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US 69.07| EUR 76.29 | GBP 83.75| JPY 0.63

Cotton Market

Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm

Rs./Bale	Rs./Candy	USD Cent/lb
20813	43500	**80.24**

Domestic Futures Price (Ex. Warehouse Rajkot), August

Rs./Bale	Rs./Candy	USD Cent/lb
20750	43368	**80.00**

International Futures Price

NY ICE USD Cents/lb (December 2019)	63.84
ZCE Cotton: Yuan/MT (September 2019)	13,095
ZCE Cotton: USD Cents/lb	86.32
Cotlook A Index – Physical	**74.85**

Cotton Guide: The ICE futures displayed a decent recovery yesterday. The ICE December contract settled at 63.84 cent/lb with a change of +48 points whereas the ICE March contract settled at 64.68 cents/lb with a change of +40 points. The other months settled from 5 to 40 points higher.

The bulls tried to march forward and yes they succeeded, therefore, pushing the figures near its recorded high figures. The Volumes were still lower at 16,366 contracts as they find it difficult to cross the 20,000 contract mark.

Yesterday, 31st July 2019 marked the end of the month along with the end of the International Cotton Season 2018-2019.

A few comparisons of prices on 31st July (2018 – 2019)

- Last year, on the same day ICE December contract was priced at 89.59 cents/lb. That means prices have receded from 89.59 to 63.84 cents/lb which amounts a decline of 25.75 cents/lb or 28.74%.
- On the other hand China’s ZCE futures have dropped by 17.6% (comparing settlement figures of 31st July for September 2018 and September 2019).
- While comparing MCX contracts, MCX July settled at 21,030 Rs/Bale as compared to yesteryear’s figure of 23,190 Rs/Bale which means prices have declined by 2,100 Rs/Bale or roughly 9%.
- The domestic average prices of Shankar 6 do deserve a mention where they are averaged at 43,500 Rs/Candy as compared to figure seen last year at 46,200 Rs/Candy which is again a whopping 2,700 Rs decline.
- Prices of J34 last year were at 48,100 Rs/Candy whereas yesterday they were at 44,100 Rs/Candy. A plummet of straight 4000 Rs/Candy or 8.3%.
- Cotlook Index A last year was at 98.70 cents/lb; today it is 74.85 cents/lb which shows a slide of 23.85 cents/lb or 24.16 %.

All of the above are clear indications of the bearishness which prevailed in the market after the US China trade tensions as seen from the chart below:

The US China drama still continues and the 13th round of trade talks will happen next month in the United States of America.

Yesterday was also the last day of the Cotlook Index A 2018/2019 which was adjusted at 74.85 cents/lb with a decline of -0.75 cents/lb. From Today we shall see the Cotlook Index A 2019/2020 which was previous known as the Forward Index. It is Adjusted at 74.30 cents/lb with a decline of -0.75 cent/lb.

Indian cotton production for the new marketing year 2019/2020 is seen at 29 million bales of 480lb, the USDA attaché in New Delhi mentioned in a report on Wednesday. This is 1% lower as compared to the earlier estimates. This production decline was seen as a result of reduced plantings by farmers who are favouring more of Soybeans in Maharashtra.

Also, farmers are seen to switch from cotton to Corn and pulses in Karnataka. This coupled with yesterday's news of crop infestations by the classic bollworms can bring forth more bullishness in current internationally uncompetitive Indian crop which can make the situation for the mills from bad to worse.

For today, fundamentally speaking, we keep our stance towards the negative end targeting 62.50 cents/lb which is achievable soon. For the MCX contracts we still hold a downward perspective. While speaking about the domestic prices, we hold a view that prices would be steady to firm and not fall below the 43,000 Rs/Candy mark.

On the technical front, ICE Cotton futures failed to remain in the intermediate upward sloping channel and witnessed decline with formation of a bearish flag pattern. In a broader picture price is still trading in the downward sloping channel with higher end of the channel resistance at 64.70.

Meanwhile price is trading below the 9 day EMA (63.80), with RSI on the daily charts below 50 suggesting weakness in strength in cotton futures. However, divergence between price and the momentum indicator restricted the lower side for cotton futures. So for the change in bearish bias price need to sustain above the 64.70-64.80 zone along with RSI above 50, else it looks to remain in the range of 64.80-62.35 with downside bias. Below 62.35, support exists around 61.80 and 61.00. On the upside only a close above 64.80 would push price towards 65.50. In the domestic market MCX Aug future is expected to trade in the range of 20500-21000 with downside bias.

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

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INTERNATIONAL NEWS

China Says US Trade Talks to Continue With September Meeting

China and the U.S. plan to meet again in September to extend trade talks, as the latest round of negotiations in Shanghai ended with signs the sides discussed Chinese purchases of American farm products—a key demand of President Donald Trump.

U.S. delegates including Treasury Secretary Steven Mnuchin and Trade Representative Robert Lighthizer wrapped up talks with their Chinese counterparts including Vice Premier Liu He Wednesday afternoon at the Xijiao State Guest Hotel, according to a pool report. The U.S. delegation, which arrived Tuesday afternoon, was heading to the airport about 24 hours later.

The negotiators from Beijing and Washington discussed China's imports of agriculture products from the U.S. based on its needs, state-run news agency Xinhua reported, adding that the September gathering will include high-level officials. The countries have alternated hosting a series of meetings in their more than year-long trade war.

The latest round of talks took place against a backdrop of a fresh outburst by Trump, who, as delegates gathered Tuesday, let fly at China's perceived unwillingness to buy American agricultural products and said it continues to "rip off" the U.S.

S&P 500 futures stayed higher after the September meeting was announced.

Relations between the delegates appeared cordial, according to the pool report. Xinhua said it was a candid, efficient and constructive exchange on major economic and trade issues.

China's trade minister Zhong Shan played a more prominent role in the discussions than in previous rounds. His greater involvement had caused concerns among some U.S. delegates as he is perceived as tougher negotiator.

The Americans arrived in Shanghai on Tuesday and attended a dinner at the Fairmont Peace Hotel in the evening. A person familiar with the event described the atmosphere at the dinner as being all about rapport building without substance on negotiations.

The People's Daily, mouthpiece of the Communist Party, responded to Trump on Wednesday with a commentary saying that China has no motive to "rip off" the U.S. and has never done so, and China won't make concessions against its principles on trade.

On Wednesday, China's foreign ministry spokeswoman Hua Chunying said at a briefing in Beijing that it doesn't make any sense for the U.S. to exercise a maximum-pressure campaign. "Only when the U.S. shows enough sincerity and good faith can we achieve progress in the trade talks," she said.

China factories

Expectations for a breakthrough in the trade talks have been low. The two sides are further apart than they were three months ago, when negotiations broke down and each side blamed the other for derailing attempts to reach a deal. China is pushing for compromise in the talks, with state media underlining this week that the U.S. should meet it "halfway."

Data released Wednesday showed the outlook for China's manufacturing sector brightening slightly, though the sector is still contracting. The manufacturing purchasing managers' index rose to 49.7 in July, led by better conditions for large companies. The below-50 reading still signals contraction, though is better than the median estimate of 49.6 in a survey of economists. The non-manufacturing gauge fell to 53.7.

China's leadership on Tuesday announced priorities for economic policy in the second half of the year, pledging to tackle ongoing tensions over trade "effectively" while offering incremental additions to stimulus policies. A statement released by the Politburo late Tuesday didn't elaborate on the trade policies.

At the Fairmont Peace Hotel, U.S delegates were hosted at a dinner at the landmark of jazz-era Shanghai on the city's riverside Bund, in a marked change of atmosphere from the previous Beijing encounters.

Shanghai is mainland China's financial capital and its busiest port. The Peace Hotel's setting in the former International Settlement, which the U.S. helped manage during a period of foreign interference that the Communist Party has vowed never to repeat, is also freighted with the complicated history of America's relationship with China.

Source: sourcingjournal.com - July 31, 2019

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Australia sourcing show in November

International Sourcing Expo will be held in Australia, November 12 to 14, 2019. The trade show will allow businesses to network with buyers from Australia and New Zealand and expand their trade network in the area. The trade show covers a number of product categories including fashion accessories, textiles, leather goods, home ware, gifts items, and eco-friendly products.

In the last edition, International Sourcing Expo Australia co-located with the China Clothing and Textiles Expo and the Footwear and Leather Show and featured over 700 businesses from 18 countries. The event welcomed over 4,500 trade buyers as well as importers, agents, wholesalers, distributors, and manufacturers. The three trade shows will take place concurrently again this year.

India's Export Promotion Council for Handicrafts will take a group of Indian businesses to Australia for the expo. The handicraft sector is the largest employment providing sector in India after agriculture. For the upcoming edition, EPCH is offering subsidised participation rates for registered Market Access Initiatives exporters.

One of the objectives of EPCH is to create awareness through seminars and workshops on export marketing, procedures and documentation, packaging, quality compliances, service tax, foreign trade policy, design development and awareness about trends and forecasts prevalent in the world market.

Source: fashionatingworld.com - July 31, 2019

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Bangladesh aims to leap beyond textiles with help from South Korea

Garment export leader expands into tech, energy and other emerging industries

The country that helped Bangladesh catapult it to an apparel export powerhouse is now aiming to diversify the South Asian nation away from the sector that has sustained it for decades: textiles.

South Korea's prime minister, Lee Nak-yon, who concluded a three-day visit to Dhaka in mid-July, told a business audience here that his country would lend its support for Bangladesh to prosper in new industries by slashing its reliance on ready-made garment exports that made up more than 80% of its overseas sales of $40 billion for the year ending in June.

South Korean companies, whose transfer of technical know-how helped Bangladesh become the world's second-largest textiles exporter, behind only China, have scoped out the potential of other emerging sectors.

SK Group, the country's third-largest conglomerate, is exploring the potential of eventually outsourcing semiconductor manufacturing to Bangladesh, according to officials at the Korea Trade-Investment Promotion Agency, or KOTRA, in Dhaka. The country is at the nascent stage now, and outsourcing would begin initially with design.

The company's energy arm, SK Gas, already has partnered with Mitsui & Co. of Japan and SPL Petrochemical Complex of Bangladesh and will invest $300 million in the energy sector, in particular a liquefied petroleum gas terminal in the southeastern city of Chittagong.

"South Korea is one of the first foreign investors of significance in Bangladesh," Gowher Rizvi, international affairs adviser to Bangladesh's prime minister, told the Nikkei Asian Review. "South Korea -- in a very interesting way -- has been one of our major development partners," he said. "Unlike other countries who have provided bilateral aid, South Korea from the start focused on investment."

Indeed, South Korea established diplomatic relations with the country in 1973, two years after Bangladesh gained independence from Pakistan. That was followed by the transfer of technology and production skills from Daewoo Corp. to Desh Garment in
1979, setting the stage for the boom in Bangladesh's textile industry.

Later came Youngone Corp., which established garment factories in Dhaka and Chittagong. The company today employs nearly 70,000 people in Bangladesh.

"We, the Koreans, are proud that our investors have been pioneers for the Bangladesh garment industry," Jong Weon Kim, director-general at KOTRA in Dhaka, told Nikkei. Some 100 South Korean apparel companies are operating in Bangladesh, contributing mostly to the country's textiles industry, he noted.

Analysts echo that sentiment.

"It was a historic contribution of Daewoo to the ready-made garment sector," said Zaidi Sattar, chairman of Dhaka think tank Policy Research Institute and a former trade economist with the World Bank.

Sattar said South Korean companies brought the idea of introducing bonded duty-free imports and back-to-back letters of credit in a country that had no cotton production and offered not much more than cheap labor and trade benefits for Western markets.

With bonded duty-free imports, companies can delay the payment of tariffs until they are ready to use materials imported earlier. If the materials are used for producing exports, they are not required to pay the tariff.

"Bonded facility was a breakthrough for Bangladesh," Sattar said. "Without it, Bangladesh's garment industry would have never taken off."

But Bangladesh's honeymoon with the textile and garment industry is almost over. "Pressure is building up on the garment sector," said Mustafizur Rahman, a fellow with the Centre for Policy Dialogue, a Dhaka think tank. "Rivals like Vietnam and Cambodia are competing with us."

Rahman said that since South Korea has made an exit from the garment sector, Bangladesh can tap the opportunities of branching out and utilize its expertise. He said that Bangladesh should also harness burgeoning demand for emerging sectors such as digital economy and e-commerce.

Looking ahead, Rahman said, diversification is crucial as Bangladesh will lose duty-free and quota-free benefits when it graduates to developing country status, as defined by the United Nations, by 2024, from least-developed country status currently.

Meanwhile, South Korea's exports to Bangladesh in 2018 stood at more than $1.2 billion against imports of $346 million -- a stubborn gap Prime Minister Sheikh Hasina wants to plug with duty-free and quota-free access to South Korea's market.

During his visit in July, Lee held out the assurance of providing just that kind of access. Bangladesh's major exports to Korea include garments, leather goods and farm products, while it imports steel, electronics, plastic, chemical, paper and machinery.

Economists say Bangladesh needs to expand its export base and reduce dependence on textiles to shield the economy from possible external shocks.

"Too much of the economy riding on one sector is not good for sustained and stable growth," Sattar said. But to diversify Bangladesh's exports, he said that the government must extend bonded duty-free imports to nontextile shipments.

South Korean companies are hoping to seize the opportunities.

Amid Bangladesh's fast-growing economy and "the map of industry" changing, KOTRA's Kim said that South Korean companies are moving to other sectors, including infrastructure and engineering, electronics, machinery, information technology, chemicals, energy, entertainment and food. "Our future relationship is very bright because more and more Korean companies are knocking the door of the Bangladesh market."

Bangladesh last year took in a record $3.62 billion in foreign direct investment led by

Japan and China, but FDI from South Korea was a fraction of that figure: $73 million.

Rizvi, the adviser to the prime minister, said that Bangladesh is courting South Korean entrepreneurs to invest by leveraging what he calls a "capable and one of the most disciplined workforce in the world." Bangladesh is a "stable" and "democratic" society, he said.

Still, while Bangladesh has made "enormous" improvements in electricity generation and transport, Rizvi acknowledged that overall infrastructure and ease of doing business ranking remain worrisome constraints. Last year it ranked 176 out of 190 countries in the World Bank's ease of doing business index.

But officials remain bullish.

"Japanese and South Koreans are coming up due to a rapid pickup in Chinese investment," said Nabhash Chandra Mandal, a top official with the Bangladesh Investment Development Authority. "Those who will come first will grab the market."

Source: asia.nikkei.com - July 31, 2019

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The brave new post-Brexit world of UK manufacturing

It has been buffeted by production moving to Asia, weathered the uncertainty of the UK's trading future as a result of Brexit, and has a skills shortage that is hampering growth.

Yet despite these headwinds, some UK manufacturers believe leaving the European Union may jumpstart a revival of the industry, as tariffs and trading logistics could force retailers and brands to source product closer to home.

New prime minister Boris Johnson has reshaped his cabinet and seems set on bringing the UK out of the European Union on 31 October whether the UK has agreed a deal with the trading bloc or not.

Tariff trouble

The key issue keeping many manufacturers awake at night is the impact of tariffs under any no-deal scenario, explains Adam Mansell, chief executive of UK Fashion and Textile Association (UKFT): "[Under World Trade Organization rules that would apply in the event of no deal] our UK textile manufacturers would, for example, be faced with an 8% tariff when selling worsted fabric into Italy, but an Italian manufacturer selling the same product into the UK would be able to import it duty free."

Figures supplied by the UKFT show the UK exports £9.7bn of clothing and textiles a year – a 66% increase in 10 years – of which 76% goes to the EU. UKFT estimates that clothing and textiles the UK exports to the EU will be subject to £750m in tariffs.

Mansell says Turkey in particular is a concern: "It is our third-largest supplier of clothing at £1.4bn per year, and the sixth-largest supplier of textiles, totalling £391m per year.

"We have done some initial analysis on the impact of the potential UK tariff regime in a no-deal scenario and the financial cost for imports from Turkey would be in the region of £170m a year."

The chief operating officer of one footwear manufacturer says the delay of Brexit had been costly to manufacturers and retailers alike across the UK: "We prepared for no deal at the end of March. People built stocks of raw materials and finished products to buffer themselves for any disruption. I guess we'll do that all over again. We have no choice but to make sure the supply chain is uninhibited, but we could all do without this.

"Whenever you buffer stocks and bring forward production, it all costs a lot of money: you have more money tied up in stock and you are spending money on things you don't yet need because you're worried it might run out later. The truth is we now need clarity."

Skills demand

The skills shortage in the UK has long been an issue for UK manufacturers, and could be perpetuated by Brexit, as skilled workers, including production or sample machinists, typically earn below the proposed £30,000 minimum salary requirement for EU citizens seeking UK visas.

“Garment manufacturers have been able to rely on access to skilled workers from the EU, but with the proposed new visa arrangements that talent pool will no longer be accessible,” says Mansell. “UKFT and partners have been working hard to develop new apprenticeship programmes and to highlight the positive careers available in manufacturing, but developing a pool of home-grown manufacturing talent will take a long time.”

The prospect of crashing out of the EU with no deal may feel like the nightmare scenario for many.

However, James Eden, owner of Salford-based Private White VC, believes UK manufacturers can still thrive even if there are some new barriers to trade: “Private White VC’s biggest export market is the US,” he argues. “Is Brexit going to impact our trade to the US? I don’t think so.

Click here for more details

Source: drapersonline.com - July 31, 2019

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Lankan Teejay targets new apparel plants in Africa, S Asia

Sri Lanka's fabric company Teejay Lanka Plc is hopeful of increasing sales from new apparel factories being set up in the South Asian region and Africa, according to company chairman Bill Lam.

The rising trend of locating apparel plants in these two regions offers scope for the Sri Lankan fabric industry, Lam told shareholders in the firm's annual report.

The trend is due to changing US tariffs on Chinese products and the rising cost of labour in China, a Sri Lankan newspaper report quoted Lam as saying.

A possible decline in the demand for cotton in China, one of the two leading suppliers of cotton yarn globally, could help curtail prices of the company’s key raw material, said Teejay chief executive officer Shrihan Perera.

Moreover, there are only a few fabric mills in Africa to compete with Teejay, he said.

As Teejay already has manufacturing facilities in India, the firm can offer competitive costs and delivery times, he said.

However, operations in Sri Lanka face high energy costs and infrastructure limitations, slowing expansion, Perera added.

Teejay, which specializes in making knit fabric recently has ventured into lace production at its Indian plant as well, in the firm's attempt to diversify income.

Source: fibre2fashion.com - Aug 01, 2019

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Australia confident on sealing Asia trade pact by end of year

Australia is confident of securing a regional trade pact that includes 10 of its 15 largest trading partners by the end of the year despite resistance from India to a deal it fears will flood its market with cheap Chinese goods.

Trade Minister Simon Birmingham, who arrives in Beijing on Thursday, said the latest round of talks for the Regional Comprehensive Economic Partnership (RCEP) would be "critical" to meet a deadline set to secure an agreement by the end of this year.

"I anticipate it will take every minute of that time, right through to the final couple of months of this year, to get to a point where we can hopefully reach a potential conclusion in negotiations," Senator Birmingham told The Australian Financial Review.

"This meeting will be critical for establishing momentum, narrowing the areas of ongoing negotiation and then we can hopefully springboard out of Beijing to ensure over the coming few months we settle all residual matters and disagreements."

Australia has played a key role in negotiations for a regional free trade pact that the federal government said would lower trade barriers and bolster growth in the region. It has resisted calls for the deal to be scaled back to ensure it is signed by the end of the year.

Senator Birmingham's visit to China is also seen as a step in efforts to repair Sino-Australian relations, which cooled under the Turnbull government and remain frosty due to differences over security issues and a ban on Huawei.

Sources said the main sticking point remained tensions between China and India. New Delhi, which already has a large trade deficit, fears greater market access for China would hurt its steel, textiles and other manufacturing industries. It has also resisted greater market access to partners, including Australia.

"India-China negotiations are critical, and the need for India to be realistic about what it can expect around labour market access," one source said of the talks being held this Friday and Saturday in Beijing.

The trade deal, which was championed by Prime Minister Scott Morrison at the G20, includes the 10 members of the Association of Southeast Asian Nations (ASEAN) as well as six other countries: Japan, South Korea, China, Australia, New Zealand and India.

Could be excluded

There have been suggestions that India, Australia and New Zealand could be excluded from an initial trade agreement, as a way of resolving tensions between New Delhi and Beijing. However, Senator Birmingham said he was confident Australia would be part of any deal concluded at the end of the year, and Canberra wanted a deal with all 16 participants.

"My instructions from Scott Morrison are very clear – to get on and get a deal done in the interests of Australia," he said. "The Prime Minister in his various bilateral engagements has consistently raised the priorities Australia places on successfully concluding RCEP with each of the other negotiating.

"Australia has been an active contributor, participant in every step of the negotiations. We want RCEP to succeed because we see the benefits of deeper, richer regional integration."

Senator Birmingham last visited China in November for a major import expo in Shanghai. Apart from the appearance of sports minister Richard Colbeck at an AFL match in Shanghai, there has not been a senior ministerial visit to China this year.

The trade talks in Beijing will take place in the same week that top US and Chinese trade negotiators meet in Shanghai as they try to keep alive efforts to end a crippling trade war.

A successful RCEP is seen as a counter to rising US protectionism under the Trump administration.

"We are now seeing some of the benefits that flow from the TPP [Trans-Pacific Partnership] and we would expect similar benefits from RCEP in years to come. Our region stands together and it will not be deterred by negative trade rhetoric from elsewhere," Senator Birmingham said, without naming the United States.

He said the RCEP did not mean a "dramatic change" for the Australian economy but would be an important building block for future growth. It would also lift the standard of rules in areas such as ecommerce and intellectual property.

"The enormity of the regional trading bloc that would be created is something that the rest of the world would sit up and take notice of," he said.

The last round of negotiations took place in Melbourne in July.

A deadline has been set for a deal to be concluded by the end of the year, possibly on the sidelines of the East Asia Summit in October or November, but India's concerns that its market will be flooded with cheap Chinese goods has been a major sticking point. India also wants greater regional access for its skilled workers.

A report in the Nikkei Asian Review in June said China put forward a "blueprint" for the pared back trade deal in April but the idea was opposed by Japan. Beijing has denied it is part of any move to reduce the number of parties in RCEP.

Third of global trade

A deal, in its full form, would cover about half the world's population and nearly a third of global trade and dwarf the revived Trans-Pacific Partnership, which was signed last year without US participation.

An agreement would be Australia's second major multilateral deal signed since Donald Trump was elected and began pursuing a more protectionist trade policy in the US, while also launching a tariff war with China. Last year, Australia and Japan spearheaded the revival of the TPP, after Mr Trump withdrew US involvement on his first day in office.

When RCEP was first flagged eight years ago, there was debate about whether it should be "ASEAN plus three" or "ASEAN plus six", and the larger grouping was ultimately favoured. However, negotiations have dragged on longer than expected.

Source: afr.com - July 31, 2019

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Vietnam: Textile-garment sector expects another great year for exports

The textile and garment industry's exports were worth US$32 billion last year and they are expected to reach $40 billion this year.

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the EU-Việt Nam Free Trade Agreement and the US-China trade war have brought benefits and challenges to the sector.

Despite the challenges, the Việt Nam Textile and Apparel Association believes the industry will do well this year.

Vũ Đức Giang, the association's chairman, talks to Việt Nam News reporter Xuân Hương about this and more.

What do you think about the textile industry's export prospects this year? How has the US-China trade war affected the industry?

Garment and textile exports reached $19 billion in the first half of the year, a year-on-year increase of 8.5 per cent. The exports are expected to top $40 billion this year.

The US-China trade war has not only affected the US and China, but also other countries.

Currently we export yarn to China. Việt Nam's yarn exports to China reduced by 80 per cent in the first half of the year. Following the US's imposition of 25 per cent tariffs on Chinese products, our Chinese buyers asked us to lower prices, but we could not and accepted lower exports to the market.

The trade dispute has also had a psychological chain effect that has affected buying by major global importers, with purchases going down by 4-5 per cent globally on average.

Many people say Việt Nam has the opportunity to get large orders that are shifting from China, but it is not so. When global buying falls, producers have to calculate to further reduce the cost of goods.

Việt Nam now mainly makes products for medium and high-end market segments, and very little low-end products. So buyers will mainly switch their orders to Bangladesh or Myanmar, because the average minimum wage in these countries is $150 while in Việt Nam it is $350.

Therefore, the shifting of orders from China to Việt Nam has not been as much as expected by people.

With yarn exports to China reducing, we have quickly shifted to other markets such as Japan, South Korea, the Middle East, and Taiwan. Thanks to that we have still achieved our yarn export target.

Though the global market faces many difficulties, I believe Việt Nam's textile industry is still developing well. Việt Nam's yarn industry faced difficulties in the first half of the year, but the situation will improve in the latter half.

How is export of garment and textile products to CPTPP member countries since the agreement took effect this year?

The CPTPP has had a positive impact on our garment and textile exports. Previously countries such as New Zealand, Australia and Canada rarely imported Vietnamese garment and textile products. But this year, with the CPTPP coming into effect, these markets have begun to import our garments and textiles in rather large quantities.

The EU-Việt Nam Free Trade Agreement was signed recently. What advantages and challenges does the agreement bring to the garment and textile industry?

The EU-Việt Nam FTA will impact the vision and long-term strategy of investors in the textile and garment industry, persuading them to invest in segments where there is still a shortage for Việt Nam’s garment and textile industry, especially fabric.

Currently we are a large fabric importing country. Of the total expected exports of $40 billion this year, fabric imports will account for $11 billion.

So this [FTA] is one of the factors that attract foreign and domestic investors to segments with a supply shortfall.

That is very good for the industry's long-term development.

The agreement has also created a better foundation for the development of the local textile and garment industry, and better competition in terms of prices and delivery times.

We believe we will have enough local feedstock supply.

It is also spurring manufacturers to have training strategies for designers. The rate of sub-contracting is reducing. We used to make products to sell FOB but have started to enter the ODM (original design manufacturing) and OBM (original brand manufacturing) markets. This means we sell products that we design and bear our brands. This is a factor that greatly affects the development strategy of the textile and garment industry in Việt Nam. But the agreement will also bring challenges to the garment and textile industry.

Firstly, we must comply with the rules of the FTA, namely transparency, standards in terms of social responsibility, workers and trade unions.

We must be able to meet requirements in terms of products and brands and compete on delivery time and prices, and even corporate social responsibility, with countries that already benefit from the FTA.

Countries such as Bangladesh, Sri Lanka and Myanmar have had FTAs with the EU for a long time, so we have to compete with these countries.

This requires the industry to establish a sustainable linkage chain to improve its competitiveness.

The FTA has brought benefits but they go hand in hand with challenges. Businesses must understand that to come up with appropriate business strategies.

Most of the fabric is imported from China but China is not in the CPTPP or EVFTA. Is that a disadvantage for the industry?

We import some fabric from China, but we also import from Japan, South Korea, Bangladesh, Indonesia, and Thailand.
Our fabric imports from China have reduced significantly this year, and they will further reduce in the coming time.

Enterprises understand which markets they should import to enable them to get most benefits from FTAs.

Source: vietnamnews.vn- July 31, 2019

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Pakistan: Imported cotton: Duty, ST to be re-imposed from today

The government is all set to re-impose custom duty, additional custom duty and sales tax on imported cotton from August 1, 2019 (tomorrow), well-informed sources told Business Recorder. Cotton produced in Pakistan, is largely, consumed by 450 textile units across the country which contributes to export earnings of the country.

Areas under cotton cultivation in Pakistan have witnessed a persistent decline over the last few years mainly because of turnover advantage and support price of other commodities.

Pakistan produces around 13 million bales of cotton and imports about one million bales to meet the gap between consumption and production. Around 1-1.5 million bales Extra Long Staple (ELS) cotton per annum is also imported at any production level, as this quality is not produced in Pakistan.

The government withdrew custom duty, additional custom duty and sales tax on the import of cotton on January 31, 2019 which ended on June 30, 2019. Resultantly, 2,439,170 bales were imported during July 2018 to June 2019 and the local cotton prices went down from Rs 9410 per maund in November 2018 to Rs 9241 per maund in March 2019.

Cotton production in 2018-19(9.98 million bales) has witnessed 16 per cent decrease relative to last year (11.98 million bales in 2017-18). However, for the year 2019-20, the government has fixed an ambitious target. In this backdrop, it is apprehended that if import of cotton continues to be facilitated, it might create an imbalance in cotton stocks. This in turn, is anticipated to exert a downward pressure on cotton prices in the beginning of the cotton season. Sowing of new crop has also been affected due to accelerated imports.

National Assembly Special Committee on Agriculture headed by Speaker National Assembly, in its meeting held on June 22, 2019, realized this issue and endorsed the imposition of duty on import of cotton prior to cotton sowing.

Moreover, National Assembly passed a resolution on April 30, 2019 that "federal government should, without any delay restore the regulatory customs duty on cotton import to prevent the massive import and dumping of cotton and set minimum support price for cotton to protect the local farmers and encourage cotton cultivation in the country".

It was further added that export oriented units can claim duty paid on imported raw material under Duty and Taxes Resumption (DTRE) scheme. In reality, duty free import is only affecting local cotton prices and has no impact on textile exports.

The ECC, in its meeting held on January 15, 2019 decided to re-impose the duty and sales tax on the import of cotton effective from July 1, 2019 which was further delayed for one month by the ECC in its meeting held on June 25, 2019 and asked Ministry of National Food Security and Research to re-submit the summary of cotton with effect from August 1, 2019.

The Ministry therefore proposed that custom duty, additional custom duty and sales tax withdrawn on January 30, 2019 @ 3 per cent, 2 per cent and 5 per cent respectively, may be re-imposed on the import of cotton with effect from August 1, 2019.

Source: fp.brecorder.com- Aug 01, 2019

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Vietnam's new FTA with EU a "role model" for ASEAN members

Việt Nam is expected to become a "role model" for other countries in the ASEAN region when its free trade agreement with the EU takes effect early next year, a EuroCham official has said.

Jean Jacques Bouflet, vice chairman of EuroCham in Việt Nam, said that Việt Nam would have "privileged access" to Europe's 500-million-strong consumer market under the agreement, which was signed in June.

Việt Nam is among the top 10 exporting countries to the EU. Within ASEAN, Việt Nam is EU's second biggest trade partner and largest exporter of goods.

"The EU may provide additional incentives to Việt Nam to speed up the process of aligning national policies with ASEAN regional goals. This will become a tool for enhancing ASEAN integration," Bouflet said.

"EU investment trends in key sectors such as automobiles and motorcycles, food, agriculture, aquaculture, green growth, intellectual property rights, transportation and logistics, have all contributed to improvements in Việt Nam," he added.

Bouflet spoke at the trade forum on "EU – Việt Nam Free Trade Agreement (EVFTA) - A New Horizon for Extensive and Comprehensive Cooperation" held yesterday in HCM City.

Marko Walde, chief representative of AHK Việt Nam - German Industry and Commerce in Việt Nam, said the elimination of bilateral tariffs and export taxes and reduction of non-tariff barriers affecting cross-border exchanges of goods and services were expected to boost bilateral trade.

The EVFTA was also expected to create new opportunities for German companies to access markets across a range of sectors, covering goods, services and investment, especially in the automobile, green energy, electronics, IT, food processing and health care sectors, he said.

Klaus Landhaeusser, regional sales director for Automotive Original Equipment at Bosch, Southeast Asia, said: "The EVFTA will see an increase in technological transfer, especially connected products and solutions. Imports of connected products, solutions and machinery from the EU to Việt Nam and vice versa will be much easier, quicker and less costly."

According to a study from the Ministry of Planning and Investment, the EVFTA will increase export turnover to the EU by about 20 per cent by 2020, 42.7 per cent by 2025 and 44.37 per cent by 2030.

Based on Việt Nam's production capacity of key commodities and EU tax-reduction commitments in the EVFTA, major Vietnamese exports that will most benefit are seafood, vegetables, furniture, footwear and textiles. These are sectors in which Việt Nam has advantages and is committed to reduce taxes.

Recommendations

Blouflet outlined a number of recommendations for Việt Nam to ensure that it complies with the new free trade agreement.

He said the country must adhere to Rules of Origin (RO) when exporting to the EU, especially because traceability regulations for importing countries have become increasingly strict.

Enterprises should also meet food safety and hygiene standards and management procedures set by the EU, as well as corporate social responsibility and transparency of information on labour and the production environment, he said.

In addition, for some kinds of seafood products, it is important to comply with IUU (illegal, unreported and unregulated) fishing regulations.

A legal framework on the origin of Vietnamese products and product labels with "Made in Việt Nam" should also be created.

Producers' self-certification of origin must comply with Vietnamese regulations as well as EVFTA requirements on RO to prevent origin fraud, Bouflet noted.

The use of modern methods would ensure strict control of goods' authenticity, quality and origin, he added.

To enhance competitiveness, Vietnamese manufacturers should shift to advanced production and processing systems. By improving product quality, branding and packaging, and optimising the production process, manufacturing enterprises could lower production costs, thus promoting consumer purchasing power, Bouflet said.

The EVFTA, signed on June 30 in Hà Nội, is one of the most ambitious agreements concluded between the EU and Việt Nam. Over a 10-year period, more than 99 per cent of tariffs on goods from both sides will eventually be removed.

The EVFTA is expected to be approved by the European Parliament early next year.

Hoàng Quốc Vượng, deputy minister of Industry and Trade, said that two-way trade value between the EU and Việt Nam had increased more than 13 times from about $4.1 billion in 2000 to $55.84 billion in 2018, of which Việt Nam's exports to the EU reached nearly $41.9 billion and imports from the EU nearly $14 billion.

Two-way trade value reached $27.45 billion in the first half of 2019, a rise of 1.67 per cent over the same period last year, according to the figures from the Việt Nam Customs.

Source: vietnamnews.vn- Aug 01, 2019

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Three nations similar strategy to battle pink bollworm

To battle this intrusive bug, a great many cultivators worldwide have decreased their requirement for compound splashes by planting transgenic cotton, called Bt cotton, which was hereditarily built to create caterpillar-executing proteins from the bacterium Bacillus thuringiensis (Bt).

From the outset, Bt cotton functioned admirably against pink bollworm in every one of the three nations, however this versatile nuisance harbors changes that give protection from Bt poisons. These changes were uncommon before Bt cotton was marketed. Be that as it may, when two safe caterpillars form into moths and mate, their posterity are additionally safe.

In the event that unchecked, the extent of safe bugs expands each age. On the other hand, if a safe moth mates with an ordinary, poison powerless moth, the descendants stay vulnerable.

Thus, one system is to plant some non-Bt cotton—an asylum—enabling ordinary caterpillars to endure, become moths, and mate with the safe moths, Tabashnik says.

This makes it more outlandish that two uncommon, safe moths will discover each other in the group. Today, most nations require shelters and use Bt cotton that contains two poisons, so caterpillars need two transformations to endure.

United States

Through a painstakingly structured program that united ranchers, government offices, and University of Arizona research and augmentation researchers, cultivators in Arizona started planting Bt cotton when it was presented in 1996. Surpassing the shelter prerequisite ordered by the U.S. Ecological Protection Agency, they planted in any event 25 percent of their cotton grounds as non-Bt cotton statewide.

This was sufficient to keep obstruction under control, Tabashnik says. At that point in 2006, the procedure exchanged: Billions of sterile moths were dropped from planes into cotton fields, so the uncommon safe moths were well on the way to mate with sterile moths, which yielded no ripe posterity.

The one-two punch of Bt cotton and sterile moths, alongside different strategies, in the long run prompted the October 2018 presentation by the U.S. Division of Agriculture that in the wake of tormenting ranchers for a century the pink bollworm was destroyed from the country's business cotton-developing regions.

China

Producers in China are not required to plant asylums of non-Bt cotton, principally on the grounds that the Old World bollworm (Helicoverpa armigera) has been the fundamental vermin there, Tabashnik says. In contrast to the pink bollworm, which feeds solely on cotton, the Old World bollworm eats numerous different yields that fill in as shelters.

With non-Bt cotton asylums rare, pink bollworm protection from Bt cotton started to increment. Incidentally, to lift yield and decrease their creation costs, cotton seed organizations began selling second-age cross breed seeds that produced fields with 25 percent non-Bt cotton plants haphazardly blended with Bt cotton.

The producers didn't know about this change, yet obviously favored the crossover seed due to its transient monetary and agronomic focal points, Tabashnik says. With the expansion in asylum, he says, the pendulum swung the contrary way. Obstruction declined and pink bollworm was successfully stifled by Bt cotton.

Pakistan

Bt cotton seed accompanies a little bundle of non-Bt seeds, enough for cultivators to plant 20 percent of their cotton as shelters. Tragically, cultivators haven't planted the asylum seed, to a limited extent since they haven't been given adequate training about the estimation of shelters, Tabashnik says.

With small asylums, broad protection from Bt cotton creating one poison advanced in under 10 years. Before most cultivators changed to Bt cotton delivering two poisons, pink bollworm was at that point impervious to the primary poison, and protection from the subsequent poison advanced quickly.

In India today, he says, Bt cotton gives almost no control, pink bollworm is widespread, and cultivators must switch back to the strategies they utilized previously, for example, shortening the cotton season.

"Things being what they are, what have we learned? In the event that you need to moderate the development of opposition, ensure there are adequate shelters, and don't depend on a solitary control strategy. That is a general rule that can be connected to any transgenic crop," Tabashnik says.

"The hypothesis was at that point completely clear on this point, and little scale tests gave some proof. Presently we likewise have this story of three nations that is one of the most convincing examinations supporting the thought: Refuges can defer opposition."

Source: technologytimes.pk- July 31, 2019

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Pakistan: Cotton lacks buying interest

Absence of buying interest pushed cotton prices further lower on Wednesday. Widespread rains in Sindh and Punjab hindered phutti (seed cotton) arrival from cotton fields into ginneries.

Though the markets will remain closed for Eidul Azha holidays, millers are not willing to enter into deals fearing higher moisture content in the commodity in the aftermath of rains. Currently quality issues are there, brokers said.

Over buying position attained by many textile spinners in last week's buying spree also bogged down trading, they added.

The world leading cotton markets also remained easy, with New York cotton closing lower for all future contracts while Chinese and Indian cotton closed easy.

The Karachi Cotton Association (KCA) spot rates were firm at overnight level at Rs8,400 per maund.

The following deals were reported to have transpired on ready counter: 200 bales, station Sanghar, at Rs8,475; 200 bales, Mongi Bangla, at Rs8,600; and 200 bales, Muridwala, at Rs8,600.

Source: dawn.com- Aug 01, 2019

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NATIONAL NEWS

Declining cotton yarn exports a deep concern: TEXPROCIL

The decline in cotton yarn exports from India during the first quarter of the current fiscal is a matter of deep concern, The Cotton Textiles Export Promotion Council (TEXPROCIL) has said.

The organisation has urged the government to extend Rebate of State and Central Taxes and Levies (RoSCTL) scheme to cotton yarn sector at the earliest to avoid layoffs.

Cotton yarn exports from India have fallen by a steep 33 per cent from 338 million kg for the period April-June 2018 to 226 million kg in April-June 2019, according to the data from the Directorate General of Commercial Intelligence and Statistics (DGCIS), under the ministry of commerce.

Exports of cotton yarn have declined from 90 million kg in April 2019 to 77 million kg in May 2019, and further to 59 million kg in June 2019. The June 2019 level of 59 million kg is the lowest monthly export in the last five years, TEXPROCIL said citing DGCIS data.

As one of the pillars of the Indian textile industry, the cotton yarn sector is highly modernised and technology driven, providing sustainable income to farmers, said TEXPROCIL chairman KV Srinivasan in a press release.

Mentioning the reasons for the steep fall in cotton yarn exports, Srinivasan said there has been a decline in exports to leading export markets like China, Bangladesh, and South Korea. Another reason is the duty-free access given for import of cotton yarn by China to countries like Pakistan and Vietnam from April 1, 2019.

“Considering the large-scale investment in the spinning sector and sluggish demand in the domestic market, exports are the only avenue to ensure uninterrupted production and capacity utilisation.

“Even though cotton yarn is a value-added product, it has been excluded from the export benefits like interest subvention, Merchandise Exports from India Scheme (MEIS) and the RoSCTL schemes,” said Srinivasan.

He appealed to the government to include cotton yarn in the interest subvention scheme and also rebate the embedded taxes like agricultural cess, mandi tax, power and fuel surcharge incurred in the production process.

"The RoSCTL scheme which rebates these levies should be extended to cotton yarn sector at the earliest. This will ensure that only products are exported and not taxes. This will also provide the much-needed impetus in the context of rising cotton prices and appreciating rupee which are eroding competitiveness."

"In case the current trends of declining exports continue in the next quarter, it will lead to closure of several spinning units in the near future, resulting in layoffs," he added.

Source: fibre2fashion.com- July 31, 2019

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Falling cotton yarn exports worry textile industry

The textile industry has voiced alarm over the consistent fall in cotton yarn exports in the last three months due to sharp decline in demand in importing countries such as China, Bangladesh and South Korea, besides duty-free access given by China to competing Pakistan.

Steep fall in exports

Cotton yarn export in June has more than halved to 59 million kg (mkg) in June from 120 mkg in the same period last year. In fact, the level of 59 mkg of exports logged in June was the lowest monthly export in the last five years.

In May, yarn export was down 30 per cent to 77 mkg (111 mkg) while in April it dipped 16 per cent to 90 mkg.

Overall, export of cotton yarn from India in the first quarter of the financial year ended June was down 33 per cent to 226 mkg (338 mkg).

Considering the large-scale investment in the spinning sector and sluggish demand in the domestic markets, exports are the only avenue to ensure uninterrupted production and capacity utilisation, it said.

The cotton yarn sector has been one of the pillars of the Indian textile industry and is also highly modernised. Driven by technology, it provides sustainable income to farmers.

KV Srinivasan, Chairman, Texprocil, said even though cotton yarn is a value-added product, it has been excluded from the export benefits such as interest subvention, MEIS (Merchandise Exports from India Scheme) and the ROSCTL (Rebate of State and central taxes and levies) schemes.

If the current trends of declining exports continue into the next quarter, it will lead to closure of several spinning units in the near future, resulting in layoffs, he said.

Appeal to govt

Texprocil has appealed to the government to include cotton yarn in the interest subvention scheme and also rebate the embedded taxes such as agricultural cess, mandi tax, power and fuel surcharge which incurred in the production process.

The ROSCTL scheme which rebates these levies should be extended to cotton yarn sector at the earliest, it said. This move will ensure that the industry exports only products and not the taxes, it added.

Source: thehindubusinessline.com- July 31, 2019

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Govt, exporters discuss strategy to increase exports to US, China

Goyal says Ministry will iron out constraints to help exporters to benefit from US-China trade war

To help India maximise the benefits from the on-going tariff war between the US and China, Commerce and Industry Minister Piyush Goyal has asked exporters to flag concerns related to availability of land and labour, setting up of common effluent treatment plants, cluster development and necessary logistics support in ports, airports and customs.

“The Ministry will then be able to iron out the issues impeding India’s exports and facilitate the exporters to take maximum benefit from the tariff escalation between the US and China,” Goyal said addressing an interactive session was organised in New Delhi on Wednesday by the Commerce & Industry Ministry on emerging opportunities to enlarge India’s exports to US and China.

The Federation of Indian Export Organisations (FIEO), in its presentation, pointed out that India’s success to get the best out of the tariff war would depend on how quickly exporters could add to their capacity.

One of the suggestions for creating capacity made by exporters is to allow excess capacity in Special Economic Zones (SEZs) to used by permitting the provision of ‘plug and play’ facility. This will help exporters grab the opportunity provided by tariff war as industry may not want to invest to create permanent facilities to increase production as duration and magnitude of additional tariff itself is uncertain, the Federation proposed.

Last month, the Department of Commerce identified and shared with exporters and other stakeholders, specific lines where the US would lose competitiveness in China and India has an export potential, and encouraged them to seize this opportunity. Several B2B meetings with Chinese buyers were facilitated through the Indian Embassy in Beijing in addition to inviting Chinese grape buyers to visit Indian grape farms and related units.

“A section of the industry has pointed out that some of the conditions like requirements of local experience, are limiting their participation in the Chinese procurement process.

The Indian government has been engaging with the relevant Chinese government entities to ensure that Indian companies get market access for their products. Such issues are also discussed in the bilateral meetings from time to time to find solutions to any such restrictions in market access,” according to an official release.

Source: thehindubusinessline.com- July 31, 2019

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India only Asian economy that's growing its export share amid trade war

Trade tensions between the US and China have given India an opportunity to ramp up exports to both countries

The only major Asian economy that’s grown its export share since the start of the tariff wars in 2018 is the one with the fewest trade links to China.

India’s share of world exports rose to 1.71 per cent in the first quarter of 2019 from 1.58 per cent in the fourth quarter of 2017, data compiled by Bloomberg show. The share of every other economy among Asia’s 10 biggest exporting nations fell in the same period.

Part of the reason for India’s outperformance is that it’s not as integrated into global manufacturing supply chains as peers, which means exporters are cushioned from rising trade tensions in the region. It’s a sentiment that was flagged by central bank Governor Shaktikanta Das in a recent interview.

“India is not part of the global value chain,” he said. “So, US-China trade tension does not impact India as much as several other economies.”

China is the biggest buyer of goods from South Korea and Japan, whose share of world exports have fallen the most in Asia. For India, China is the third-largest market, after the US and the UAE.

“Our biggest advantage is that our product basket and market basket are both quite diversified,” said Rakesh Mohan Joshi, a professor at the Indian Institute of Foreign Trade in Delhi.

Trade tensions between the US and China have given India an opportunity to ramp up exports to both countries, according to Ajay Sahai, director general and chief executive officer of the Federation of Indian Export Organisations.

India’s exports to the US grew at the fastest pace in six years in the year ended March 2018, while exports to China surged 31 per cent, the second highest annual pace of growth in more than a decade, data from India’s Ministry of Commerce show.

"China is more willing to give market access to India than ever before," said Sahai, pointing to increased access for products such as rice, fruits and vegetables, with potential for greater exports of pharmaceuticals and automobile components to China.

On the other hand, India's exports to the US could lose momentum. President Donald Trump has criticized India for its tariffs on US products, and withdrew trade concessions on $6.3 billion of Indian goods on June 1. India responded with higher tariffs on about 30 American products.

Source: business-standard.com- Aug 01, 2019

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USDA Raises Indian Cotton Production To 29 Million Bales For MY 2019/20

As per the latest update from United States Department of Agriculture (USDA), Indias cotton production in marketing year (MY) 2019/20 is estimated at 29 million 480 lb. bales against 26.50 million bales of last year(37.1 million 170-kilogram bales/6.3 MMT) with a planting area of 12.5 million hectares.

USDA anticipates marginal reductions in the cotton areas of Central Maharashtra due to a growing shift towards soybeans, and the southern state of Karnataka where cotton is expected to be replaced by pulses (tur) and corn due to state government targets aimed at increasing the production of food crops.

MY 2019/20 exports at 4.3 million 480-lb bales (5.5 million 170-kilogram bales/936,000 MT). While the prospects of a larger crop should result in greater export outflows, Indian cotton prices are currently uncompetitive in the global market compared to other suppliers.

Monthly export shipments have fallen significantly in June 2019 with Bangladesh being the sold dominant buyer. High domestic cotton fiber prices will also result in higher costs for the textile sector which is already experiencing thin margins.

In MY 2018/19, cotton yarn exports (by volume) are two percent lower as compared to previous year. Exports in April were lower by 24 percent than previous month. Similarly, in MY 2018/19, cotton fabric exports (by volume) are higher by fourteen percent from last year.

MY 2019/20 imports at 1.3 million 480 lb. bales (1.7 million 170-kilogram bales / 283,000 MT), 100,000 480 lb. bales lower than USDAs official estimate. MY 2018/19 imports are revised higher to 1.6 million 480 lb. bales (2 million 170-kilogram bales/ 348,000 MT).

Shipments from the United States and Egypt continue to drive up bulk import volumes. Imports are expected to continue to remain firm as higher domestic prices prompt mills to source cotton from foreign origins with more competitive prices.

Source: indiainfoline.com- Aug 01, 2019

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India has an excellent chance to gain from US-China Trade War: Govt

The ongoing US-China trade war has offered Indian exporters an excellent opportunity to help actualise $5 trillion economy mark as envisioned by the government, feels Som Parkash, Union Minister of State for Commerce & Industry. He was talking in a session titled, Emerging opportunities to enlarge India's exports to USA and China, which was organised by Ministry of commerce and FIEO.

Highlighting that global trade dynamics are rapidly changing and being WTO-compliant in coming days will mean that Indian exporters need to enhance their operational capabilities, the minister added that there was a need to increase focus on innovation. He added that that a commodity wise analysis has been carried out by the commerce ministry on the top products lines where India can be an excellent supplier to both China and the US.

"While China will do everything to negate the US trade influence in coming times, we have the opportunity to replace China in many categories in the US market.

The government is there to protect the interests of the exporting fraternity, but looking at the changing trade patterns world over, Indian manufacturers need to come up with better and competitive product lines to outsmart competitors," he said.

On the occasion, Sharad K Saraf, President, FIEO said that if Indian exporters are not able to encash on the opportunities arising out of the US-China trade spat, the country would surely miss a significant opportunity towards achieving the $5 trillion mark.

“As a result of the US-China standoff, there is a great scope for increasing the volume of the leather and textile exports to these two countries. In the entire textile supply chain, including in yarn, fabric and apparel - we can increase our exports by 20-25 %, if few policy issues are addressed. These don't call for a big financial burden on the government,” Saraf added.

Highlighting that current FDI inflow into the country has been more due to China gradually losing manufacturing competitiveness than due to ongoing global tariff war, Ajay Sahai, DG & CEO,FIEO urged the government to further ease norms relating to FDI to enhance capacity building in high and medium technology sectors to support exports on long term basis with MSME as ancillaries.

Such a step would facilitate MSMEs' hassle-free integration into Global Value Chains (GVCs), opined Sahai, besides pitching for a reduction in corporate tax to attract investment.

To better leverage on US-China trade war, Department of Commerce has carried out an extensive study identifying 203 tarrif lines for increasing exports to the US and 151 to China.

Source: economictimes.com- July 31, 2019

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'SME Growth Summit' on Aug 1 to deliberate on global trade opportunities

By virtue of it being the second largest employment generating sector in India after agriculture, the MSME sector has emerged as a powerful growth engine.

Indian MSMEs are increasingly focussing on better production methods, improved marketing strategies and modern scientific management to sustain and strengthen their operations. They are poised to clock higher growth and they have the potential to absorb the latest technologies in diverse fields.

The genesis of making Indian MSMEs global lies in providing them with a level-playing field so that they innovate, incubate and penetrate to successfully compete in the global space.

Today's scenario of global competition and challenges has prompted several countries to take steps to encourage MSMEs. India has also initiated several measures aimed at helping MSMEs enhance their overall capabilities as they play an important role in making India a manufacturing hub.

BusinessLine and ICICI Bank are organising the 'SME Growth Summit', a high-powered initiative to bring together industry leaders, experts and other stakeholders to deliberate on how SMEs can efficiently tap the global trade and grow their businesses. The second edition of the event will be held in Coimbatore on August 2. The first edition was held in Chennai on June 21.

KG Denim Managing Director Srihari Balakrishna, who is also the Managing Director of Sri Kannapiran Mills, will deliver the key note address. This will be followed by a panel discussion, in which experts from different fields will participate and discuss the challenges and opportunities the global trade offers.

The panelists include S Soundararajan, Managing Partner, Falcon Toolings; R Ramamurthy, President, Codissia; Prabhu Dhamodharan, Convenor, Indian Texpreneurs Federation (ITF) and Prakash Seshadri, Co-Founder and CEO, See Change Consulting.

Source: thehindubusinessline.com- July 31, 2019

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Banks eye retail loans to boost business

But overexposure to the category may spell trouble when the economy is showing signals of downturn in certain sectors

Most banks are now piggybacking on retail segment loans for business growth, while being cautious on other segments such as corporates.

The share of retail lending in total advances has crossed 50 per cent, and is expected to go up further for the top three private banks as well as a few public sector banks, as per the first quarter numbers released by several lenders.

The domestic loan book is being driven by the retail business for most banks.

For ICICI Bank, retail loan growth was 22.4 per cent in the quarter ended June 30, 2019. In the total domestic advances, retail now accounts for 61.4 per cent for the bank.

Including non-fund-based outstanding, the share of retail portfolio was 48.5 per cent of the total portfolio at June 30, 2019, compared to 46.9 per cent at March 31, 2019. Among the retail segments, home loans, with a share over 50 per cent in total retail portfolio, grew 19 per cent for the bank.

According to information provided by HDFC Bank, the domestic loan mix between retail and wholesale was 54:46 (as per Basel II classification).

Retail loan growth was at 16.5 per cent. With a 22 per cent year-on-year growth, Axis Bank, too, has a 52 per cent share of retail advances in total advances.
The growth in retail advances outpaced domestic loan growth, which was at 19 per cent for Axis Bank.

Public sector banks are also no exception. Punjab National Bank, too, witnessed a 22 per cent growth in retail lending at ₹91,248 crore, which was also driven by 29 per cent growth in home loans. The same trend is also seen in other banks, including Bank of Baroda.

State Bank of India, which is yet to announce the first quarter results of the current financial year, has also been witnessing steady growth in retail advances.

In FY19, credit growth in retail was 18.52 per cent, against 13.55 per cent in the previous financial year.

Macroeconomic concerns

While the increase in retail loans might augur well for banks in the short term for their earnings, there could be macroeconomic concerns over gross capital formation in the economy.

As per data available with the RBI and the Ministry of Finance, the credit flow to industries such as textiles, petroleum, coal products, nuclear fuel, basic metal, and metal products has been on the decline.

Even though corporate credit off-take appears to be going up for a few banks, the distribution was uneven as banks are being cautious. As bank credit is the main source of credit flow to the industrial sector, its substitution by retail lending may lead to certain issues.

Overexposure to retail loans could also mean trouble when the economy is showing signals of downturn in some sectors, as it could reduce the repayment ability of retail loan consumers in the long run.

However, there is no immediate concern for banks on the safety of the retail portfolio. “Our approach to retail credit is based on assessment of risk across customer segments and portfolios and product categories in a granular manner,” Sandeep Bakhshi, Managing Director and CEO, ICICI Bank, said during a recent earnings call.

Source: thehindubusinessline.com- July 31, 2019

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'Risky exporters' seek early verification of claims

Fear loss of exports due to blocked working capital

Over 60 exporters from Punjab, classified as 'risky' by the Central government in June, apprehend that they may lose orders as even after 40 days of issuing circular, branding them as 'risky', the government has done nothing to verify their claims. They claimed that their exports have come to a standstill.

Last month, the government had said in a circular "it has identified 5,106 "risky exporters" across the country so far who seem to have claimed GST refunds based on bogus invoices and they would manually check their claims before issuing refunds."

On June 17, the Central Board of Indirect Taxes and Customs (CBIC) issued instructions to its Customs and GST formations to verify the correct availment of input tax credit (ITC) by few exporters who are perceived as "risky" on the basis of pre-defined risk parameters.

For these "risky exporters", it was decided that while exports were allowed immediately, refunds would be released after verification of input tax credit (ITC) within a maximum of 30 days. However, according to the exporters, over 40 days have passed but nothing has been done.

With their working capital blocked in the form of ITC (Input Tax Credit), duty drawback and Integrated Goods and Services Tax (IGST), the exporters have appealed to the Centre to expedite the process if there is any wrongdoing, as it was hampering their exports.

"The message has not gone down well with the industry as the raw material suppliers and shipping lines are of the view that these 'risky' exporters have cheated on IGST refunds. Many of the suppliers have stopped supplies and demanding balance payments. However, there is no official communication to these exporters till date, notifying them about any violation of the default for which they have been declared risky," said Sarvjit Singh, co-convener, Export Promotion Committee, Chamber of Industrial & Commercial Undertakings.

According to the exporters, shipments are getting delayed due to the procedural lapses thereby incurring additional costs in the form of demurrage and detentions. Overseas customers are on the verge of cancelling their orders due to delays.

Due to this, the entire supply chain comprising mostly MSME manufacturers has been blocked with regard to delay in payments and further supplies.

As per the circular, the GST formations were supposed to give a report to the Chief Commissioner of Central Tax within 30 days, specifying clearly whether the amount of IGST paid, claimed or sanctioned as refund was in accordance with the law or not.

“Even if there is any iota of doubt, the government must expedite the process so that our precious capital could be released. Since authorities have the data on their portal pertaining to the ITC of each and every exporter, they can verify the facts easily,” said another exporter.

Source: tribuneindia.com- Aug 01, 2019

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India imposes duty on PTA imports from Korea, Thailand

The Indian government has imposed anti-dumping duty on imports of purified terephthalic acid (PTA) from South Korea and Thailand for a period of five years.

The duty will be in the range of $23.61/mt to $78.28/mt for imports from South Korea, while it will be between $45.43/mt and $62.55/mt for products from Thailand, an official notification said.

PTA manufactured and exported by South Korea-based Taekwang Industrial Co., Ltd would attract a duty of $23.61/mt. PTA manufactured by Hanwha General Chemical Co., Ltd and exported by Hyosung TNC Corporation would attract $27.32/mt. PTA manufactured or exported by any other Korean company would attract $78.28/mt, the department of revenue under the ministry of finance said in a notification.

For PTA manufactured and exported by Thailand-based Indorama Petrochem Ltd and TPT Petrochemicals Public Co. Ltd the duty would be $45.43/mt. For all other PTA originating or exported from Thailand, the duty would be $62.55/mt, the notification said.

The announcement of imposition of anti-dumping duty has come within a month after the Designated Authority came up with its final findings on the sunset review. The petition seeking review was filed by Reliance Industries Ltd and MCPI Private Ltd.

PTA is primary raw material in the manufacture of polyester chips, which are used in making synthetic textiles.

Source: fibre2fashion.com- July 31, 2019

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Jaishankar to meet British counterpart Dominic Raab in Bangkok

External Affairs Minister S Jaishankar and British Foreign Secretary Dominic Raab will meet in Bangkok on August 1 where they are expected to discuss "geopolitical, global and bilateral" issues.

Confirming that the two will meet in Bangkok, British High Commissioner to India Dominic Asquith said that it was not possible to second-guess what Jaishankar and Raab would discuss but they would certainly broadly talk about geopolitical, global and bilateral matters.

Talking to the media on Wednesday, the High Commissioner said the UK government under Prime Minister Boris Johnson was working on reviewing the country's immigration policy so that it is based on merit. "The PM has made it clear that he is a profound supporter of making sure we do attract the best and the brightest," Asquith said.

Jaishankar is in Bangkok to attend a number of meetings including the ASEAN-India Ministerial Meeting, the 9th East Asia Summit Foreign Ministers' Meeting, the 26th ASEAN Regional Forum and the 10th Mekong Ganga Cooperation Ministerial Meeting.

Johnson, a hardline supporter of Brexit who has promised to lead Britain out of the European Union with or without a deal by October 31, replaced Theresa May as Prime Minister earlier this month.

On the meeting of the India-UK Joint Economic and Trade Committee in the UK this month, the High Commissioner said that India's Commerce Minister Piyush Goyal and his British counterpart Liam Fox talked about getting the ground work done for a possible free trade agreement (FTA) in the future. "The possibility of an FTA between India and the UK will ofcourse depending on the outcome of Brexit," he added.

Specifying steps being taken to strengthen the education partnership between the two countries, Asquith said that 20 Vice-Chancellors from UK universities will visit Delhi and Hyderabad in the first week of September. 'Study in India', a new bilateral programme launched this month will support UK universities to collaborate with Indian partners to send UK students to India as part of their studies.

The number of Indian students studying in the UK has almost doubled in the last three years with over 21,000 visas issued to Indians for the year ended March 2019, the High Commissioner said.

The High Commissioner also elaborated on UK's joint action with India on climate change and clean growth. An Indian delegation including representatives from NITI Aayog, Ministry of Power and State governments visited the UK in June. "In July, representatives from the UK government and private sector organisations visited India. During the visit, EO Charging announced that they will make and install their cutting ede smart charge-points in Pune. They signed up five dealerships in the first week," he said.

The UK and India will co-launch a new Global Coalition for Disaster Risilient Infrastructure at UNGA in September, the High Commissioner added.

Source: thehindubusinessline.com- July 31, 2019

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