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IBTEX No. 234 of 2019 — December 03, 2019

US 71.58 | EUR 79.29 | GBP 92.65| JPY 0.66

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
18947	39600	**70.50**

Domestic Futures Price (Ex. Warehouse Rajkot), December

Rs./Bale	Rs./Candy	USD Cent/lb
19120	39961	**71.14**

International Futures Price

NY ICE USD Cents/lb (March 2020)	64.80
ZCE Cotton: Yuan/MT (January 2020)	12,680
ZCE Cotton: USD Cents/lb	81.71
Cotlook A Index – Physical	**74.55**

Cotton Guide- The pessimistic wave is driving the markets south. It seems, with President Trump's actions the cotton futures are heading downwards. The lack of clear and direct indications with respect to the trade deal have made the cotton markets to show negative figures. The chances of a very much expected trade deal NOW appear to be grim for 2019. If geopolitical conditions remain as the way they are, then we would have to revise our view from sideways to positive, to only sideways with a range of 1 cent on either side.

The ICE March 2020 contract settled at 64.80 cents per pound with a change of -56 points. The ICE May 2020 contract settled at 65.91 cents per pound with a change of -48 points. Volumes were twice as compared to the previous figures. The total count was seen at 35,539 contracts.

The MCX contracts also followed ICE and also took cues from higher arrivals. The MCX December contract settled at 19,120 Rs per Bale with a change of -30 Rs. The MCX January contract settled at 19,290 Rs per Bale with a change of -50 Rs. The Total volumes noticed were 801 lots which is again a decent figure.

The cotlook Index A has been updated lower at 74.55 cents per pound with a change of -0.45 cents per pound. The Indian Shankar 6 cotton (CAI's Website) was seen at 39,600 Rs per Candy. On the other hand, actually Shankar 6 was seen to change hands at 38,600 Rs per Candy at Gujarat. Arrivals yesterday across India were seen at 150,000 bales. There is some unconfirmed news about Gujarat crop – where the yield is seen to be at 920 Kg per hectare. This is almost 1.7x the previous year's figure which can put added pressure on the prices. While speaking about the US crop around 80% of the crop has been reported to be harvested.

On the fundamental front, we would conclude that in view of the current geopolitical situation and arrivals coming, in a full swing, the prices might remain sideways. On the MCX front, the prices will be sideways to positive.

On the technical front, in daily chart, ICE Cotton March has completed its pullback towards the upward sloping channel & resumed its bearish bias. However, price has sustained at the support of 38.2% Fibonacci retracement level (63.51) of an intermediate up move. Meanwhile, price is below the daily EMA (5, 9) at 65.08, 65.23 with a negative crossover, along with the momentum indicator RSI is at 45, suggesting sideways to negative bias for the price. The immediate resistance for the price would be at 66 (lower end of the channel). Thus for the day we expect price to trade in the range of 63.50-66.00 with sideways to negative bias. In MCX Dec Cotton, we expect the price to trade within the range of 18870-19200 with a sideways to positive bias.

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

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INTERNATIONAL NEWS

Pak-China FTA-2 to be effective from Jan 1, 2020

The trade under second Pakistan-China Free Trade Agreement did not start from December 1, 2019 as earlier claimed by Adviser to Prime Minister on Commerce, Industries and Production, Textile and Investment Abdul Razak Dawood in various interactions with media persons, rather it is now likely to start from January 1, 2020, The News has learnt.

However, Pakistan has notified its protocol on FTA-II heralding that it has completed its all formalities and has attained all approvals at all official levels for trade under FTA-II. But, China has sought some days more informing that it has yet to attain some more approvals before enforcing trade modalities under FTA-II.

One of the top officials of Commerce Ministry, however, when contacted, confirmed the development saying that trade under FTA-II will start from January 1, 2020. However, Chinese government would manage more approvals from its various official forums and then both the countries would release the joint press release announcing that the trade under FTA-II would start getting materialised from January 1, 2020.

Pakistan and China inked the FTA-II in Beijing on April 28, 2019 and under the new FTA Pakistan has secured enhanced and deeper concessions on products of its export interests, revision of safeguards mechanism for protection of the domestic industry, inclusion of the balance of payment clause as a safety valve against balance of payments difficulties, and effective enforcement of the electronic data exchange.

About the Market Access, the official said that under the Phase-II of China Pakistan Free Trade Agreement, both countries will liberalise 75 percent of tariff lines for each other in a period of 10 years by China and 15 years by Pakistan. China will immediately eliminate tariffs on 313 most priority tariff lines of Pakistan's export interest. Overall, China has granted concessions to products, which include textiles and garments, seafood, meat and other animal products, prepared foods, leather, chemicals, plastics, oil seeds, footwear as well as engineering goods including tractors, auto parts, home appliances, machineries, etc.

Pakistan has offered market access to China on raw materials, intermediate goods and machineries. Access to cheaper imported inputs and machinery will improve Pakistan's export competitiveness and help upgrade its industrial production.

About Protected Tariff Lines, he said that 25 percent of tariff lines i.e., 1760 TLs have been placed in the protected list. The major protected industry includes textiles and clothing, iron and steel, auto, electrical equipment, agriculture, chemicals, plastics, rubber, paper and paper board, ceramics, glass and glassware, surgical instruments, footwear, leather, wood, articles of stones and plaster, and miscellaneous goods.

Mentioning about Safeguard Measures, he said that Safeguard Measures (SGM) are invoked to temporarily restrict imports of a product, which cause injury or threaten to cause injury to the domestic industry. The existing SGM, in CPFTA were inadequate to address the concerns of the industry and have lapsed since these could only be invoked during the transition period i.e. 2007-12. He said that some modifications have been incorporated in the agreement that include a) In Phase-I SGM were limited to the absolute increase in imports, but now can be invoked on relative increase in imports as well, b) The transition period has been increased to 10 years for CAT-I and 8 years for the remaining tracks, which in relation to Tariff Reduction Modality will be 15 years for CAT-II & 23 years for CAT-III. C) SGMs can be applied for 3 years, and can be extended to an additional 2 years. This has not been granted to any other country by China. d) In Phase-I SGM, injury to the industry had to be proved but an emergency measure of 180 days can be imposed in Phase-II without proving injury.

The official also said that with regard to balance of payment the provision has been introduced in the agreement as such measures can help forestall the imminent threat of a serious decline in monetary reserves.

And in order to avoid mis-declaration and under-invoicing of imports from China, a system of electronic data exchange has been enforced on the trade taking place under the framework of the Free Trade Agreement.

Source: thenews.com.pk- Dec 03, 2019

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Vietnam: Garment export target of $40 billion a long shot

The domestic textile and garment industry was still striving to reach its export revenue target of US$40 billion this year despite facing many difficulties, said Vũ Đức Giang, chairman of the Việt Nam Textile and Apparel Association (VITAS).

To achieve this target, the industry needs export value growth of at least 11-12 per cent for the rest of the year, he said.

According to the association, growth reached only 9.1 per cent in the third quarter, much lower than the same period in 2018. However, it was higher than other textile producers including China, India and Bangladesh.

The association is hoping textile enterprises will be able to deliver big orders to push export value up in December.

The most important thing is for textile and garment enterprises to search for markets and alternative partners. Currently, the businesses can take advantage of the Vietnam-EU Free Trade Agreement (EVFTA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) to promote export expansion to some markets in the EU as well as Canada and Australia.

Canada holds a lot of potential for Việt Nam with import value of textiles and garments reaching more than $13 billion each year, while Việt Nam's textile and apparel exports to this market reach only about $550 million per year.

Việt Nam does not have a free trade agreement (FTA) with Canada so the CPTPP opens the door for Việt Nam's textile and apparel products. Businesses need to seize this opportunity and seek partners in Canada.

Thân Đức Việt, general director of Garment 10 Corporation, said to achieve export success, enterprises needed to be aware of requirements on price, quality, quantity and production time. Moreover, they must also ensure production stability.

At the same time, enterprises also needed to cooperate with each other through affiliate programmes and support from the association to meet the rules of origin stated in FTAs.

Enterprises, especially small businesses, should build a production chain to meet the demand of large contracts in terms of quantity, quality and time of delivery, as well as to create a name for themselves.

In recent years, the textile and garment industry had developed strongly and exports had grown year by year, according to the association. However, it still faced many challenges in production and business, such as low labour productivity, lack of high quality human resources and mainly processing products rather than manufacturing them.

In addition, challenges from export markets had also put pressure on them, including increasing protectionism, higher quality demands, and environment and technical tests.

According to VITAS, local apparel producers were facing falling export orders. Since mid 2019, some businesses had been able to sign export contracts for small quantities each month. Meanwhile, in the same period last year, many large enterprises had export orders stacked up till the end of the year.

Cao Hữu Hiếu, CEO of Việt Nam Textile and Garment Group (Vinatex), said most textile and garment businesses did not have enough orders to keep them operating until the end of the year.

Large businesses such as Garment 10 Corporation, Đức Giang Garment Joint Stock Company, Hòa Thọ Textile Garment Joint Stock Corporation, Hà Nội Textile and Garment Joint Stock Corporation (Hanosimex) had export contract to maintain production until November, but only Việt Tiến Garment Joint Stock Company was going to be busy until the year-end.

Hiếu said given the current situation, the industry would find it difficult to reach the export target of $40 billion this year.

Source: vietnamnews.vn- Dec 03, 2019

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Azerbaijan's non-oil sector sees growth in export

The volume of Azerbaijan's exports increased by 5.2 percent year-on-year to $16,8 billion in January-October period, the Center for Analysis of Economic Reforms and Communication reported on November 28 in its Export Review.

Moreover, in October of the current year, exports in the non-oil sector amounted to $160 million, which is $16 million or 11 percent more compared to October 2018.

Russia occupied the 1st place ($533,9 million) for the value of non-oil products exported in the first ten months of 2019, followed by Turkey ($324,6 million), Switzerland ($147,7 million), Georgia ($131,5 million) and Ukraine ($39,8 million) follows the export list respectively.

By comparison, in January-October 2019, the share of non-oil exports to Russia increased by 14 percent, to Turkey - by 10 percent, to Switzerland – by 29 percent, to Georgia - by 23 percent, and to Ukraine - in 38 percent than the relevant period in 2018.

During January-October in 2019, the list of exported products of the non-oil sector are as followed: tomatoes - $147,6 million, gold (not used in coin cutting, but in other unprocessed forms) - $142,1 million and peeled hazelnuts - $100,1 million.

In total, exports of fruits and vegetables amounted to $455,5 million, plastics and products made from it – $161,2 million, aluminum and products made from it – $106,9 million, cotton fiber – $91,8 million, chemical industry products – $86,6 million, electricity – $62,9 million, ferrous metals and products made from them – $50,9 million, sugar – $24,2 million, cotton yarn – $24,5 million, and alcoholic and non-alcoholic beverages – $21,4 million.

During the period of January-October in 2019, exports of alcoholic and non-alcoholic beverages increased by 62 percent, plastics and products made from it - by 56 percent, cotton yarn - by 42 percent, chemical industry products - by 36 percent, cotton thread - by 28 percent, fruits and vegetables - 12 percent, sugar - by 10 percent, and electricity – by 6 percent in comparison with the first ten months of 2018.

In October 2019, the leading products in export of non-oil sector were dates (27,1 million), gold (not used in coin cutting, but in other unprocessed forms) - $21,4 million and peeled hazelnuts - $10,7 million.

The Review also presents a rating of the main exporting enterprises of non-oil sector for the first ten months of 2019. The following ten entities are in the top 10: representation of Azerbaijan International Mining Company Limited in the Republic of Azerbaijan, LLC Socar Polymer, LLC MKT Production Commerce, LLC Nine Climate, LLC Global Export Fruits, LLC Sun Food, LLC Baku Steel Company, LLC Azerbaijan Sugar Production Association, LLC Caspian-energy 2020, and RAM International Transport and Trade.

The list of the state-owned companies involved in export operations in the non-oil sector is headed by the “Department of Marketing and Economic Operations” of SOCAR. The following are the other companies included in the list: Azeraluminum LLC, Azergold CJSC, Azerenergy OJSC, Azerbaijan Airlines CJSC, Azercotton Agrarian-Industrial Complex LLC, CTS-Agro LLC, Agro-Industrial Complex Azertutun, PU Azerchemistry and Baku Oil Engineering Plant.

The purpose of the Export Review is to educate entrepreneurs on exports, to increase chances of exporting domestic goods to traditional and new markets, and to accelerate integration into international markets.

Note that the Export Review has been published monthly since 2017 by the Center for Analysis of Economic Reforms and Communication.

Source: azernews.az- Dec 02, 2019

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Taiwan: Manufacturing activity improves in November

Manufacturing activity in Taiwan improved in November as new applications, in particular in 5G technology development, boosted related high-tech industries, the Chung-Hua Institution for Economic Research (CIER) said Monday.

Data compiled by CIER, one of Taiwan's leading economic think tanks, showed that the Purchasing Managers' Index (PMI) for November rose 3.8 points from a month earlier to 54.9, hitting the highest level since July 2018, when the PMI stood at 55.3.

It was the third consecutive month in which the PMI stayed in expansion mode, according to the data.

In line with the PMI, the non-manufacturing index (NMI) for Taiwan's service sector in November also moved higher from a month earlier by 1.1 to 55.0, marking the ninth straight month of expansion, the CIER said.

For the PMI and NMI, readings above 50 indicate expansion or growth, while those below that figure represent contraction.

Citing an interview with representatives from the local high-tech sector, Chen Hsin-hui, a CIER economist, told reporters in a news conference that many of them said they saw orders placed by their upstream buyers piling up, favorable circumstances that are expected to continue into the first or second quarters of next year.

Echoing Chen, Steve Lai, executive director of the Supply Management Institute, said in the same news conference that 5G technology development is serving as a driver to solid demand for tech devices.

Lai pointed out that 5G technology is in its infant stages and that with applications expanding, more and more industries will benefit.

Out of the five major factors in the PMI, CIER said, the sub-indexes in four factors moved higher from a month earlier in November, while only the sub-index on inventories moved lower by 2.8 to 46.9.

The sub-indexes on new orders, production, employment and supplier deliveries rose 8.3, 5.0, 5.0 and 3.4, respectively, from a month earlier to 61.0, 60.4, 55.6 and 50.5 in November, CIER said.

On the back of the booming 5G and other emerging technologies, the electronics and optoelectronics industries remained in expansion mode in November, while the sub-index on those industries rose 1.7 from a month earlier to 53.9, CIER said.

In addition, the sub-index on food and textile industries also moved higher by 1.4 from a month earlier to 61.7 in November, the highest level among the major industries, while the sub-indexes on basic raw materials and electricity and electrical equipment industries also rose from October but remained in contraction mode..

Chen said the food and textile industries got a boost from the upcoming Christmas season and the Chinese New Year holiday, adding that the textile industry has also benefited from rising demand from the 2020 Tokyo Olympics.

Bucking the upturn, the sub-indexes on the chemical and biotech industry and transportation industries moved lower, although the chemical and biotech industry remained in expansion mode.

As for the service sector, out of the four major factors, only the sub-index on employment moved lower, by 2.0 from a month earlier to 53.7 in November, but remained in expansion mode, CIER said.

The sub-indexes on business activity, new orders and supplier deliveries moved higher by 0.7, 2.9 and 3.0, respectively, from a month earlier to 55.9, 58.3 and 52.2 in November, with all three in expansion mode, CIER added.

Source: focustaiwan.tw- Dec 02, 2019

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Ghana: Textile industry workers commend GSA over crackdown on fake

The Textile, Garment and Leather Employees' Union (TGLEU) has commended the Ghana Standards Authority (GSA) over its decision to clamp down on people selling substandard African wax prints.

The Union in a statement said these substandard products which have flooded the markets, pose serious health risks as the quality of chemical used in manufacturing the prints are unknown.

"TGLEU pledges absolute support for the GSA in the application of its core mandate to ensure that the manufacture and sale of products comply with the laws of this country. We appeal to the GSA to sustain the operations at the points of sale of these counterfeit textiles across the regions to save the country from imminent calamity," the union said.

The action taken by the GSA should provide a glimmer of hope to textile manufacturers who have lamented the influx of cheap wax prints has led to the near-collapse of the country's once-vibrant textile industry.

The enforcement team of the Ghana Standards Authority (GSA) last week closed down several shops at the Accra Central Market including those that deal in prints and fabrics. The standardization exercise sought to uncover the illegal production of sub-standard or counterfeit products in Ghana, and also ensure that vendors only sell authentic goods to customers.

The GSA, while performing the exercise, took samples of some products to ascertain their authenticity, and locked up some shops in cases where it was realized that the vendors sell a lot of substandard fabrics.

The GSA said the exercise is to rid the markets of substandard goods. Business Development Manager at the GSA, George Kojo Anti, told Citi Business News the fabrics are ha zardous to the skin and as such must not be allowed unto the markets. "The exercise was to go to the markets, sample products and the suspicious fabrics that are actually dominant in the shops. In the interest of public health and safety, in the interest of consumer protection, then we would temporarily have to suspend the sale of such because they are articles that we suspect hold a danger for life. There is no reason why we should allow at a point where we have seen it with our own eyes to be continued to be sold in public. One human life lost can never be regained" he explained.

Economy suffers

The statement issued by the Union stated that apart from the health risks, the economy of this country suffers immensely through substantial Revenue losses due to the smuggling of these products into the country.

"Consequently, the local textile manufacturing industry which meets statutory tax obligations, applies certified dyestuffs and chemical and employs thousands of workers have been rendered uncompetitive in pricing because of the illicit activities of traders thereby causing the virtual collapse of the industry resulting in massive job losses," the Union said.

Source: Ghana Web.com- Dec 02, 2019

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Trade war takes toll, but Xinjiang exporters seek to diversify markets

Textile companies in Aksu, the nation's largest top cotton production base in Northwest China's Xinjiang Uyghur Autonomous Region, are seeing their exports to the US fall to almost nothing this year amid a bickering trade war between the world's two largest economies.

While some have dubbed this year as the hardest for foreign trade, those textile companies have been actively moving into domestic markets, markets along the routes of the Initiative (BRI) and European countries to fill gaps left by US clients.

With government support policies and logistics subsidies, the local manufacturers are confident of their business prospects, believing that sunshine always follows the storm and their business will recover soon with the diversification of export destinations.

At Aksu Textile Industrial Park, Xinjiang's largest textile industrial park – home to hundreds of manufacturers – trade volume of textiles, cotton yarn, clothes and hats plunged 86 percent to $35.87 million in the first 10 months of 2019, according to the industrial park‘s committee manager Liu Jizhong.

“Our exports to the US dropped to near zero amid the trade war, which weighed on the overall foreign trade volume. The escalating trade war has dragged down the industrial park‘s output by about 40 percent,” Liu told the Global Times on Wednesday, pointing to tons of clothes in the park‘s warehouse due to lackluster overseas demand.

Last year, the industrial park exported 5 million garments, mostly to the US.

The US levied an additional tariff of 10 percent on $300 billion of Chinese imports on September 1, which reportedly covers 87 percent of textiles and clothing from China. It is not clear whether Washington will impose an additional 15 percent tariff on $156 billion of Chinese products, including clothes and toys, on December 15.

The tariff hike is taking a bite on the business of Xinjiang Jinliyuan Clothing Co, a local textile manufacturer located in the park. Zhang Jie, general manager of Jinliyuan, told the Global Times on Wednesday that the company‘s clothing exports to the US had halted this year, including to its largest overseas clients Disney, which accounts for 30 percent of its foreign trade transactions.

About 70 percent of Jinliyuan‘s income originates from foreign trade, of which the US used to be the producer‘s largest export market.

“This is the hardest year for textile companies specializing in foreign trade. We signed a 10-million-yuan ($1.42 million) initial agreement with Disney in March and then sourced fabrics for the order in bulk. But Disney called off the deal in May and we have no choice but to stock materials in the warehouse, exposing them to the dust,” Zhang said.

Last year, Zhang‘s company expanded its capacity by 24 production lines to 72 on expectations of soaring demand overseas. But now the new lines are idle, Zhang said.

What‘s worse is that as demand slid to a crawl, the company had to lay off some employees or ask some to take a short holiday to cut costs, he said.

Now, Jinliyuan employs 900 workers, most of whom are Uyghur.

Export diversification

Despite the economic loss, major producers at the industrial park are displaying a palpable level of calm and confidence in the future – just like the weather in Aksu on Wednesday, which cleared up after a sandstorm in the morning.

Efforts to diversify markets and reduce reliance on the US are in progress.

“We have good developments coming one after another. Our chairman has reached an intention to cooperate with Russian retailers. German clothing companies also signed a deal with us. We have begun the design process, and shipments will start next year,” Zhang said.

Orders to the industrial park are also surging from Europe, Southeast Asian and BRI countries, according to Liu, who urged local textile companies to take advantage of Xinjiang‘s geographic position as a gateway to Central Asian countries such as Kazakhstan and Kyrgyzstan.

In September, the Xinjiang government announced favorable policies that aim to subsidize transportation costs for southern Xinjiang manufacturers, including those in Aksu. Companies no longer need to pay railway costs from Aksu station to Urumqi, the capital city. They will also be able to get a 50 percent discount for shipments from Urumqi to stations abroad.

“We‘re mulling over more policies to help local companies contain costs and guide them into neighboring markets,” Kahaerjiang Kuerban, an official of Aksu‘s foreign trade bureau, told the Global Times on Wednesday.

Shifting to the domestic market is another choice. Domestically, Jinliyuan has set up a children‘s wear brand Ayoryor, targeting markets in eastern and central China.

Foreseeing potential business opportunities at home and abroad, Liu said it will certainly take some time for the foreign orders to bounce back, but the future is of great potential and promising.

Source: dailystockdish.com- Dec 02, 2019

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NATIONAL NEWS

Import curbs likely on over 350 items to boost 'Make in India"

The government has identified over 350 "non-essential" imports — ranging from toys and textile products to footwear and electronic goods — on which it intends to initiate a host of measures, including an increase in customs duty apart from putting in place quality control orders to reduce shipments into the country and encourage domestic manufacturing.

In addition, departments are looking into suggestions of waiving the requirement for global tender for government procurement in sectors where it thinks there is sufficient domestic capacity to execute a contract, sources told TOI. Several ministries such as textiles, electronics and IT and commerce and industry have been asked to initiate action on the identified list of products.

As part of the initiative, public sector companies may also be asked to list out their requirement for products and specifications for the next five-six years so that domestic industry knows the demand and plan accordingly. So, if the standard changes, Indian manufacturers can tweak their production accordingly, explained an officer. The moves are part of the government's thrust to 'Make-in-India' scheme, for which it has been working on ways to discourage imports.

Certain import duty hikes are likely to be announced in Budget

So far it has largely depended on an increase in import duty for a host of products, including television sets and mobile phones, which the government believes, has helped push domestic manufacturing. Ministers have repeatedly pointed to the domestic production and assembly of mobile handsets in recent years as a result of this policy. Similarly, it has restricted the import of raw material for agarbattis, although a section of the domestic industry is unhappy with the decision.

Going forward, the government intends to pursue the plan vigorously and first up will be a quality control order for toys, such as dolls. Some of the duty hikes are expected to be announced in the budget, although officials are not ruling out midterm correction.

Sources said that in segments such as electronics, the list will be drawn up carefully, recognising that imports of certain products need to be discouraged. A large part of India's trade deficit is now due to the import of electronic goods and the government believes that the decision to sign the World Trade Organisation's first Information Technology Agreement, allowing duty-free import of several electronic goods, was responsible for it.

Officials said the government will simultaneously pursue a strategy to seek investments from international players to locate manufacturing facilities in the country.

Several economists have, however, warned against using high import duties as a tool to restrict imports, arguing that it impacts the consumer adversely, who has to shell out more. Besides, inefficient domestic manufacturers get protection.

Source: timesofindia.indiatimes.com– Dec 03, 2019

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Job-shedding by firms dampens manufacturing recovery in November

Rise in output among weakest in one-and-a-half years, reveals IHS Markit India manufacturing PMI survey

Manufacturing sector saw a modest upturn in November 2019 going by the latest IHS Markit India Manufacturing PMI print at 51.2 up from 50.6 in the previous month, a private monthly survey showed on Monday. The October reading was a two year low.

Although the performance improved in November 2019 on the back of new orders and output increase, factories were clearly less optimistic about the future as they have shed jobs for the first time since March last year.

Anecdotal evidence suggested that growth was supported by the launch of new products and better demand, though restrained by competitive pressures and unstable market conditions.

This is the 28th consecutive month that the manufacturing PMI has remained above the 50-point mark. The 50-mark threshold separates expansion and contraction.

The latest reading was below the survey average (53.8) and indicated only a slight improvement in the health of the sector.

Commenting on the latest survey results, Pollyanna de Lima, Principal Economist at IHS Markit, said: "After pulling back noticeably in October, manufacturing sector growth displayed a welcoming acceleration in November."

Still, rates of expansion in factory orders, production and exports remained far away from those recorded at the start of 2019, with subdued underlying demand largely blamed for this.

"Some level of uncertainty regarding the economy was evident by a subdued degree of business optimism. Also, companies shed jobs for the first time in over a year-and-a-half and there was another round of reduction in input buying. The weakness of these forward-looking indicators suggests that firms are bracing themselves for challenging times ahead," Pollyanna de Lima said.

PMI data continued to show a lack of inflationary pressures in the sector which, combined with slow economic growth, suggests that the RBI will likely extend its accommodative policy stance and further reduce the benchmark interest rate during December, de Lima added.

Consumer goods provided the main impetus to overall growth, while the intermediate goods category returned to expansion territory. Conversely, there was a solid deterioration in operating conditions at capital goods makers.

Manufacturers were partly helped by external markets, as signalled by a further expansion in international sales. The increase in exports was slight, however, and among the weakest.

Source: thehindubusinessline.com– Dec 02, 2019

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Revised tariff at Chennai Port upsets trade; ChPT defends hike

5,000 workers likely to be affected due to diversion of cargo, says Chennai Port Stevedores' Association

The Chennai Port Trust (ChPT) is caught in a Catch-22 situation. Its decision to revise the tariff (Scale of Rates) effective November 29, has faced stiff opposition from the port users. However, without an increase, it would be impossible for the ChPT to meet its expenses, especially the huge wage bill after the pay revision from January 1, 2017. The pay revision has led to an increase in labour cost by nearly 30 per cent, forcing the ChPT to hike the tariff, said an official of ChPT.

The Chennai port competes with the neighbouring Kamarajar, Katupalli and Krishnapatinam ports. While other ports are reducing their tariffs to attract cargo, ChPT has increased it, making the port uncompetitive, feel many port users. The rate increase has come at a time when the port is struggling to find cargo, said one user.

For the period April-October 2019, cargo throughput at the port declined by nearly 9 per cent to 28.58 million tonnes, as against 31.43 million tonnes in the same period last year, according to data released by the Indian Ports' Association that represents the major ports.

Increased competition

The tariff increase was 36 per cent in stevedoring; between 15-30 per cent in others such as wharfage, storage and vessel-related charges, and close to 50 per cent in demurrage, said Ishwar Achanta, President, The Chennai Port Stevedores' Association, whose members provide cargo loading and unloading services at the port.

“The increase is a death knell for the port. Surely our ships bringing 1 million tonnes per annum will shift. Already, a ship called at Kattupalli and loaded 6,000 MT last week and the next ship is also due there,” he said.

Achanta said that at a meeting with stakeholders on November 14, Mansukh Mandaviya, Union Minister of State for Shipping (Independent Charge), said that ChPT cannot load its costs such as pension pay-outs and increased salaries (on account of wage revision) onto the tariff levied on port users.

“However, we were shocked to receive a notification from the ChPT Traffic Manager's office, advising that the increased Scale will come into effect on November 29,” he told BusinessLine.

“With Chettinad Multi Cargo terminal at Kamarajar Port ramping up operations after a slow start, and Kattupalli Port offering huge discounts resulting in the diversion of Caterpillar and granite blocks exports, and with Krishnapatnam port on the verge of being acquired by Adani Ports, we, the primary stakeholders of Chennai port, are seriously disadvantaged by ChPT increasing handling costs,” said Achanta.

‘Workers will be affected’

“It is our earnest request to take cognizance of the serious difficulties being faced by our members in sustaining their companies and their businesses. Directly and indirectly, 5,000 workers will be affected by this move to increase tariff leading to immediate diversion of cargo,” he appealed to both the Shipping Ministry and ChPT.

“We request you to defer the implementation of the scale of rates and assist the trade to retain the already low volumes at Chennai Port,” he added.

Stakeholders consulted, says ChPT Chairman

Defending the tariff increase, ChPT Chairman P Raveendran said that the SoR is revised with due consultation of the stakeholders, and most of their concerns were taken care of and thereafter the proposal for the revision of SoR was sent to Tariff Authority for Major Ports (TAMP), besides publishing the proposed SoR in the Chennai Port website as per the TAMP guidelines.

TAMP, after due process, conducted the public hearing with all the stakeholders. The issues raised during the meeting were again analysed and many of the increases proposed such as ‘cold move’ charges; double berth hire charges for occupation of double berth by large ships; increase in wharfage for cereals and pulses and fertilizers; wharfage rates for oil bunkering, coir and jute, documentation charges for vessel imported as cargo, were withdrawn.

The increase was mainly in areas like on board labour charges (shown part of stevedoring charges) which was necessitated due to pay revision from

January 1, 2017, and the ChPT had absorbed this increase till date. "The overall increase in tariff due to the revision will be only around 3 per cent for a ship calling at the port," Raveendran said.

However, the impact of these labour charges is minimal since the port has implemented National Industrial Tribunal Award on manning scale in toto, he said.

Source:thehindubusinessline.com– Dec 02, 2019

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No alternative to multilateralism in global trade: Karel De Gucht

In a conversation with R Srinivasan, Editor, The Hindu BusinessLine, the former EU Commissioner for Trade, said the EU, as the biggest trader, would continue to work towards free trade

"The European Union is the biggest trader and the biggest importer, and as a block, we are the biggest exporter as well as the biggest investor. As the most important trading block, we are convinced that we should show the way, through a rule-based approach, on the need to remove trade barriers," said Karel De Gucht, a former EU Commissioner for Trade, and a Belgium minister.

Taking part in a conversation with R Srinivasan, Editor, The Hindu BusinessLine, on 'Overseas trading and doing business with Europe after Brexit,' he said, "There is no alternative to global trade and going about it through multilateralism. Countries need to open up and that is the way to go."

They were speaking at a discussion on the theme 'Your pharma and life sciences hub in Europe, Belgium,' in Hyderabad.

"Europe is still in the forefront of free trade. We have been making important FTAs and have concluded one with Japan and ratified it in five months. In the past, it would have taken about five years. We are convinced that this is the only long-term solution. There is no other alternative. Hope others will understand this and join. The basic approach that you need to develop global trade is unquestionable. The problem with China is they want to go global their way," he said.

Setting the discussion in the context, Srinivasan said, "India-EU trade is about 92 billion euros, the EU accounts for about 13 per cent of all of India's trade and is an important trading partner. It accounts for about 18 per cent of India's exports. India is the EU's ninth biggest trading partner, trade has the potential for improve. China accounts for 15.3 per cent of trade with the EU and for the US it is 16.9 per cent. India's trade in goods with the EU is very strong and has been growing substantially."

"Trade is picking up speed. Services are becoming an increasingly important component of economic relations between India and the EU. The EU has investment in India through FDI accounts for 18 per cent. There are plenty of opportunities and challenges. Everybody is talking about Brexit .What if Brexit actually happens?" Srinivasan questioned.

Brexit likely by January-end

Gucht said, "Actually, I think Brexit will happen at the end of January. Of course, there is an election in December. Each election throws up surprises. I think they will leave. If they leave by January and have two years during which they have to live up to the decision taken up earlier. It is like divorcing and then deciding that you will have to live together for two years, stick to all the decisions already taken and those that will be taken later."

"It is difficult to predict the outcome. I have been negotiating with the US for the past four years and have learnt that in practice the US is a very protectionist country. I have negotiated with India for four years, including in the area of parts for cars, data exchange, etc. I don't think all of a sudden Modi will make an agreement. I don't see any willingness on the part of the Indian Government to have far-reaching trade agreements in the near future," he said.

"Modi wants swift industrial development of the country. To do so, he has to open up the economy. He is thinking too much about infant industry. In a number of sectors, you are really on top. for instance, in IT, you are the No 2 hub after Siliocon Valley, and though 60 per cent of the population is engaged in agriculture, it is still at the subsistence level. Modi is not alone in this approach. Donald Trump wants to do the same with Germany. He can't do it. China is doing the same. China has a yearly meeting with East

European countries and Balkan States. We decided that this cannot happen with the presence of the EU," he said.

"Trump has tried to destroy the multilateral-rule based system. If he gets re-elected, it will get difficult. If he loses, things could be brought around," he said.

On US-China trade issues, he said "while some believe they will be resolved soon. I don't think this can happen overnight. Might even take a decade."

Source: thehindubusinessline.com– Dec 01, 2019

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India should restart talks with EU: Belgium Minister

India should re-commence negotiations with the European Union (EU) for a Free Trade Agreement (FTA), according Karel De Gucht, former EU commissioner for Trade, Minister of State, Belgium.

He was speaking to mediapersons on the sidelines of a meeting on `Your Pharma and Life Sciences Hub in Europe - Belgium', a roadshow to promote investments in Belgium held here on Saturday.

He was EU commissioner for Trade when the negotiations were halted before formation of present government at Centre this year.

Stating that India should have a FTA with the EU, he said: "`This is because you need to have partners in international trade. You are limiting partners and hampering investment in infrastructure and access to expertise (by not having a trade pact with EU)," Gucht said.

RCEP

When asked on his view on India exiting from Regional Comprehensive Economic Partnership (RECP), the Belgium minister said: "`I have mixed feelings on this..."

While India's doubts about reciprocity could be understood, it might be able to tackle them. "You will be together with many other countries and RCEP will be like a loose agreement and will not be a tight one," he said adding that that could throw up opportunities to address concerns on reciprocity.

Referring to China's stance on trade aspects, he said trade war with China ``is systemic" and it could be resolved by agreements. ``EU should negotiate politely with China to change its course," he added. A coercive approach being adopted by the US might not work, he opined.

``Problems with China will be there at least for next one decade. Other countries should come together," Gucht said. On the Brexit, the minister said: ``I think Great Britain will leave."

India-Belgium
Referring to bilateral trade between India and Belgium, the minister said there was `huge potential' in sectors like pharmaceuticals, Information Technology, among others.

Indian generic companies and R&D firms should come to Belgium to take advantage of good tax system. ``We have good scope for generic companies and Indian firms should start manufacturing in Belgium," he said.

GV Prasad, Co-Chairman and CEO, Dr Reddy's Laboratories Ltd and Honorary Consul of the Kingdom of Belgium in Hyderabad said the penetration of Indian pharma companies was lower in Belgium than in UK and Germany. ``There is scope for more generics," he added.

Mark Van de Vreken, Consul-General, Consulate General of Kingdom of Belgium said the bilateral trade between India and Belgium was at $19 billion last year and there was lot of scope for growth.

Belgium is a global pharma valley with over 200 pharma businesses including majors such as UCB, Janssen Pharmaceutica, GSK. Pfizer and Baxter. It is the second largest pharma exporter and is known for expertise in vaccine research.

Source: thehindubusinessline.com– Nov 30, 2019

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Rupee edges higher by 8 paise; RBI meet in focus

The Indian unit on Friday had closed at 71.74 against the US dollar.

The Indian rupee on Monday settled 8 paise higher at 71.66 against the US dollar amid participants hoping Reserve Bank will go for another rate cut in the ensuing RBI policy review meet this week.

Forex traders said the domestic currency opened weak as investors traded cautiously after India's Q2 GDP growth dipped to an over six-yr low of 4.5 per cent, but during the day, the local unit gathered strength anticipating further easing in key rates to boost the slowing economy.

At the interbank foreign exchange, the rupee opened weak at 71.78 a dollar but soon gathered strength to touch a high of 71.62 before finally settling at 71.66, up 8 paise over its last closing.

The Indian unit on Friday had closed at 71.74 against the US dollar.

"Rupee opened on a flat note but came under pressure following weaker-than-expected GDP and fiscal number that was released on Friday," said Gaurang Somaiyaa, Forex and Bullion Analyst, Motilal Oswal Financial Services Private Ltd.

India's GDP growth hit an over six-year low of 4.5 per cent in July-September 2019, dragged mainly by deceleration in manufacturing output and subdued farm sector activity, according to official data released on Friday.

"This week, market participants will be keeping an eye on RBI Policy statement and could consider cutting rates for sixth time this year. We expect the USDINR(Spot) to quote in the range 71.70 and 72.20," Somaiyaa added. Bankers and experts believe the Reserve Bank may cut interest rates for the sixth straight time on December 5 to support growth that has continued to slip.

The RBI has cut interest rates on every single occasion the monetary policy committee (MPC) has met since Shaktikanta Das took over as the Governor in last December.

Traders noted that the strengthening of the American dollar vis-a-vis other currencies overseas, rising crude oil prices and sustained foreign fund outflows weighed on the domestic currency.

The 30-share BSE gauge closed marginally higher by 8.36 points or 0.02 per cent at 40,802.17. The index swung between a high of 41,093.99 and a low of 40,707.63 during the day. On the other hand, the broader NSE Nifty settled 7.85 points or 0.07 per cent down at 12,048.20.

Meanwhile, foreign institutional investors (FIIs) sold shares worth Rs 1,731.33 crore on Monday, according to provisional exchange data.

The dollar index, which gauges the greenback's strength against a basket of six currencies, rose by 0.06 per cent to 98.33.

Crude oil benchmark Brent Futures rose 2.33 per cent to USD 61.90 per barrel.

The 10-year government bond yield was at 6.49 per cent in morning trade. PTI

The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 71.7255 and for rupee/euro at 78.9750. The reference rate for rupee/British pound was fixed at 92.6631 and for rupee/100 Japanese yen at 65.51.

Source: thehindubusinessline.com– Dec 02, 2019

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'Raymond brand' to remain with new demerged lifestyle firm

Textile player Raymond on Monday said ownership of Raymond brand will remain with the demerged new lifestyle company.
The company had earlier announced hiving off the consumer and lifestyle businesses into a separate entity.

"Raymond consulted with industry and financial experts to arrive at an optimal structure in relation to ownership of brands related to lifestyle businesses. Under the proposed scheme, along with the lifestyle business, 'Raymond' and all other brands currently being used in respect of textiles, readymade garments, retail business related to Lifestyle business, tailoring services and allied accessories will be assigned to and owned by Raymond Lifestyle Business," the company said in a BSE filing.

Consequently, once the proposed scheme is approved by the National Company Law Tribunal (NCLT), Raymond lifestyle business will not be required to pay any royalty to Raymond Ltd for its use of the brands.
"Raymond' brand ownership for all the other businesses (except for Raymond Lifestyle Businesses) will remain with Raymond Ltd.

"I am happy to announce the management's decision of moving brand ownership with usage categories in respective companies...There will be no intercompany brand licencing rights or royalty contracts," Raymond Ltd Chairman & Managing Director Gautam Hari Singhania said.

The company had earlier announced the proposed demerger of its core lifestyle business into a separate entity that will be listed through mirror shareholding structure.

The new company will be listed and the existing shareholders of residual Raymond will get the shares of the new company on a 1:1 basis.

The move will create a clear demarcation of lifestyle and other businesses leading to the simplification of the group structure.
The proposed scheme is subject to various regulatory and statutory approvals.

Source: businessinsider.in- Dec 02, 2019

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ITMACH India to present latest textile technologies

ITMACH India will once again showcase the latest textile technologies and machinery to the Indian textiles industry from 5-8 December 2019. The International Textile Machinery & Accessories Exhibition will be held in the country's most vibrant textiles manufacturing hub – Gujarat.

"The third edition of ITMACH India is even more significant for the Indian and the South Asian textiles industry as it is among the largest textile machinery shows being organised in India, close on the heels of ITMA 2019," organisers report.

"Therefore, the show will have most modern technologies on display that were launched recently concluded ITMA in Barcelona. Indian textiles industry would now, thus, have the opportunity to experience world class textile manufacturing technology under one roof."

For example, a leading weaving machinery and technology supplier Picanol is showcasing its airjet Omniplus- i loom with Smartshed, which will be displayed working on denim fabric with warp beam from Arvind Mills and operate at production speed above 1000 rpm.
Indian textiles industry and investment

"The Indian textiles industry has continuously invested in innovations and technology upgradations as global opportunities open up. The backbone of the Indian textiles industry, the spinning sector has off late facing tight demand situation due to US-China trade war, China's trade agreements with Pakistan and Vietnam, as well as high domestic cotton prices," organisers explain.

"This has resulted in slower investment in the spinning sector this year. However, US-China trade war has also brought some new opportunities to weaving, knitting, dyeing, printing and wet processing and garmenting sector. Global brands and retailers are looking for Indian suppliers with economy of scale plant with state-of-the-art process technology. Therefore, the Indian weaving, processing and garmenting sectors are still in investment mode and resource efficient technologies are much in demand."
Investors filing IEMs

In terms of data, from April-August 2019, around 90 companies have filed for Industrial Entrepreneurs' Memoranda (IEMs), related to investment in textiles and clothing. Of these 90 proposals, 34 were related to yarn manufacturing (both cotton and MMF), weaving sector attracted 15 proposals, 14 proposals were related to the RMG sector, nine proposals were for textile processing, seven were for technical textiles, six for knitted fabrics, and four for home textiles.

In terms of capacity, the IEMs have proposed yarn manufacturing of 3.50 million tons, fabric (both woven and knit) production of 66.87 million metres, textile processing capacities of 155.91 million metres, and RMG of 670 million pieces.

Some leading investors in the yarn manufacturing sector include Indian Oil Corporation, Indorama Industries, Shekhawati Geotech, Arvind Dyeing & Bleaching, Vedha Spinning Mills, Filatex India Ltd, Sudhan Spinning Mills, and more. In processing, some of the IEMs are from Shri Narayan Fabrics, Parshwa Texprint, Panorama Print (digital printing), Ichalkaranji Powerloom Mega Cluster. RMG IEMs are from companies such as SP Apparels, Page Industries, and Shriniwas Polyfabrics.

Source: knittingindustry.com- Dec 02, 2019

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SITRA develops 100% green technology for making denims

The South India Textile Research Association (SITRA), Coimbatore, with more than 6 decades of research expertise, has developed a breakthrough technology for greener reduction of indigo dye during dyeing process labelled as GRIN – Green Reduction of Indigo Dye. The significance of the technology is that it does not call for any additional capital investments.

In most industrial indigo dyeing processes, sodium dithionite (hydrose) is used as an agent since it has a powerful reducing property. However, it leads to generation of non-regenerable oxidation products and results in various problems in the disposal of the dye bath and the washing water. Till date, no commercial green and organic indigo dye reducing technology is available globally for replacing sodium dithionite & sodium hydroxide (caustic) in all areas of vat dye applications.

"Indigo denim production is known to consume enormous quantities of water and requires hazardous reducing agents and alkali. No commercial technology has so far been established to replace sodium dithionite as a reducing agent and caustic for dyeing with vat dyes. SITRA's 'Green Reduction of Indigo Dye (GRIN)' denim technology is the first internationally commercial and viable technology for natural or synthetic indigo dyed denim production for 'zero pollution', said SITRA in a press release.

Under the sponsored project titled, 'Development of Eco-Clothing by Greener Reduction Process of Natural Indigo Dyes' by the ministry of textiles, Government of India and with contributions from its industrial partner, K G Fabriks, Sipcot, Perundurai, the research team from the chemistry division of SITRA has developed a process using a 100 per cent greener and biodegradable reducing agent and a green alkali for bulk production in continuous yarn slasher dyeing machines. The biggest advantage of this technology is that it can be used for the manufacture of denims using both synthetic indigo and natural indigo dyes.

The new process eliminates hazardous wastewater completely by replacing the sodium dithionite or hydrose and caustic by using a green reducing agent and a green alkali. The process is not only pollution free but prospects for improved process stability, especially for vat dyes.

KG Fabriks, in collaboration with SITRA, will be launching 'Nature's Blue'- True Sustainable Denim at Weaves exhibition at Texvalley, Erode, using natural indigo with GRIN denim technology developed by SITRA. SITRA is in the process of filing a patent for the said development.

Source: fibre2fashion.com- Dec 02, 2019

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