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IBTEX No. 88 of 2019 May 04, 2019

USD 69.18| EUR 77.56 | GBP 91.13 | JPY 0.62

Cotton Market (May 3, 2019)		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22201	46400	**85.31**
Domestic Futures Price (Ex. Warehouse Rajkot), May		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22310	46628	**85.73**

International Futures Price	
NY ICE USD Cents/lb (July 2019)	75.45
ZCE Cotton: Yuan/MT (September 2019)	15,530
ZCE Cotton: USD Cents/lb	104.59
Cotlook A Index – Physical	**86.20**

Cotton Guide: The macro factors have driven the prices of cotton to lower levels. Crude oil WTI slumped from 63.69 to 60.94 yesterday. Currently while we are writing this report at 8 am, the price of WTI is 61.70 $ per Barrel.

The ICE July contract settled at 75.45 cents/lb with a change of -126 points. ICE July has settled lower for 5 consecutive sessions and also lower in 7 of the last 8 sessions. ICE December has settled lower in 6 of the last 8 sessions. The trading range yesterday was 76.59 as the high figure and 75.37 as the low figure for ICE July. The total volumes once again could not cross the thirty thousand contract mark. They summed up to 28,614 contracts. The ICE July contract emanated volume figures of 18,435 as compared to the previous figure of 21,826 contracts which is a drop of 3391 contracts i.e 15% drop.

Cert stocks began today at 67,873 bales, up 1,977 bales in new certs. There were zero bales awaiting review.

The weekly USDA report was released yesterday. The figures were decent enough but could have been better.

Net Upland Sales: Net sales of 144,800 RB for 2018-2019 were down 39 percent from the previous week and 46 percent from the prior 4-week average. For 2019-2020, net sales were 56,300 RB.

Country	Increase
Turkey	42,600 RB
India	32,800 RB
Vietnam	18,200 RB
Indonesia	13,100 RB
China	9,900 RB
Table 1- Net Upland Sales 2018-2019	

Country	Increase
Vietnam	30,000 RB
China	17,600 RB
Table 2- Net Upland Sales 2019-2020	

The NET upland Shipments were expected to show excellent figure but they turned out to be average. Exports of 292,600 RB were down 8 percent from the previous week and 19 percent from the prior 4-week average.

Country	Shipments
Vietnam	80,000 RB
China	41,200 RB
Turkey	32,400 RB
Pakistan	29,700 RB
India	16,000 RB
Table 3 – Net Upland shipments	

The Weekly CFTC Cotton on-call report for the week ended April 25th was released after the close. Total on-call sales were 110,500 contracts, up 859 contracts. Total on-call sales a year ago were 160,068 contracts.

Total on-call purchases were 56,505 contracts, up 3,577 contracts. Total on-call purchases a year ago were 45,621 contracts. The on-call purchases are setting new high figures.

On the MCX front, the contracts settled with marginal declines ranging from -20 to -30 Rs. The MCX May contract settled at 22310 Rs/Bale with a decline of -30 Rs. The MCX June and MCX July contract settled at 22550 Rs/bale and 22730 Rs/bale with declines of -30 Rs and -20 Rs. Respectively.

Total volumes were also less as compared to the average figures. The total volume was seen at 4626 lots.

Futures Based On:	Call Cotton Based New York				Open Futures Contracts ICE Futures U.S.	
	Unfixed Call Sales	Change From Previous Week	Unfixed Call Purchases	Change From Previous Week	At Close 04/26/2019	Change From Previous Week
May 2019	180	-4,357	5	-2,466	271	-6,074
July 2019	39,485	1,855	8,800	2,752	97,310	-2,188
October 2019	0	0	0	0	53	6
December 2019	34,145	1,304	33,304	1,167	93,341	3,285
March 2020	14,595	478	2,109	127	11,338	821
May 2020	6,044	218	167	5	909	80
July 2020	9,351	1,326	1,555	457	2,442	559
December 2020	5,419	35	10,234	1,513	4,496	540
March 2021	1,268	0	309	0	7	0
May 2021	9	0	0	0	0	0
July 2021	4	0	0	0	0	0
December 2021	0	0	22	22	0	0
Totals	110,500	859	56,505	3,577	210,167	-2,971

The Cotlook Index A has been unchanged at 86.20 Cent/lb. The arrival figures are still at 35,000 lint equivalent bales and will be on a decline from now on. The average prices of Shankar 6 also remains unchanged at 46,400 Rs/Candy. We expect both the international and domestic market to tilt a tad towards bearish figures.

On the technical front, ICE Cotton July futures witnessed sharp decline and breached the lower band of the upward rising channel support at 76.30. At the same time the momentum indicator is also hovering below the 50 mark suggesting weakness in strength. Meanwhile support for the July futures exists around 75.10(61.8% Fibonacci retracement level) and resistance exists around 76.36(9 day EMA). So for the day price is expected to remain in the range of 75.10 to 76.36 with sideways downside bias. Only a move above 77.45, would push price further higher towards 78.20/78.40 zones. Likewise, below 75.10 next support exists around 74.60. In the domestic market May future is expected to remain in the range of 22100-22400 with downside bias.

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

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INTERNATIONAL NEWS

Asia-Pacific to grow 5.7% this year: ADB

Consumer, investor behaviour may be undermined by trade tensions, says Nakao

The Asia-Pacific region is expected to power ahead growing at 5.7% this year but escalating trade tensions are a source of worry, according to Takehiko Nakao, President and Chairperson, Asian Development Bank.

Addressing the opening session of the Board of Governors at ADB's 52nd Annual Meeting here, Mr. Nakao said that consumer and investor behaviour could be undermined by trade tensions between countries.
Reform, re-orient

"There has been much debate about it but I'm a firm believer in the multilateral system," he said, adding, "but we have to reform and reorient ourselves to earn the support of members and their taxpayers."

The bank's lending grew to a record $21.6 billion in 2018, 10% higher compared to 2017. Mr. Nakao elaborated on the Strategy 2030 plan of ADB which will focus on six key areas — operational and action plans for the private sector, addressing remaining poverty and inequality, accelerating progress in gender equality, continuing to foster regional cooperation and integration, expanding private sector operations and using concessional resources effectively.
'World comes to Fiji'

Addressing the session, Fiji's Prime Minister Josaia Voreque Bainimarama said: "The world has come to us. This conference marks the end of an era of missed opportunities for the Pacific region."

This is the single largest gathering in Fiji with over 2,000 delegates and was the first time that the ADB held its annual meeting in the Pacific region, he pointed out.

Source: thehindu.com- May 03, 2019

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Manufacturers run out of cotton harvesters for Brazil for 2019

It is only May, but if a Brazilian cotton grower orders a new harvester now to cope with an expected larger crop this year, he will not get it in 2019. The industry has run out of them.

Brazil is experiencing a boom in cotton production, a result of higher international prices and the 25 percent Chinese additional import tax on U.S. cotton amid the trade war.

Brazilian cotton exports are expected to increase 35 percent in 2019 to 1.7 million tonnes of the fiber, according to cotton exporters association Anea. Production is expected to grow to 2.64 million tonnes (lint) in the current crop from 2 million tonnes in the previous season, says the government.

“We are still delivering the harvesters ordered last year. Some of them will arrive for the start of the harvest in 60 days, but not all. Some will get to farms mid-way into the harvest, will help them finish field work,” Rodrigo Bonato, Brazil sales director for machine maker John Deere, told Reuters during Agrishow, Latin America’s largest farm equipment expo.

Deere is the only supplier of the type of cotton harvester Brazilian farmers use in the vast areas in Mato Grosso or Bahia states. It imports the machines from its plant in Des Moines, Iowa. Other manufacturers, such as Case IH, have a different machine that does not suit local needs.

“We can’t take any more orders for harvesters to be delivered this year, unfortunately,” said Bonato, adding that sales of the equipment to Brazil have grown 30 percent.

The market is relatively small, with only around 800 cotton harvesters produced globally every year. Brazil receives around 150 of them.

Silvio Campos, product market director for Case IH in Brazil, said that besides being small, that market is very variable, depending strongly on international cotton prices.

"We are going through a demand peak that tends to recede from now on. Prices are already falling from the highs seen last year," Campos said. Those characteristics, he said, do not justify an investment in a new assembly line.

Cotton prices last year reached the highest level since 2014, at 92 cents per pound in New York futures, due to stronger demand. Current prices fell to 72 cents per pound, but Brazilian farmers have hedged most of their sales from this year and next already.

Source: reuters.com- May 03, 2019

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Balancing Egypt's cotton market

Egypt's cotton cultivation is now in progress, having begun in mid-March and continuing until June in some areas. However, judging by the areas planned for cultivation, the US Department of Agriculture's Foreign Agricultural Service Report is forecasting a smaller crop in 2020.

One of the main reasons for the decrease, according to the report, is the low price at which last season's crop was sold.

"Farmers and industry are expected to decrease production to raise cotton prices," it says. A high harvest in 2019 caused supply to outstrip demand, pushing down prices to LE2,050 ($117) per quintar ($567 per bale) in March 2019, the report said.

One quintar is 50kg of lint cotton. One bale is 4.8 quintars.

The report estimates that the harvested area of cotton in Egypt will drop by around 30 per cent to 97,000 hectares, down from 141,000 hectares last year. This will affect the harvest, causing it to drop from 489,000 to 337,000 bales, it says.

"High carryover from the previous season decreased prices and discouraged farmers from planting cotton in 2019," the report says. The high carryover was due to high production in the previous season.

The large harvest is attributed to the expansion of cultivated areas from 55,000 hectares in 2016-17 to 141,000 hectares last year. It was also the result of higher yields because of improved cottonseed varieties.

These produced an extra two quintar of cotton per feddan, the report said. Good weather, delayed cultivation, and improved pest control also helped to boost yields.

In 2018/2019, production increased by 63 per cent over quantities produced in the previous year and 190 per cent above 2016/17 production, the report shows.

Farmers had expanded cotton cultivation last season encouraged by the high indicative prices announced by the government and because of restrictions on planting rice to ration water use.

Egypt specialises in producing long-staple and extra-long staple (ELS) cotton, the latter used in producing fine quality cotton products. Only three per cent of total world cotton production is ELS cotton. Egypt, the US, Israel, and Turkmenistan are the only countries producing ELS, according to the report.

To protect the quality of Egyptian cotton, the government applies strict rules. Every year, two months before the onset of the planting season, the minister of agriculture issues a decree identifying the cotton varieties allowed for each region. Each variety must only be grown in the specified areas.

The government has also taken further steps to improve the quality of Egyptian cotton. According to the report, in early 2017 it announced a 19-step plan to reverse the cotton industry’s decline, notably by taking over the production and distribution of cottonseed, which used to be handled by the private sector.

“The government was forced to intervene as Egyptian cotton’s reputation and quality had deteriorated significantly, due to the seed companies’ lack of effective quality-assurance systems that resulted in inferior, mixed variety output,” the report said.

These efforts are paying off, according to the report. “The quality and physical properties of the 2018/19 cotton harvest improved significantly and are expected to improve again in 2019/20,” it said.

There has been increased demand for Egyptian cotton in local and international markets, and this is expected to continue in 2019/20.

To ensure purity and prevent mixed variety output, the government is against the cultivation of short- or medium-staple strains in the traditional cotton-cultivation areas of the Delta and Upper Egypt, and it is initiating a research project in Shark Al-Owainat in the New Valley governorate to cultivate trials of medium and short-staple upland cotton, the report said.

The government “chose the area due to its remoteness and isolation from existing cotton cultivation, in order to prevent seed mixing,” it said.

Egyptian yarn manufacturers prefer medium- and short-staple cotton because it is often cheaper. Yarn producers can use Egyptian long-staple cotton instead of imported short- and medium-staple cotton if the prices of local cotton are more competitive than those for imported cotton, the report said.

The government announces an indicative price before the cultivation season commences, though this is not a commitment to buy the crop.

While the indicative price for long-staple strains ranged between LE2,700 ($154) to LE2,800 ($160) per quintar, the crop sold for around 18 per cent lower when it was harvested and farmers began to market their produce, the report said. In February this year prices dropped further to as low as LE2,050 ($117).

This was partly because stocks in February 2019 were 150 per cent more than the previous season. “The surplus supply added significant pressure on prices, with indications that it was now being sold at cost,” the report said, adding that this experience would likely push farmers to reduce their cotton production.

The lower harvest next year will likely effect imports and exports. According to the Report, imports will increase by two per cent to 510,000 bales, while exports are forecast to decrease by 24 per cent to 220,000 bales.

The increased imports are attributed to an expansion in domestic processing capacity.

Source: ahram.org.eg - May 03, 2019

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Foreign Buyers of Cambodian Goods See Risk in Looming Trade Sanctions

Foreign importers of Cambodian textiles and footwear voiced concern in a letter this week that threatened European and U.S. sanctions over human rights violations may disrupt trade preferences supporting the country's economy.

Writing in a May 2 letter addressed to Cambodian Prime Minister Hun Sen, the companies—including among others Nike, Gap Inc., and Levi Strauss—urged government action to address international criticisms of its rights record.

"We are concerned that the labor and human rights situation in Cambodia is posing a risk to trade preferences for Cambodia," the letter's signers said, pointing to what they called a "declining respect for labor standards, including freedom of association, and other issues" in the Southeast Asian country.

Many of the letter's signatories had previously raised these concerns "through multiple channels with your government," the letter's signers said, noting that a letter sent on Nov. 1, 2018 containing recommendations for action had so far received no response.

"We look forward to hearing back from you and working with you to ensure a bright future for Cambodia's workers and the Cambodian economy overall," the letter said.

RFA was unable to reach government spokesman Phay Siphan and Ministry of Labor spokesman Hen Suor for comment on Friday, but a Cambodian trade union leader said the government should not ignore the letter's requests.

“If buyers stop buying products from us, we won’t be able to export them,” Rong Chhun—president of the Cambodian Confederation of Unions—told RFA on May 3.

“We will lose hundreds of thousands of jobs, and Cambodia will be finished,” he said.

'Appropriate solutions'

Also speaking to RFA, Ath Thon—president of the Coalition of Cambodian Apparel Workers’ Democratic Union—urged Cambodia’s government to seek “appropriate solutions” to resolve the buyers’ demands, saying that foreign companies concerned over Cambodia’s rights record will not stop now until their demands are met.

In February, the European Union (EU) announced the launch of a six-month monitoring period to determine whether Cambodian exports should continue to enjoy tax-free entry into the European market under the Everything But Arms (EBA) scheme.

The EU trade measure and a similar measure proposed by the U.S. Congress were motivated by the September 2017 arrest of opposition Cambodia National Rescue Party (CNRP) president Kem Sokha, as well as by a wider crackdown on media and civil society.

Kem Sokha’s arrest, and a decision by the Supreme Court to dissolve the CNRP two months later, paved the way for Prime Minister Hun Sen’s ruling Cambodia People’s Party (CPP) to win all 125 seats in parliament in a July 2018 general election that was widely seen as unfree and unfair.

Criticism, risks ignored

Hun Sen has ignored international criticism of his rights record and shrugged off the risks of losing markets in Europe or North America.

He came back from a summit in Beijing last week touting Chinese Premier Li Keqiang's indication of a “clear willingness to help” Cambodia in part through additional investment in the country.

Hun Sen also noted that ruling Chinese Communist Party senior official Wang Huning had assured him during a meeting on Saturday that China had conducted studies on the impact of an EBA suspension, but determined "it will not cause any serious impact," and that Beijing "will find other measures by which to help Cambodia."

Both the World Bank and the Asian Development Bank, however, said in recent reports that suspension of the EBA was a key external risk that could negatively impact Cambodia's economic prospects this year and slow export growth.

Source: rfa.org- May 02, 2019

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Vietnam's Garment 10 Corp to seek opportunities in Canada

Garment 10 Corporation and a number of member enterprises of the Vietnam Textile and Garment Group (Vinatex) will soon visit Canada to explore export opportunities there.

Canada is a promising market, with the annual import turnover of garment and textile products reaching $13.3 billion, according to the company's general director Than Duc Viet.

Export of Vietnamese garment and textile to the market, however, is just about $550 million per year, Viet said, adding that in the absence of a bilateral free trade agreement between the two countries, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) will help open up opportunities for Vietnam to raise exports to that market in future.

Vietnamese garment and textile products will enjoy zero tariffs in Canada from the CPTPP.

Source: fibre2fashion.com- May 04, 2019

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Bangladesh exports to EU up 10 per cent

Last fiscal year, Bangladesh apparel exports to the European Union rose by 10.58 per cent. Now the EU wants Bangladesh to move towards an environment-friendly production process to reduce the negative impact on nature.

The downside of rapidly changing fashion trends is massive waste and a negative impact in terms of carbon footprint. Sustainability in terms of environment and labor standards can ensure market access to the EU.

Bangladesh has seven out of the ten green factories in the world but needs to continue development and innovation to remain in position as a global leader. Technology can further advance the country's apparel industry.

Sustainability is crucial for Bangladesh and an important component of getting trade facilities from the EU.

Apparel makers are creating products which are biodegradable and not hazardous to the environment. Research and innovation can accelerate productivity without compromising on the environment and use of global natural resources.

To remain a top choice as an apparel sourcing destination, Bangladesh is looking for even more environment-friendly production options.

After Bangladesh's graduation from LDCs status to developing country, continuous market access to the EU is essential if the current exports are to be sustained.

EU markets are very important for Bangladesh as 64.12 per cent of its total apparel exports goes to these markets.

Source: fashionatingworld.com- May 03, 2019

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A peek into Bangladesh's trade giants

Bangladesh can surprise you, that much I will say. I jumped into an invitation to visit the country for the first time without knowing much about the place except its summer climate, population, its citizens' physical features (all of which I have to see for myself), and the countless brands that carry "Made in Bangladesh" printed on its labels (I'm excited to see the source). Three proved true on Day 1.

But there is more to the South Asian country than you and I may know. Thanks to the Visit Bangladesh, an annual program which started in 2011, media from 45 nations gets first-hand update on Bangladesh today.

Bangladesh is one of the most populous and most-densely populated country in the globe yet is one of the fastest-growing economies-the Oriental Tiger in South Asia, one of the world's largest economy today.

According to the Ministry of Information, the economic boom can be credited the nation's major industries-the textile and garments (they're the 2nd largest garments manufacturer and, yes, you have several in your closet); pharmaceuticals; agriculture-based industries (they're self-sustaining and exporting); leather and jute; ceramic, chemicals and even ship building.

We got to visit the facilities of two of the nation's major industrial players-Square Pharmaceuticals Ltd. and Shinepukur Ceramics Ltd.

Founded in 1958 by Samson Chowdhury and three friends, Square Pharmaceuticals is the largest pharmaceutical company in Bangladesh. It pioneered exportation of medicines in 1987. Today, it services 42 countries across the globe including the Philippines.

The products are manufactured in 15 manufacturing units in two different sites, in Pabna and Dhaka.

The Pabna site, which started operation in 1958, produces hormonal and steroidal products, and penicillin, while the 2002-operational Dhaka Unit manufactures the tablets, capsules, insulin and ophthalmic products.

Both plants are equipped with modern machineries that allow high yield production to serve the demands of their clientele.

But Square is more than just a pharmaceutical firm. Under the mother company are its sister firms that deal with healthcare, IT, media, textile and garment manufacturing, among others. The Square Group's turnover is over US$1.3 billion.

The BEXIMCO group claims to be the largest private sector business conglomerate in the country. Under the umbrella company is a diverse line of industries that includes textile and garment manufacturing, information and communication technologies, construction and real estate, among others. It yields an annual income of $1 billion, 75% of which is from export.

Shinepukur Ceramics is one of BEXIMCO's companies. It prides itself as the biggest bone china and porcelain tableware manufacturer and exporter in Bangladesh. Using top of the line raw materials sourced out from Europe, state-of-the-art technology from Germany and Japan and highly-skilled artisans, the factories churn out more than twenty million pieces of bone china and porcelain products annually.

The two giant organizations are proud to claim that they pay their staff well, don't engage in child labor and adhere to the health and environmental codes.

Source: sunstar.com.ph- May 03, 2019

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Cotton arrival at Pakistan ginneries down 6.94% as on May 1

Over 10.777 million bales of cotton have arrived in 2018-19 season at various ginneries in Pakistan, as on May 1, 2019, down 6.94 per cent over arrival of 11.581 million bales during the corresponding period of last season, according to the latest fortnightly report on cotton arrivals, released by Pakistan Cotton Ginners' Association (PCGA).

In the major cotton producing province of Punjab, total cotton arrivals decreased by 9.55 per cent year-on-year to 6.628 million bales, according to the report prepared by PCGA, in joint cooperation with All Pakistan Textile Mills Association (APTMA) and the Karachi Cotton Association (KCA). While in Sindh province, cotton arrivals decreased 2.45 per cent to 4.149 million bales as on May 1 during the ongoing cotton season 2018-19.

Of the total arrival of 10.777 million bales at various ginneries in Pakistan, almost the same was pressed by ginners, of which 10.255 million bales were sold, leaving an unsold stock of 522.009 million bales with the ginners, as on May 1, according to the data.

The textile mills in Pakistan consumed 10.151 million bales, while another 103.540 million bales of cotton were sold to exporters, according to the data. The Trading Corporation of Pakistan (TCP) has not procured any bale of cotton so far this season.

As of May 1, a total of 2 ginning factories were operational in Punjab compared to same number of ginneries that were operational during the same time last season. Similarly, 1 ginning unit was operational in the Sindh region, compared to 4 operating units during the corresponding period last year.

Source: dawn.com- May 04, 2019

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NATIONAL NEWS

India extends retaliatory tariff deadline on US products till May 16

According to sources, India may go ahead with its decision to impose retaliatory tariffs if the US would withdraw the GSP benefits

The Government has extended its deadline to impose retaliatory import duties on 29 products from the United States (US), including almond, walnut and pulses, till May 16.

A notification of the Finance Ministry has said that the implementation of increased customs duty on specified imports, originating in the US, has been postponed from May 2 to May 16 this year.

These deadlines were extended several times since June 2018, when India decided to impose these duties in retaliation to a move by the US to impose high customs duties on certain steel and aluminium products.

This extension comes after the US decided to withdraw export incentives being provided to them to Indian exporters under the Generalised System of Preferences (GSP) programme. The programme is expected to impact India's exports to the US worth $5.6 billion under this scheme. The US has given 60 days notice, which would end this week, to withdraw these benefits.

Amid this, US Commerce Secretary Wilbur Ross and Commerce Minister Suresh Prabhu will hold bilateral meetings on May 6 here to discuss trade-related issues.

According to sources, India may go ahead with its decision to impose retaliatory tariffs if the US would withdraw the GSP benefits.

Further extension of GSP benefits was part of a trade package being negotiated between the countries. However, those negotiations hit a roadblock after the US announced its decision to roll back GSP benefits from Indian exporters.

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

India wants US to exempt them from the high duty imposed on certain steel and aluminium products, provide greater market access for agriculture, automobile, automobile components and engineering sector products.

On the other hand, the US is demanding greater market access through a cut in import duties for its agriculture goods, dairy products, medical devices, IT and communication items.

As part of the imposition of higher import duties, India has notified higher tariffs on several products. While import duty on walnut has been hiked to 120 per cent from 30 per cent currently, duty on chickpeas, Bengal gram (chana) and masur dal will be raised to 70 per cent, from 30 per cent currently. Levy on lentils will be increased to 40 per cent, from 30 per cent.

India's exports to the US in 2017-18 stood at $47.9 billion, while imports were at $26.7 billion. The trade balance is in favour of India.

Source: thehindubusinessline.com- May 03, 2019

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25 US lawmakers urge authorities not to terminate GSP benefits to India

Say move will hurt American firms seeking to expand their exports

A group of 25 influential American lawmakers has urged the US Trade Representative not to terminate the GSP programme with India after the expiry of the 60-day notice on Friday, saying the country's companies seeking to expand their exports to India could be affected.

The Generalized System of Preference (GSP) is the largest and oldest US trade preference programme and is designed to promote economic development by allowing duty-free entry for thousands of products from designated beneficiary countries.

On March 4, President Donald Trump announced that the US intends to terminate India's designations as a beneficiary developing country under the GSP programme.

The 25 members of the US House of Representatives, in a letter, urged US Trade Representative Robert Lighthizer to continue negotiating a deal that protects and promotes jobs that rely on trade — both imports and exports — with India.

They argued that terminating GSP for India would hurt American companies seeking to expand their exports to India.

"India's termination from GSP follows its failure to provide the US with assurances that it will provide equitable and reasonable access to its markets in numerous sectors," Trump had said in a letter to Congress, providing a notice of his intent to terminate the designation of India as a beneficiary developing country under GSP programme.

Access to India

In his letter, Trump said that he was determined that New Delhi had "not assured" the US that it would "provide equitable and reasonable access" to the markets of India. "I will continue to assess whether the Government of India is providing equitable and reasonable access to its markets, in accordance with the GSP eligibility criteria," he wrote. The USTR through a simple notification in federal register can formally terminate GSP benefits to India.

Expressing concern over such a move, the lawmakers said that no party — in the US or India — would benefit from terminating GSP benefits.

"American companies that rely on duty-free treatment for India under the GSP will pay hundreds of millions of dollars annually in new taxes. In the past, even temporary lapses in such benefits have caused companies to lay off workers, cut salaries and benefits, and delay or cancel job-creating investments in the US.

"Terminating the GSP for India similarly would hurt, not help, companies seeking to expand their exports to India. Any progress made toward resolving issues over the last year of GSP negotiations seems unlikely to take effect if India is removed from the programme," the lawmakers said.

"It would be a step back, not forward. Continuing negotiations is the only way to gain new market access for US exports to India," said the letter written by these lawmakers.

Source: thehindubusinessline.com- May 03, 2019

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India's cotton imports from US rise over 3-fold on-month in Apr

India's cotton imports from the US rose over three-fold to 256,100 bales (1 US bale = 218 kg) in April, from 79,900 bales in March due to high domestic prices and short supply, according to weekly data released by the US Department of Agriculture.

India did not import any cotton from the US in April last year.

A sudden rise in domestic cotton prices to around 47,500 rupees a candy (1 candy = 356 kg) from around 41,500 rupees at the beginning of March led mills and traders to import the natural fibre.

Indian cotton is currently being sold 3-4 cents per pound higher than the comparable variety in the international market.

Mills in south and north India are finding imports to be much cheaper than buying locally and spending huge amounts on transportation from Gujarat or Maharashtra, said Gurusamy Rathakrishna, director of Coimbatore-based Shree MTK Textiles.

He said these mills had contracted huge quantities of cotton from west Africa and the US.

"Imports are taking place at 47,500-48,000 rupees per candy landed cost at port which is suitable for mills in south, as they don't have a logistic expense," said Arun Sekhsaria, managing director of Mumbai-based exporter DD Cotton.

Rampant adulteration and contamination is also discouraging mills to source cotton locally, traders said.

Fall in output because of drought in almost 40% of the country has led to short supply in the domestic market.

The Cotton Association of India recently pegged the crop in 2018-19 (Oct-Sep) at 32.1 mln bales, much lower than its initial estimate of 35.0 mln bales in November. As a result, imports are expected to rise 70% in the current year from 1.5 mln bales last year.

So far, India has signed import deals for around 1.8 mln bales (1 bale = 170 kg) in the current year. Of this, 800,000-900,000 mln bales have already been shipped, and the remaining quantum is likely to shipped between May and July, trade officials said.

Source: cogencis.com- May 03, 2019

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Indian textile, jewellery go under the hammer in UK

Rare metal-thread embroidered textile and a gem-set gold pendant dating back to 17th to 18th century India were among the big highlights of an auction in London which fetched a whopping 16 million pounds.

Textiles and jewellery were among some of the major auction lots at the Islamic and Indian Worlds sale at Christie's auction house on Thursday.

Intricately decorated versions of the Quran, from India and other parts of the world, also attracted frenzied bidding at the auction which fetched a total of over 16 million pounds.

"This was the strongest result achieved in the last decade, with high prices throughout all categories. The full saleroom welcomed new buyers and witnessed competitive bidding with numerous telephone lines and online buyers from across the globe," said Behnaz Atighi Moghaddam, Acting Head of Sale for Islamic Art at Christie's.

A Mughal velvet and metal-thread dais cover, from between late 17th and early 18th century India, went under the hammer for 225,000 pounds beating its 60,000 pounds pre-sale estimate.

The second-highest lot related to India was that of a Quran signed "Abdullah Rampur Mughal North India" dating back to 1731 AD, which fetched 112,500 pounds, also above its estimate of 70,000 pounds.

A gem-set gold pendant in the form of an eagle, from 19th century South India, sold for 106,250 pounds, above its 30,000-pound estimate.

The top lot of the auction was a Safavid silk and metal-thread 'Polonaise' carpet from Isfahan, central Persia, dating back to the first quarter of the 17th century, which fetched 3,895,000 pounds, setting a new world record price for a 'Polonaise' carpet at the auction.

"The carpet section of the sale was sold 77 per cent by lot and far exceeded its pre-sale estimate, achieving a total sale price of nearly 9 million pounds, the second highest sale result for this field at Christie's," said Louise Broadhurst, International Head of Oriental Rugs and Carpets at Christie's.

Another highlight of the sale, a "Monumental Mamluk Quran" from Egypt sold for 3,724,750 pounds, achieving a world record for a Quran at the auction.

Source: business-standard.com- May 03, 2019

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Denims and jeans India to discuss changing denim business

Denimsandjeans India, which is bringing its third edition of the International Denim & Supply Chain Show on July 17-18, at Bangalore, will hold its first panel discussion on July 18.

The topic ‘The race to the bottom: Who are the winners?’ aims to discuss the changing patterns of denim business, the problems being faced by the industry and their solutions.

The panel discussion, to be moderated by Stefano Aldighieri, ex-creative director of Levis, will discuss the change in pricing, sourcing, quality, geographical influences, margins and sale strategies over the period of time.

Senior representatives of denim supply chain companies will participate in the discussion and share their views. The discussion will be followed by a Q&A session.

"Inflation has been rising globally and the price of most of the consumer goods have increased in the same proportion. However, when it comes to a pair of jeans, one realises that the prices of jeans have been going down over the period of time.

One of the objectives of the panel discussion is to identify the root cause of this problem as to why in the past decade, the denim industry failed to align with the fundamentals of inflation and how it has affected the businesses so far," the fair organiser said in a press release.

The panel discussion will also bring light on the changes which happened during the period of early 2000 and 2008. "2000 was the year when the premium segment of jeans found its space in the market and was able to sell jeans at the price of $300.

However, this could not hold its ground for long and there was a crash in mid-2008 when recession hit the US.

The post-recession era opened the market for fast fashion and the retailers who entered into the market started selling jeans even at ridiculous prices of less than $10," the release added.

The impact of e-commerce business affecting the eco-system of traditional business and the challenges ahead will also be discussed by the panel.

Source: fibre2fashion.com- May 04, 2019

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India's boycott of BRI not to affect trade ties with China: Indian envoy

India's decision to not join China's Belt and Road Initiative over sovereignty concerns related to the CPEC has not affected the bilateral trade ties which have seen an "exponential growth", India's Ambassador to China Vikram Misri has said.

India skipped China's 2nd Belt and Road Forum (BRF) held from April 25 to 27 aimed at showcasing its trillion dollar Belt and Road Initiative (BRI) over its objection to USD 60 billion China-Pakistan Economic Corridor (CPEC) which passes through Pakistan-occupied Kashmir (PoK).

India had also boycotted the first BRF held in 2017. New Delhi's reluctance to join the BRI has become a major irritant in the relations between the two countries.

"We feel that the infrastructure connectivity should be aligned with national priorities and should respect and follow certain well respected or broadly accepted (norms) in the world, which include the elements of transparency openness, level playing field, social, environmental and financial sustainability," Misri said.

"These are the principles we follow in our own initiatives. The most important thing is that (they) must be aligned with national priorities. That is one basket. The other basket is that these initiatives can be sustainable and successful only in so far as they respect issues related to sovereignty and territorial integrity," he said in an interview to China's state-run CGTN.

In an interview to the state-run Global Times in March, Misri signalled India's plans to stay out the conference which was attended by 37 heads of state and governments, including Pakistan Prime Minister Imran Khan.

Though the latest interview was recorded well ahead of the 2nd BRF meet, parts of it were telecast on May 1, according to a post on the CGTN website.

In the full interview accessed by PTI, Misri said India had its own infrastructure connectivity projects in the neighbourhood and New Delhi's view is that all such projects should be aligned with national priorities.

"With regard to trade and BRI, despite the fact that we are not part of the BRI, there has been no impact on the bilateral trade between India and China. We have seen an exponential growth in bilateral trade with China," he said.

"So, we don't necessarily need to look at India-China trade, or indeed the larger economic and commercial relationship through the prism of BRI. I think we can very well progress on that front," Misri said.

The bilateral trade has grown to about USD 95.5 billion, inching towards the USD 100 billion mark, a target set by Chinese President Xi Jinping and Prime Minister Narendra Modi to be achieved by 2020.

Misri said India has had its concerns over the way the BRI has been put out and New Delhi's views are not unknown or a secret.

"These have been made known to the Chinese authorities and we have had conversations with regard to this and I am quite sure that the Chinese authorities understand our position and our point of view," he said.

"I would also say that with the point of view we have had with regard to especially with the issue related to sovereignty and territorial integrity is not a new point of view. It is a very long held point of view by us. I would imagine that our partners and our neighbours are well aware of our positions," he said.

Misri also pointed to how China-sponsored Asia Infrastructure Investment Bank (AIIB), in which India is the second largest shareholder after China, helped financing projects in the region without any problems.

With authorised capital of USD 100 billion, China is the largest shareholder with 26.06 per cent voting shares. India is the second largest shareholder in AIIB with 7.5 per cent followed by Russia 5.93 per cent and Germany with 4.5 per cent.

"That just goes to prove my point that the fact the we are in AIIB and AIIB is funding a number of countries in the region. Each project is assessed based on certain parameters.

"It follows very high international standards. I think India is probably the largest client of the AIIB, every project is subjected to a study and if it passes those tests they are approved," Misri said.

"We have no problem with it. If we are in agreement about the parameters we would have no objection in going forward with any of the partnership initiatives. But as I said with regard to the BRI there are other elements related to sovereignty and territorial integrity and those issues have not been addressed in the context," he said.

Misri said the last year's Wuhan summit between Prime Minister Narendra Modi and Chinese President Xi Jinping was a major gain.

"That is a major gain in our relationship and I think they share a special relationship, they have also provided a compass to the bilateral relationship that helps to guide the officials," he said.

He said both India and China regard their bilateral ties as an important relationship.

"There are large elements of cooperation in this relationship and in a relationship as large as this there will be elements of competition. In the last few years, we have seen elements of cooperation triumphing the elements of competition," he said.

He said both countries have about 36 bilateral forums for official level dialogue on different issues.

"We have today very good understanding in a number of bilateral political forums. We are working very hard to expand the trade and economic relationship and people to people relationship which is very important aspect of it," he said.

Source: businessstandard.com- May 03, 2019

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Karnataka working to move up as No 3 merchandise exporter

Preparing a new industrial policy

Karnataka wants to reach third position in merchandise exports in the next five years, according to SR Satheesha, Managing Director of the Bengaluru-based Visvesvaraya Trade Promotion Centre, a Karnataka government organisation.

Addressing an interactive meeting with exporters at the Kanara Chamber of Commerce and Industry (KCCI) in Mangaluru on Friday, he said that Karnataka stands fourth in merchandise exports in the country. Gujarat, Maharashtra, and Tamil Nadu are in the first three positions, respectively.
Gap in export volume

Though Karnataka is in the fourth position, the gap between it and the third position is huge. Karnataka needs to more than double its merchandise export to reach the third position in the next five years. In this regard, an export strategy is being worked out for the State, Satheesha said.

Stating that Karnataka's Industrial Policy 2014-19 will come to an end by September, he said the government is in the process of preparing the new industrial policy.

Since there will be a chapter on exports in the industrial policy, inputs are being collected from the exporters in various parts of the State. He said that VTPC (Visvesvaraya Trade Promotion Centre) conducted such interactive sessions at Dharawad and Belagavi recently.

Stressing the need for skill development, Prakash Kalbavi, one of the exporters from the region, said both industry and academia should work closely in this matter. The new industrial policy should take this into consideration, he said.

Problems for exporters

Highlighting the problems faced by exporters on various platforms, he said a cell should be set up at Chief Minister's office to address issues related to exports.

Gaurav Hegde, president of Kanara Small Industries Association, said the government should focus on improving the road and rail connectivity between New Mangalore Port Trust (NMPT) and Bengaluru to boost exports from the State.

Source: thehindubusinessline.com- May 03, 2019

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Gujarat generates highest number of interstate e-way bills in India

Ever since the Electronic-way (E-way) bill system was rolled out a year ago, Gujarat has topped the chart when it comes to the generation of inter-state e-way bills. The state generated 4.3 crore interstate e-way bills in 2018-19, which is the highest among all Indian states, shows data provided by the state commercial tax department.

The system was rolled out from April 1, 2018, as part of which businesses and transporters willing to move any goods worth more than Rs 50,000 from one state to another, are required to produce an e-way bill.

“Gujarat is a manufacturing-heavy state. There is significant movement of manufactured goods from here to various parts of the country.

Similarly, huge quantities of raw material are procured by industries operational in Gujarat from other states. Both these requirements involve generation of a high number of e-way bills,” said Ajay Kumar, special commissioner, state commercial tax department.

Industry players also attribute the growth in e-way bill generation to the opening of new markets due to implementation of Goods and Services Tax (GST).

“During the VAT era, transporting goods from Gujarat to other states attracted a slew of other taxes. However, after the GST rollout, these taxes have been unified across the country, which led to opening up of new markets for goods manufactured here,” said Jaimin Vasa, president, Gujarat Chamber of Commerce and Industry (GCCI).

"Greater e-way bill generation is therefore a reflection of increased manufacturing activity in the state. Commodities such as chemicals, engineering goods, pharmaceuticals, textiles, agricultural products and ceramics are supplied across the country from Gujarat," he added.

Apart from interstate movement of goods, generating eway bills is mandatory for intrastate movement of goods as well. More than 6.7 crore e-way bills were generated in Gujarat in FY 2018-19, of which some more than 2.47 crore were intrastate e-way bills.

Commercial tax experts also attributed the increase in eway bill generation to better enforcement. "Under the valueadded tax (VAT) regime, a similar system was in place for interstate movement of goods and therefore, the compliance under GST regime was better in Gujarat. Moreover, we have deployed mobile squads from place to place to enforce better compliance," Ajay Kumar added.

According to data provided by state commercial tax department, evaded tax as well as penalty to the tune of Rs 82.15 crore was collected from 5,152 vehicles by mobile squads in FY 2018-19.

Source: timesofindia.com- May 03, 2019

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Weaving with solar energy

E. Bhoopathi, a powerloom weaver in Somanur, invested ₹6 lakh in 2013 to install five kw solar energy system at his weaving unit.

Generating at least 20 units of energy a day through the system, he is a motivation to many other weavers who are waiting for favourable policies to invest in solar power.

"Power cuts were crippling production six years ago and we could not afford to run the weaving unit with 10 looms on diesel generator. So I decided to go in for solar energy," he says. The system is not connected to the grid and is supported with a battery. He is able to run the looms for seven to eight hours a day using solar energy.

Mr. Bhoopathi adds that the Government provides power subsidy to powerloom units. Further, net metering facility is not available for industries that went in for rooftop solar energy panels.

Hence, it is not attractive to many. But, if the powerloom units can connect the solar energy system to the grid and supply the excess power generated to the grid, many weavers will go in for it.

The PowerTex scheme implemented by the Union Government extends subsidy to powerloom units that want to tap solar energy.

Source: thehindu.com- May 03, 2019

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Tailor-made for financial independence

A sewing initiative empowers women across the country

Anuradha's life has changed dramatically in the last two years. Married at a young age, she moved with her husband from Uttar Pradesh to Kolkata and then to Delhi. Here they lived with her parents and siblings, trying hard to make do with a subsistence income. While her husband made furniture, her role was to complete household chores and look after their son and daughter.

"I would sit dejected by myself in my free time not sure what was the way forward, or if there was even one.

But all that changed when I was invited for a neighbourhood meeting set up by voluntary organisation Paras. I came to know that I could get an Usha sewing machine, get trained in stitching and open my own tailoring school. I jumped at the idea and there has been no turning back since."

Now 32, Anuradha runs her own Usha Silai School in Delhi's Nand Lal basti (slum), with 10 women as students. She teaches them to cut and stitch women's apparel, specially sari blouses, petticoats and traditional salwar-kurta suits.

By teaching others and completing orders that come to her from the neighbourhood, she is able to pay back ₹2,180 every month towards the ₹40,000-loan she took from a microfinance company to build her home, a one-room set with kitchen. “Now I always have some money left over and am able to pay for extra tuition for my children who study in a government school,” she says, grateful for this intervention in her life.

Yasmeen’s life has got a similar boost due to her grit and perseverance. A child bride at 16 years, she had no idea what was in store for her. Life, she says, carried on unthinkingly with the tough task of bringing up four children, But the last few years have seen a turnaround and her daily routine has started to economically empower her ever since she underwent sewing training and ventured to start her own school.

The 30- year-old spells out her schedule: “I start my day at 6 am. I send the children to school, then my husband, a daily wage plumber, leaves for work. After around two hours of housework, I am at my Usha sewing machine, to take class for the women who come to learn sewing.”

When Yasmeen finished her training, she received a free sewing machine, signage for the Usha Silai School she wanted to start and a syllabus for teaching students. “The whole family gains from this, my mother-in-law is happy that I am gainfully employed and sometimes helps with my work.”

Yasmeen finds her personality has also undergone a change. She is no longer shy and withdrawn, teaching others has helped her open up and become confident. Each student pays her ₹200 as a fee. Stitching charges are about ₹150 for a salwar sui, and ₹120 for a blouse. She earns between ₹3,000 and ₹4,000 every month.

Anuradha and Yasmeen are just two examples of women who have emerged from the margins, have fortified themselves with skills and set up their own enterprises.

They are among a community of 20,350 micro entrepreneurs across the country who are running sewing schools for women, along with their own tailoring shops.

A movement of sorts, stitch by stitch

Aided by Usha Social Services, schools have come up in slums, shanties and colonies of big cities, small and medium towns, districts and villages.

With only talent for tailoring as the criteria and no educational qualifications needed, a movement of sorts has started that attempts to build financial security for women from marginalised sections of society. The women, on an average, earn ₹1,800 per month, with the highest earning going up to ₹56,000 per month.

This community-based initiative that started in March 2011 has made substantial inroads, with 4,05,000 women completing the stitching course to date and nearly 25,000 women continuing to learn the art of sewing. “It has been an amazing journey comprising teaching, training, and learning.

It underscores the commitment and intent of the Usha Silai School initiative on identifying solutions to problems and focusing on action and implementation on ground.

This journey has brought to the fore the potential these women have to perform when equipped with the right training and mentoring. It has also been a learning in managing multi-sectoral partnerships that include NGOs, educational institutions, the women and their families,” says Dr Priya Somaiya, Director, Usha Social Ser-vices (USS), who has brought the initiative to this level.

One thing is for certain, Usha Silai Schools are equipped to change the course of women’s lives. When introduced in Indore several years ago to offer a new vocation to women who had vowed to leave their caste-based job of manual scavenging, they became successful enablers.

Later, thanks to the drive shown by the women and organisation Jan Sahas, which initiated the sewing schools, manual scavengers got together to start their own garment label christened ‘Dignity’.

This is just one story of courage and conviction. Usha Social Services is brimming with tales from tribal villages, remote locations and urban shanties of women who fought, struggled, led and forged ahead in a single mission towards a livelihood that brings with it financial security and independence. Today they are present in 29 States and seven union territories. Usha schools are also operating in Nepal, Bhutan and Sri Lanka. There are plans to take the initiative to all SAARC nations. You can even adopt a silai school for ₹17,000.

Somaiya, who has been closely watching the changes that have taken place in the lives of these micro entrepreneurs, sums it up aptly, " ...the biggest driver is the fact that it gives them a dignified means of livelihood in their own homes. It's so heartening to see how their earnings are used for better education, nutrition, and healthcare.

Even more heartening is the fact that they become the centre of change in their own communities as they further empower more women by teaching them the same skill."

Source: thehindubusinessline.com- May 04, 2019

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