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IBTEX No. 46 of 2019 March 02, 2019

USD 71.01| EUR 80.78 | GBP 93.79 | JPY 0.63

Cotton Market (Mar 1, 2019)		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
20048	41900	**75.31**
Domestic Futures Price (Ex. Warehouse Rajkot), March		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
20450	42741	**76.82**
International Futures Price		
NY ICE USD Cents/lb (May 2019)	72.82	
ZCE Cotton: Yuan/MT (May 2019)	15,230	
ZCE Cotton: USD Cents/lb	103.20	
Cotlook A Index – Physical	**80.35**	

Cotton Guide: The ICE futures immediately rose after the announcement of the Export sales figures. For the week ended February 21, US export sales of upland cotton for the 2018/2019 marketing year rose by 85,500 running bales and 12,100 running bales (RB) for 2019/2020.

The ICE may futures jumped by +46 points thus settling at 72.82 cents/lb. The High and low figure for the ICE May futures were 73.13 and 72.05 cents/lb respectively. The other nearby futures also showed an escalation with the ICE July contract showing a positive change of +41 points thus settling at 73.99 cents/lb. The total volume on the hand increased to 22,513 as compared to the previous figure of 16,811 contracts. Today is the fifth notice day for the March 2019 contract and no notices were issued, leaving the total at 44. The interest in the soon to be expiring month was last reported at 95 contracts, which was down by 96 from the previous session.

The total open interest increased by 539 contracts to 220,874. The open interest for May was seen to have a decline by 69 contracts to 121,361, on the other hand the July open interest escalated to 448 to 42,291.

The CFTC On-Call Cotton report for the week ended February 15 emitted a decline of on-call sales. Total on-call sales were reported at 96,450 contracts, a decline of 10,076 contracts on the week. March 2019 unfixed on-call sales dropped by 8,590 contracts to 4,193. May 2019 and July 2019 unfixed on-call sales also decreased by 1,214 and 2,594 contracts, respectively, to 21,045 and 28,740. The forward December 2019 contract rose by 1,934 contracts to 22,213. Unfixed on-call sales for 2018/19 amounted to 76,191 contracts, as compared to the previous figure of 105,935 contracts in the yesteryear.

The MCX contracts on the other hand settled on the downside by (-30) Rs for the March and the April contracts. The MCX March contract settled at 20,450 Rs/Bale displaying a high figure of 20,560 and a low figure of 20,390. The April contract settled at 20,730 Rs/Bale. The total volume increased by 98 lots at 3812 lots as compared to the previous figure of 3714 lots.

The arrivals in India are estimated to be around 133,500 lint equivalent bales (source cotlook), including 41,000 registered in Maharashtra, 38,000 in Gujarat, 26,000 in Andhra Pradesh. The average prices of Shankar 6 were around 41,900 Rs/Candy. The Cotlook Index A has been positively adjusted to 80.35 cents/lb that amounts to a change of 0.25 cents/lb. We expect the market to show a sideways trend with a bias towards the downside based on fundamentals.

On the technical front ICE cotton May futures took support from the lower band of the upwards sloping channel near 72 zones and moved towards the 13 day EMA 72.70. Positive divergence between price and the strength indicator (RSI) restricted the downside in price. RSI in the daily charts is hovering around 45 levels suggesting sideways trend for the day. So for the day price is expected to remain in the range of 71.80-73.84 with sideways to positive bias. In the near term strong supports exists around 70.00, followed by 69.50 levels. Likewise crucial resistance seen around 74.40 and 75.68 levels. In the domestic markets trading range for Mar futures contract will be 20400-20750 Rs/Bale.

Currency Guide

Indian rupee may witness mixed trade against the US dollar however general bias remains weak. Rupee appreciated by 0.7% yesterday as lack of further escalation and reports of release of Indian air force pilot thawed concerns about India-Pakistan fight. However, weighing on rupee is disappointing GDP growth data, higher crude oil price and global economic concerns. GDP rose 6.6% in the three months to December from a year ago, lower than market expectations of 6.7% growth and down from a 7% growth in previous quarter. Brent crude has rescaled $66 per barrel as OPEC indicated it will extend production cuts despite US displeasure with higher price. Asian equity markets are on a stronger footing today amid slightly better than expected Chinese data and reports that MSCI Inc. will boost the weight of Chinese stocks in its global benchmarks. However, weighing on market sentiment is increased geopolitical tensions post breakdown in US-North Korea talks and mixed cues about US-China trade deal. On trade front, latest reports noted that US officials are preparing a final trade deal that President Donald Trump and his Chinese counterpart Xi Jinping could sign in weeks. However, comments from US officials also indicated that more work needs to be done. The US dollar has inched up marginally amid better than expected GDP data. Rupee has stabilized on easing risks of further escalation in India-Pakistan tensions however higher crude oil price and choppiness in equity markets will limit upside. USDINR may trade in a range of 70.55-71.1 and bias may be on the upside.

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

US Factory Gauge Falls to Two-Year Low as Orders Cool

A gauge of U.S. factories fell to a two-year low, cooling more than expected with a broad decline that suggests economic growth is moderating, though the drop may reflect some weather-related disruptions.

The Institute for Supply Management index fell to 54.2 from 56.6 as four of the five main components—orders, employment, production and deliveries—all saw declines. The result missed estimates in a Bloomberg survey calling for a drop to 55.8, though remained above the 50 level that indicates expansion.
Key insights

The factory gauge, which extended declines from a 14-year high just six months earlier, adds to signals the economy may be poised to lose momentum this year amid slower global growth. It also contrasts with Thursday's report showing strength in business investment helped push fourth-quarter economic growth to a faster-than-expected 2.6 percent pace.

While recent reports have fueled concern about the toll the trade war with China is taking on economic growth, the ISM's export orders reading rose from a two-year low and the measure of imports increased to an eight-month high.

Manufacturers' inventories saw the lone gain among index components while the gauge of customer inventories fell to an eight-year low, a potential positive sign for future production growth. Sixteen of 18 manufacturing industries reported growth, the most in six months, with the nonmetallic mineral products industry reporting the lone contraction, ISM said.

Official's view

Unusually cold weather forced some factories to close for several days and disrupted supply chains, Timothy Fiore, chairman of the ISM survey committee, said on a conference call with reporters. "I'm not that surprised that the production number came down to the extent that it did," he said, predicting a rebound in March.

An index of prices paid fell to a three-year low of 49.4 and remained below 50 for a second-straight month, indicating that raw materials prices were lower for the second straight month after nearly three years of increases. The employment gauge fell to 53.3, the lowest in more than two years and the third straight decline, ahead of February jobs figures due March 8 from the Labor Department.

An index of supplier deliveries fell a fourth month to the lowest level since May 2017, indicating bottlenecks are easing. At the same time, a measure of order backlogs rose the most in six months. The ISM manufacturing gauge has held above the 50 line that divides expansion and contraction since August 2016.

Source: sourcingjournal.com- Mar 01, 2019

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U.S. Trade Representative issues notice on delay of China tariff increase

The United States Trade Representative's office (USTR) has released language to delay a scheduled hike in tariffs on $200 billion worth of Chinese goods, due to be published in the Federal Register next week.

The notice is scheduled to be published in the Federal Register next Tuesday, a USTR spokeswoman said. In it, the agency said it is "no longer appropriate" to raise the rates because of progress in negotiations since December 2018.

A tariff increase to 25 percent from 10 percent was initially scheduled for Jan. 1, but after productive conversations with President Xi Jinping, the Trump administration issued a 90-day extension of that deadline.

Citing progress in talks with Chinese negotiators, Trump on Sunday said he would again delay the increase.

"The rate of additional duty for the products covered by the September 2018 action will remain at 10 percent until further notice," the notice said.

Source: reuters.com- Mar 02, 2019

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Australia to sign FTA with Indonesia

Australia and Indonesia will soon sign a free trade agreement.This is expected to increase the value of the trade between the two countries.

For Indonesia, trade agreements with partner countries can increase the export value and increase market share. With such agreements in place Indonesia expects its exports of textile and textile products to increase three-fold.

The cooperation agreement with Japan has helped increase Indonesia's exports. Up to now lack of market access has been a constraint for the textile industry. Meanwhile, textile products from neighboring countries, such as Vietnam, can enter with a zero per cent import duty.

The trade deal has been eight years in the making and is expected to benefit Australian grain growers with Indonesia agreeing to import 5,00,000 tons of grain tariff free. The agreement should also benefit the Australian education sector, with universities and vocational training providers being given the green light to set up shop in Indonesia.

Indonesia wants greater access for Indonesians to work in Australia as well as support for its crude palm oil industry.

Source: fashionatingworld.com- Mar 01, 2019

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China: Officials and exporters remain 'upbeat' about trade outlook

Officials and exporters said they remain upbeat about the trade outlook and that they've been responding actively to adapt to market shifts.

"Textile companies are shifting focus in the wake of new market trends to develop an industrial cluster and to expedite overseas expansion, as well as the adoption of smart manufacturing technologies in the face of rising costs," said Cao Jiachang, chairman of the China Chamber of Commerce for the Import and Export of Textile and Apparel.

"Export trade will see new opportunities under the newly-announced development plan to seek integrated development of the Yangtze River Delta region and a new round of opening-up efforts is also under way," Deputy Director Shen Weihua at the Shanghai Commerce Commission told the Import and Export Forum of East China Fair on Friday.

"We need to strengthen our development foundation and secure stable development amid a complicated external situation."

Katherine Zhu, manager of the No.8 Import and Export Department at Shanghai Dragon Corporation, an affiliate of Shangtex Holding Corp, said its Ethiopian sweater factory began operation in mid 2018.

It produces about 100,000 garments and pieces of apparel, with the production cost now about 20 percent less than those made in southeast Asian countries.

"Overseas garment retailers have seen flat sales performance over the past year and have been demanding a lower procurement price — having a manufacturing presence in Africa has helped lower our production costs to secure future orders," she told Shanghai Daily.

The local downstream and upstream industry chain still needs two or three more years to be built up, and the garments will be exported to buyers in Europe and America, she noted.

It's also the first African manufacturing site for a Shanghai-headquartered company as the textile and apparel company actively respond to the Belt and Road initiative. Textile and apparel exports from eastern China account for two thirds of the total textile export in the country last year.

China's total textile export size rose 8.1 percent last year to US$119.1 billion, while apparel export remained almost unchanged, edging up 0.3 percent at US$157.6 billion, as most manufacturers are moving their factory lines to southeast Asian countries where labor costs are lower.

Apparel and textile export to Belt and Road nations have been on the rise for the past three years, and climbed 5.3 percent last year, while export to ASEAN countries jumped 11.7 percent, the fastest growth rate among major markets.

Cao from the China Chamber of Commerce for the Import and Export of Textile and Apparel also called for apparel manufacturers to target domestic consumption and to cater for consumers' increasing demands for higher quality garments and textile products.

The 29th East China Fair kicked off today and will run until Monday. It has attracted over 4,000 companies, including more than 500 overseas enterprises.

Source: shine.cn- Mar 01, 2019

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FTA between Sri Lanka–Bangladesh to boost trade

According to President Renuka Jayamanne, the proposed Free Trade Agreement (FTA) between Sri Lanka and Bangladesh will prosper the economic co-operation of both countries in the coming years.

The support given by the Bangladeshi Government to develop Lanka's apparel sector is noteworthy.

Sri Lanka is also expected to be the Shipping and Logistics Hub which would benefit both these economies in the future.

The business council is planning to collaborate with various Bangladeshi institutes and key companies to strengthen economic ties further.

The Sri Lankan agricultural sector could be upgraded by sharing experience between agricultural institutes of both countries at grassroots levels.

Source: fashionatingworld.com- Mar 01, 2019

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China says it 'regrets' WTO ruling in favour of US on subsidies

China said on Friday it "regrets" a World Trade Organization ruling in Washington's favour over a dispute on Chinese subsidies to wheat and rice producers.

The decision comes as the world's top two economies try to hammer out an agreement to settle a long-running trade row that has rattled global markets.

The United States in 2016 alleged that China doled out $100 billion in "market price support" for wheat and rice as well as corn production, above levels agreed to at the Geneva-based WTO.

"The expert group did not support the Chinese position on the calculation of the subsidy level for our minimum purchase price policy on wheat and rice.

The Chinese side regrets this," the commerce ministry said in a statement.

China is the world's largest producer of wheat and rice, holding significant sway over world markets.

WTO experts said they had found that each year from 2012 to 2015, China's market price support for wheat, Indica rice and Japonica rice "exceeded its 8.5 per cent de minimis level of support for each of these products".

"Government support for domestic agriculture, guaranteeing farmers' income, and maintaining food security are common practices in all countries and permitted by WTO rules," the ministry said in the statement attributed to the head of its treaty and law department.

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

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China's private business hub to increase trade with Africa

East China's Zhejiang Province plans to increase its trade volume with Africa to 40 billion U.S. dollars by the end of 2022 to account for at least 20 percent of the total Sino-Africa trade.

Zhejiang's department of commerce issued an action plan revealing the details on Friday as China's first provincial-level plan on economic cooperation with African countries.

The 40-billion-dollar target will mark a significant rise from the 30.1-billion-dollar trade between Africa and Zhejiang, home to many of China's most successful private businesses, in 2018.

The plan also promises to increase investments in Africa's industries of textiles, garments, chemicals, equipment manufacturing and pharmaceuticals to meet the continent's development needs.

The province, however, will bar investments that are polluting and highly energy-consuming from going to Africa, said the plan, which also calls for more agricultural investments and cooperation.

The document also said the province would expand goods imports from Africa, especially in the non-resources category.

According to China Customs, China's foreign trade with Africa reached 204.19 billion dollars in 2018, up 19.7 percent year-on-year and 7.1 percentage points higher than the growth of China's overall foreign trade during the same period.

Specifically, the country's exports to Africa rose 10.8 percent to 104.91 billion dollars in 2018, while its imports from Africa surged 30.8 percent to reach 99.28 billion dollars.

Source: xinhuanet.com- Mar 01, 2019

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Vietnam export-import down 30 per cent in February

During February 2019, Vietnam's total export-import turnover was down 30.5 per cent against the previous month.

Exports were down 33.9 per cent while imports were down 27.1 per cent.

In the first two months of this year, the total export-import turnover showed a year-on-year rise of 6.7 per cent.

Exports increased 5.9 per cent and imports rose 7.5 per cent, causing a trade deficit of 84 million dollars.

During this period Vietnam's exports of machinery, equipment, and components were up 19.3 per cent; exports of garment-textiles were up 19 per cent; and exports of footwear were up 18.4 per cent.

During the same period, the country's imports of fabrics of all kinds were up 16 per cent; imports of machinery, equipment, and spare parts were up 14.6 per cent; and imports of computers, electronic products, and components were up 11.4 per cent.

Vietnam plans to become the world's third major supplier of garments and textiles. In 2018, the export turnover of garment and textile products marked a year on year increase of 16 per cent. However Vietnam has to depend on raw material imports.

Enterprises have to import over 60 per cent of the raw materials they need. Many companies in the sector have speeded up production since early 2019 to meet large orders for the first trimester.

Source: fashionatingworld.com - Mar 01, 2019

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Bangladesh hikes Export Development Fund

Bangladesh Bank has increased the size of the Export Development Fund (EDF) by 16.7 per cent.

The fund was increased to boost exports and reduce the liquidity crisis in the banks, as a result of which exporters will get more loan facilities now.

The fund was introduced in 1988. It enables exporters to get foreign currency loans at reduced interest rates.

Currently the EDF interest rate is fixed at 2.5 per cent, plus Libor (London Interbank Offered Rate).

Businesses from various sectors, including garments, can take loans up to 25 million dollars for a maximum of 180 days.

Under the existing provision, EDF financing is allowed for input procurements against back-to-back import letters of credit or inland back-to-back letters of credit in foreign exchange by manufacturers producing the final output for direct export.

EDF loans from the central bank are payable by the banks upon receipt of export proceeds within 180 days from the date of disbursement.

The time frame is extendable by the central bank up to 270 days in case of a longer period taken for repatriation of export proceeds.

Authorized Dealer banks can borrow dollar funds from the EDF against their foreign currency loans to manufacturer-exporters for input procurements.

Source: fashionatingworld.com- Mar 01, 2019

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Pakistan: Govt committed to agenda of developing export friendly policies: Dagha

Ministry of Commerce and Textile (Commerce Division) organized a briefing session for the Diplomatic Missions in Islamabad on the 2nd Edition of TEXPo 2019, which is the biggest platform for the promotion of Pakistan's most significant export sector i.e.

Textiles, scheduled to be held in Lahore from 11-14 April, 2019.

The briefing was attended by Ambassadors/High Commissioners, Commercial Counsellors and representatives of Foreign Missions in Pakistan and Senior Officials from the Government.

Welcoming the guests, Secretary Commerce Mohammad Younus Dagha, in his remarks stated that being the fourth biggest grower of cotton in the world, Textile is one of the most important industrial sectors of Pakistan in terms of economic growth, investments and employment as it contributes around 46% to manufacturing and over 60% in our total exports.

"The main objective of holding the TEXPO is to showcase Pakistan's potential in textile sector and it is expected that it would facilitate foreign buyers in establishing contacts with textile businesses in the country, particularly, SMEs, for establishing mutually beneficial trade linkages" he added.

Secretary Commerce further stated that the present Government is committed on its agenda of developing export friendly policies and has a very clear focus on market diversification and TEXPO is expected to build as well as strengthen these business linkages developments and export/market diversification.

Thereafter, a presentation on various aspects of TEXPO 2019 was given by Secretary Commerce. In his presentation, Secretary highlighted the immense potential of Pakistani Textile Sector and shared that during TEXPO 2019 Trade Development Authority of Pakistan is inviting more than 500 foreign buyers.

Business-to-Business meetings are being organized with 300 plus exhibitors at the exhibition venue with the objective to generate business with foreign chain stores, buying houses, major brands and buyers.

Source: pakobserver.net- Mar 01, 2019

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Pakistan Business Council (PBC) take on garment sector

The Pakistan Business Council (PBC) recently released its report on Pakistan's garment sector which is part of PBC's "Make-in-Pakistan initiative." The study identifies the challenges and opportunities the sector faces and makes recommendations on the way forward.

Almost all of the problems being faced by the sector are well documented and have also been discussed at length in this space. The PBC report rightfully identifies a high cost of production, lack of diversification of garment exports- both in terms of product offering as well as geographic location, bias towards low value-added items, low productivity as well as unfavourable trade agreements as some of the major impediments to the sector.

In its recommendations, the study highlights best practices from Vietnam, Bangladesh and Sri Lanka which should be followed by policymakers in Pakistan. Fundamentally, these countries were successful in bringing down the cost of production for garment manufacturers by keeping low prices for utilities while also investing in technology up gradation for the garment sector. The technology up gradation fund in both of Pakistan's textile policies has been ineffective as it has done little to reduce the risks associated with technology adoption by local firms.

It also cites the ILO funded Better Work program in Vietnam and the BGMEA Institute of Fashion and Technology (BIFT) as effective initiatives that helped have a positive impact for garment firms profit margins as well as improvement in productivity and living standards for garment workers. Something along these lines could also be implemented for improving the capacity and profitability of garment manufacturers in Pakistan.

There is also need to look at future policymaking for the textile sector in context of CPEC and the study correctly points out that "a proactive approach needs to be adopted so that the garment sector can play to its strengths and derive support from China in weaker areas, instead of waiting for China to dictate the terms of this critical economic relationship." In order to ensure that local industry does not suffer, there is a need to respond to local industry's reservations.

Lastly, ease of doing business for the garment manufactures needs to be improved which involves making taxation and custom related matters more streamlined. In particular, the report emphasises the need to make the Input Output Coefficient Organisation (IOCO) Lahore well-staffed while also providing it the necessary jurisdiction in order to speed up approvals of imports under the DTRE scheme.

Overall, the study is a good refresher on the problems being faced by the garments sector and the solutions that need to be introduced by policymakers. As always, the implementation will be the hard part given that most of the problems being faced by the industry have been well discussed on multiple forums. To this effect, government and bureaucratic engagement with a will to move towards implementation of the proposed reforms is paramount.

Source: brecorder.com- Mar 01, 2019

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NATIONAL NEWS

Focus on increasing cotton processing in next five yrs: CM Fadnavis

Speaking at a textile conclave in Mumbai, the CM said that textile industry is the second most employment generating sector after agriculture.

Maintaining that the state's textile policy aims at generating higher income for farmers and jobs for the youth, Chief Minister Devendra Fadnavis said on Friday that the emphasis is on ensuring that in the next five years, all raw cotton grown by farmers is processed at spinning mills. At present, only 30 per cent of the cotton grown in the state is processed.

Speaking at a textile conclave in Mumbai, the CM said that textile industry is the second most employment generating sector after agriculture. While indicating that handloom still remains the most sought after business not only in the domestic market but also globally, Fadnavis said, "The state government has made provisions to infuse higher seed capital and incentives for entrepreneurs in the textile sector… The state, which has made a policy to promote textile hubs in cotton growing belts of Vidarbha and Marathwada, has also laid emphasise on increasing cotton processing, which just 30 per cent at the moment, thus undermining its utility in the domestic market."

"The objective is to strengthen the market through the government's 'farm to fashion' policy. This sector caters to a sizeable population — from farmers to youths. Over the years, it has undergone drastic changes, bringing about innovations through the use of technology and designs," he added.

The government's decision to keep electricity tariff rates low for textile traders has helped make the sector more competitive, especially the handloom business, said the CM. Since the last textile policy (2012-17) was introduced, the government has attracted investments worth Rs 20,000 crore and generated three lakh jobs, Fadnavis added. "However, in the next five years, the government hopes to double the investment, targeting to cross Rs 36,000 crore. To make the textile sector more vibrant, impetus is being given to public-private partnerships."

Maintaining that the textile industry is significant for the growth of the GSDP, Fadnavis said: “The sector contributes 14 per cent to India’s industrial production, 4 per cent of GDP and 13 per cent of the total exports. Maharashtra accounts for 30 per cent of cotton cultivation. It has 13 lakh powerlooms — half of the total number in the country.”

“While only 30 per cent cotton is processed in the spinning mills, the remaining is sent outside. The textile policy aims at maximising the gap between processing and production through an integrated policy,” he added.

Source: indianexpress.com- Mar 02, 2019

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India to grow at 7.3 pc in 2019, 2020: Moody’s

In 2018-19 fiscal, ending March 2019, Indian economy is estimated to have grown 7 per cent, lower than 7.2 per cent in 2017-18

Indian economy is expected to grow at 7.3 per cent in calendar year 2019 and 2020, and the government spending announced ahead of elections this year which will support near-term growth, Moody’s said on Friday.

The United States (US)-based rating agency said that the country is less exposed to a slowdown in global manufacturing trade growth than other major Asian economies and emerging markets and is poised to grow at a relatively stable pace in the two years.

“We expect India’s economy to grow around 7.3 per cent in both years (2019, 2020),” Moody’s said in its quarterly Global Macro Outlook for 2019 and 2020.

Moody’s growth estimates in based on calendar year. India, however, measures its economic growth on the basis of fiscal year (April-March). In 2018-19 fiscal, ending March 2019, Indian economy is estimated to have grown 7 per cent, lower than 7.2 per cent in 2017-18.

Moody’s said the announcement in Interim Budget 2019-20 on direct cash transfer programme for farmers and the middle-class tax relief measures will contribute a fiscal stimulus of about 0.45 per cent of the Gross Domestic Product (GDP).

“These measures will support growth through consumption over the near term, albeit at a fiscal cost. In India, government spending announced ahead of elections this year will support near-term growth,” Moody’s said.

It said the Reserve Bank of India (RBI) is likely to be able to maintain their current monetary policy stance after some tightening last year.

The RBI cut its benchmark policy rate in February and changed the policy stance to “neutral” from “calibrated tightening”. Inflation measures have steadily declined since the middle of 2018.

On banking sector, Moody’s said, although the overall strength of the system is improving, it remains a constraint on the economy.

In February 2019, the government provided further capital infusions to public sector banks. These measures, combined with the application of the Prompt Corrective Action (PCA) framework, which requires timely recognition of bad loans, and resolution of bad loans through the Insolvency and Bankruptcy Code, are helping to address solvency and asset quality challenges.

“However, a complete turnaround of the banking system requires more time amid slower-than-expected resolution of legacy problem loans,” it said.

Non-performing assets declined to 10.8 per cent in September 2018 from a peak of 11.5 per cent in March 2018. The central bank expects this ratio to improve further to 10.3 per cent in March 2019.

Moody’s said, with range-bound oil prices, export growth has outpaced import growth for the last two years. Fiscal spending on infrastructure and the rural economy should continue to support domestic activity.

Source: thehindubusinessline.com- Mar 01, 2019

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India-EU free trade pact not possible without lowering tariffs for cars

EU ready for an asymmetrical agreement but has its political compulsions too, says Kozlowski

The proposed India-EU free trade agreement (FTA) cannot be concluded without commitments on lowering import duties on cars and car parts as this was a politically sensitive issue for the bloc, EU Ambassador to India Tomasz Kozlowski has said.

"For political reasons no FTA will be approved in EU Parliament without having car and car parts included.

We can have a very long transitional period but we need to include cars," Kozlowski said at a forum on India-EU cooperation in trade and sustainable development organised by CII and EU trade body amfori on Friday.

India and the EU have been negotiating a FTA, officially called a Broad-based Trade and Investment Agreement (BTIA) since 2007 but has not been able to conclude it because of differences in some important areas.

While the EU is unhappy with India's offers in the area of automobiles and wines & spirits, India wants more access for its professionals and recognition as a data secure country.

Kozlowski said that the EU was ready to introduce substantial level of asymmetry to the agreement as it was aware that India was a developing country and not at the same level as Japan and Korea, but it has to be beneficial for both sides.

The 28-member EU will continue to be India's biggest trade partner even if UK exit's the group and is also the main source of technology to the country, he pointed out.

If both India and the EU lowered their levels of ambition, a deal could be possible, said Abhijit Das, Head, Centre for WTO Studies.

Das pointed out that the negotiations had been stuck too long on just a handful of issues and both sides need to ask themselves if they wanted to stick to an ambitious agenda and not conclude the pact or bring it down and have a deal.

The EU Ambassador said that there was a strong will on both sides to go ahead with the stuck talks was evident from the fact that since 2017 there had been extremely active contacts at the expert level, chief negotiators level and the Commerce Secretary level. “It means we are full of good will from both sides trying to narrow existing gaps,” he said.

Source: thehindubusinessline.com- Mar 01, 2019

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Smriti Irani launches certificate courses of NIFT

Union Minister of Textiles, Smriti Zubin Irani on Friday launched certificate courses of National Institute of Fashion Technology (NIFT), Panchkula.

The institute would have 20 per cent seats reserved for the students from Haryana. The Minister also released a brochure of certificate Course through video conferencing.

Giving details, Director General, Technical Education Department, A. Sreenivas said that total five certificate courses, which would be offered at NIFT, included Fashion Clothing and Technology, Design Development for Indian Ethnic Wear, Fashion and Media Communication, Textile for Interiors and Fashion, and Fashion Knitwear Production and Technology. The students possessing 10+2 (without any upper age limit) will be eligible to take admission in these programmes, he said.

He said that the foundation stone of NIFT campus Panchkula was also laid by Smriti Zubin Irani on December 29, 2016. The NIFT campus is being built-up over 10.45 acres in Sector 23 Panchkula with the state-of-the-art infrastructure equipped with modern professional resources for catering to the textile, handloom and apparel industry.

The State Government has allocated a budget of Rs 133 crore for establishment of NIFT Panchkula. The building of NIFT in Panchkula is under construction and is likely to be completed by December 2020.

The aim of establishing NIFT is to develop textile, handloom and cottage industry in Haryana as well as development of local area, he added. A. Sreenivas also said that NIFT offers, at all its 16 campuses across the country, a learning experience of the highest standards in fashion pertaining to design, technology and management and encourages remarkably creative student body to draw inspiration from India's textile and craft while focusing on emerging global trends relevant to the industries.

Source: dailypioneer.com- Mar 02, 2019

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RCEP trade ministers to meet in Cambodia today

Commerce ministers of RCEP countries including India and china, which are negotiating a mega trade deal, will hold a crucial meeting in Cambodia on Saturday, according to an official statement.

The 16-member Regional Comprehensive Economic Partnership (RCEP) bloc aims to cover among the issues related to goods, services, investments, economic and technical cooperation, competition and intellectual property rights.

Commerce and Industry Minister Suresh Prabhu has reached Siem Reap in Cambodia for the 7th RCEP Inter-sessional Ministerial Meeting to be held on March 2, 2019.

The meet will see bilateral sessions and an opening ceremony to be attended by Prime Minister of Cambodia Hun Sen.

"In this meeting, developments since the second RCEP summit held on November 14, 2018 in Singapore will be reviewed, particularly the outcomes of the second Special Trade Negotiating Committee meeting held on January 25-26 2019 in Jakarta," the commerce ministry said in a statement.

After five years of intense negotiations, India, at the end of the 2nd RCEP summit, is now perceived as a constructive player, providing guidance and building consensus on critical areas by taking into consideration the concerns of all member countries, Prabhu was quoted as saying.

"This will ensure that there is no marginalisation of request of smaller countries and there is room for policy space for developing countries in transition as it will help moderate ambitions, particularly in the goods negotiations and lead to balanced and mutually beneficial outcomes," it added.

India's flexibility helped in facilitating successful conclusion of three chapters -- institutional provisions; sanitary and phyto-sanitary measures and standards, technical regulations and conformity assessment.

RCEP bloc includes 10 countries of ASEAN (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam) and their six free trade pact partners namely Australia, China, India, Japan, Korea and New Zealand.

The negotiations have entered the sixth year. During the last five years, 24 rounds of negotiations at the expert level were held. The last round was held from October 18-27, 2018 in Auckland.

Besides, six ministerial meetings and seven inter-sessional meetings have been held so far.

RCEP members want India to eliminate or significantly reduce customs duties on maximum number of goods it traded with them. India's huge domestic market provides immense opportunity of exports for RCEP countries.

But lower level of ambitions in services and investments, a key area of interest for India, does not augur well for the agreement that seeks to be comprehensive in nature.

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

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Indian exporters need to tap African countries more, says Exim Bank MD

The dark continent has an almost ‘unlimited market,’ says David Rasquinha

Indian exporters need to increasingly tap African countries that have an almost “unlimited market,” said David Rasquinha, MD, Export Import Bank of India. Pointing out that expanding geographical range and product diversification were critical for Indian exporters, he said in 2018-19, exports were expected to surpass the $304-billion figure of 2017-18.

Delivering the keynote address at an international trade conclave arranged by the Bengal Chamber of Commerce and Industry here, on Friday, he also highlighted the rising concerns of the Indian textile exporters and the challenges being faced by exporters.

Referring to Africa, he said that India’s exports to this continent had increased from 7.5% in 2009-10 to 8% in 2017-18. Of the 54 African countries, there was significant trade with 47. Many of these countries ranked high in terms of ease of business.

Facing competition

On the issue of the competition being faced by Indian textile exporters from Bangladesh and Vietnam, he highlighted the need to scale up business to combat cost pressures. “We grow cotton, others do not. We have to leverage our strengths,” he said, adding India also needed to move towards textile blends.

On the changing role of finance, he said that the banking sector’s health was now improving through various measures, especially through the Insolvency and Bankruptcy Code. He shared his concern on LIBOR as a benchmark rate, noting that its trustworthiness had now come under the scanner. While a new benchmark dollar interest rate had been created (Secured Overnight Financing Rate), the change from LIBOR is not easy as it is tied to all kinds of financial instruments

He said that the bank may clock 10% growth, with its business likely to touch ₹1 lakh crore this fiscal.

Source: thehindu.com- Mar 01, 2019

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Ministry of Textiles weaves yarn bank for knitters

Hundreds of micro, small and medium enterprises (MSMEs) in the knitting industry will have a direct access to yarn at competitive rates with the setting up of a yarn bank at the knitwear cluster. Experts said the bank would provide an opportunity to knitters to arrest the price fluctuations and eliminate middlemen.

To give a boost to the knitwear clusters — Tirupur, Ludhiana, Kanpur and Kolkata — Union Textiles Minister Smriti Zubin Irani yesterday announced a slew of measures, including setting up of a yarn bank for the knitting industry.

Ludhiana is a hub of knitwear sector with around 10,000 MSMEs units. The turnover is around Rs 40,000 crore. “This yarn bank will go a long way in promoting the knitwear industry. It is useful particularly for MSMEs, as they have to shell out Rs 5-10 per kg more for yarn than their bigger counterparts.

With the setting up of the yarn bank, bulk purchases can be done which will lead to competitive pricing, thereby benefitting the buyers,” said KG Exports' MD Harish Dua.

Experts said this would also help knitters to plan their production schedule in advance. The Centre will assist in setting up the yarn bank with a support of Rs 2 crore. “The bank is expected to safeguard the interests of yarn buyers in case of sharp fall in prices. We had a meeting with members and soon an SPV will be floated to set up and run the bank,” he said.

The Textiles Ministry also gave a nod to set up Knitwear and Knitting Skill University which will help the industry in introducing new designs and fill the skill gap shortage.

Besides, the ministry has also approved the creation of “Knitwear Mark” to give quality assurance to customers and modernisation of units.

"It was a much-needed initiative and will definitely boost the knitwear sector, provided the measures taken by the government are implemented in a time-bound manner," said Ajit Lakra, MD, Superfine Knitters Ltd.

It entails modernisation and upgrade of existing power loom service centres and institutions run by knitting and knitwear clusters.

Source: tribuneindia.com- Mar 02, 2019

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Cotton prices to trade sideways due to lower demand from the bulk industrial buyers: Angel Commodities

According to Angel Commodities, MCX cotton closed lower on Thursday tracking subdued demand and higher supplies in the domestic market.

Angel Commodities' report on Cotton

MCX cotton closed lower on Thursday tracking subdued demand and higher supplies in the domestic market. Cotton slipped to 11-month low last week tracking due to subdued demand from the Industrial users.

Currently, prices higher compared to last year on reports of lower than expected production prospects in the Country.

In second advance estimate, government forecast cotton production at 300 lakh bales. FAS Mumbai estimates marketing year (MY) 2018/19 production at 27.3 million 480-lb bales (35 million 170-kg bales/6 mt), which is 300,000 480-lb bales higher than the official USDA estimate.

Outlook

Cotton futures expected to trade sideways due to lower demand from the bulk industrial buyers. Higher cotton stocks with farmers and fear of imports may keep prices under pressure in coming weeks.

Source: moneycontrol.com- Mar 01, 2019

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