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The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 86 of 2019 May 02, 2019

USD 69.53| EUR 77.92 | GBP 90.76 | JPY 0.62

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
22201	46400	**84.97**

Domestic Futures Price (Ex. Warehouse Rajkot), May

Rs./Bale	Rs./Candy	USD Cent/lb
22340	46691	**85.50**

International Futures Price

NY ICE USD Cents/lb (July 2019)	76.71
ZCE Cotton: Yuan/MT (September 2019)	15,530
ZCE Cotton: USD Cents/lb	104.59
Cotlook A Index – Physical	**86.20**

Cotton Guide: ICE Cotton futures have settled with marginal changes during the past couple of days. In-fact this was the 4th consecutive loss recorded during the past sessions. The most active ICE July contract settled with a change of -7 points or 0.09 percent at 76.71 cents/lb. This was the second lowest settlement figure seen in the last 15 days. The trading range was seen between 76.87 cents/lb and 75.65 cents/lb as the High and the Low figure respectively.

The volumes have also returned to a mid-thirty thousand mark with a figure of 36,172 contracts. During the last few days, especially after Easter, the volumes were struggling to break the 30,000 contract mark. The total open interest was seen to escalate by 1405 contracts to 212,357 contracts. The July 2019 and December 2019 increased by 368 and 873 contracts, respectively to 98,422 and 94,220 contracts respectively.

Certified Stock amounted to 65,896 bales which included new certs of 161 bales.

The MCX contracts on the other hand showed lower ranks on the 1st of May (Labour day) with almost 1/10th volumes. Most markets were closed due to Labour Day Holiday therefore the markets seemed dry. Volumes were recorded at 1051 lots. The MCX May contract settled at 22,340 Rs/Bale with a change of -120 Rs. The MCX June and MCX July contract settled at 22,580 and 22,750 Rs/bale with a change of -80 and -140 Rs respectively.

Growth	Price	Change	Shipment
Brazilian	85.25	-0.75	5/6
Ivory Coast BEMA	86.00	-0.25	5/6
Burkina Faso RUDY	86.00	-0.25	5/6
Memphis / Orleans / Texas	86.50	-0.25	5/6
Indian Medium Grade	87.25	-0.25	5/6
*2018/2019			

The cotlook Index A has been adjusted to 86.20 cents/lb with a change of -0.35 cents/lb. The growths that included in today's Cotlook Index A are: The cotlook Index A for 2019/2020 is at 85.10 cents/lb with a change of -0.10 cents/lb.
The average prices of Shankar 6 are around 46,400 Rs/Candy. The arrival figures are in a process of touching new lows with the crop becoming scarce. The arrivals are estimated to be 35,000 lint equivalent bales (private estimates).

The major reason attributed to this decline in International and Domestic prices were twofold:

1. The first being, news of US China coming to a "No Deal" conclusion. However the uncertainty still prevails.

2. Secondly, Favorable weather forecast in Major Cotton growing countries.

For today we expect some major changes in the settlement figures with the release of US Export sales in the evening. China's figures in the Export sales report is something to look at. We would take a consolidated to a slightly bearish stance as we have not heard about any major news about China with respect to its stock replenishment strategy. On the other hand, Chinese spinners are restricting themselves and thus avoiding purchases for this week as Chinese State Reserve Sales begin on May 5, 2019. With respect to imports in India, Enquiries have been on a substantial rise, both for US Cotton and African Franc Zone Cotton. Mills are expected to import substantial amounts in the near future. With respect to the Macros, the Federal Reserve have restrained themselves to make any major changes by keeping the interest rates untouched. Later the US Dollar Declined with this news.

On the technical front, ICE Cotton July futures witnessed sharp decline and breached the lower band of the upward rising channel support at 76.30. At the same time the momentum indicator is also hovering below the 50 mark suggesting weakness in strength. Meanwhile support for the July futures exists around 75.10(61.8% Fibonacci retracement level) and resistance exists around 77.45(26 day EMA). So for the day price is expected to remain in the range of 75.10 to 77.45 with sideways bias. Only a move above 77.45, would push price further higher towards 78.20/78.40 zones. Likewise, below 75.10 next support exists around 74.60. In the domestic market May future is expected to remain in the range of 22250-22550 Rs/Bale.

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 Manufacturing Gauge Slips in April as Recovery Moderates

The first official gauge of China's manufacturing sector fell in April, signaling that the economic stabilization seen in the first quarter remains fragile.

The manufacturing purchasing managers index stood at 50.1, down from 50.5 last month, according to the National Statistics Bureau. The non-manufacturing PMI, which is a gauge of services and construction, stood at 54.3 versus 54.8.

The data may allay some concerns about China but there is still uncertainty about what will happen with the world's second-largest economy. While growth was stronger-than-expected in the first quarter, there is no clear sign of what a trade deal with the U.S. will look like and falling imports are both undercutting the regional economy and indicate weak domestic demand.

"Today's PMI data suggest the strong pace of March activity is unlikely to continue," said Michelle Lam, a greater China economist at Societe Generale SA in Hong Kong. "Nevertheless, activity has at least gained more traction compared to the turn of the year. The feed-through of tax cuts should put the economy on a stable footing going forward."

Asian stocks retreated with U.S. futures Tuesday amid the disappointing reading. The Australian dollar, a proxy for bets on China's economy, ticked lower after the data.

New orders softened to 51.4 from 51.6, while new export orders recovered to 49.2, still in contraction but much higher than in the first three months of 2019. A different PMI from Markit Economics showed a similar trend, with the factory gauge dropping to 50.2 from 50.9.

Economists had expected the the data to be basically unchanged from March, when the factory gauge rebounded over the reading of 50 and back into expansion territory. That comes after a stronger-than-expected first quarter, with gross domestic product expanding 6.4 percent and industrial output jumping 8.5 percent.

Some economists were less concerned about the data.

"With a strong first quarter GDP, growth doesn't seem to be a big concern," and a number above 50 is already a good start for the second quarter, said Raymond Yeung, chief China economist at Australia & New Zealand Banking Group Ltd. in Hong Kong. "New export orders is a sliver lining."

What our economists say

The data "should be taken as broadly positive given the sharp upswing in March amid significant seasonally-driven volatility in 1Q. A second month of an above-50 reading signaled the economy continued to expand, suggesting stabilization is underway. Policy support is expected to continue, however, with any rolling back unlikely to start until late 3Q or 4Q, in our view."

Source: sourcingjournal.com- Apr 30, 2019

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

A gauge of U.S. factories fell in April to the weakest level since late 2016, signaling that manufacturing headwinds extended into the second quarter as companies continue to confront uncertainty about trade.

The Institute for Supply Management index slumped to 52.8 from 55.3 the prior month, missing all estimates in Bloomberg's survey while holding above the 50 level that signals expansion. Three of five components declined, including new orders, employment and production, according to the report Wednesday. Thirteen of 18 industries saw growth.

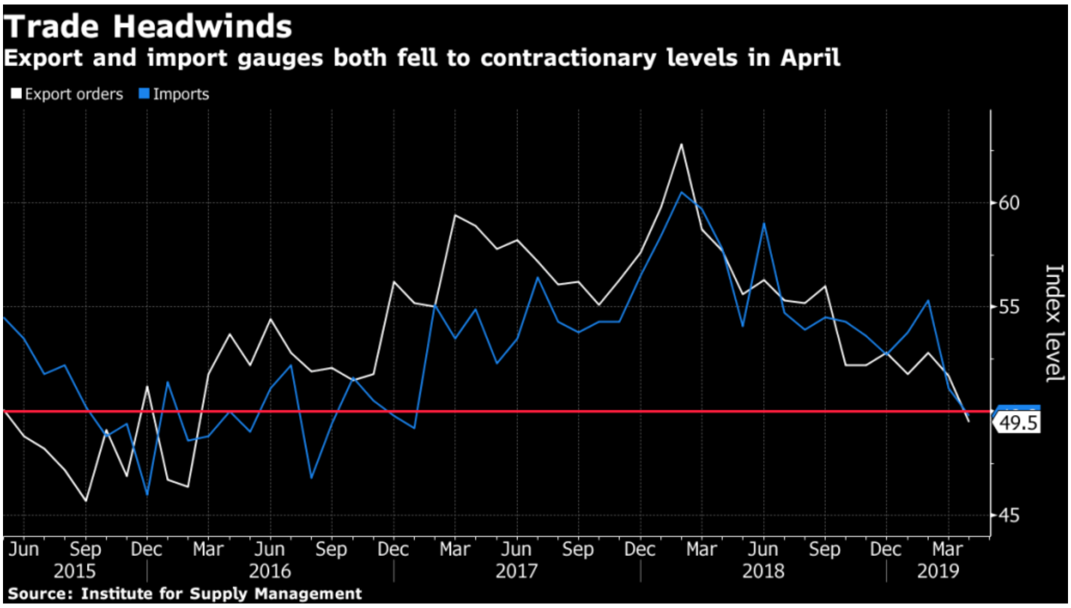
The data add to reasons for Federal Reserve policy makers to leave monetary policy unchanged at the conclusion of their meeting Wednesday in Washington. Treasury yields fell after the report to trade near a three-week low. A separate report Wednesday from the Census Bureau showed construction spending fell in March for the first time in four months.

"We have moved from an unsustainable high level in manufacturing last year," said Russell Price, chief economist at Ameriprise Financial Inc. "This year, the pace of growth will be slower, but still solidly positive."

Key Insights

The unexpected decline to the lowest level of President Donald Trump's tenure adds to signs that uncertainty about global trade and growth is dimming the outlook for producers across the world's largest economy even as other measures of economic health have been looking more upbeat. The gauge for export orders fell below 50 for the first time in three years while imports missed the threshold for the first time in two years, the latest evidence Trump's trade wars are weighing on factories. ISM's employment gauge fell to near a two-year low, signaling weakness ahead of Friday's U.S. jobs report.

Still, economists expect it to show April factory hiring rose after the first drop in more than a year and a half. Separate data released Wednesday from the ADP Research Institute showed U.S. companies added the most workers since July last month. The measure for new orders also slipped to near the weakest since 2016, indicating softer demand. At the same time, the inventories gauge increased, suggesting stockpiles continue to expand, a trend that will likely eventually reverse and be a drag on growth.



What Bloomberg's economists say

"While still in territory consistent with expanding activity, broad-based declines in the headline, new orders, new export orders and production suggest that factory-sector activity is cooling considerably. This is partly a producer response to the inventory overhang that has continued to build over the past three quarters."—Yelena Shulyatyeva and Carl Riccadonna, economists Click here for the full note.

Official's view

"Continued trade issues are providing headwinds to the manufacturing economy," Timothy Fiore, chair of ISM's manufacturing survey committee, told reporters on a call Wednesday.

Get more

An index of prices paid dropped to 50, a signal that inflation pressures are likely to remain muted. A gauge of supplier deliveries edged up to 54.6. Readings below 50 indicate faster deliveries, while those above 50 signal slowing. The customer inventories index was little changed while the order backlogs gauge increased. The main ISM manufacturing gauge has held above the 50 line that divides expansion and contraction since August 2016.

Source: sourcingjournal.com- May 01, 2019

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US to Impose Duties on Polyester Yarn Imports from China and India

The U.S. Department of Commerce has found that polyester exporters from China and India were receiving illegal subsidies, and U.S. Customs and Border Protection will begin collecting duties to recover those subsidies.

On Monday the Commerce Department issued affirmative preliminary determinations in the countervailing duty (CVD) investigations of imports of polyester textured yarn from China and India.

After an investigation, the agency found that exporters received illegal subsidies ranging from 32.04 percent to 459.98 percent from China, and 7.09 percent to 20.45 percent from India. The duties set to be collected will be in the amount equal to the subsidy rates for imports from each country.

The investigation was conducted after polyester makers Unifi Manufacturing Inc. of Greensboro, N.C., and Nan Ya Plastics Corp. America of Lake City, S.C., petitioned for relief from the subsidized imports in October.

Their petition was based on U.S. law that makes it illegal for foreign companies to price their products in the U.S. market below the cost of production or below prices in their home markets, which make them subject to antidumping duties.

Companies that receive unfair subsidies from their governments, in the form of grants, loans, equity infusions, tax breaks or production inputs, are subject to countervailing duties aimed at countering those subsidies.

In 2017, imports of polyester textured yarn from China were valued at an estimated $35 million, and imports from India at $19.6 million. Polyester textured yarn is produced through a texturing process that gives special properties, including stretch, bulk, strength, moisture absorption, insulation and the appearance of a natural fiber.

In the China investigation, Commerce assigned preliminary subsidy rates of 32.04 percent to Fujian Billion Polymerization Fiber Technology Industrial Co., and 459.98 percent to Suzhou Shenghong Garment Development Co. and Suzhou Shenghong Fiber Co. and their cross-owned companies, including Jiangsu Shenghong Textile Imp & Exp Co. and its successor, Jiangsu Huahui Import and Export Co. The preliminary subsidy rate for all other Chinese producers and exporters was set at 32.04 percent.

In the India investigation, Commerce assigned a preliminary subsidy rates of 20.45 percent to JBF Industries and 7.09 percent to Reliance Industries. The preliminary subsidy rate for all other Indian producers and exporters is 13.82 percent.

Commerce will now instruct U.S. Customs & Border Protection to collect cash deposits from importers of polyester textured yarn from China and India based on these preliminary rates. Commerce is scheduled to announce its final CVD determinations on or about Sept. 10.

If Commerce makes affirmative final determinations, the U.S. International Trade Commission (ITC) is scheduled to make its final injury determinations on or about Oct. 24.

If both agencies make affirmative final determinations in these investigations, importers would then have to pay the additional duties at the preliminary dumping rates, Commerce Department said.

Source: sourcingjournal.com- Apr 30, 2019

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Made in Bangladesh

For the past five years, Bangladesh has been the top exporter of denim to the EU and one of the top exporters to the US

In the 146 years since Claude Levi-Strauss began marketing denim fabric as durable, sustainable clothing for workers, the world has embraced it as a mainstay in any society in any nation. From the US to Europe, it would be hard-pressed to find someone who does not own a pair of denim jeans.

And in the global market today, Bangladesh has made an indelible mark in the ever-growing European and US markets, by exporting ever-increasing, record value of denim.

According to the European Statistical Office – the statistics directorate of the European Commission – Bangladesh exported denim products worth $1.65 billion in 2018, up by 11.46% from $1.47 billion in 2017. The country holds a 29.12% denim export market share – the highest - in Europe.

And in the US, the market share was 14.68% with $566.39 million worth of denim exports in 2018, behind only China and Mexico, as per the US Office of Textiles and Apparel (OTEXA). With an 11.72% growth in 2018 up from $506.94 million in 2017, Bangladesh has solidified itself as a top denim exporter against as countries like China, Vietnam, Mexico, Pakistan, and Turkey.

According to the US Office of Textiles and Apparel (OTEXA), China – the biggest denim exporter to US market – noted a mere 1.51% rise to $937 million from $923 million, while Mexico saw a 3.11% increase from 2017 to $817.82 million in 2018.

Vietnam, a close competitor of Bangladesh in US market registered 43% rise to $296.47 million which was $207.28 million during 2017.

Cambodia saw a 20.50% rise in export to $112.86 million followed by Pakistan 15.26% growth to $246.40 million.

While the developing economies are doing rather well, Bangladesh has been pulling further ahead.

Why is Bangladesh taking the lead?

With timely technological upgrades, strong backward linkage, especially fabrics and branding of products, Bangladesh is beating the competitors in the EU and US markets, according to apparel sector experts.

BANGLADESH GROWTH OF DENIM EXPORT AGAINST APPAREL EXPORT (2017-2018)

US MARKET	DENIM GROWTH 11.73%
	OVERALL APPAREL GROWTH 6.5%
EU MARKET	DENIM GROWTH 11.46%
	OVERALL APPAREL GROWTH 10.10%

In addition, the ongoing trade war between the US and China has helped export growth as brands consider alternatives to China fearing retaliations in the form of tariffs and embargoes from the US.

Faruque Hassan, former senior vice president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said: “In the denim industry, fabric and washing are the two key elements to good performance, and Bangladesh has been excelling.”

Bangladeshi denim manufacturers have introduced latest technology both in washing and fabrics manufacturing in improving the quality of goods, said Faruque, who is also the managing director of Giant Group, a textile company.

He also said: “On top of that, denim manufacturers are producing a variety of denim products, while value added product areas are gradually developing here.”

However, the sense of safe workplace and sustainability are two factors which acted as catalysts to draw buyers' attention. In the aftermath of Rana Plaza, growth slowed, but did not take a nosedive.

"I would rather ask why exports earnings should not go up. We are safe, sustainable and also cheaper than any other denim producing country in the world. We use the latest technologies in washing and dyeing," Mostafiz Uddin, founder of Bangladesh Denim Expo, told Dhaka Tribune.

Bangladesh now uses laser technology in denim to wash and design instead of water and stone wash, which gives the sector a leap to sustainability, Mostafiz said.

"And of course events like Bangladesh Denim Expo are helping Bangladesh to grow and go to the desired level."

Increased capacity of fabric manufacturing and other backward linkage also helped the sector in grabbing a greater market share.

"Denim buyers in the US want reasonable prices and shorter lead time in shipping goods. So, Bangladesh's opportunity in US market is very high as the country can meet over 50% of the demand, which reduces lead time," Anwar-Ul-Alam Chowdhury Parvez, managing director of Argon Denim told Dhaka Tribune.

Currently, there are 32 denim mills with a capacity of 450 million meters of fabrics per annum, according to the Bangladesh Textile Mill Association (BTMA) data. Bangladesh can meet over 50% of local denim demand with the current capacity.

More space to grow

In the current global market situation, there is more opportunity for Bangladesh to increase export volume as the markets continued to shift and expand.

The Asian Development Bank estimates that if trade conflicts escalate, Bangladesh will earn an additional $200 million from apparel exports over the next two years.

According to a report by Zion Market Research, the global denim market was valued at around $66.02 billion in 2018 and is expected to reach approximately $85.4 billion by 2025, at a CAGR of around 3.7% between 2019 and 2025.

In the US market, there are lots of opportunities for Bangladesh as it has more capacity for growth.

Anwar, a former BGMEA president, said: “As buyers are shifting orders from China to other countries, it gives us more opportunity to take up greater market shares. Import duties in the US markets are higher for Bangladesh in comparison to our competitors. If Bangladesh reduce tariff rates, the sector further grow.”

He observed that Bangladesh needs to develop apparel diplomacy and increase negotiation capacity to improve trade facilities.
According to Cotton Incorporated, US consumers buy approximately 450 million pairs of jeans every year. The average American has seven pairs of jeans in their wardrobe.

71% of people in Europe and Latin America wear denim, followed by 70% in the US, 58% in China, and 57% in Japan.

How to sustain the growth

Bangladesh’s cornerstones of success are highly competitive prices and capacity to execute bulk orders. However, the low prices may no longer be an advantage as production costs have gone up.

Mostafiz cautioned: “Cheap prices can just as well become an obstacle. We need to innovate to sustain the growth.”

He stressed that Bangladesh has to concentrate on technology-driven manufacturing to get better prices and enter the high-value market. He suggested that Bangladesh attract foreign investments to gain knowledge and experts.

Economist AB Mirza Azizul Islam said: “In producing value added goods, Bangladesh does not have sufficiently skilled and experienced workforce.

Allowing foreign investments will create opportunity to acquire knowledge and create skilled workforce from the foreign companies."

He said the apparel export sector is in need of policy support regarding gas and electricity connections at reasonable prices to increase the production capacity of fabrics.

"In past few years, production cost went up on an average of 8% per annum. But the buyers did not increase the prices of goods. They actually reduced them to some extent," Abdus Salam Murshedy, another former BGMEA president told Dhaka Tribune.

"As a result, we are losing competitiveness in the global market to our competitors who enjoy more government benefits. I hope the government will work to reduce production cost," said Salam, who is also president of the Exporters Association of Bangladesh.

Source: dhakatribune.com- Apr 30, 2019

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Mexico and Canada's apparel exports to the US decline in early '19

Apparel exports from Mexico and Canada to the US declined during Jan-Feb '19. US imports from these countries declined by 9.37 per cent and valued at $589 million against $649.92 million in the same period of prior year.

The decline from Mexico was 10.28 per cent as export plunged to $498.62 million in the first two months of this year as compared to $555.62 million in the corresponding period last year.

On the other hand, Canada's exports to the US fell by 4.11 per cent and clocked in $90.41 million as compared to $ 94.29 million in the same period of 2018. The fall in exports from Mexico and Canada was witnessed despite the close proximity of these countries with the USA.

On contrary, the US' worldwide imports surged 5.12 per cent which signals a rising demand in the US apparel market. Amidst this demand, downturning export of Mexico and Canada is a worry as NAFTA agreement is still alive but is not helping these countries to gain a good chunk in the US apparel.

Source: fashionatingworld.com- Apr 27, 2019

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China's viscose staple fiber capacity increases

In 2018, China's viscose staple fiber production capacity increased by nearly 7,00,000 tons. Due to the increase of production capacity, supply in the viscose staple fiber market is exceeding demand, leading to a fall in price.

From January to March 2019, the production of viscose staple fibers was about 9,50,000 tons, and the inventory in the first quarter was about 4,00,000 tons.

From January to March 2019, the market price of viscose staple fibers fell by 12.73 per cent. Viscose staple fibers are experiencing a great shock of energy and price rebalancing after the full release of production capacity.

The viscose staple fiber market price in China is expected to rebound in the second quarter of 2019. Viscose staple fibers factories need to adjust their start-up rate reasonably.

Downstream yarn factories can also actively participate in the market. In this way, the viscose staple fiber industry is expected to step out of the deep loss situation.

Viscose staple fiber production in China has managed to offset the year-on-year drop in polyester and acrylic staple fiber production.

But polyester staple fiber production still makes up the bulk of overall staple fiber production in China. Acrylic staple fiber production is expected to account for 4.4 per cent of total staple fiber production in China.

Source: fashionatingworld.com- Apr 27, 2019

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Free trade agreement with China to help revive Pakistani economy

The second phase of Free Trade Agreement (FTA) between Pakistan and China will give a boom to Pakistan's agriculture besides supporting its industry as more Pakistani products are expected to have access to the Chinese market with zero tariff.

China is already investing dozens billion U.S. dollars through the China-Pakistan Economic Corridor (CPEC) in Pakistan, and local observers believe that the second phase of the bilateral FTA signed during Prime Minister Imran Khan's recent visit to China will be a step forward by China to support the Pakistani economy.

Under the FTA, China would offer Pakistan 90 percent of its market access and in return asked for only 65 percent of Pakistan's market access for its products. By doing so China will provide a huge opportunity to Pakistan to improve its overall trade performance, Chinese Ambassador to Pakistan Yao Jing said recently in a press conference.

Pakistani Prime Minister's Advisor on Commerce and Textile Abdul Razak Dawood also said recently that a list of 313 items is included in the FTA including commodities from agriculture, textile goods, leather and other wide range of goods.

The advisor added that China has provided a great business opportunity to Pakistan through the FTA as it offered an opportunity to the country to increase its export by 500 million U.S. dollars.

"We look towards the West but factually speaking, the 21st century belongs to Asia. Great business window has been open for Pakistanis in CPEC and the FTA with China," said the advisor.

Echoing Dawood's stance, Adnan Khan, a research associate with the CPEC Center of Excellence (COE), an Islamabad-based think tank under Pakistan's Ministry of Planning, Development and Reform, said that China has provided an opportunity to Pakistan to maintain a balance of trade with it. Though there is still a long way for Pakistan to go, the recently signed FTA has started the process, said Khan.

Muhammad Muzammil Zia, policy head of the Job Growth and Human Resource Development in the COE, told Xinhua that over 60 percent of the Pakistani population is associated with the agriculture sector and the FTA will benefit the farmers, as their surplus products are likely to be exported to China, giving them good amount of money in return and providing them an opportunity to improve their methods of cultivation.

Pakistan previously exported only up to 600,000 tons of rice to China, whereas the country produced about 5 million tons of surplus rice every year, and under the new FTA Pakistan is in a position to export more rice to China, said Zobair Tufail, vice president of the Federation of Pakistan Chamber of Commerce and Industries (FPCCI).

"Similar is the case of sugar and other commodities, and textiles and fisheries, all these products can find a new duty-free market in China," said Tufail.

As agriculture is the lifeline of the Pakistani economy, local observers believe that its tariff-free access to the Chinese market will not only increase the revenue generation from exports, but also encourage local farmers to acquire modern methods to increase production.

The prime minister's commercial advisor recently directed the FPCCI to establish a think tank on the Pakistan-China FTA to conduct extensive research and come up with capacity building initiatives for its member organizations, according to local reports.

Besides, local watchers hope that the recently signed FTA will also provide an opportunity to strengthen local industry by encouraging local investors to increase their production, and foreign entrepreneurs to invest in Pakistan to tap the potential of the market.

Tufail said they are in talks with industrialists who will visit China to have a better understanding of the market and develop their products accordingly, adding that the country's agriculture sector has already got access to the world's largest food market, and the industrial sector will also get a boom under the FTA.

He said the agreement would also be beneficial for Pakistani industrialists as they will be able to import machines and other production materials from China on zero-tariff, decreasing the cost of production.

Muhammad Ashraf, spokesperson of Pakistan's Ministry of Commerce told Xinhua that by giving more market access, China is going to cover more than 80 percent of Pakistan's export basket.

"The market access does not mean anything, unless you have the production capability to supply to the market. We are going to hold a series of awareness sessions with potential businessmen to tell them what kind of opportunities they have, and what products they can produce to tap the Chinese market," said the official.

To tap the maximum potential of the FTA, Pakistan needs a long term and sustainable solution to capture the Chinese market, and CPEC is playing a vital role in this regard in the form of Pak-China industrial cooperation, which is going to be formed in the Special Economic Zones (SEZs) proposed under CPEC.

Source: xinhuanet.com- Apr 30, 2019

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Uganda in plan to revive cotton, textile sector

The Uganda government has identified cotton, textiles and apparel sectors to tap into its high potential for value addition, foreign investment and job creation.

Kampala is now working on a new strategy to revamp the sector to benefit from the booming global market.

The cotton, textiles and apparel sector ranks high under the third edition of the National Development Plan to be launched later this year.

The Development Plan—a comprehensive sector development strategy for the cotton value chain—will be developed under the National Planning Authority (NPA).

The NPA is working with Msingi East Africa as the lead in the project, which in turn has contracted consultancy firm Bradan Consulting Services to formulate the new strategy.

In a presentation at a recent stakeholders' meeting, Msingi East Africa said the global apparel manufacturing market was worth $785.9 billion in 2018.

But Uganda's CTA earnings totalled just $22 million of that, with the European Union being the main importer.

Lint dominated and only 12 per cent of the 37,000 tonnes of cotton lint that Uganda produced during the 2017/18 season was consumed locally.

While neighbours Ethiopia and Kenya have annually on average earned between $221.5 million and $436.5 million respectively from exports through the US-sponsored Africa Growth and Opportunity Act (Agoa) in the decade to 2017, Uganda's fortunes have been more muted.

The country's average annual earnings under the scheme averaged just $56 million over the same period with clothing, textiles and apparels exports contributing nothing.

The new strategy is therefore expected to refocus the underexploited Agoa. Although Agoa represents a huge opportunity for Uganda, its prospects in the past have been hampered by a number of policy and market issues.

Exports have been dominated by low-volume products such as handicraft and interior décor.

Source: theeastafrican.co.ke- April 30, 2019

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Tanzania has made the cotton sector a priority

While cotton growing and ginning is a top agricultural export industry in Tanzania, the sector has been struggling for the past 50 years.

Two main factors have led to the stagnation in productivity in the cotton sector. One problem is a general lack of knowledge about how to best operate within the global industry, the other is a lack of cohesiveness between sector groups. Small cotton ginning operations compete with each other from year to year.

This competition makes them unwilling to contract farmers for the long-term. Contract farming for the cotton sector in Tanzania has gained popularity. Contracts would give the farmers the training and knowledge needed to improve practices and output.

Better agricultural practices, including the correct use of pesticides and improved cotton seeds, can significantly increase annual cotton production. This increase will improve the livelihoods of individual farmers and the industry overall.

A three-part contract farming model was developed within the past few years, involving local government, farmers and ginners. Each district helps farmers negotiate with ginners, advocating for the interests and needs of farmers.

Farmers then make arrangements to supply one ginner with cotton and, in turn, the ginners provide training and other services to the farmers.

Source: fashionatingworld.com- April 30, 2019

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Pakistan: Textiles: product diversification wanted (ii)

If Pakistan's textile exports are to be increased then product diversification has to take place in tandem with evolving global consumer preferences. Yesterday, this column commented on the champion textile products identified by the Pakistan Business Council (PBC) report on the garment sector.

The report confirms the observations made in this space of the importance of manufacturing those products which are in demand in international markets. Failure to do so will only result in an obsolete export mix and declining exports.

But as the PBC report points out, Pakistan has certain "underachievers" which are products which have seen a growing global market share which Pakistani products have been unable to capitalize on. In fact, these are products which have witnessed a declining market share and should be a cause of worry for Pakistan export firms.

As shown in the above table, the authors have identified five such underachievers in the readymade garments and knitwear segments. These are products where competitor countries including Bangladesh, Vietnam and China have been quick to grab market share lost by Pakistan textile exporters.

Textile underachievers identified by PBC

HS Code	Description
HS 610342	men's or boy's trousers and shorts, cotton
HS 610590	men's/boy's shirts (excluding of cotton or man-made fibres, nightshirts, T-shirts)
HS 620342	men's or boy's cotton trousers and shorts
HS 620349	men's or boy's trousers and shorts (of textile materials)
HS 620469	women's or girl's trousers and shorts (of textile materials)

Source: Pakistan Business Council

For example in woven exports, the women's or girl's non-cotton trousers, breeches and shorts of textile material (HS 620469) are the fastest growing world market that Pakistan currently produces for.

However, the report alarmingly points out that while global imports for rose by 9 percent on average in the past five years, Pakistan's world export share in HS 620469 has shrunk by 22 percent per annum and its world export share stands less than 1 percent currently.

A similar pattern exists in men's or boy's trousers, breeches and shorts of cotton (HS 620342) which had imports worth $26.2 billion in 2017 and is a major export category. Yet, Pakistani products have lost export share at average rate of 11 percent from 2013-17. This was at a time when Bangladesh managed to grow its exports by 4 percent on an annual basis.

Another case in example is men's or boy's trousers and shorts of textile materials (HS 620349) which saw world demand go up by 7 percent. Pakistan exports in this category remained stagnant at 8 percent of the world export share while India and Egypt dominated at 19.3 and 11.3 percent respectively.

The bottom line is that it is not just the government's failures which have put the textile industry in a tight fix. The private sector must deliver products of high quality fabric and top-notch finishing using the latest production techniques in order to salvage market share in these competitive product categories.

Lastly at the risk of being repetitive, Pakistan firms have to step out of their comfort zone and start producing synthetic knitted garments instead of an outdated focus on cotton products.

The government should also provide rebates and incentives to only those products which have a scope in global markets. Otherwise production is not being directed towards the most lucrative export product mix.

Source: brecorder.com- April 30, 2019

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NATIONAL NEWS

India to wait for US 'proclamation' on GSP withdrawal before imposing retaliatory tariffs

Implementation of tit-for-tat tariffs may be pushed back to May 15

India is likely to wait and see if the US government comes up with the 'Presidential proclamation' or executive order for withdrawal of the generalised system of preference (GSP) scheme that would put an end to zero duty benefits for about 3,500 goods from the country before it imposes retaliatory duties on 29 goods imported from the US.

A new notification further pushing the date of implementation of the retaliatory duties by 14 days to May 15 is expected to be notified by the Finance Ministry soon, an official said.

"In case the US comes up with the proclamation to withdraw the GSP scheme for India early May, as it decided two months back, New Delhi, too, would impose the retaliatory duties on American goods," the official added.

New Delhi had first announced its intention to impose retaliatory duties on 29 American imports in June 2018 as a tit-for-tat for the American action of raising import duties on steel and aluminium imported from India unilaterally on grounds of national security.

It, however, has been postponing the imposition of duties in the hope that it could arrive at a suitable trade package with the US which would also sort out the issue of the penal duties of 10 per cent and 25 per cent on Indian aluminium and steel respectively.

"The bigger issue for India now is the continuation of the GSP scheme for Indian exporters as its withdrawal will lead to a loss of competitiveness and business in the American market for sectors such as leather and garments," the official added.

In March, the US Trade Representative's office notified to the US Congress and to the governments of India and Turkey the decision to terminate their beneficiary country status as they no longer complied with the statutory eligibility criteria.

As per the USTR, the changes could take effect in about 60 days after the notifications and would be enacted by a Presidential proclamation.

The US decided to withdraw the GSP scheme for India after its dairy and medical equipment industry complained about market access problem in India due to regulations.

“While the 60-day period since the notifications were made by the USTR would elapse in the beginning of May, we don’t know when the decision would actually be implemented by a Presidential proclamation. An extension of our retaliatory tariffs deadline by 14 days will give us some time to see what the US has in mind,” the official said.

In case, the Presidential proclamation announcing GSP withdrawal comes early, India may not wait till May 15 for imposing the retaliatory duties but may come up with a separate notification for immediate implementation, the official added.

The retaliatory duties to be imposed on American goods such as walnuts, chickpeas, boric acid, Bengal gram and lentils adding up to more than $200 million.

According to the USTR, the total US imports under GSP in 2017 was $21.2 billion, of which India was the biggest beneficiary with $5.6 billion, followed by Thailand at $4.2 billion and Brazil at $2.5 billion.

India’s exports under the scheme were more than 10 per cent of its total exports worth $49 billion to the US in 2017.

Source: thehindubusinessline.com- April 30, 2019

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US Commerce Secretary Wilbur Ross to meet Suresh Prabhu on May 6

US Commerce Secretary Wilbur Ross will meet Commerce Minister Suresh Prabhu on May 6 here to discuss trade-related issues amid America's decision to withdraw export benefits to Indian exporters, sources said.

"Ross is coming to participate in the Trade Winds Indo-Pacific Forum and Mission and would hold bilateral meeting with Prabhu," one of the sources said.

Issues such as withdrawal of GSP benefits by Washington are expected to come up for the discussion.

Currently, the India-US trade relations are going through a rough patch as the US has decided to withdraw export benefits to Indian exporters under the Generalized System of Preferences (GSP) programme, which is expected to impact India's exports to the US worth $5.6 billion under this scheme.

The Trump administration has alleged that India in imposing high import duties on products such as paper and Harley Davidson motorcycles from America.

Retaliatory tariffs

On the other hand, India has notified retaliatory tariffs on 29 US products such as almond and walnut but has time and again extended the deadline for imposing them. The latest deadline will end on May 2 and the Commerce Ministry has asked the revenue department to again extend the deadline by another 14 days.

According to another source, India may go ahead with this notification if the US would withdraw the GSP benefits on May 2. The notice period given by the US would end on May 2.

The US decided to withdraw GSP benefits even though both the sides were negotiating a kind of trade package to enhance the two-way commerce.

Although, the government has said that the US government's move to withdraw duty concessions would not have any significant impact on exports to America, small and medium exporters have flagged concerns.

Trade Winds Indo-Pacific Forum and Mission is a US government-sponsored trade show and a kind of trade outreach programme at the business-to-business level.

Source: thehindubusinessline.com- April 30, 2019

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India's exports: Are there signs of recovery?

The revival of private investment and exports is a must to achieve and sustain over 8% growth. The recent performance of India's exports—which expanded 11% (year-on-year) in March 2019, taking the figure to $32.5 billion in the month of March, vis-à-vis 2.4% in the previous month—is good news.

Various categories of intermediate exports—engineering goods, organic and inorganic chemicals, ready-made garments of all textiles, and drugs and pharmaceuticals—contributed to this revival. The question, however, is whether this recovery is sustainable or not?

India's exports have been sluggish and had turned negative, particularly merchandise exports, between 2013 and 2016, which, along with private investment, dragged down the country's growth.

Merchandise exports affect manufacturing and, thus, jobs. Although there have been signs of exports recovery since the early 2017, the revival has not been robust and consistent.

In fact, during 2018-19, merchandise exports and imports witnessed the same growth rate of around 9%, totalling $331 billion and $507 billion, respectively, resulting in 8.9% of merchandise trade deficit.

The sector that contributed the maximum to exports is engineering, with a 25% share, followed by electronics and chemicals.

India is doing well in exports of chemicals, both organic and inorganic, due to better quality and also as a result of high scrutiny of China's chemical exports on environment grounds.

Exports of ready-made garments—among top exports—are experiencing weak growth for the last few years. India is losing market share in some of its traditional markets such as the Middle East, France, Sri Lanka, etc, due to rising competition from countries such as Bangladesh and Vietnam, and the domination of unorganised players at the low end of the value chain.

India has been losing out on important exports sectors such as iron and steel, non-ferrous metals and products, leather and leather products, etc. Protectionist measures in the West and aggressive pricing strategies of China, along with developments in the domestic economy (for example, shutting down Sterlite affecting copper exports), don't help the cause either.

There has been a shift in the exports basket towards value-added manufacturing and technology-driven products, but the country is losing out on important traditional sectors such as metals, textiles, leather, etc. India has the potential to do better in agricultural and primary products.

Given growing demand for agricultural commodities, the policy focus on agriculture, plantations, horticulture, fisheries and meat will contribute. India is the largest producer of milk and the second largest of fruits and vegetables. Thus, the recently announced Agriculture Export Policy is expected boost exports of the primary sector.

The country needs to sustain this recovery momentum and accelerate exports growth, even though the outlook for the world trade does not look promising due to a rise in nationalism and protectionist measures. The US-China tariff war is still on, and developing countries including India have started imposing higher tariffs selectively to protect their domestic industries.

Monetary tightening in developed countries, along with tariff wars, may lead to volatility in global financial markets, which would lower trade finance. Such developments do not augur well for trade agreements at the WTO and for globalisation. India's is also on the priority "watch list" of the US for not giving adequate protection to American companies due to weak IPR regimes.

The WTO's World Trade Outlook Indicator, released in February, gave a reading of 96.3%, below the baseline value of 100 in the index, indicating below-trend trade expansion for the first quarter of 2019.

This is driven by steep declines in component indices such as export orders, international air freight, automobile production and sales, electronic components, and agricultural raw materials.

Even though the full-fledged and long tariff war between the US and China is not good for globalisation and even for India, it actually offers a short-term opportunity for India's exports.

As the UNCTAD 2019 report brings out, only about 6% of the $250 billion Chinese exports subject to US tariffs will be picked up by US firms, whereas only about 5% of the $85 billion US exports will be picked up by Chinese firms. Therefore, India may be able to gain some traction in textiles, garments, and gems and jewellery if the Chinese exports to the US slow down.

Indian exports are in a recovery stage and need support. As the Trade Promotion Council of India (TPCI) rightly puts, we need short-term support measures for exports such as exemption of GST for SME exporters, easing of credit to the industry, online refund of input credit and interest equalisation support to agricultural exporters.

Also, measures facilitating Indian firms participating in global value chain/production network, internationalisation of Indian SMEs and trade facilitation would help Indian exports in the medium to long term.

It's time to work on the recommendations (Economic Survey 2017-18) on improving trade-related logistics that would reduce trade cost and improve exports competitiveness.

At the same time, India has to negotiate on many trade issues at multilateral and bilateral level, such as India's data protection rules, challenges faced by India's export subsidies, e-commerce policy, import duties on Indian exports such as by the EU on electronics, and dropping India from the Generalized System of Preferences (GSP) regime.

Apart from increasing India's exports competitiveness, the country also needs to explore more markets in Africa and Latin America. It's also time to incentivise labour-intensive sectors like leather and to address the issues faced by exporters.

India has been witnessing consistent merchandise trade deficit over last two decades, reflecting on out export competitiveness.

Promoting exports eventually help boost the GDP of a country, create more jobs, boost the manufacturing sector and earn more foreign exchange.

A growing and competitive economy should have increasing trade ratio, but in India's case, the trade openness has gone done from 55% in 2012 to 40% in 2017.

Source: financialexpress.com- May 01, 2019

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India, Iran may hold next round of negotiations for trade agreement in May

Senior officials of India and Iran are likely to hold the fifth round of negotiations for a bilateral preferential trade agreement (PTA) here this month, an official said.

Till now, four rounds of the negotiations have been completed and the last one was held in March in Tehran where both countries discussed draft text of the pact.

"Both sides have tentatively agreed to hold the fifth round of talks here this month," the official added.

Unlike in a free trade agreement, where two trading partners significantly reduce or eliminate duties on maximum number of goods traded between them, PTA involves the removal of duties on certain identified products.

Strategic diversification needed

According to trade experts, the proposed agreement will give India a greater market access in the Persian Gulf nation.

"The PTA may not help India in bypassing trade sanctions being imposed by the US on Iran, but in the long run, Iran is an important market for Indian exporters," Biswajit Dhar, a professor of economics at Jawaharlal Nehru University, said.

Trade Promotion Council of India (TPCI) Chairman Mohit Singla said that the PTA is important as India will be able to diversify its export basket which is now limited to agri-products. "With a carefully designed PTA, strategic products such as leather, textiles and ready-made garments — which attract very high duties in Iran — can become naturally competitive, and India will be able to leverage its export strengths," he said.

The Federation of Indian Export Organisations (FIEO) said that Iran holds huge export opportunities in sectors such as agriculture, chemicals, machinery, pharmaceuticals, paper and paper products, man-made fibre and filament yarn, and essential oils. "The PTA will help India in its long run to increase exports," FIEO DG Ajay Sahai said.

Iran's major exports to India are oil, fertilisers and chemicals, while imports include cereals, tea, coffee, spices and organic chemicals.

India's trade imbalance

India's exports to the Persian Gulf nation in 2017-18 were worth USD 2.65 billion, while imports were valued at USD 11.11 billion. The trade imbalance is mainly because of India's import of oil from Iran.

India, the world's third-biggest oil consumer, meets more than 80 per cent of its oil needs through imports. Iran in 2017-18 was its third-largest supplier after Iraq and Saudi Arabia, and meets about 10 per cent of the total needs.

Source: thehindubusinessline.com- May 01, 2019

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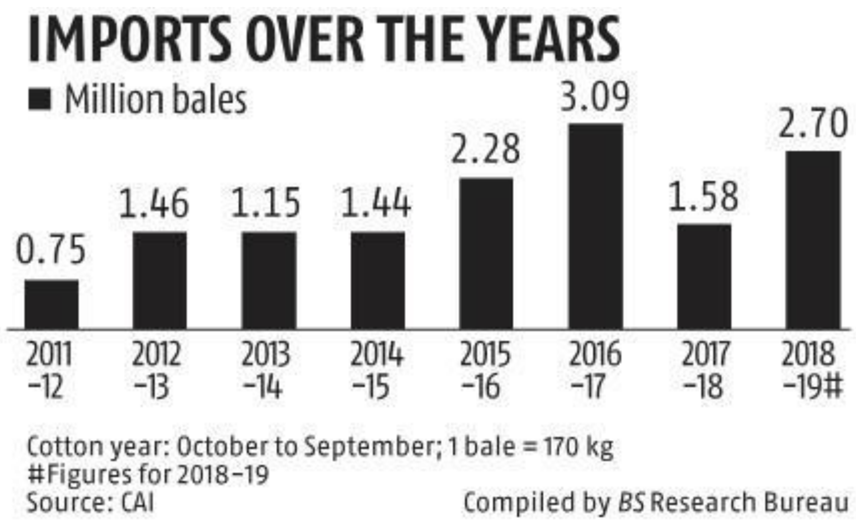
Cotton import may rise 80% this year due to drought in major growing states

Quality of output is another nagging issue, as the raw cotton produced this year cannot be used by spinning mills



India's cotton imports are likely to rise by 80 per cent this crop year (October 2018 to September 2019), due to short supply of quality material for textile mills.

Data compiled by apex industry body, Cotton Association of India (CAI), forecasts raw cotton import at 2.7 million bales (one bale equals 170 kg) for the season, compared to 1.5 million the previous year. Another industry body, Confederation of Indian Textile Industry (CITI), has estimated total import at 2.4 million bales.

With an estimated 32.1 million bales of output, revised downward by CAI in April from its previous one of 32.8 million, India is the top global producer. Even so, textile mills are importing raw cotton this year, not specialised cotton as in previous years. India imports from America and African countries, among others.

"The major reason is unavailability of the fibre with farmers and stockists. Drought in the major growing states of Maharashtra, Telangana, Gujarat and Andhra Pradesh last year has resulted in lower output this year.

Over and above, the quality of late picked crop is poor due to the paucity of moisture in the field. This poor quality cotton cannot be used for spinning mills," said Atul Ganatra, president of CAI.

In fact, farmers are reported to have uprooted their cotton plants in 70-80 per cent of the sown area due to scarcity of water, ahead of the crucial third and fourth pickings. The quality started deteriorating since the second round of picking in early February.

Normally, India's total consumption is 32 million bales. A deficit can be bridged with carryover stock, which CITI estimates at 3.6 million bales from the previous year, and import.

"Though we have a smaller crop size this year, the supply position is very comfortable with a big ending stock of four million bales for the next season.

Thanks to a big opening stock, smaller exports and large imports, the production deficit is well covered.

Government-owned Cotton Corporation of India (CCI) has also started selling its stock, which will further increase liquidity in the market," said Sanjay Jain, chairman, CITI.

Trade sources estimate 4.7 million bales of stock in godowns of the CCI, multinational companies, ginners and the Multi Commodity Exchange, as of end-March.

Our export is estimated to decline to 4.7 million bales in 2018-19, from 6.9 million last year. Rising prices of Indian cotton have made export uncompetitive.

Trade sources say CAI recently convened a meeting of cotton traders and spinning mills to devise a strategy for selling its inventory.

According to it, stock held by mills as of end-March is 4.6 million bales. This means less than two months of inventory but new season arrivals come in September.

Source: business-standard.com- May 02, 2019

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India-Chile negotiate further expansion of the PTA

India seeks more tariff concessions from Chile during talks for further expansion of the India-Chile Preferential Trade Agreement (PTA).

On Tuesday, officials from both countries met in New Delhi for the first round of talks for further expanding the India-Chile PTA and issues relating to trade in goods, SPS/TBT, Customs, Rules of Origin etc under the existing PTA. Also, the two countries talked about further expansion of the PTA for inclusion of more tariff lines/ increasing Margin of Preference (MoP).

As Chile is the founding member of the Pacific Alliance to which India is an observer member, further expansion of the PTA is expected to strengthen relations between them and enhance India's engagement with the emerging trade bloc.

Diplomatic sources confirmed to Financial Express Online that during talks between President Ramnath Kovind and President Sebastián Piñera in Santiago earlier this month the two sides had underlined the importance of holding the Second Joint Administration Committee (JAC) to review the implementation of the India-Chile PTA and to explore new opportunities for a broader and more comprehensive agreement.

Under the current expanded expanded PTA, India has increased tariff concessions to Chile from 178 tariff lines to 1031 tariff lines and Chile's concession to India have increased from 296 tariff lines to 1784 tariff lines at 8-digit HS code 2012.

The expansion of the India-Chile was signed in 2017 which substantially increased the bilateral trade between the two countries. Earlier this month the leaders of both sides had emphasized the need to continue working on it and exploring new opportunities for expansion of bilateral trade.

Presently, Chile offers duty concessions on as many as 1,798 goods to Indian exporters compared to 178 items earlier. And India has offered concessions to Chile on 1,031 products as against 296 earlier, at 8-digit level with MoP ranging from 10-100 per cent.

A PTA between India and Chile was earlier signed on March 8, 2006, and came into force from August 2007. In the original PTA concluded in March 2006, India had offered 178 tariff lines with the MoP ranging from 10-50 per cent at 8-digit level and Chile's offer list consisted of 296 tariff lines with MoP ranging from 10-100 per cent at the 8-digit level.

Products on which Chile has offered tariff concessions include agricultural products, organic and inorganic chemicals, pharmaceuticals, plastic & rubber articles, textiles, apparel, articles of iron/steel & copper, machinery and equipment.

Source: financialexpress.com- Apr 30, 2019

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Legal battle over relief for exporters on pre-import conditions to intensify

The Central Board of Indirect Taxes & Customs (CBIC), the apex policy-making body for indirect taxes, seems to be in no mood to consider giving exporters exemption retrospectively from the pre-import conditions to avail I-GST (Integrated Goods and Services Tax).

The Madurai Bench of the Madras High Court had upheld the circular of October 2017 in its order dated October 29, 2018, but the Gujarat High Court, in its order of February 4, 2019, struck down the pre-import condition with retrospective effect from the date of imposition — October 13, 2017 — declaring the condition as 'ultra vires the Advance Authorisation scheme.'

The CBIC might move to higher court against such an adverse order.

The legal cell of the Board, in its instructions, said, "Since a number of petitions on similar issues have been filed in various High Courts...the High Courts concerned may please be apprised of the fact the Madurai Bench of the Madras High Court has upheld pre-import conditions...so that any adverse interim/final order by the respective High Courts may be avoided."

It also said that in case of any adverse order, appropriate action for filing review petitions/writ appeals and if these are not possible then forwarding of Special Leave Petition (SLP) proposal to the board may also be examined.

The CBIC notification dated October 13, 2017, prescribed certain conditions, which denied benefits to exporters who import input goods after their finished products are exported. The notification was challenged in the High Court.

The Finance Ministry then issued another notification in January to remove pre-import conditions and include specified deemed export supplies for exemption from integrated tax and compensation cess for materials imported against Advance Authorisations and Advance Authorisations for Annual Requirement. However, this relief was given prospectively, while demand was to allow relief from October 2017 itself.

Accordingly, the petitioners continued challenging the issue in the High Court. It was said that exporters importing duty-free items under Advance Authorisation licences have been going through unfair and undue hardships ever since the GST was introduced on July 1, 2017.

Advance Authorisation

While BCD (Basic Customs Duty) exemptions continued under GST, the Government did not extend the exemption to IGST on imports under Advance Authorisation.

Though, the Government extended exemption to IGST as well, when imported against valid Advance Authorisation licences but with 'pre-import' condition. It has been alleged that the 'conditions were arbitrary and violative of Article 14 of the Constitution.'

Expert's take

According to Abhishek A Rastogi, Partner at Khaitan & Co and who is arguing these petitions in various High Courts, the pre-import condition remains a challenge and soon there will again be investigations till the issue is settled by the Supreme Court.

The initial litigation at the time of GST implementation with respect to Advance Authorisation licences has been settled after the apex court dismissed the SLP filed by Union of India with respect to the exemption of IGST prior to the imposition of pre-import condition.

“The principle of void for vagueness is expected to be argued at length in the days ahead,” he said, adding that the condition is not only arbitrary but also vague.

Source: thehindubusinessline.com- May 01, 2019

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Cotton prices to trade sideways to lower: Angel Commodities

According to Angel Commodities, MCX cotton traded in a narrow range last week and gain a little to close at 22,190 rupees per bale due to steady demand and reports of higher imports.

Angel Commodities' report on Cotton

MCX cotton traded in a narrow range last week and gain a little to close at 22,190 rupees per bale due to steady demand and reports of higher imports. In April, cotton prices increased to highest levels in 2019 but slipped due to forecast of near normal monsoon and expectation of higher sowing in the next season.

India 2019/20 cotton output to increase about 7% yr/yr to hit five-year high of 6.4 mt on higher yields, acreage, according to USDA attaché report. Moreover, India is losing cotton export market to Brazil due to higher prices and stronger rupees. CAI trims cotton crop size to 321 lakh bales for 2018/19 season, lowest since 2009-10 which will increase imports and decline exports.

Outlook

Cotton futures expected to trade sideways to lower tracking weakness in International cotton prices and reports of higher production expected next year. Moreover, forecast of near normal monsoon, improving in imports and decreasing exports may be bearish for prices.

Source: moneycontrol.com- Apr 30, 2019

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Amazon targets $5 billion e-commerce exports from India by 2023

Online marketplace Amazon Tuesday said it expects e-commerce exports from India to reach USD 5 billion by 2023 under its global selling programme. “Amazon launched the global selling programme in India four years ago, aligning with this vision.

Over the next five years, ‘India to Global’ has the potential to become huge,” Amazon India Country Head Amit Agarwal said in a statement. He said the firm is confident that the “global selling programme will hit the USD 5-billion mark by 2023 fuelling the growth of lakhs of Indian manufacturers, exporters and small enterprises”.

The programme started with just few hundred sellers in 2015 and has now crossed USD 1-billion export mark from India with 50,000 exporters.

Amazon in second edition of its annual ‘Export Digest’ said there has been a growth of 56 per cent in the number of global sellers from India in 2018. It said Amazon’s international marketplaces saw a rise of 55 per cent in the selection of Indian products offered globally and 71 per cent growth in sellers.

“The Annual Exports Digest showcases top Indian states and cities with international exporters and most popular product categories abroad. Delhi, Rajasthan, Maharashtra, Gujarat, Uttar Pradesh and Haryana emerged as the leading states with most international exporters on Amazon in 2018,” the statement said. It added that books, apparel, jewellery, kitchen and health & personal care products witnessed a huge demand from international customers across ethnicities.

Source: financialexpress.com- Apr 30, 2019

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Ind-Ra lowers growth forecast for the current fiscal to 7.3%

India Ratings & Research has lowered the country's growth forecast for the current fiscal to 7.3 per cent, from the earlier projection of 7.5 per cent.

The agency has listed three key reasons for lowering its projection. First is the prediction of lower-than-normal monsoon for 2019 and the continued agrarian distress. Secondly, the loss of momentum in the industrial output growth, especially manufacturing and electricity, is likely to hurt growth. And, third, the slow progress in cases referred to the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016, for resolution of the non-performing assets of the banking sector becoming a long-drawn-out process.

Growth projections
(in %)

	2019-20	2020-21
IMF	7.3	7.5
World Bank	7.5	7.5
ADB	7.2	7.3
Fitch	6.8	7.1
RBI	7.2	-
India Ratings & Research	7.3	-

According to the agency, the inability to bring the stuck capital back into the production process will have implications on investment recovery. Investment expenditure growth, as measured by gross fixed capital formation (GFCF), has, therefore, been revised downwards to 9.2 per cent for the current fiscal, from the earlier forecast of 10.3 per cent. Although the average 9.5 per cent investment growth during FY17-FY19 is quite healthy compared with the average 3.6 per cent GFCF growth over FY14-FY16, the current investment recovery is heavily dependent on government capex spending as incremental private corporate capex is yet to revive.

However, consumption demand, as measured by private final consumption expenditure, is likely to grow 8.1 per cent in FY20, supported by moderate inflation and favourable demographics. In view of the ongoing agrarian distress, consumption demand is likely to be more pronounced in urban areas. However, schemes based on the concept of universal basic income may provide a fillip to rural consumption in the second half of the fiscal. Also, one-time support to consumption demand may come from election-related expenditure.

Unlike the export-led growth of China, India's growth has primarily been driven by domestic demand. Yet, exports have played an important role in accelerating India's GDP growth over the past one-and-half decades.

Trade frictions arising due to US actions/counteractions by affected countries and a likely slowdown in the global GDP growth will keep the external environment challenging in 2019.

Considering the export growth is likely to stay in the low double-digit range, Ind-Ra expects the share of exports in India's GDP to rise to 20.7 per cent in FY20.

Given the Indian Meteorological Department expects the monsoon to be near normal and private weather forecaster Skymet Weather Services Pvt Ltd expects the monsoon to be below normal in 2019, the agency estimates agricultural gross value added growth at 2.5 per cent (against the earlier forecast 3 per cent) for the current fiscal compared with the 2.7 per cent recorded in the last fiscal. The key support to the gross value added growth is likely to come from services (8.3 per cent), followed by industry (7 per cent), it said.

Source: thehindubusinessline.com- May 01, 2019

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