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INFORMATION BUREAU TEXPROCIL

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USD 69.52| EUR 79.23 | GBP 88.51 | JPY 0.64

Cotton Market (4-01-2019)		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
20670	43200	**78.78**
Domestic Futures Price (Ex. Warehouse Rajkot), January		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
21030	43953	**80.15**
International Futures Price		
NY ICE USD Cents/lb (March 2019)	70.83	
ZCE Cotton: Yuan/MT (May 2019)	14,810	
ZCE Cotton: USD Cents/lb	**97.75**	
Cotlook A Index – Physical	**79.65**	

Cotton Guide: Yesterday, ICE March settled at 70.83 i.e. with a change of (-1) having a high figure of 72.00 and a low of 70.65. ICE May settled with a positive of +2 at 72.27 cents/lb whereas July settled at 73.65 cents/lb with a figure of +7. On Thursday March hit 72 and then closed near 71 cents. The same price is quoted this morning and we expect it to trade in the range of 70.30 to 72 cents/lb.

The Total open interest has increased by 2,852 contracts to 218,000. A decrease of 171 contracts was seen in the open interest of March at 125,415 contracts. The May open interest increased with a figure of 1,928 contracts to 40,176 contracts.

At MCX the contracts have also shown positive settlement figures. The MCX January contract ended with positive figures of +60 at 21,030 Rs/Bale, whereas the February and the March contract ended with positive figures of +50 and +60 at 21,270 and 21,540 Rs/Bale. Volume for January contract decreased by (-165) to 1855 lots, whereas open interest increased by +130 to 8277 lots.

Prices of Shankar 6 declined further. It was available to be exchanged at 43,200 Rs/Candy, whereas Punjab J-34 has also moved downward at 4,400 Rs/Maund. The arrival figures are estimated to be at 150,500 lint equivalent bales (source cotlook), including 37,000 from Gujarat, 34,000 from Maharashtra and 29,500 from Andhra Pradesh. Cotlook A Index has been adjusted to 79.65 cents/lb i.e (-1.20) cents decline.

There is talk that CCI has procured some good quantity of cotton from the open market. Therefore we think cotton may maintain the same price range of 43,200 to 43,500 Rs/Candy. The global cotton has been highly vulnerable and taking cues from various means.

It is seeking support from lower USD while pressured oil prices is not allowing cotton prices to move much Higher. Crude oil is trading at 47 USD/Barrel and the range for it would be 45 to 48 USD/Barrel.

Another week will end without US Export Sales report due to the government shutdown. After a Meeting between the Senate and the house, there was still no conclusion attained. The US President has asserted that he is not in favor of the new Bill. The market participants would have to speculate based on just news and no concrete figures.

On the Technical Front, ICE Cotton March futures is trading below the crucial support of 71.90 zone (76.4% Fibonacci level), with RSI in daily charts is hovering around 27 levels. Both price and momentum suggest weakness in base trend for very near term.

Meanwhile immediate support exits around 70.30 levels, only decline below could weaken further towards 69 levels (100% Fibonacci extension). From the above it is expected that price could trade in the range of 72.60 to 70.30 with sideways to negative bias. On the higher side above 72.60, 74.00, 75.50 are the crucial resistance levels. In the domestic markets trading range for Jan future will be 20820-21220 Rs/Bale.

Currency Guide

Indian rupee appreciated by 0.3% against the US dollar to trade near 69.95 levels. The US dollar is pressurized against major currencies amid mixed economic data, continuing government shutdown and lower bond yields.

The ISM Manufacturing Activity index fell to 54.1 points in December, the lowest since November 2016. ADP jobs report noted a 271,000 increase in jobs against forecast of 180K increase. US government shutdown has entered 13th day with no end in sight. The US 10-year bond yield has slumped to the lowest level since January 2018.

RBI's attempt to revive foreign investor interest has also lent support to rupee. As per reports, RBI has called a meeting of foreign investors this month amid waning interest in corporate bonds. However, weighing on rupee is volatility in crude oil price and general weaker risk sentiment.

Global risk sentiment is weak amid US government shutdown and concerns about US and Chinese economy and this has kept pressure on equity markets. Brent crude trades near $55 per barrel as support from drop in OPEC's production is countered by demand uncertainty.

Concerns about missing fiscal deficit target are also high as government is said to be preparing to unveil a farm-relief package ahead of general elections due by May. Rupee has strengthened on back of weaker outlook for US dollar however weaker risk sentiment will challenge gains. USIDNR may trade in a range of 69.75-70.35 and bias may be on the upside.

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INTERNATIONAL NEWS

USA: Apparel Makers Feel the Rush to Bring in Goods From China Early

With additional tariffs on Chinese imports being threatened, Los Angeles clothing makers are feeling the pinch to bring in goods earlier to save money.

Particularly affected are manufacturers that import Chinese fabrics, which had an additional 10 percent tariff placed on them in September as part of the Trump administration's decision to add tariffs to $200 billion worth of Chinese imports.

Steve Barraza, owner of Tianello, a brand of women's blouses cut and sewn in a factory with 40 garment workers near downtown Los Angeles, normally would have waited to bring in his once duty-free silk and other fabrics from China after the new year. But with the new 10 percent tariff, which could go up to 25 percent in March, he decided to take no chances.

In early December, he brought in 5,000 yards of assorted silk prints and 20,000 yards of Tencel fabric to carry him through his Spring orders. "I bought twice as much as I needed," he said. When I bring it in early, I have to pay for it early and sit on it, but it is better to sit on it now rather than pay more for it later."

Barraza, who started his company in 1992 and has weathered many ups and downs in apparel manufacturing, is one of many Los Angeles apparel makers trying to figure out how to cope with this uncertain world of impending tariffs and trade wars.

Everyone is carefully watching the current trade negotiations between the United States and China, which could determine whether those 10 percent tariffs are upped to 25 percent in March on an additional $267 billion in goods.

"Our strategy has been to get things in as early as possible," said Michael Weisberg, chief executive of Second Generation in Los Angeles, whose juniorswear labels include BeBop and Gypsies & Moondust.

His brother Gregg, the company's chief operating officer, flew over to China a few weeks earlier than normal "to make sure things are getting out faster," he said. "Our inventory on Dec. 31 was 10 percent higher than last year."

In the juniorswear market, margins are very tight on clothing, which sells at modest price points. "We don't have the ability to fly things over to get things delivered. It doesn't make us money," he explained.

Scott Wilson, an apparel adviser and contractor, said he has a Japanese client already discussing how to ensure that orders being produced in October aren't affected by possible tariffs. "In the past, the Japanese company has generally shipped us the fabric for their polo shirts made here and sold in Japan," he said. "But they have asked us to source their 100 percent cotton piqué fabric domestically," he said. "They have been concerned with tariffs like everyone."

David Vered, president of YMI Jeans, which makes a good percentage of its jeans in China, said he isn't adjusting his import plans too much this year because Chinese New Year, which normally takes place in February, has been the traditional deadline to get goods done and shipped. During that Chinese holiday, most factories shut down for two weeks to four weeks.

"The Chinese New Year is always the deadline to get goods in from all those factories, which will close at the end of January and won't open until the middle of February or the end of February," he said. "We will have our last container out by the end of January."

Vered, however, said he isn't too worried about new tariffs. He believes something will be worked out between the United States and China to avert a trade war. "My hope is they are going to find a resolution and a happy medium," he noted. "If we go into a trade war, it will be very disruptive for the American economy and the Chinese economy."

Source: apparelnews.net - Jan 04, 2019

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CPTPP Takes Affect Without the US

An outcropping of the U.S.-backed Trans-Pacific Partnership (TPP) is now in effect—but it doesn't include the world's largest economy.

The new year has brought enactment of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, (CPTPP), an 11-nation trade pact that came in the aftermath of the defunct TPP that was negotiated and signed by President Barack Obama, but killed by President Trump as one of his first acts in office.

Six of the signatories–Australia, Canada, Japan, Mexico, New Zealand and Singapore–have enacted the multilateral trade deal, with Vietnam set to officially join in on Jan. 14.

The other four countries—Brunei, Chile, Malaysia, and Peru—still need their governments to ratify the deal. The 11 nations have a combined gross domestic product (GDP) is an estimated $10 trillion, accounting for 13.5 percent of the world's economic output.

The pact includes tariff cuts on a range of qualifying goods, lowering trade barriers in customs and other cross-border procedures, and stronger intellectual property rights protections, as well as provisions to increase minimum labor standards for workers in participating countries.

According to the Peterson International Institute for Economics, total GDP of participating countries will increase by about 1 percent thanks to the deal, with the largest gains for Vietnam and Peru.

Peterson also estimates that U.S. income would have increased by about $130 billion under TPP, and the country is now set to lose roughly $2 billion in income as U.S. exports will be more expensive in CPTPP nations.

The CPTPP trade deal will eliminate more than 95 percent of tariffs in the trade with some products dropping to no tariffs over 10 years, according to Karen Lynch, a principal at Content Marketing Partners, in an article for American Express.

Other countries have reportedly indicated interest in join the group, according to Lynch, including Indonesia, the Philippines, South Korea, Taiwan, Thailand and the U.K.

CPTPP rules of origin provide incentives for companies to integrate production and supply chains within the trade bloc, treating materials from all CPTPP equally.

Trump campaigned on the notion that TPP wouldn't be in the best interest of the U.S. and that multilateral trade agreements overall were not his preferred arrangements for the exchange of goods.

Bilateral pacts work better, according to the president, although his administration recently reworked the trilateral North American Free Trade Agreement (NAFTA) into the U.S.-Canada-Mexico Agreement (USMCA), which is finalizing ratification by the three country's legislative bodies.

Separately, the U.S. has also entered into negotiations for bilateral trade pacts with the U.K., Japan and the European Union.

The U.S. is in the midst of trade war with China that has harsh tariffs imposed by both countries and a threat of a fresh tranche of punitive duties on Chinese shipments to the U.S. that could severely impact apparel, textile and footwear products if implemented.

The Office of the U.S. Trade Representative (USTR) on Friday announced the members of an official delegation from the U.S. to China to discuss the trade relationship between the two countries beginning Monday.

The delegation will be accompanied by senior officials from the White House, USTR and the U.S. Departments of Agriculture, Commerce, Energy, State and Treasury.

Source: sourcingjournal.com- Jan 04, 2019

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Turkish export group looks to grow U.S. business

The Uludag Textile Exporters' Association is focusing on quality designs and high-tech, sustainable production to facilitate growth

Bursa, Turkey – Turkey is already doing about $300 million in business with the United States related to home textiles, but Pinar Tasdelen Engin, chairperson of the Uludag Textile Exporters' Association (UTIB), would like to see that figure rise.

Engin, who is focused on overseeing the association's activities, including organizing R&D projects and studies and coordinating trade fair activities worldwide, said the United States is currently the fifth largest export market, trailing Germany, the United Kingdom, Bulgaria and Romania. In 2017, UTIB's total global exports had reached nearly $1.2 billion and Turkey's total home textile exports were around $2.7 billion.

"In recent years, we have seen very positive developments in terms of our textile exports to the U.S.," she said, noting that towels, bed linens and curtain fabrics are the top exports, although bathrobes are also popular.

"Turkey's textiles speak for themselves…and with our ability to deliver quickly and efficiently, we are excited to continue developing opportunities for mutual trade with the U.S. and countries around the world," said Engin.

Turkey's rich history in textiles allows producers to specialize in all the sub-categories related to the home, she said.

"We expect to see continual growth as a result of our high-quality designs, high-tech production and nature-friendly sustainable products."

Sustainability and eco-friendliness are at the heart of Turkey's textile production, said Engin. "Given that most of our exports go to countries that have very strict demands on sustainability, it is hugely important for us that our products are eco-friendly."

She said UTIB trains its member companies about issues ranging from life cycle assessment to carbon and water footprints to clean production methods to international emission management standards.

"We do this via our special research and development coordination center," she said, adding, "We plan on continuing these R&D activities so that we can ensure that all Turkish products are safe and environmentally friendly."

UTIB, which was founded in 1986 and has 2,200 members, also supports Turkey's home textile industry by organizing various congresses and workshops, representing the country at international trade fairs and hosting buyers' delegations, seminars and training sessions.

Source: hometextilestoday.com- Jan 04, 2019

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USA: Apparel Prices Seem Primed to Increase in 2019. Or Not.

One of the big question marks for the apparel industry in 2019 is: Will clothing prices go up?

The answer seems to lie somewhere in the tug of war between long-term deflationary trends driven by retailers abhorrence to raise prices and the ability to keep them down by low-cost imports, versus the short-term threat of tariffs on Chinese imports and volatile raw material markets.

As holiday price-cutting sales set in, retail apparel prices fell a seasonally adjusted 0.9 percent in November following two months of price hikes, according to the U.S. Bureau of Labor Statistics. Compared to year earlier, retail apparel prices were down an unadjusted 0.4 percent.

Some had associated price increases with a spike in cotton prices in June, which saw increases above $1 per pound only to level off at around a current 75 cents a pound.

According to Cotton Incorporated, average import prices for cotton-dominant apparel increased 0.9 percent month-over-month in October. Year-over-year, cotton-dominant apparel import prices were 2.7 percent higher.

Glenn J. Chamandy, president and CEO of Gildan Activewear, said on a recent conference call with analysts that cotton and polyester prices have gone up during the year, as have other costs across the supply chain.

“There’s definitely pressure on fiber, there’s pressure on labor, there’s pressure on dyes, chemicals, transportation,” Chamandy said. “So inflation is a factor and I think that all that together will support price increases as we go into 2019, not just with us, but I think that’s an industry phenomenon at this point.”

In a recent report, Moody’s Investor Services said apparel companies continue to face input cost inflation from things like labor and cotton.

“Continued increases in the cost of labor and freight will also lead to higher input costs,” Moody’s said. “After a short period of easing, currency pressures have once again become a headwind as the U.S. dollar has strengthened since February.”

Gerald W. Evans Jr., CEO at Hanesbrands Inc., said his company has instituted price increases in the 4 percent to 5 percent range in its innerwear business due to higher raw material costs.

But it’s the U.S.-China trade war and threats of stiff tariffs on the industry that poses the biggest dilemma. The uncertainty has already caused importers to make major changes to their sourcing strategies, while increases in labor and other costs in Asia and elsewhere have made it more challenging than ever to chase the cheapest needle.

“Companies have been rushing to find alternatives to Chinese manufacturing, leading to increased demand, and thus price increases for goods made in Vietnam, Bangladesh and Indonesia,” said Gail Strickler, president of global trade for Brookfield Associates.

“Even if the tariffs are never put in place, we are already feeling pricing pressure in the apparel sector as a result. Chinese companies are accelerating their investments in Vietnam and elsewhere outside of China in order to provide their products without a ‘Made in China’ label. This will provide some relief, but will not be fast enough or sufficient to mitigate the damage.”

A tariff survey from the Purchasing Manager's Index by IHS Markit revealed that U.S. manufacturers expect tariffs to push prices upward over the next two years. In the survey, conducted in second half of October, 44 percent of respondents expect tariffs and trade wars to lead to higher domestic prices for their goods in the U.S. over the next two years.

"Although input prices are expected to rise further, firms foresee greater opportunities to increase output charges to help alleviate pressures on margins," said Siân Jones, an economist at IHS Markit, referencing feedback from many of the survey respondents.

Nicole Bivens Collinson, president of international trade and government relations at Sandler, Travis & Rosenberg, said she sees the tariffs and their threat "as a long-term, multiyear trend…I think we're looking at a new reality and folks just have to face it. The results will be an overall rise in global prices."

President Trump first imposed $50 billion worth of tariffs aimed at China that left the apparel industry largely unscathed. The next 10 percent tranche came in the form of an additional $200 billion in tariffs, hitting certain apparel items, some leather, and hats and handbags. Now a threatened 25 percent tariff–first set for January but postponed for 90 days–would likely hit apparel, textiles and footwear.

Rick Helfenbein, president and CEO of the American Apparel & Footwear Association, said at a recent talk on the politics of tariffs and trade, "Prices will still go up because people are scared. And when people are scared they leave [places they're sourcing, like China]. And when they leave, prices go up, so I think there's no turning around at this point."

Harold M. Grunfeld, partner at customs and trade law firm Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt, said at the same roundtable, "I don't think that the retailers, for all of the leverage that they have, will be able to avoid big price increases. They may force some of it back to their vendors—and that would be part of the natural process—and the vendors will try to force some of it back to their factories. But at the end of the day, there will be increased prices."

Source: sourcingjournal.com- Jan 04, 2019

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Global jeans market to see 4.9 per cent growth in five years

Demand for jeans is gradually increasing with strong growth expected in developing markets. South America leads this growth with a 12.1 per cent rate, while the rest of the world (all markets excluding North America, Europe, Turkey, Asia and South America) is set to increase in value by 19.7 per cent during the period.

The US is predicted to maintain its position as the largest jeans market globally, with China following in second place. Nearly half of China's jeans production stays inside the country, marking a significant increase from data collected five years prior. Around 22 per cent of the jeans manufactured in China are traded outside of traditional retail markets in exchange for goods or services rather than currency.

The global jeans market benefits from its unique position as a category that has surpassed trends, allowing consumers to buy any jean style they prefer without being out of step with fashion.

Source: fashionatingworld.com- Jan 04, 2019

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US top importer of Indian textiles followed by EU

The United States is the number one importer of Indian textile products. The European Union ranks second. While the US has a 17 per cent share of India's total textile imports, the EU has a 15 per cent share.

Global textile and apparel hubs like Bangladesh and China are also in the top five list.

The US, the EU and Bangladesh jointly have a share of 42 per cent in India's total textile exports. Sri Lanka, Brazil, and South Korea figure among the top 10 textile importers from India.

India's textile products face an average tariff of 5.9 per cent and 6.2 per cent in the US and the EU respectively. Bangladesh and Pakistan have nil tariffs on exports to the EU. When it comes to the US, Bangladesh has to pay 3.9 per cent tariff and Pakistan pays 5.3 per cent tariff.

Interestingly, 38 per cent of India's exports of textile are to the rest of the world, which are not majorly known for their textile or apparel markets.

India is the second largest textile exporter in the world. Cotton yarn and fabric account for over 23 per cent of India's total textile and apparel exports.

Source: fashionatingworld.com- Jan 04, 2019

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Chinese fashion firms focus on the Middle East

China's fashion and e-commerce industries are bringing fast fashion and luxury clothing to the rising Arab fashion market. This includes a lot of embellished evening wear that caters specially to the Middle East market.

The Arab world is no stranger to Chinese products, including Chinese clothing. Since at least the 1990s, traders from Arabian countries have been traveling to China to buy low- to middle-end garments and accessories from wholesalers in cities like Yiwu in Zhejiang Province, home to the world's biggest wholesale market. Chinese e-commerce platform Jollychic has over 50 million users in the Middle East.

The Middle East is one of the fastest rising fashion markets in the world, with young, wealthy consumers willing to spend money on clothing and accessories.

The region is powerful in terms of consumer buying power. In comparison, buying power in the US is mediocre, where consumers have higher sensitivity to prices. The European market, on the other hand, has too small a population.

Revenue in the fashion segment in Africa and the Middle East is expected to grow at 10.5 per cent over the next five years. In recent years, many Western fashion brands have been trying to adapt to the Arab market.

Source: fashionatingworld.com- Jan 04, 2019

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Bangladesh's December apparel exports increase 15 per cent

As per latest data released by Bangladesh Export Promotion Bureau, Bangladesh's apparel exports increased by over 15 per cent in December, plagued by a spate of labor unrest and factory shutdowns.

The apparel export receipt stood at over $17.8 billion during the July-December period, gaining over 15.6 per cent on a year-to-year basis. For December alone, export receipt was $2.9 billion.

Further data analysis shows growth declined from 18.5 per cent in November, due to labour unrest. Export exceeded the strategic target (as set by Bangladesh government) of $15.7 billion by more than 8.5 per cent.

Knitwear exports witnessed a receipt of $8.6 billion, a gain of almost 14 per cent. For the month of December alone, knitwear segment fetched about $1.3 billion, making up 45 per cent of the total apparel exports.

Woven segment on the other hand witnessed a receipt of $8.4 billion during the same period, a gain of over 17 per cent. For December alone, the segment made up 55 per cent of the basket with $1.6 billion in receipt.

All exports combined, Bangladesh's total exports amounted to $3.4 billion for December, making a marginal gain of 2.8 per cent.

Apparel exports accounted for over 85 per cent of the total exports in December 2018.

Source: fashionatingworld.com- Jan 04, 2019

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NATIONAL NEWS

Subsidised credit for merchant exporters will boost textile shipments, says TEXPROCIL

Textile exports have received a major boost as government includes merchant exporters under the interest equalisation scheme for pre and post-shipment rupee export credit.

The Cabinet Committee on Economic Affairs recently approved the proposal by Department of Commerce for extending the facility, which was available only to textile manufacturers and exporters.

Under the Interest Equalisation Scheme, exporters in the Micro, Small and Medium Enterprise (MSME) category can avail credit at 5 per cent on all pre and post-shipment on export of all products. While non-MSME get credit at 3 per cent on 416 specified tariff lines.

However, till recently the scheme was available only to the manufacturer-exporters and not to the merchant exporters.

Dr KV Srinivasan, Chairman, Cotton Textiles Export Promotion Council said MSMEs constitutes a significant part of the textiles sector and plays a crucial role in exports. However, they do not have the expertise and resources to advertise their products in the export markets unlike the large manufacturers, he said. They, therefore, depend on the merchant exporters to export their products.

The coverage of merchant exporters under the Interest Equalisation scheme will encourage them to export more products from the MSME sector which contributes significantly towards employment generation especially for women, he added.

The move will also significantly reduce the cost of finance for the merchant exporters who contribute substantially towards textile exports and make them more competitive.

The decision comes as a huge relief as cost is one of the major component besides quality to remain compete in the global market for manufacturers, exporters and merchant exporters, he said.

Urging the Government to cover cotton yarn under the export benefit scheme, Srinivasan pointed out that Cotton Yarn is the only textile product that has not been given any benefits under the Foreign Trade Policy though it is a value added product with substantial value addition happening within the country.

Inclusion of cotton yarn under the scheme will encourage exports and benefit the cotton farmers, he said.

Source: thehindubusinessline.com- Jan 04, 2019

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How to enter into an FTA that delivers

Selection of partner is key. It is easier to harmonise when free trade agreement partners are at a similar level of development

In the past three decades, over 300 free trade agreements (FTAs) have been signed the world over. Many did not meet expectations. Countries continue to grapple with questions like: How to select an appropriate FTA partner country? Can the FTA impact be foretold? By how much will exports grow post FTA? Will the FTA allow participation in global value chains (GVCs)?

Based on the understanding of 50 global FTAs, we provide yardsticks to answers such questions. These are universal and not India-specific.

First, the definition. An FTA is an arrangement between two or more countries under which they agree to end tariffs and non-tariff barriers on a large value of imports from partner countries. The agreement may also cover, among others, services, investment, and economic cooperation.

Impact can be predicted

Selection of an appropriate FTA partner is more important than the later act of negotiations. FTA outcome depends more on the trade profile of the FTA partner and less on the skill of trade negotiators. Negotiations do not substantially alter the results. The impact of an FTA on the exports, imports, domestic industry, and consumers can be predicted with a fair degree of accuracy.

Here are a few home truths:

One: A country with a large bilateral trade deficit is designed to lose the FTA game. Consider two countries A and B. A exports goods worth $10 billion to B, while B exports goods worth $80 billion to A. If both agree to end duty through an FTA, A will provide eight times the market access at zero duty to B than B to A. Even if B opens 20 per cent more market, A will end up opening 6.4 times more market for B.

Two: Non-tariff barrier (NTB) issues are not resolved in most FTAs. As a result, many times a partner country refuses imports even though it agreed to provide zero duty access. Experience shows that it is easier to harmonise when partners are at a similar level of development. So countries with diverse levels of development can hardly hope to align NTBs. Negotiations can barely alter this reality.

Of course, a dominant FTA partner may dictate changes in the partner country's regulation to match its own. The US got many FTA partners to restrict the flexibilities like the use of compulsory licensing allowed under the TRIPs.

Three: Countries with high import duties are at a disadvantage. FTAs favour products from partner countries by allowing them duty-free access, while products from other countries continue to pay import duties.

This leads to the replacement of goods from the more efficient non-FTA country supplier by less efficient FTA partner country supplier. The effect is termed trade diversion. Countries with high import duties suffer from high trade diversion.

High import duty equals the high wall protecting domestic industry from imports. When zero duty imports replace local products, the effect is called trade creation.

Local industries suffer more when the high wall crumbles as a result of an FTA. If import duty is 2 per cent, elimination entails little or no suffering.

Export growth prospects

Export growth post-FTA can be predicted to a fair level using the following: normal market access (NMA); additional market access potential (AMAP); and real additional market access (RAMA).

Let us say Country A exports only three products to Country B: shoes ($10 billion), shirts ($20 billion) and cars ($30 billion).

Import duties in B on shoes, shirts, and cars are zero, 5 and 10 per cent, respectively. We say A’s current NMA in B is $60 billion.

Now if A and B enter into an FTA and B ends duty on all products, A will get an AMAP of $50 billion for exports of shirts and cars. FTA will not benefit shoes as they already enter B at zero duty. FTA has just created a possibility of more exports of shirts and cars from A to B. But this remains a potential.

In reality, more exports will take place only if these products become cheaper (on account of the Customs duty elimination) than the similar products supplied by competing countries. Let us say just cars become cheaper. Now, there is a real possibility of an increase in export of cars from A to B. So baseline RAMA for cars is $30 billion. It should increase over time.

A high RAMA level decides the effectiveness of an FTA. All market access except RAMA are frivolous and do not result in any more trade. Doing FTAs with low MFN (most favoured nation) duty countries does not result in RAMA. RAMA can be calculated before entering into an FTA.

Global value chains

For taking part in GVCs, members must agree to a zero tariff zone and relax the rules of origin. Most FTAs fail to deliver on these counts. RCEP would be an apt example.

Members do not agree to a zero tariff area or even to a common tariff concession list.

Most countries already have an FTA with each other, so incremental market access would be negligible. All current FTAs will continue.

RCEP will just be adding many new tariff concession lists. Most countries do FTAs on instinct. For many, FTAs are a political and not economic decision. Diplomats may want to achieve political ends at the cost of economic.

A simple analysis as suggested above can save countries signing FTAs from unpleasant surprises.

Source: thehindubusinessline.com- Jan 04, 2019

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PM set to host Uzbek Prez in Gujarat business summit

India is pushing its ‘Connect Central Asia’ policy amid Chinese inroads in the resource rich region, with Prime Minister Narendra Modi set to host Uzbek President Shavkat Mirziyoyev for the second time in four months.

Mirziyoyev is the key guest at the January 18-20 Vibrant Gujarat business summit, as Uzbekistan seeks wider footprints in India and invites Indian investors to SEZs reserved for India in that country.

Gujarat-based companies are exploring investment opportunities in the pharmaceutical and textile sectors in Uzbekistan, as the Central Asian country offers them huge potential. To attract investments in the pharmaceutical sector, an Uzbek-Indian Free Pharmaceutical Zone is being developed in the Andijan region. This project was among 17 agreements that were signed during the Uzbek president’s visit to India in last October.

A direct flight between Tashkent and Mumbai, launched last year, will also facilitate business between western India and Central Asia.

Gujarat is emerging as a convenient location to connect Central Asia with India via the Chabahar Port in Iran. Both Uzbekistan and Kazakhstan have shown interest to use the port for access to the Indian Ocean Region and India. Kazakhstan has also opened an honorary consulate in Gujarat to facilitate business.

Uzbekistan has also emerged as a key regional partner for India in counter-terror initiatives and to safeguard Indian interests in Afghanistan.

India and Uzbekistan, Central Asia's biggest military power, during Mirziyoyev's October visit had agreed to step up defence ties. While a memorandum between the two defence ministries was concluded on cooperation in the field of military education, the two sides agreed to work closely to expand and strengthen defence cooperation as well as defence industry cooperation.

The two countries also agreed to hold joint military training exercise in the area of counter terrorism, cooperate in the field of military education and military medicine, set up a joint working group to support and sustain enhanced mutually beneficial defence related activities and set up a defence wing at the Embassy of Uzbekistan here.

Source: economictimes.com- Jan 04, 2019

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Two-day textile ministry outreach event beginning Saturday

Ministry of Textiles is organizing a two-day event, on January5-6 in New Delhi, to highlight the achievements of the textiles sector.

The two-day event will be inaugurated with a textiles show "Artisan Speak" at Lal Qila.

In the programme on 6th January 2019 an outreach event of the "Accomplishments and Way Forward for Textiles Sector" will be inaugurated by Minister of Textiles, Zubin Irani.

Minister of State for Textiles, Ajay Tamta, Secretary Textiles, Raghvendra Singh and other senior officers of the Textiles Ministry and other Ministries/ Departments of Government of India will also attend the programme.

A short film on the achievements of the Ministry will be screened during the inaugural session of the day-long event on 6th January 2019.

Participants from the Government and industry will address the inaugural session which will be followed by panel discussions on subjects related to the textiles sector like technical textiles, ease of doing textiles business and access to global markets and supply chains.

Weavers, artisans, investors and corporates have contributed immensely towards the achievements in the textiles sector and to express gratitude for their contribution the function will conclude with an award ceremony presided over by the Vice President of India, M.Venkaiah Naidu on the evening of 6th January 2019.

The two-day event will also chart out a road map for building new capabilities for sustainable and resource efficient growth of the textiles sector.

The last four and half years have been transformational for this sector.

Industry specific policies, technological upgradations, focus on research & development, investment in human resources and strategic intervention for market promotion have made Indian textiles most desirable and trusted brand on the global map.

Source: smetimes.in - Jan 04, 2019

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Special Package for garments, made-ups sectors to increase exports

IGST has been exempted on import under Advance Authorisation and Export Promotion Capital Goods Scheme.

To promote Government participation in production and exports of textile and apparel products, Government has announced Special Package for garments and made-ups sectors.

The package offers labour law reforms, additional incentives under ATUFS, enhanced duty drawback coverage and relaxation of Section 80JJAA of Income Tax Act, official sources said.

Further, the rates under Merchandise Exports from India Scheme (MEIS) have been enhanced from 2 per cent to 4 per cent for apparel, 5 per cent to 7 per cent for made-ups, handloom and handicrafts with effect from November 1, 2017, the sources said.

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

IGST has been exempted on import under Advance Authorisation and Export Promotion Capital Goods (EPCG) Scheme.

The government has also enhanced interest equalization rate for pre and post-shipment credit for the textile sector from 3 per cent to 5 per cent with effect from November 2 and provided assistance to exporters under Market Access Initiative (MAI) Scheme.

In 2017-18, India's overall merchandise exports stood at USD 303.38 billion and textile and apparel exports including handicrafts valued at USD 39.22 billion comprising 13 per cent of overall exports of India.

Source: newindianexpress.com - Jan 04, 2019

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Bt cotton technology still effective to control bollworms, except pink ones: Govt

Bt cotton technology is still helpful in controlling bollworms, except for pink ones, the government said on Friday.

"Bt cotton technology was originally meant for controlling bollworms per se, in cotton and the Bt technology is still offering good control for bollworms (except pink bollworm Spodopetra litura) for the past 16 years," Minister of State for Agriculture Gajendra Singh Shekhawat said in a written reply to Rajya Sabha.

The minister was replying to a query on whether genetically engineered Bt cotton has failed in the country.

In the current kharif season of 2018-19 crop year, he said around 88.27 per cent of the 122.38 lakh hectares cotton area is under Bt cotton.

"Farmers are being advised to follow integrated crop nutrient management, integrated pest management and optimum of higher plan density in the fields to get higher yield," Shekhawat said.

Source: business-standard.com - Jan 04, 2019

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With lower production, India's cotton imports may rise this year

With a fall in output, India's cotton imports will rise to a record high this year. Mills will be forced to import at whatever cost to keep their factories running. Exports are also expected to shrink. However, in view of the lower crop, if exports take place as estimated, prices of domestic and imported cotton will remain firm.

Prices in the international market have fallen sharply the past one month, which raises concerns about exports in the immediate future. However, prices in India are not falling in tandem.

Global cotton fundamentals suggest world cotton prices are at seasonal low. However, there is a high chance that the benchmark US cotton futures contract has decoupled from the global cotton valuations as a direct consequence of the ongoing trade war.

If the last season's low levels are breached, it would be due to factors outside the fundamentals of the commodity. The ongoing trade war between the world's two biggest economies has brought the global economy on the verge of another financial meltdown. This has a direct bearing on cotton textile consumption and demand. If global cotton prices breach and sustain at last year's low levels, there is a high chance of this event materializing.

In such a scenario, if India's exports also remain lower than estimated, imports will also not rise as mills will get domestic cotton.

Source: fashionatingworld.com - Jan 03, 2019

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Demand up for retail space as more brands want to open shop in Coimbatore

Coimbatore's property market is seeing an upward demand trend for retail space as more brands want to open shop here. Be it supermarkets or branded showrooms, they are looking at presence in multiple locations in the city.

S. Visweswaran, president of Coimbatore Association of Realtors, says lot of companies and brands are coming to Coimbatore. Brands in different sectors such as textiles and automobiles are looking at opening outlets in Coimbatore, Erode, and Salem in this region. Hence, their demand for space is high. Some of the brands and supermarkets already present in the city want to expand in different areas. They also want warehouses. Hence, there is a demand for large retail spaces.

According to JLL India, not many new retail properties came up in the last two years, resulting in inadequate supply for retail space. The demand is from all segments of retailers and across the city. There is a need for 800 sq.ft to 1,500 sq.ft. retail areas and there are not many options now.

Another realtor points out that after the implementation of GST and e-way bill, Coimbatore has become a hub for movement of goods. The demand for large warehouses has picked up. A couple of industries have also set shop in the district in the last one year.

Mr. Visweswaran adds that the demand for space in the educational segment and small IT companies is growing. These IT companies are willing to buy space too. Coimbatore also expects more multiplexes spread in different main locations, he says.

According to JLL India, the residential rentals have, however, not increased much in the last couple of years. The growth in residential rentals is specific to a few localities and also depends on the property. Across the core areas of the city, the demand is mainly for rental properties of less than ₹15,000 a month in the residential sector.

Source: thehindu.com - Jan 04, 2019

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