich countries.

Prabhu also said India was willing to look at certain new issues (like e-commerce) only after "we are convinced that these issues are trade-related and negotiating binding rules on them would be beneficial for poor and developing countries".

The minister expressed concern over attempts to paralyse the WTO's dispute settlement mechanism and called for fast resolution of the impasse.

The US has repeatedly blocked a selection process to fill three vacancies at the highest adjudication entity for trade disputes at the WTO, the Appellate Body.

Analysts have warned that failure to resolve the deadlock could render the Appellate Body meaningfully non-functional by as early as December 2019.

It wasn't clear, though, what the US has said on multilateralism but the WTO director general Roberto Azevedo has said the largest economy supports the WTO but wants certain reforms in it.

Source: financialexpress.com- Mar 22, 2018

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Textile Ministry to set up inter-ministerial panel on R&D with ₹ 1,000 cr funding

Initiative is part of ₹ 2161.68 crore package for silk industry approved by the Cabinet

The Textile Ministry will set up an inter-ministerial committee and allocate it a sum of ₹ 1,000 crore to promote research & development (R&D), technology transfer and training in the sector, Textile Minister Smriti Irani said at a press conference.

The effort is part of the ₹ 2,161.68 crore `Integrated Scheme for Development of Silk Industry' approved by the Cabinet on Wednesday for three years from 2017-18 to 2019-20.

"We believe that R&D effort shouldn't stay restricted to the Textile Ministry. That is why for the first time, under the chairmanship of Textile Secretary, an inter-ministerial committee will be set up where, with the help of other ministries, about ₹ 1,000 crore will be made available for R&D, technology transfer and training," Irani said.

R&D is one of the four components of the scheme. According to the approved plan, R&D projects pertaining to disease resistant silkworm, host plant improvements, productivity enhancing tools and implements for reeling and waving etc. will be done in cooperation with other Ministries such as Science and Technology, Agriculture and Human Resource Development (HRD).

The Minister pointed out that under R&D, a lot of focus would also be on training, transfer of technology and IT initiatives. "For only technology transfer, we plan to train 50,000 people," the Minister said.

Other components of the scheme include setting up seed organizations and farmers extension centres, coordination and market development for seed, yarn and silk products and having a Quality Certification System in place.

A Quality Certification System would require creating a chain of silk testing facilities, farm based & post-cocoon technology up-gradation, and export brand promotion.

The scheme aims to achieve self-sufficiency in silk production by 2022. To achieve this, production of high grade silk in India is expected to reach 20,650 tonne by 2022 from the current level of 11,326 tonne thereby reducing imports to zero.

Source: thehindubusinessline.com- Mar 22, 2018

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GHCL unveils recycled PET-based bedding

GHCL Ltd., which has presence in chemicals, textiles and consumer products, has introduced Rekoop, a range of bedding products made out of recycled PET.

A press release from the company said it had partnered with Reliance Industries for its Recron Green Gold fibre to be used in the products.

The company has also joined hands with Applied DNA Sciences for use of its CertainT platform for vertification of the fibre.

Source: thehindu.com- Mar 22, 2018

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Indian fashion, lifestyle sector witnessing a surge: Myntra

Pegged at $100 billion, Indian fashion and lifestyle industry is witnessing a surge, growing at a compound annual growth rate of 8-10 per cent offline and gradually embracing online as the channel of the future, as is evident from a projected penetration of 15-20 per cent over the next five years, from the current 4 per cent, according to research by Myntra.

Myntra shared key insights into the fabric of fashion in India based on comprehensive research at the India Fashion Forum event in Mumbai recently. Myntra is India's leading platform for fashion brands.

India has 450 million internet ever accessed population that is likely to grow by 62 per cent to 729 million by 2020.

Of this, 310 million is the active internet accessing population, accessing the internet at least once a month. This number is expected to increase by 35 per cent to 419 million by 2020, a Myntra press release said citing says the study.

The number of online transactors was 200 million in 2017 and is expected to increase by 65 per cent by 2020. Of these, 60 million is the base of online fashion shoppers, which may double by 2020.

A change in consumer profile, new fashion segments, fast fashion and a market for premium brands, products and accessories was also observed. Half of consumers reside in rural areas compared to the earlier 30 per cent, women shoppers are 45 per cent as opposed to the earlier 28 per cent and vernacular online content has increased from 45 per cent to around 60 per cent.

On Myntra's online platform, activewear is growing at twice the rate of casual and formal apparel with 60 per cent of the growth coming from tier 2+ markets. Eco-friendly and sustainable fashion styles have grown by three times in the last one year and fast fashion has witnessed a six-fold growth in the last 2 years, the study found.

The market for accessories on the platform grew four-fold in the last one year, with sportswear accessories being one of the key sub-categories contributing to this growth.

The fashion market in India is currently estimated at $70 billion, of which only 25 per cent is organized retail market.

E-commerce is a key channel for fashion and the online fashion market is projected to grow 3.5 times from $4 billion to reach $14 billion by 2020, the study added.

Source: fibre2fashion.com- Mar 23, 2018

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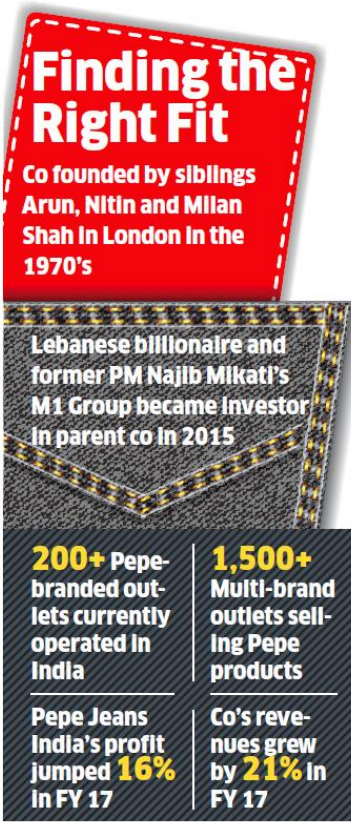
Global funds set their eyes on Pepe Jeans India

Private equity and sovereign funds are competing to purchase a controlling stake in the Indian arm of Pepe Jeans, according to people aware of the development.



Five global funds including KKR, Carlyle, General Atlantic and Malaysia's sovereign fund Khazanah have submitted non-binding offers for the company and are conducting due diligence. The parent company of Pepe Jeans India is seeking a valuation of Rs 2,000 crore for the Indian business.

There is no certainty that the funds will make a final offer for the company, though people said they found the business attractive.

Kavindra Mishra, MD of Pepe India, declined to comment, saying the company does not respond to market speculation. KKR, Carlyle and General Atlantic declined to comment. Khazanah didn't respond until press time.

Pepe Jeans India is a fully owned subsidiary of Barcelona-based Pepe Jeans Group. In 2015, LVMH-owned L Catterton (formerly L Capital Asia) and Lebanese investment firm M1Group acquired a majority stake in Pepe Jeans Group from Torreal, Artá Capital and L Capital Europe. KKR was said to be among the contenders for a stake in the global arm at the time.

Kotak Group's investment banking arm is advising the global parent on the divestment of the Indian unit.

The head of a global fashion brand said that it could be a good time for L Catterton and M1 to sell the brand in India. "They have reached hundreds of stores and got good profits and they know there is going to be pressure from new entrants and existing ones," the person said.

"Currently they are at their peak, both in terms of revenue and valuation, so I think this is the best time to exit. It is always better for PEs to exit when you are at your peak."

Source: economictimes.com- Mar 23, 2018

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US Fed rate hike: Indian exports may take small hit in long-term

While high global demand may sustain export growth, continued investments into India can make trade uncompetitive

India's export earnings are expected to remain stable or at the most take a small hit in the wake of the US Federal Reserve raising interest rates. Experts and exporters alike say this will happen as global demand continues to remain high, thereby cementing the rise of exports.

However, at the same time, India continues to attract global investments, thereby strengthening the Indian rupee, which may lead to exports becoming more expensive and thereby less competitive in the global market. Hopes on high demand The US Fed on Wednesday raised interest rates by 0.25 per cent, the sixth time since December 2015.

Even as fourth quarter gross domestic product (GDP) growth in the US was revised downwards to 2.5 per cent, US policymakers now believe that economic growth will remain steady in 2018.

As a result, the Fed has raised its forecast for 2018 GDP growth from the earlier 2.5 per cent to 2.7 per cent and increased the 2019 expectation from 2.1 per cent to 2.4 per cent.

The World Trade Organization last month said that the trade recovery of 2017 should continue, with solid trade volume growth in the first quarter of 2018.

Merchandise trade volume is expected to see 3.6 per cent rise in 2017 and 3.2 per cent in 2018, it said.

“Exports depend more on global demand than the currency rate and demand is broadly expected to remain stable and rising over the next one year,” Devendra Pant, chief economist at India Ratings and Research, said.

Even then, the rupee has remained relatively stable over the past one year even as India’s exports have grown, he added.

Rupee beats trends While a Fed rate hike is generally expected to strengthen the US dollar as investors pull up investments from foreign markets and deposit it with the US, thereby weakening other currencies such as the Indian rupee in comparison, this time the opposite has happened.

The Indian rupee on Thursday strengthened against US dollar. The rupee ended at 65.11 a dollar, up 0.15 per cent from its Wednesday’s close of 65.21.

“We have to see how foreign institutional investors behave over the next couple of months, but overall investors continue to pump in money into the Indian economy,” Ajay Sahai, director general of the Federation of Indian Export Organisations, said. This is expected to make outbound trade more expensive and add to India’s woes of uncompetitive exports.

“Apart from the rupee and the Chinese yuan, most other currencies of Asian competitor nations have depreciated and are expected to continue doing so,” Sahai added.

This may have started to become visible in the data as India’s exports growth continued to slacken for the third straight month in February, with outbound shipments rising at 4.48 per cent, effectively half of January’s 9.07 per cent growth rate.

The growth rate has dipped from November’s high 30.5 per cent. The government blamed this on contraction in major exchange earning sectors such as textiles and engineering goods.

February exports stood at $25.83 billion, taking the total export tally in the current financial year to $273.73 billion.

As a result, the last month of the financial year would have to see at least $27 billion worth of exports for the country to hit the government's target of $300 billion worth of outbound trade.

"While I believe that the target would be reached, we need to have a target of at least $345-350 billion for the next financial year," Sahai added.

Source: business-standard.com- Mar 23, 2018

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