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IBTEX No. 162 of 2018 August 03, 2018

USD 68.69| EUR 79.64 | GBP 89.44 | JPY 0.62

Cotton Market		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22684	47450	**88.44**
Domestic Futures Price (Ex. Gin), October		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
24120	50453	**94.04**

International Futures Price

NY ICE USD Cents/lb (Dec 2018)	88.83
ZCE Cotton: Yuan/MT (Jan 2019)	16,220
ZCE Cotton: USD Cents/lb	**91.66**
Cotlook A Index – Physical	**97.95**

Cotton Guide: The cotton price is at Rs. 24000 per bale or right above Rs. 50,000/- per candy, Ex-gin highest ever new season crop price in India for the October futures contract trades at MCX. Currently sowing of cotton across the country is in full swing and the old crop is trading around Rs. 47000 to Rs. 47500 per candy. Unquestionably the market structure seems quite surprising because during this time of the season the October future should trade below Rs. 50,000 mark. However, while we look at the subsequent futures contracts or forward orders in the physical market the structure is into backwardation as the supplies are expected to be adequate then during November and December. For reference, October, November and December futures are at Rs. 23950, 23510 and Rs. 23350 per bale consecutively.

Excessive priced forward booking in far month contracts at the physical markets, slight uncertain about the new crop supply in the country though sowing is in progress, global counterpart moving higher and trading near 90 cents per pound is supporting cotton price to trade higher. We think market might remain positive in the very near term.

The October future has posted a positive close at Rs. 23950 per bale up by Rs. 320 from the previous close. We think the trend might remain positive and the trading range for the day would be Rs. 23800 to Rs. 24200 per bale.

On the global front, ICE future moved to two months high price. December settled at 8920, up 86 points on Monday and up 250 points in the last 4 sessions. The trading volumes were around 23,912 contracts, the busiest day in over 2 weeks. Cleared Friday were 11,682 contracts. The cotton price continued to trade higher amid hot conditions in Texas however, scattered rains through Texas over the weekend ranged from helpful to no real change in conditions.

China's ZCE futures didn't share the ICE strength in their Monday session, but their Monday evening session (which is part one of their Tuesday session) had big gains with big volume. The active January 2019 contract for cotton this morning is seen trading at 17270 up by 530 Yuan/MT. Further Chinese State Reserve cotton on Monday auction had a turnover rate of 40.05 percent, spinners only. Offered were 30,003.4493 tons (137,806 bales); and sold were 12017.5722 tons (55,197 bales). The cumulative turnover rate is 59.8 percent (offered versus sold). This auction series started at 24.1 million bales and there were 16.06 million bales remaining.

On the technical front, December has exited its recent consolidation pattern to the upside, and most of daily modern set up is 'up.' Thus, there appears to be a potential for more upside adventures in the short term. The immediate resistance is seen at 89.50 and breach of which market might move to 90+ cents per pound. Likewise, on the lower side the support can be seen at 86.50.

FX Guide:

Indian rupee trades little changed 68.66 levels against the US dollar. The US dollar is choppy against major currencies ahead of central bank decisions this week. Also supporting rupee is strength in domestic equity market. However, weighing on rupee is weaker risk sentiment amid concerns about Chinese economy and higher crude oil price. Brent crude has moved near $75 per barrel supported by supply outages in major oil producing nations and optimism about US economy. Rupee may witness choppy trade amid positioning ahead of RBI decision tomorrow however some depreciation is likely as Fed's rate view and US economic optimism will support US dollar. USDINR may trade in a range of 68.5-68.85 and bias may be on the upside.

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

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INTERNATIONAL NEWS

25 Percent Tariff Increase on $200 Billion Worth of Imports from China Under Consideration

The additional tariff proposed in July on $200 billion worth of goods imported from China could be increased from 10 percent to 25 percent under a new directive from President Trump.

U.S. Trade Representative Robert Lighthizer said this possible change is intended to provide the administration with additional options to encourage China to "change its harmful policies and adopt policies that will lead to fairer markets and prosperity for all our citizens."

However, press reports state that China warned the U.S. against "blackmailing and pressuring" it to resume trade negotiations and said it would "surely take countermeasures" if the higher tariff increase is imposed.

The increase would apply to 6,031 tariff lines from China (full list available here). It would be part of the Trump administration's response to a Section 301 investigation determination that China's acts, policies, and practices related to technology transfer, intellectual property, and innovation are unreasonable and discriminatory.

Also as part of that response the administration imposed an additional 25 percent tariff on $34 billion worth of Chinese goods effective July 6 and could extend that tariff to an additional $16 billion worth of imports from China in the near future.

USTR's previously announced hearing on the possible tariff increase will still be held Aug. 20-23 in Washington, D.C.

However, requests to appear at the hearing are now due by Aug. 13 and the deadline for post-hearing rebuttal comments has been extended from Aug. 30 to Sept. 5.

Source: strtrade.com- Aug 03, 2018

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Tariff concerns hang over New York textile trade show

For the second consecutive year a protectionist trade agenda in the US is the top concern for the American fashion industry, according to a survey of almost 30 leading brands

Chinese and US textile and apparel organisations have expressed concern about the escalating trade tensions and their opposition to protectionism during a major trade show in New York.

Tariff increases are not just a tax on consumers but will also bring uncertainty to the stable global supply chain for top brands, Xu Yingxin, vice-president of the China National Textile and Apparel Council, said at the show's opening ceremony on 23 July.

"Neither US consumers, fashion brands nor Chinese textile and apparel manufacturers will benefit from the conflicts," said Mr Xu, whose council organised the 2018 China Textile and Apparel Trade Show New York with Messe Frankfurt North America. Around 1,000 exhibitors from 17 countries attended the event, with more than 600 from China.

Around 1,000 types of products listed in the textile and apparel category are part of the $200bn (£153bn) in Chinese imports potentially subject to 10 per cent tariffs imposed by the Office of the US Trade Representative. Hearings will be held on 20-23 August before a final decision is made at the end of the month.

The products, mainly raw materials such as yarns and fabric, range from silk and cotton to lace and embroidery, and total around $4bn, according to Mr Xu.

Julia Hughes, president of the Washington-based United States Fashion Industry Association, which represents brands and retailers, said the organisation is opposed to tariffs.

The association's annual survey showed that for the second consecutive year a protectionist trade agenda in the US is the top concern for the American fashion industry.

The survey was conducted between April and May of executives from nearly 30 leading fashion brands, retailers, importers and wholesalers, including some of the largest brands and retailers in the country.

Companies are very concerned about broader implications of protectionism for the US economy, consumers and the global economy, Ms Hughes said in an interview at the trade show.

She said that one strategy for US companies is to find other sourcing opportunities, but most sourcing executives say there are not enough viable options to replace China.

Companies are sourcing from many other countries, including Vietnam, Bangladesh, India and Indonesia, as well as countries in the western hemisphere.

“There isn’t enough sourcing in the world to replace China – and especially not the quality sourcing that American brands and retailers want,” she said.

“I don’t think the solution is [that] we just find an alternative to China. We are doing some analysis on what some other options might be. I have to say we hope it never comes to that.”

Ms Hughes said she believes that the Trump administration has heard her association’s message, so in order to not hurt consumers the tariffs have been focused on manufacturing inputs rather than clothing, footwear and home textiles.

Source: telegraph.co.uk- Aug 02, 2018

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Singapore eyes year-end to conclude world's biggest free-trade deal

Singapore's prime minister hopes to complete a massive China-backed regional trade pact by the end of the year.

The 16-nation Regional Comprehensive Economic Partnership (RCEP) has taken centre stage as Washington embarks on a unilateral, protectionist agenda.

RCEP is poised to become the largest free-trade agreement in the world, covering about half of its population.

It notably excludes the US, which had been leading another regional trade pact — the Trans-Pacific Partnership (TPP) — until US President Donald Trump abruptly abandoned it last year.

Singapore Prime Minister Lee Hsien Loong said Southeast Asian countries were "redoubling their efforts to conclude the RCEP ... by the end of the year".

The planned RCEP pact would group the 10 members of the Association of Southeast Asian Nations (Asean) plus China, India, Japan, South Korea, Australia and New Zealand.

In his comments, which came at the start of a meeting of Asean foreign ministers in Singapore, Lee also warned about escalating global trade tension.

"The rules-based multilateral trading system, which has underpinned Asean's growth and prosperity, is under pressure," he warned.

"It is important that Asean continues to support the multilateral trading system."

His remarks came soon after the US escalated a trade row with China on Wednesday by saying it was considering more than doubling threatened tariffs on a range of Chinese imports worth $200bn.

The US has already imposed 25% tariffs on $34bn in Chinese goods, with another $16bn to be targeted in coming weeks.

The RCEP has gained attention since the US pulled out of the TPP, which was billed as the world's biggest trade pact when it was signed in February 2016 after years of negotiations.

Under then-US president Barack Obama it was sold to American allies as a unique opportunity to seize the initiative on worldwide trade — and ensure China does not get to dictate global terms of commerce.

The 11 remaining TPP nations signed a slimmed-down version of the agreement in March.

Beijing is now keen to use Washington's rejection of that pact to build enthusiasm for its own deal and increase influence in the region.

RCEP is a more modest deal that prescribes lower and more limited regulatory standards.

Source: businesslive.co.za- Aug 02, 2018

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Cotton Demand to Hit All-Time High, Prices Stabilize Amid China Tariffs

China's tariffs on U.S. cotton helped push international prices down from a mid-June season-high of $1.02 per pound to 92 cents per pound in early July, stabilizing at around 88 cents a pound on strong demand in Asia and Southeast Asia, according to a new report from the International Cotton Advisory Committee (ICAC).

Spot prices on U.S. cotton averaged 84.44 cents per pound for the week ended July 26, according to the U.S. Department of Agriculture (USDA).

The weekly average was down from 85.14 cents a pound the previous week, but up from 66.58 cents a year ago earlier, USDA reported.

While high prices typically contribute to an increase in cotton cultivation, ICAC said difficult environmental conditions and a lack of available water could cause a reduction in planted area for many of the world's top producers in 2018-19.

"Sour trade relations between China and the USA show little signs of improving and could even deteriorate further in the near term, potentially causing major shifts in global trade patterns," ICAC said. "China's 25 percent premium could prompt the USA, the world's largest exporter, to seek new markets for its fiber, while other major exporters such as Brazil are expected to fill the void by increasing their shipments to China, the world's largest importer."

The ICAC report said global production has increased 16 percent to 26.87 million tons in 2017-18, with growth from all major producers, including India, China, the U.S., Brazil, Pakistan, West Africa, Turkey, Australia and Uzbekistan. But those increases come from expanded plantings and favorable weather conditions, ICAC said, as global yields posted a marginal 1 percent increase.

Global production for the 2018-19 season is projected at 25.9 million tons, a 4 percent decrease year over year, according to the report. Global consumption, however, is also forecast to grow 4 percent to 27.5 million tons.

Cotton area in 2018-19 is forecast to decrease in major producing countries. India's acreage is seen falling 3 percent to 11.9 million hectares and U.S. area is expected to be down 5 percent to 4.25 million hectares. China's acreage should remain stable at 3.3 million hectares, according to ICAC.

"With global consumption at an all-time high, pressure on stocks is expected to reduce global reserves by 1.6 million tons to finish the 2018-19 season at 17.7 million tons," ICAC said.

The report noted that stocks in China are projected to fall for the fifth consecutive year to 7.5 million tons, while stocks elsewhere are expected to remain stable at 10.1 million tons.

Source: sourcingjournal.com- Aug 02, 2018

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Vietnam posts $3.1-billion trade surplus in Jan-July

Vietnam's trade surplus in the first seven months was $3.1 billion as exports rose 15.3 percent year-on-year to $133.7 billion.

Domestic companies accounted for $39 billion of the exports, up 18.7 percent, while foreign firms registered $94.7 billion, up 14 percent, according to the General Statistics Office (GSO).

Cell phones and components topped the list of exports at $26.1 billion, followed by textile and garment at $16.5 billion and electronics and computers and components at $15.7 billion.

The U.S. was the biggest importer, with shipments rising by 8.9 percent to $25.5 billion. The EU was second with $24.2 billion, up 12.9 percent, followed by China with $19.5 billion, up 24.7 percent.

Imports rose by 10.2 percent to $130.6 billion, with domestic companies accounting for $54.16 billion spent by firms, up 12.7 percent. Imports by foreign companies were up 8.5 percent.

The GSO has however warned exporters and importers to be prepared for any eventuality given the ongoing trade war between the U.S. and China.

The U.S. imposed 25 percent tariffs on an initial $34 billion of imports from China on July 6, which then led China to respond with similar sized tariffs on U.S. products, according to Reuters.

The Donald Trump administration claims the tariffs are necessary to protect national security and U.S. businesses' intellectual property, and to reduce the country's trade deficit with China.

The administration said Wednesday that Trump has sought to ratchet up pressure on China for trade concessions by proposing a higher 25 percent tariff on $200 billion (152.33 billion pounds) worth of Chinese imports, Reuters said.

Source: e.vnexpress.net- Aug 02, 2018

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Factories From Asia to Europe Put on the Brakes Over Trade Tensions

Manufacturers in the world's biggest economies are putting the brakes on production as they watch trade disputes with the U.S. unfold.

Reports on Wednesday showed factory activity in the U.S., Europe and Asia Pacific region slowed last month. With companies issuing warnings about the impact of tit-for-tat battles over import tariffs on their profits, the data suggest that protectionist threats are starting to weigh on global growth.

"Weaker expectations for global trade are clearly feeding through to production," said Stefan Schneider, chief international economist at Deutsche Bank. "Particularly in many open economies, such as Germany, but also Japan and Korea, weaker expectations for exports weigh on investment activity."

Carmakers including Germany's Daimler AG, Japan's Nissan Motor Co. and South Korea's Hyundai Motor Co. have outlined the damage they risk from higher levies.

Asian companies that form a crucial plank in the global supply chain for electronics are preparing to shift more production to Southeast Asia as it becomes less appealing to produce in China. Even U.S.-based Harley-Davidson Inc. has been caught in the crossfire of the trade conflict, causing it to cut profit-margin forecasts.

What Our Economists Say

"China's Caixin manufacturing PMI showed a continuing deceleration in growth in July, consistent with the official PMI. This more external sector based survey highlights greater weakness in exports, particularly for small firms—presenting early evidence of the trade war impact."

—Chang Shu and Fielding Chen, Bloomberg Economics. See CHINA REACT for more

The tension was highlighted on Wednesday when China warned the U.S. against "blackmailing and pressuring" it as the Trump administration mulls trying to force officials back to the negotiating table through threats of even higher tariffs. In the euro zone, where manufacturing is going through its weakest spell in one and a half years, the outlook may be a little brighter after policy makers on both sides agreed to hold off from fresh tariffs as they negotiate lower trade barriers.

The Institute for Supply Management's manufacturing gauge slipped by more than expected, to 58.1 in July from 60.2 in June, as a gauge of new orders fell to the lowest in more than a year. The group said respondents are "overwhelmingly concerned

Euro-area growth unexpectedly weakened in the second quarter, and a Purchasing Managers' Index by IHS Markit came in at 55.1 in July, only slightly higher than June's 18-month low of 54.9. Chief business economist Chris Williamson said manufacturers may have to lower production in coming months unless demand revives.

With optimism about the future at one of the lowest levels seen over the past two years, the "worse may be to come," he said. "The slowdown likely reflects worries about trade wars, tariffs and rising prices, as well as general uncertainty about the economic outlook."

European Central Bank officials judged last month that overall risks to the region's economic expansion are still broadly balanced, with inflation pressures building gradually. President Mario Draghi has reiterated the institution's forecast for growth of 2.1 percent this year.

Other reports on Wednesday showed manufacturing picked up in Brazil and cooled slightly in Canada.

The Federal Reserve is holding its policy meeting this week in Washington, with a decision due later on Wednesday. Chairman Jerome Powell has signaled that the U.S. central bank could take a break from increasing interest rates at some point as inflation is closing in on the bank's goal and unemployment remains below the rate sustainable in the long-term. But this time around, economists predict officials will reinforce bets on a hike in September.

Source: sourcingjournal.com- Aug 02, 2018

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US home textile suppliers expect good season

Home textile suppliers in the US have a busy season ahead. Back-to-College season is a significant event for vendors, who have created bedding, bath and accessories collections specific to dorm rooms and college apartments. This year, most back-to-school shoppers plan to start shopping at least three weeks before school begins.

College and graduate students spending on dorm or apartment furnishings make the category the third largest behind electronics and clothing/accessories.

For the harvest season, running from late September through Thanksgiving, home textile suppliers of decorative pillows and bath accessories have created novelty capsule collections. This is when table linens and kitchen textiles imbued with autumnal hues take the spotlight.

The holiday shopping season is prime time for blankets, throws, flannel sheets, holiday-themed table linens and whimsical bathroom décor.

When it comes to Christmas trimmings, home textile suppliers are also in the mix with stockings and tree skirts whose motifs range from tongue-in-cheek to formally elegant.

Total holiday sales at retail across all categories last year rose 5.5 per cent. That marked the largest increase since the 5.2 per cent year-over-year gain seen in 2010.

Holiday sales at furniture and home furnishings stores climbed 7.5 per cent unadjusted year-over-year, a strong showing.

Source: fashionatingworld.com- Aug 02, 2018

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Encouraged by Results, M&S Expands Predictive Analytics Adoption

British retailer Marks & Spencer (M&S), spurred on by a successful partnership with First Insight, plans to use the firm's predictive analytics more broadly across the enterprise.

Leveraging First Insights' predictive analytics, M&S has evaluated many thousands of products across clothing and footwear, intimates, beauty, home goods and consumables, using valuable data to make informed decisions not only on design but also on buying and pricing. M&S credited the software with playing a critical role in influencing collections, ensuring that shoppers are offered on-trend products priced attractively.

"First Insight's technology gives us invaluable feedback on new products during design and development, so we can buy more of what our customer likes and eliminate products that score less well," M&S's director of supply chain and logistics Gordon Mowat said. "Everything M&S does as a company is filtered through the lens of what we know about our customers, and every decision starts with them."

To offer its predictive recommendations, First Data aggregates social sentiment coupled with up-to-the-minute pricing data and consumer preferences gathered via web-based engagement tools—all of which is then fed into the company's analytics models to arrive at the products (and price points) that could provide the greatest wins for the retail client.

"The global retail market is changing quickly," First Insight founder and CEO Greg Petro said, "and retailers need to adapt to succeed."

Of late, M&S has been attempting to reverse its struggles by closing unprofitable stores and investing in technology, including a new AI-driven partnership with Microsoft.

First Insight research published earlier this year indicated that quality is beginning to overtake the price tag as the more influential purchase driver. Separate findings from the firm pointed to men as bigger brick-and-mortar shoppers than women and 11 percent more interested in interacting with merchandise in store.

Source: sourcingjournal.com- Aug 02, 2018

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Nigeria approves 2 new Bt cotton types for commercial use

Nigeria's National Committee on Naming, Registration and Release of Crop Materials recently approved two new Bt cotton varieties for commercial release at its 26th meeting in Ibadan.

The varieties are Nigeria's first home-grown transgenic cotton developed by Mahyco Nigeria Pvt. Ltd and the Institute for Agricultural Research, Ahmadu Bello University, Zaria.

The two varieties, MRC 7377BG11 and MRC7361BG11, are expected to generate a yield of 4.1-4.4 tonnes per hectare compared to the local variety's 600-900 kg per hectare, according to a report in a Nigerian newspaper.

According to Alex Akpa, director general and CEO of the National Biotechnology Development Agency (NABDA), the new varieties will save farmers the trouble of contending with the local conventional variety that is no longer accepted in the international market.

The varieties have the potential of being adopted in all the cotton-growing regions of the country with a maturity duration of 150 -160 days, he added.

Source: fibre2fashion.com- Aug 03, 2018

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Bangladesh garment shipments up eight per cent

Bangladesh's garment shipments are up 8.76 per cent year-on-year. Bangladesh is the second biggest apparel supplier in the world accounting for a 6.5 per cent market share.

One factor that has consolidated Bangladesh's position in the global apparel trade is bulk orders for value added items. As much as 40 per cent of Bangladesh's garment exports comprise value added items, which fetch more money for exporters.

The country's image has brightened after the near-completion of factory remediation as per recommendations made by Accord and Alliance. Almost all top clothing retailers like H&M, Walmart, JC Penney, Inditex, Zara, Gap, M&S, Uniqlo, C&A, Tesco, Hugo Boss and Adidas have been sourcing garments worth billions from Bangladesh every year.

Rising garment shipments to new and emerging Asian markets such as India, China and Japan have also contributed to the higher earnings. China remains the largest apparel supplier globally, with a 34.9 per cent share.

Vietnam is third with a 5.9 per cent market share.

India ranks fourth in garment exports and Turkey is fifth with a 3.3 per cent market share.

In 2017 the top 10 exporting nations' share was 87.8 per cent and the value was $457 billion.

Source: fashionatingworld.com- Aug 02, 2018

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Pakistan: Garments makers back new govt

Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) has congratulated the new government and greeted Asad Umar, who is expected to get the finance ministry, announcing full support to him for his endeavor to transform the economy.

PRGMEA senior vice chairman Sheikh Luqman Amin said that the new government will need a competent team to address the economic issues, as the economic problems are due to lower exports and higher imports. He asked the new government to take measures to enhance exports and make strong policies for industrialization in the country.

Sheikh Luqman stressed the need of early clearance of outstanding refund cases. He urged the new government to take immediate steps for clearance of outstanding refund cases to protect the industry from total collapse.

We are hopeful that country will progress rapidly in changed political culture and will put the country on the path of progress and prosperity, he added.

PRGMEA leader said that the renewal of GSP plus status is a golden opportunity which our exporters could exploit. He also recommended that export emergency should be declared in the country to control the decline in the export sector.

He said that high cost of doing business, issues of market access and exchange rate are hindering the Pakistan exports growth and the government will have to work on it in consultation with the stakeholders to resolve the problems.

He said that PRGMEA is the main stakeholder of the Apparel sector. And Apparel Industry is playing a pivotal role in foreign exchange earnings and generating large employment in the whole textile chain and exporting up to $ 5 billion textile products.

Sheikh Luqman said the PRGMEA wants economic progress and prosperity of the country and for this purpose, just right directions are needed to be set in consultation with the stakeholders.

"We need to work together to overcome trade deficit and take steps to increase industrial and economic growth."

Moreover, he also flayed the SBP for withdrawing the facility to the authorized dealers of sending advance payments upto $10,000 per invoice for the import of all eligible items without the requirement of L/C or bank guarantee to the suppliers abroad.

He said that withdrawal of the facility would severely affect export-oriented industries, create hurdles in the way of meeting export commitments on time and increase the cost of doing business. "We strongly request to the State Bank of Pakistan to cancel circular dated 14th July, 2018 with immediate effect."

Source: nation.com.pk- Aug 02, 2018

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CPTPP, EVFTA help Vietnam's garment-textile lure investment

Free trade agreements, particularly the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the EU-Vietnam Free Trade Agreement (EVFTA), are the driving force to attract big investments in Vietnam's garment-textile industry.

The statement was made by Chairman of the Vietnam Textile and Apparel Association Vu Duc Gaing at a conference held in Ho Chi Minh City on August 2 highlighting the impacts of the CPTPP and EVFTA on the garment-textile sector.

According to Giang, although the two agreements have yet come into force, they have created great attraction to foreign investors.

In the first six months of 2018, Vietnam lured 2.8 billion USD in foreign direct investment (FDI) in garment-textile, bringing the total FDI in the sector to nearly 17.5 billion USD.

A considerable number of large-scale projects were carried out in the first half of the year including a German-invested sheep wool yarn spinning plant in the Central Highlands city of Da Lat and an US-invested yarn production plant in the southern province of Dong Nai.

Many Vietnamese firms have invested in material production projects, which are the key to solving the country's dependence on importing garment-textile materials in the coming years as well as helping Vietnam reduce production cost and increase competitiveness, Giang said.

Apart from drawing investment, CPTPP and EVFTA have helped change the structure of export markets of Vietnamese garment-textile products in recent years, he added.

Previously, many businesses from Canada, Australia and New Zealand just focused on the Chinese market, but now they have studied Vietnamese garment-textile products with the signing of specific orders, he noted.

Vuong Duc Anh from the Ministry of Industry and Trade's Import-Export Department, said there are huge opportunities for the garment-textile sector once the CPTPP and EVFTA take into effect.

However, to optimise benefits from the agreements, Vietnamese firms have to overcome some challenges such as the competitive pressure from FDI companies and the strict rules of origin, he said.

Besides proactively approaching to new markets, local businesses should pay more attention to the origin of products and improving quality to secure orders and maintain long-term partnership with foreign enterprises, he suggested.

Source: en.vietnamplus.vn- Aug 02, 2018

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NATIONAL NEWS

India Has Potential To Become One Stop Sourcing Destination For ASEAN Textile Sector

India has the potential to become one stop sourcing destination for brands and retailers from ASEAN, according to a latest update from Ministry of Textiles.

There are opportunities for textile manufacturers from ASEAN to invest here and cater to domestic market as well as exports because of competitive advantages available in India including availability of raw material, trained man-power and presence of the entire textile value chain. Further, 100% FDI is allowed in the textile sector under automatic route.

To increase exports of textile and apparel, Government has announced a Special Package for garments and made-ups sectors.

The package offers labour law reforms, additional incentives under Amended Technology Upgradation Fund Scheme (ATUFS), enhanced duty drawback coverage and relaxation of Section 80JJAA of Income Tax Act.

Further, the rates under Merchandise Exports from India Scheme (MEIS) have been enhanced from 2% to 4% for apparel and made-ups from 1st November 2017.

Products such as fibre, yarn and fabric in the textile value chain are being strengthened and made competitive through various schemes like Powertex for fabric segment, ATUFS for all segments except spinning and Scheme for Integrated Textile Parks (SITP) for all segments.

Government is also providing interest rate subvention for pre and post shipment credit for the textile sector and gives assistance to exporters under Market Access Initiative (MAI) Scheme.

Source: business-standard.com- Aug 02, 2018

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Repo rate hike will hit knitwear sector: Exporters

The Federation of Indian Export Organisation, Southern region has stated that the RBI's recent repo rate hike was expected given the inflation outlook.

Knitwear exporters in Tirupur, on the other hand, have expressed concern that the increase in cost of credit would impact the sector.

The RBI recently raised its interest rate by 25 basis points on inflationary concerns for the second time in two months.

The FIEO's southern region Chairman A Sakthivel, however, pointed out to the tight liquidity conditions faced by the export sector especially, by MSME, and requested the RBI governor to bring export credit under priority lending category immediately.

The Tirupur Exporters' Association however stated that the increase in cost of credit would make exports uncompetitive and impact knitwear garment exports.

Source: fashionatingworld.com - Aug 02, 2018

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Coimbatore to host international textile fair in February

An international textile fair will be held here in February as was announced by Tamil Nadu Chief Minister K Palaniswami, State Handloom Minister O S Manian said today.

Speaking to reporters here, the Minister said the State government has allocated Rs 2 crore for the conduct of the fair which would showcase the capability of the State in the textile sector and in finding newer markets for the products. Besides, the fair would help bridge the gap between production and sales, he said.

The Minister was here to discuss with the captains of the textile industry and experts on the successful conduct of the fair, since the government was hosting such a show for the first time.

Asked about the impact of the five per cent good and service tax imposed on the textile sector, he expressed hope the Centre would soon bring it down.

To a question on fixing of wages for the labourers in the industry, the Minister said the State government would soon fix the pay of handloom weavers coming under the cooperative sector, while the revised pay for workers in the poweroom sector would be decided upon through talks between the district Collectors and labour unions.

Source: financialexpress.com - Aug 03, 2018

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Investment in logistics to be $500 bn in India by 2025

Annual expenditure on investment in logistics, including infrastructure, will touch $500 billion by 2025, according to Indian minister of commerce and industry Suresh Prabhu. The ministry is working on a national logistics policy and one on the development of multi-modal logistics parks to be announced soon, he said recently said in New Delhi.

These initiatives will create millions of jobs and will do away with the hurdles in India's internal and global trade, an official press release quoted the minister as saying. Recognizing that efficient and effective management of logistics will have a positive impact on overall trade in manufacturing and services.

The Centre for Trade Facilitation and Logistics (CTFL) has been given a mandate by department of commerce to prepare a plan and act on several objectives, including human resource development and training government officials, he said.

The ministry has agreed to provide a block one-time funding support of ₹80 lakhs towards initial infrastructure and a phase wise support of ₹339.90 lakhs for four years. This centre will attempt to document and monitor the trade and logistics activities and suggest suitable measures for its improvement.

Source: fibre2fashion.com- Aug 02, 2018

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Colombo cuts rates after India eases cabotage rules

Transshipment fight hotting up

Colombo port, which thrives on Indian cargo containers that passes through it, has cut transshipment rates by 9.5 per cent after India lifted cabotage restrictions in May, allowing foreign ships to operate on local routes to reduce the country's dependence on the neighbouring hub to transport cargo.

The island nation, one of the major container transshipment hubs in the region along with Singapore, Port Klang and Jebel Ali, is taking the fight for containers to the Indian shores.

Transshipping containers through Colombo entails extra time and costs, hurting India's competitiveness in the global market.

Lankan discount

"After India relaxed cabotage, Colombo reduced the transshipment tariffs by offering a discount of 9.5 per cent," said Deepak Tiwari, Chairman of the Container Shipping Lines Association (CSLA), adding that "shipping lines were not in love with Colombo."

"Individual terminals must be offering volume-based rebates to shipping lines as part of their agreement, but on the general published rates, no revision was done recently. Customers bringing incremental volumes are offered volume discounts by terminals," Upul Jayatissa, Chief Manager (Marketing and Business Development), Sri Lanka Ports Authority, told BusinessLine over phone from Colombo.

Jayatissa reckons that India's decision to relax cabotage will have an impact on Colombo traffic. "But, it will depend on the shipping lines; they are the ones who decide the routing of services. They have to decide what they really want to do. So far, we have not felt any impact on our transshipment business, but I don't know what will happen in the future," he said.

The transshipment volumes of Colombo, according to Jayatissa, have grown by 20 per cent in the first half of 2018 calendar year compared to last year.

Colombo port handled 4.8 million twenty-foot equivalent units (TEUs) in 2017 from four terminals. Of this, about 45 per cent was India-bound or originating containers, underlining Colombo's dependence on Indian cargo for its sustenance.

Marine charges

The vessel-related charges or marine charges at Indian ports are four times more than in Colombo, said VK Singh, Managing Director, Shreyas Shipping & Logistics Ltd.

For instance, the marine charges for a 24-hour stay for a 5,000-TEU capacity ship is about $40,000 in India and $10,000 in Colombo. "This is a big attraction for the lines. That's why they don't want to stop calling Colombo," said Suresh Amirapu, CEO, Bharat Mumbai Container Terminals Pvt Ltd, a unit of Singapore's PSA International Pte Ltd.

The marine charges are low in Colombo because the Sri Lankan government funds basic infrastructure, including dredging, unlike in India.

"The networking is already established in Colombo," said Jibu Kurien Itty, CEO, India Gateway Terminal Pvt Ltd, the transshipment terminal-run by DP World at Vallarpadam in Cochin Port Trust.

"So, when you are looking to divert containers away from Colombo, you have to be actually two steps ahead in the game," he said, stressing the need to "rationalise marine charges in India."

"When you are competing with Colombo, you have to play to your strengths. India has the cargo; that's what Colombo does not have," Jibu added.

Source: thehindubusinessline.com- Aug 03, 2018

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New seed, textile policies aim at investments, jobs in Amaravati

The state Cabinet meeting chaired by Chief Minister N Chandrababu Naidu at the Secretariat here on Thursday took several important decisions, including extension of ban on Maoists for one more year. The ban was initiated by previous governments in 2005.

The Cabinet approved seed policy which meant for attracting Rs 3,000 crore investment and providing 40,000 jobs. The seed park would be established in Kurnool district with the help of Iowa University to supply quality seed to farmers.

The Cabinet accepted a proposal to change the name of Vizag Urban Development as Vizag Metro Region Development Authority. The area of authority will be expanded from 5,573 sq km to 6,764 sq km. As many as 1,340 villages in 50 mandals in Visakhapatnam, Srikakulam, Vizianagaram and East Godavari districts will come under the new limits of metro region.

Proposal for a new airstrip in Kuppam and new handloom policy received nod of the Cabinet. The airstrip will be developed in 450 acre at an estimated cost of Rs 95 crore. The government and chartered flights would be operated in near future from this airstrip.

The government has decided to set up price stabilisation fund for agriculture products. The Markfed proposed to the state government to provide Rs 500 crore fund in this regard.

The state government would start nine animal husbandry polytechnics in association with Sri Venkateswara University of Tirupati. Similarly, 11 polytechnics would be established in fisheries department.

The Cabinet approved 19 posts in Araku area hospital and 20 posts in Paderu area hospital. It suggested that the managements of the hospitals utilise the outsourcing services along with new posts.

Similarly, 32 posts have been sanctioned to implement the overall development of AMRUT cities. The NMR employees appointed before 1993 would be paid on par with the employees who were appointed in 2015.

The Cabinet passed resolution approving Andhra Pradesh State Physiotherapy Council. The council would monitor quality in education, regularisation of practice and register maintenance. The medical tourism project in Visakhapatnam has also been given nod by the Cabinet.

ASHA workers would be paid Rs 3,000 monthly along with incentives as per their performance. The amendments for AP Electric Mobility Policy have also been approved and AP Textiles and Apparel, Garments Policy was passed.

The government envisaged that investment of Rs 15,000 crore would come to the state and two- and-a-half lakh jobs could be generated in the garments sector. The new policy says the state would overtake Maharashtra and Gujarat in textile sector and spinning business.

The Cabinet allotted 160 acre for truck terminal and establishment of railway sliding centre for the purpose of industrial development. Similarly, 100 acre has been allotted to horticulture research station at T Venkupalem in Anakapalli mandal in Visakha district. The Cabinet has also decided to allot lands to various organisations and institutions.

Source: thehansindia.com-Aug 02, 2018

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Textile ministry launches SAATHI initiative

In order to sustain and accelerate the adoption of energy efficient textile technologies in the power loom sector and cost savings due to use of such technology, Ministry of Textiles and Ministry of Power (GoI) have joined hands under the initiative SAATHI (Sustainable and Accelerated Adoption of efficient Textile technologies to Help Small Industries).

Energy Efficiency Services Limited (EESL), a Public Sector entity under the administrative control of Ministry of Power, will replace old inefficient electric motors with energy efficient IE3 motors which will result in energy and cost saving up to 10-15% in the first phase.

The use of these efficient equipments will result in energy savings and cost savings to the unit owners at no upfront cost.

Power loom clusters at Ichalkaranji, Bhiwandi, Erode, Surat, Bhilwara and Panipat have been identified for pilot study.

This information was given by the Minister of State of Textiles, Ajay Tamta, in a written reply in the Lok Sabha on Thursday.

Source: kashmirreader.com-Aug 02, 2018

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‘Indo-pacific economic corridor will help apparel industry’

Knitwear industrialists in Tirupur cluster are looking forward to Indo-pacific economic corridor as it would open up traditional apparel market in abroad for them.

Indo-pacific economic corridor is a treaty likely to have 12 countries, such as India, the USA, Australia, Indonesia, Japan and New Zealand, on board. Under the treaty, each country is expected to provide a conducive climate for trade exchanges for other members and investment to develop infrastructure.

Recently, the US had announced to invest $113 million in new infrastructure initiatives in the corridor, which invited criticism from the Chinese media. “The corridor will provide a platform for grouping of selected nations and it will help others to develop their economies.

If the partners are provided preferred status by other nations, it will be a win-win situation for both the sides,” said Raja M Shanmugham, president of Tirupur Exporters’ Association.

“Especially in the apparel market, India could utilise the advantage, if the US, which has traditional apparel market, provide lesser import tariff and soften approach. The apparel exporters in India could get a huge help from the corridor.”

Though the economic corridor is mainly mooted to counter advantages of China, as observed in the international politics, it will not affect the neighbouring country much, at least in the apparel market, Shanmugham said.

"Since the Chinese firms have already made big investments in countries such as Bangladesh, Vietnam and Cambodia, which are top competitors of India in apparel industry, the former may not feel the heat of the corridor."

Source: timesofindia.com-Aug 03, 2018

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Time to focus on availability of funds

The RBI's Monetary Policy Committee has raised the repo rate by 25 basis points (bps) for the second time in a row with a 5:1 decision and positioned itself as an inflation warrior by sticking to the path of maintaining the 4 per cent inflation target.

The RBI revised its 2H FY19 forecast upwards by 10 bps to 4.8 per cent. It had revised upwards its inflation projection for the second half of the current financial year in its June review as well.

Clearly, it is watchful of inflationary pressures and cited risks such as firming household expectations, monsoon spread, impact of MSP (minimum support price) implementation and fiscal risks.

The RBI was sanguine about the growth prospects, citing improved foreign direct investment, broad-based pick-up in services growth and robust capacity utilisation in manufacturing.

Importantly, it pegged Q1 FY20 GDP estimate to firm up to 7.5 per cent. The RBI maintained its earlier estimate for GDP growth at 7.4 per cent in FY19 (up from 6.6 per cent in 2017-18), which it said was likely going to be driven by a revival of investment on the demand side and manufacturing on the supply side.

Capacity utilisation

The RBI's business expectations index (BEI) for Q1:2018-19 remained optimistic notwithstanding some softening in production, order books and exports. The July manufacturing PMI too remained in expansion zone, although it eased from its level a month ago.

Capacity utilisation levels have been moving up in sync with the growth numbers. The RBI's latest OBICUS survey has pointed out that capacity utilisation stood at 74.1 per cent in Q3:2017 and the seasonally adjusted CU also increased for the first time in FY18 to reach 74.3 per cent in Q3.

While this is the aggregate snapshot which comes at a lag, what is required is to look at the sectoral picture more carefully at this stage where capacity utilisation levels are much higher.

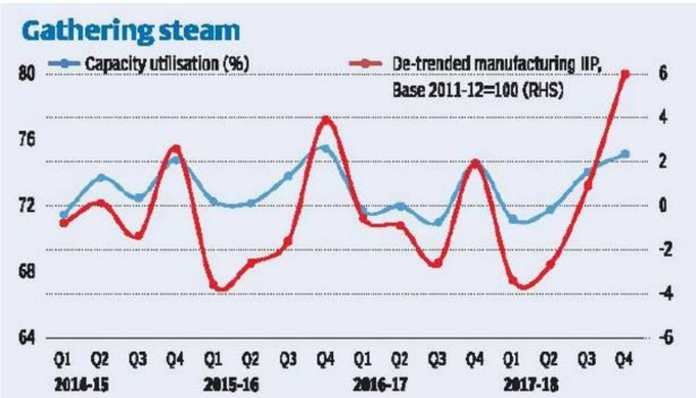
In fact, the latest FICCI survey shows that capacity utilisation levels are in the 75-80 per cent range for sectors such as auto, chemicals, electronics, leather and footwear, machine tools, metals, paper products and textiles.

This leads us to the other important factor which is that the type of fund requirements in this phase of growth is quite different. The requirements will veer away from working capital loans.

Thus, while the headline debate in the near term will continue to focus on the "cost of funds" — that is, will the RBI raise by 25 or 50 bps, etc — the real issue will be to focus on "availability of funds" and ensuring it for the sectors that are beginning to feel the capacity pinch and may want to invest in enhancing capacities for the future.

Balance sheet shrinkage

More importantly, back home, there is something equally unprecedented taking place in the banking sector. Tectonic shifts are altering the pattern of credit intermediation.



Just a few banks — a clutch of private banks along with a handful of public sector banks — are driving India's broken credit cycle recovery.

Public sector banks (PSBs) that comprise 70 per cent of the total banking system, hamstrung by poor balance-sheets, are yielding space to private players.

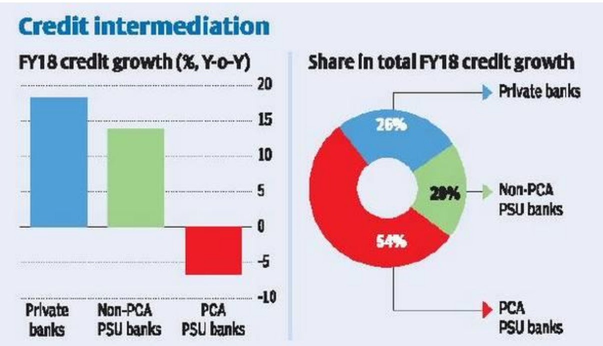
Part of this is by design and partly accidental. Note, the government and the RBI have leaned heavily in favour of the bankruptcy code framework. Additionally, the RBI has put 11 PSBs in the prompt corrective action (PCA) framework list and reportedly six more are likely to be added to this list.

However, the fact that private banks will have to do the heavy lifting in meeting the credit needs of an economy which is beginning to recover from a series of policy interventions hereon is quite unprecedented, especially with an under-developed bond market backdrop.

The RBI has just sounded an even more sober assessment of PSBs. In its latest Financial Stability Report (FSR), the RBI estimates the gross non-performing assets (NPA) ratio — bad loans as a percentage of total loans — of the Indian banking system to reach 12.2 per cent by March 2019. This would be the highest since 2000.

RBI cautions

The FSR warned that if the macroeconomic conditions deteriorated, the gross NPA ratio could worsen to 13.3 per cent in March 2019. Among the bank groups, the gross NPA ratio for PSBs may increase from 15.6 per cent in March 2018 to 17.3 per cent by March 2019 in a scenario where the stress is severe.



Thus, with India's investment cycle poised for a cyclical upswing from FY19, after years of sub-par performance, it is important that efforts are geared towards incentivising and nurturing sectors in need of funds before the cost of funds begin to bite. This is important given the global headwinds.

Global growth has become uneven and risks to the outlook have increased with rising trade tensions, currency war and contagion risks.

Economic activity in major emerging market economies (EMEs) has slowed somewhat and global trade has lost some traction due to intensification of trade wars and uncertainty stemming from Brexit negotiations.

Source: thehindubusinessline.com-Aug 03, 2018

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India concerned over China's rising investments in Sri Lankan port projects

As China rushes to invest in more ports in Sri Lanka, India views with concern the Asian neighbour's bid to increase its footprint in the Indo-Pacific region. China also recently gifted a naval frigate to the island nation.

"Sri Lanka has started to emerge as the new battleground for the two Asian super powers, India and China. China, Sri Lanka Ports Authority and India are to invest over $700 million for the development of three key ports over the next three years in Sri Lanka," said a government official.

Though no details have been released about the recent frigate that was gifted to Sri Lanka, market observers believe it could be a Type 053 frigate, or even a Type C28A or C13B corvette, since these three classes are the most common Chinese warships exported to other countries.

The official pointed out that though China's inroads into the Indian Ocean region need to be carefully monitored, vessels are regularly handed over as part of military aid packages, and that India, too, has done so in the recent past.

Apart from ports in Sri Lanka, India has committed an investment of $500 million towards the management and operation of two dedicated berths at the Chabahar port in Iran, and has been assisting Myanmar with infrastructure improvement projects at the Sittwe and Paletwa ports.

Sources said China could "gain exponentially" through extending financial aid for the development of Sri Lanka's ports.

Though several of China's projects in Sri Lanka have faced censure, concerns have been raised by the US, India and Japan that China might use Sri Lanka as a military base.

The next three years are set to see fresh investments in Sri Lanka, both from China and India. While India is to invest $40 million to upgrade the Kankesanthurai Port in northern Sri Lanka into a commercial port, and has extended financial assistance from the Export Import bank, the Sri Lankan Treasury has reportedly received aid of $974 million for the Hambantota port project from China, which has already invested $146 million for port development work.

In January, the Export-Import Bank of India (Exim Bank) approved $45.27 million in credit for the reconstruction of Sri Lanka’s Kankesanthurai Port, which was devastated by the December 2004 tsunami and Cyclone Nisha in 2008. Reports indicate that this brings India’s aid for various infrastructure projects in Sri Lanka to $1.4 billion.

The Sri Lanka Ports Authority is to invest $100 million for the construction of the East Container Terminal, which is part of the master plan of the Colombo Port Expansion Project. Plans are also afoot for the conversion of Galle Harbour into a tourism port.

Sri Lanka’s maritime sector master plan, developed by Maritime and Transport Business Solutions, a consultancy firm from the Netherlands, and funded by the Asian Development Bank, is said to be nearing completion.

As the government looks to promote Sri Lanka’s cruise liner business, more infrastructure facilities are also to be added to the Colombo Port, to get more cruise liners to dock there.

Source: thehindubusinessline.com-Aug 03, 2018

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