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IBTEX No. 50 of 2019 March 08, 2019

USD 70.14| EUR 78.54 | GBP 91.81 | JPY 0.63

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20191	42200	**76.67**

Domestic Futures Price (Ex. Warehouse Rajkot), March

Rs./Bale	Rs./Candy	USD Cent/lb
20810	43493	**79.02**

International Futures Price

NY ICE USD Cents/lb (May 2019)	73.11
ZCE Cotton: Yuan/MT (May 2019)	15,395
ZCE Cotton: USD Cents/lb	103.99
Cotlook A Index – Physical	**82.25**

Cotton Guide: Before we start analyzing cotton price trends, we would like to communicate to the cotton fraternity about a Day which will be specifically dedicated to cotton throughout the world. The name of the day shall be "World Cotton Day". This day will be observed every year starting 7th October 2019. Mr. Kai Hughes, Executive director of International Cotton Advisory Committee, informed all the delegates present at the Cotton Association of India conference yesterday. The initiative is endorsed by WTO and also has approval of other UN Bodies.

While speaking with the cotton fraternity on the first day of the CAI conference, it was observed that most of them took a bullish stance towards the movement of cotton prices for the coming month having a view that cotton prices should touch 80 cents/lb in the next 30 days. However, the market yesterday took a completely different stance at ICE. The International cotton futures settled almost 100 points lower as compared to the gain of almost +150 cents a couple of days ago. The most active ICE May 2019 futures settled at 73.11 cents/lb with a negative slide of -110 points. The ICE July contract settled at 74.30 cents/lb with a negative slide of +92 points. All the other ICE contracts displayed a relevant negative slide. In a matter of a few hours the prices fell from 74.60 cents/lb to 73.10 cents/lb post 6 pm IST.

The major driver for cotton to touch one week's low was attributed to the USD Strength and Weak Export Sales Data. For the week ended February 28, 2019, US export sales of upland cotton for the 2018/19 crop year amounted to 114,000 running bales and for the 2019/20 year, sales amounted to 25,700 running bales. Export shipments were reported at 359,000 running bales.

The ICE estimated volume was estimated to be 35,100 contracts (source cotlook) as compared to the previous 30,094 contracts. A decline in open interest was seen by 2951 contracts to 220,339 contracts. The OI for the ICE May 2019 and ICE July 2019 decreased by 2,214 and 1,215 contracts, respectively, to 118,667 and 43,258.

The MCX contracts on the other hand followed the route of ICE prices, thus showing a decline. The MCX March contract showed a decline of -160 Rs therefore settling at 20810 Rs/Bale. A Change of Rs -160 and Rs -140 was reported for the MCX April and MCX May contracts therefore settling at 21,100 Rs/Bale and 21,380 Rs/Bale respectively. The Total Volume for the MCX contracts was seen at 5028 lots as compared to the previous figure of 4347 lots which is a decline of 681 lots.

The estimated arrival figures in India are estimated to be 135,000 lint equivalent bales (private estimates). The prices of Shankar 6 are revised lower at an average price of 42,200 Rs/candy. The Cotlook Index A is readjusted to a slightly lower figure of 82.25 cents/lb with a change of -0.40 points.

On the Technical Front, ICE cotton futures witnessed sharp decline as it failed to move above 75 level. In the daily charts price is still hovering in the intermediate upward sloping channel range of 71.80-75.18. Below 71.80, 70.80 hold crucial support, likewise above 75.18, 76.14 hold critical resistance level. Meanwhile RSI is still in the neutral zone of 50, indicating sideways trade for the day. From the above it is expected that cotton futures to trade in the range only, either side break would bring further clarity in the market. In the domestic market MCX Cotton Mar is likely to remain in the range of 20530-21100.

Currency Guide

Indian rupee- Indian rupee may witness mixed trade against the US dollar but some losses are likely. Rupee has appreciated sharply in last few days and is now near key 70 levels. Mixed factors may keep rupee choppy. Supporting rupee is easing geopolitical risks, reports of investor inflows and stability in crude oil price. However, weighing on rupee is general strength in US dollar and weakness in equity market. Asian equity markets trade lower as ECB's downbeat growth outlook and mixed economic data from major economies fueled global growth concerns. The US dollar index rallied sharply yesterday as euro weakened after ECB sent a warning signal on prospects for Europe's economy and announced the launch of another round of cheap long-term liquidity for eurozone banks. Rupee has been on a rise since easing of India-Pakistan tensions however weaker risk sentiment may keep pressure on the currency. USDINR may trade in a range of 69.8-70.3 and bias may be on the upside.

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

USA: Trade Deficit Hits Ten-Year High in 2018, Jumps 19 Percent in December

The U.S. trade deficit in goods and services jumped 18.9 percent in December and grew 12.5 percent from 2017 to 2018, according to trade statistics released March 6 by the Department of Commerce.

The monthly and annual deficits were the highest since 2008, and 2018 was the second straight year the annual deficit hit a record high.

According to press sources, in 2018 the trade deficit with China hit an all-time high despite the imposition of tariff increases against a large percentage of imports from that country. Deficits with the European Union and Mexico were also reportedly the largest ever.

Monthly statistics. The monthly trade deficit in goods and services was $59.8 billion in December 2018, up from $50.3 billion in November. Exports fell 1.9 percent to $205.1 billion while imports rose 2.1 percent to $264.9 billion.

The deficit in goods trade soared 12.4 percent to $81.5 billion in December. Imports of goods rose 2.4 percent to $217.2 billion, including increases of $700 million each in computers, computer accessories, and household and kitchen appliances along with a $600 million increase in cell phones and other household goods.

Exports of goods tumbled 2.8 percent to $135.6 billion, including decreases of $1.4 billion in industrial supplies and materials and $1 billion in civilian aircraft.

The services surplus continued its recent decline, down another 2.2 percent to $21.8 billion. Imports rose 1.1 percent to $47.7 billion and exports saw a small decline to $69.5 billion.

Annual statistics. For all of 2018 the U.S. trade deficit totaled $621.0 billion, up $68.8 billion from 2017. Exports rose 6.3 percent to $2.33 trillion and imports were up 7.5 percent to $3.10 trillion.

The goods deficit grew by 10.4 percent to $891.3 billion, an all-time high. Exports were up 7.6 percent to $1.67 trillion, including increases of $24.6 billion in crude oil, $14.4 billion in other petroleum products, $7.9 billion in civilian aircraft engines, $2.9 billion in other industrial machines, and $2.5 billion in computer accessories.

Imports were up 8.6 percent to $2.56 trillion, including gains of $24.6 billion in crude oil, $23.7 billion in pharmaceutical preparations, $8.7 billion in computers, $5.4 billion each in electric apparatus and computer accessories, and $5.1 billion in other industrial machines.

The services surplus rose 5.9 percent to $270.2 billion. Exports increased 3.8 percent to $828.1 billion while imports rose 2.8 percent to $557.9 billion.

The deficit was 3.0 percent of gross domestic product in 2018, up from 2.8 percent in 2017.

Source: strtrade.com- Mar 08, 2019

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How a US-China Deal Might Reshape Global Trade

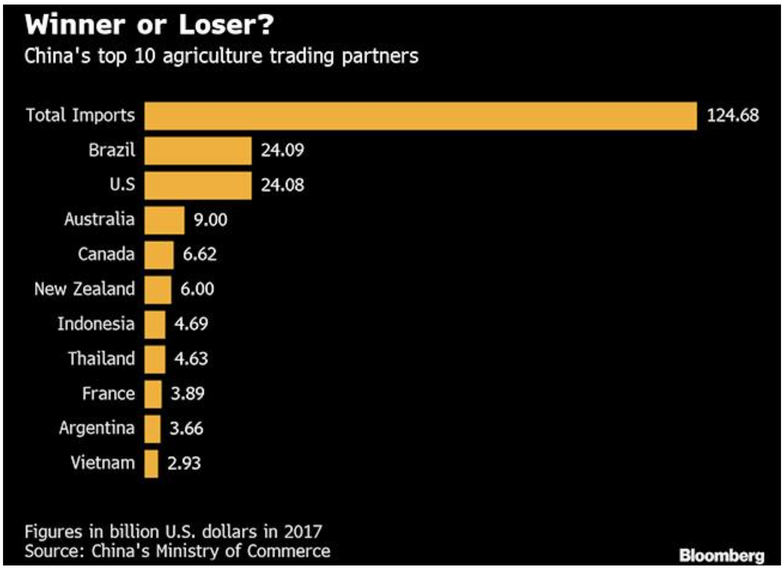
President Donald Trump says he has asked China to immediately remove all tariffs on U.S. agricultural products in what could be a huge blessing for American farmers. But how will global trade flows change in the event of a deal?

The most obvious impact will be on Brazil and Argentina, which were among the biggest winners of the trade war, as their soybeans in China displaced those of the United States. Should the Asian nation dump its 25% retaliatory tariffs on soy — America's biggest agricultural export to China before the trade war — their big advantage will fade.

But should China follow through on an offer to buy an extra $30 billion a year in American farm products, a raft of other countries could see sales to the world's biggest commodity buyer decline.

Canada may see shipments of rapeseed and wheat shrink, while Australia could find China is less keen to buy its beef and cotton. U.S. Department of

Agriculture Chief Economist Robert Johansson identified livestock products as a key area for potential exports to China. Meanwhile, Australia's agriculture minister has warned that any deal that is unfair to other nations could end up at the World Trade Organization.



"Farm products are among the few options China has to help balance trade with the U.S.," said Zhong Funing, a professor at the International Research Center for Food and Agricultural Economics at Nanjing Agricultural University. "We have to import more U.S. farm products while sacrificing other markets."

While a deal is yet to be made, the two nations are close, two people familiar with the discussions said. The new target could see annual U.S. agriculture exports to China rise to about $55 billion to $60 billion, achievable in about three years, according to Rabobank International. That's up from $24 billion in 2017. China's commerce ministry didn't reply to a fax seeking comment.

Soybeans

The biggest impact by far is likely to be on soybean suppliers. China imported 88 million metric tons of soy last year, valued at $38 billion, with Brazil overtaking the United States as the dominant supplier.

If a deal is made, the share for U.S. soybeans could easily increase to more than 50% from 34% in 2017, representing about $20 billion to $25 billion worth of purchases, Rabobank said.

In terms of market impact and trade flows, Oscar Tjakra, a senior analyst for grains and oilseeds at Rabobank, said U.S. soy prices will rise and buyers outside China "would almost exclusively turn to cheap South American supplies." It also may encourage American farmers to plant more soybeans, he said.

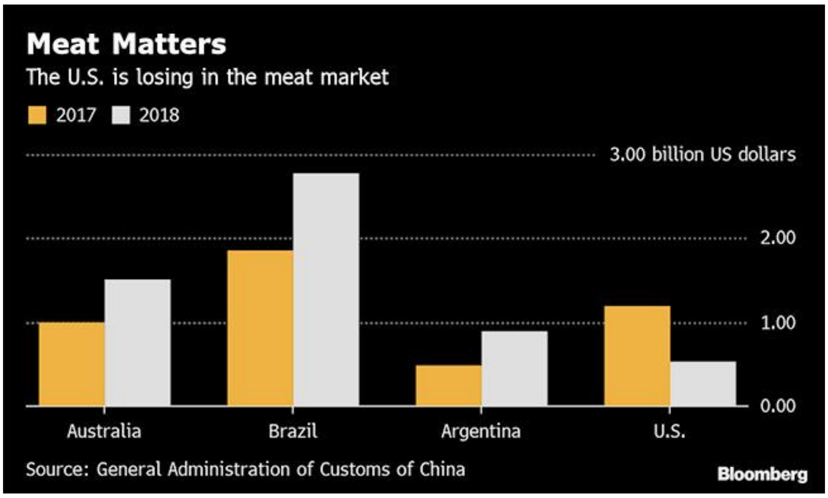
U.S. soy prices effectively would decouple from the rest of the world, and premiums for Brazilian soy also would fall, according to Tarso Veloso, an analyst at Chicago-based consultants AgResource. “Although Brazilian soy for April onward is cheaper, the commitment to buy American beans will heat up U.S. demand,” he said.

Cereal Grains

Aside from soybeans, a whole list of cereal grains including corn and corn-product ethanol, wheat, barley, sorghum, distiller dried grains and rice could end up in China’s shopping cart.

The United States is pushing China to fill tariff-rate quotas for wheat, corn and rice it pledged to import under WTO agreements. The United States says China has fallen short of this commitment, which includes 7.2 million tons of corn and 9.64 million tons of wheat. Rabobank says China could buy large quantities of U.S. feed grains, rising to 30 million tons within three years.

Canada and Ukraine could be hardest hit in the cereal aisle. Canada almost doubled its shipments to China last year, while Ukraine saw a 40% increase in sales. Australia, China’s biggest supplier of cereals, already has seen exports slide as it battles its own trade issues with the Asian country on commodities such as barley.



Meat

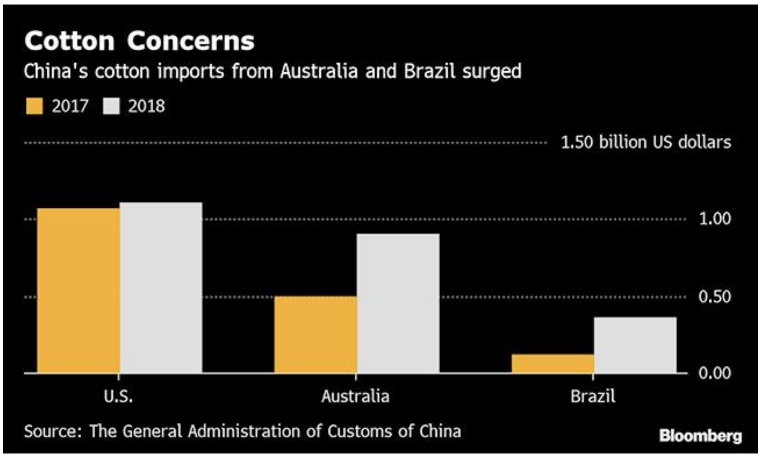
Meat also may be a key ingredient in the trade war deal, with America’s beef, poultry, lamb and fish suppliers potential winners, according to Arlan Suderman, Chief Commodities Economist at INTL FCStone Inc.

Brazil was China’s top supplier last year, selling almost 50% more meat than it did in 2017, while U.S. shipments tumbled by about the same amount.

Meanwhile, Australia and Argentina also saw huge increases in sales to China.

For Marcos Jank, head of Asia-Brazil Agro Alliance, an organization representing Brazil's beef, chicken, pork, sugar and ethanol exporters, meat sales are a bigger concern for the Latin American country — even more so than its soybeans.

"If the U.S. gets full access to the Chinese market, it could potentially sell chicken at a lower price than Brazilian exporters," Jank said. "The big question is not what China will do, but how."



Cotton

Lastly, China could go on an American cotton spree to supply its burgeoning textiles industry.

Despite the 25% retaliatory tariffs it placed on U.S. cotton, China imported $1.1 billion from the country in 2018, up 3.1% from 2017.

But purchases from other suppliers grew faster, with Australian shipments jumping more than 80% while Brazil's almost tripled. Now they face seeing a drop in sales because of the trade deal.

"This deal may represent the end of an era, where trade is based on competitiveness," Jank said. It will be "the start of a new one system of "managed trade," where geopolitical decisions determine trade flows."

Source: ttnews.com- Mar 07, 2019

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In Good News for U.S., Trade Deficit With India Decreased by 7% in 2018

In a trend that stands out from amongst the U.S.'s macro trade trends, the country's trade deficit with India decreased by nearly seven per cent in 2018 as compared to the previous year, according to the latest official figures. This statistic was released just days after US President Donald Trump announced his decision to end a preferential trade status granted to India.

According to the latest figures, the U.S. recorded a decrease in its deficit from USD 22.9 billion in 2017 to USD 21.3 billion in 2018 in its trade with India. The latest figures were revealed by the Bureau of Economy Analysis on Wednesday.

This figure stands out for the U.S. as its total goods deficit hit USD 891.3 billion in 2018, the largest in United States' trading history. America's goods deficit with China hit a record USD 419.2 billion in 2018.

These numbers are a blow to Trump's trade policies as he has imposed tariffs on a slew of products and countries in order to reduce his country's burgeoning trade deficit. Trump introduced a steel and aluminium import tariff to reduce imports as well as boost the manufacturing and purchase of American steel products.

He has also got into a multi-billion dollar trade war with China which has seen the two countries introduce reciprocal trade tariffs on over $200 billion worth of products.

President Trump notified Congress on Wednesday of his "intent to terminate" trade benefits for India and Turkey under the Generalised System of Preferences (GSP) eligibility criteria to aid American manufacturers.

Under the United States GSP programme, nearly 2,000 products including auto components and textile materials can enter the US duty-free if the beneficiary developing countries meet the eligibility criteria established by Congress. He had accused India of imposing high-tariffs on American-made goods and called it unfair.

India was the largest beneficiary of the programme in 2017 with USD 5.7 billion in imports to the US given duty-free status and Turkey the fifth largest with USD 1.7 billion in covered imports, according to a Congressional Research Service report issued in January.

Opposition Democratic party were quick in criticising President Trump. "Today's announcement that the merchandise trade deficit for 2018 topped USD 891 billion shows that the President has flunked the test he set for himself," said House Majority Leader Steny H Hoyer.

Alliance for American Manufacturing president Scott Paul in a statement criticised President Donald Trump for his polices that has resulted in a record trade deficit.

"Perhaps Donald Trump will now discover that tweets and bluster alone won't dramatically shrink the trade deficit," he said.

"The selective interventions of the administration on trade have been helpful to key sectors, but these actions haven't put a dent in the massive deficit. The administration's fiscal policies have helped to boost the trade deficit, as has its reluctance to engage more actively in exchange rate misalignment," he said.

"If the president wants to back his words with actions, any trade deal with China will insist on dramatic, structural changes in Beijing's state-led economy, which have contributed to massive industrial overcapacity in key sectors.

The next few weeks of negotiations with China are critical to the future of American manufacturing. We can't afford a deal that doesn't deliver real and lasting change," Paul said.

Source: latestly.com- Mar 08, 2019

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New Import Era Dawns, as China's Prowess Subsides and Sourcing Spreads Out

In the history of global apparel manufacturing, 2018 will go down as the year China's dominance took a major downturn, and the outlook is for continued flight.

That doesn't mean China won't remain the top supplier of U.S. imports for some time, but the days of high-single-digit or double-digit annual percentage increases appear to be over.

The U.S.-China trade war was certainly a factor, but was actually more of catalyst for a slowdown that had been approaching for some time due to rising labor costs in China, its slower economy and the government's desire to decrease exports and increase production for domestic consumption, sourcing experts said.

"For most companies in the industry that have been updating their strategies and how to manage the risks, there are some that have basically decided that [the trade war] is my motivation to move production out of China," Julie Hughes, president of the U.S. Fashion Industry Association, said. "But for most companies, that's not really viable on either a product basis or the timeliness of being able to do it."

In the long run, however, Hughes said, "We are looking at less commitment by China for being the world's supplier of textiles and apparel. That's not just due to the trade war, that's because of their economy. In the short term, I think we'll see a lot of peaks and valleys."

U.S. apparel imports from China for 2018 increased a meager 1.34 percent in value to $27.37 billion compared to 2017, outpaced by Asian neighbors Vietnam, Bangladesh, India and Cambodia, the U.S. Commerce Department's Office of Textiles & Apparel (OTEXA) reported Wednesday.

Imports from Vietnam rose 5.78 percent year-to-year to $12.22 billion, as shipments from Bangladesh increased 6.65 percent to $5.5 billion, imports from India were up 3.42 percent to $3.81 billion and Cambodia's shipments jumped 12.19 percent for the year to $2.42 billion, OTEXA data showed.

U.S. apparel imports from the world increased 3.38 percent in 2018 from the previous year to $82.88 billion, OTEXA reported. U.S. apparel exports did increase 6.38 percent last year to $6.08 million, led by knitwear and bottoms.

A recent study from the United Nations Conference on Trade and Development (UNCTAD) showed that the trade war didn't work to protect domestic industries in the U.S. or China, but instead benefitted other countries.

The study estimated that of the $250 billion in Chinese exports currently subject to the U.S. Section 301 tariff increases, about 82 percent will be captured by firms in other countries and roughly 12 percent will be retained by Chinese firms, and only about 6 percent by U.S. firms.

Similarly, of the approximately $110 billion in U.S. exports subject to China's retaliatory tariffs, roughly 85 percent will be taken by companies in other countries, while U.S. firms will retain less than 10 percent and Chinese companies will keep only 5 percent.

While countries like Vietnam, Cambodia, India and Bangladesh have and will continue to see their exports to the U.S. and the world grow, they all come with some caveats, Gail W. Strickler, president of global trade at Brookfield Associates, said. Bangladesh and Cambodia have ongoing labor and corruption problems, India has been held back by protectionist measures and Vietnam will soon run into capacity problems.

“I think Vietnam can grow another 30 percent or so and then it will become saturated,” Strickler said. “I also think the government there knows it doesn't want one industry to become so big.”

Indonesia, she added, “could benefit” from China's stagnancy and “Sri Lanka is getting back in the game, and they have a high-end needle.” But China, Strickler noted, “will continue to see less and less apparel manufactured there.”

Laura Rabinowitz, special counsel at Kelley Drye, said the trade war caused a shift in sourcing strategies.

"Countries like Vietnam, Cambodia, Indonesia and Mexico have been winning the trade war," Drye said. "Companies have started to looks at issues like where can I go [outside of China], and what will it do to my costs."

According to Hughes, some sourcing managers are worried about Cambodia and whether the European Union will suspend its duty-free status—as it has threatened to do—over labor and human rights issues.

Central America has also held steady in recent times and shown some growth, and Honduras in particular is seeing foreign investment coming in, Strickler added.

"If enough yarn and fabric production can grow in Central America and Haiti, then you can see the region finally start to get the benefit from some of the business from China and Asia that needs to go elsewhere," she said.

The Western Hemisphere, according to Hughes, holds a lot of opportunity for "duty free, closer to home" manufacturing, including Mexico and the Central American Free Trade Agreement (CAFTA) countries and Colombia.

In the Western Hemisphere, Nicaragua's apparel imports to the U.S. grew 9.96 percent to $1.63 billion last year, shipments from Honduras increased 4.39 percent to $2.57 billion and imports from El Salvador were up 0.04 percent to $1.91 billion, according to OTEXA. All these countries are part of CAFTA, which makes their goods eligible to be duty-free when entering the U.S.

Imports from all CAFTA countries were up 5.13 percent for the year to $8.34 billion. This tends to benefit U.S. yarn and fabric producers that export to the region, where the goods are made into apparel for duty-free shipment back to the States. U.S. yarn exports to the CAFTA countries rose 5.06 percent in 2018 to $1.68 billion, while fabric exports increased 6.05 percent to $962.7 million.

Imports from Mexico fell 5.76 percent in 2018 to $3.36 billion. Some of this decline could be traced to the uncertainty of its duty-free status as the U.S., Mexico and Canada were renegotiating the North American Free Trade Agreement, which resulted in the trilateral U.S.-Mexico-Canada-Agreement signed in November and pending legislative approval.

Africa's potential and actual manufacturing continues to gain ground, Strickler noted, with nations like Ethiopia, Lesotho, Mauritius and Ghana all with levels of growth and expertise.

"Egypt is still a really smart play," Strickler said. "Since it's part of the Israel Free Trade Agreement, which has no expiration date and obvious political power, it's the least likely of any trade preference agreement to be messed with. So there are some really smart sourcing strategies that companies can realize."

There has also been increased investment in African factories and infrastructure from U.S. and Chinese companies, Hughes noted.

The bottom line, Hughes explained, is that while there are certain countries that have seen increases, "there's no place that can take all of this business from China and translate it into quality products delivered on time. So I'm not sure we can point to one country or region and say they have taken the business away from China."

Source: sourcingjournal.com- Mar 07, 2019

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USA: Jeans Imports Rose 7.8 Percent in 2018, as Denim Sourcing Widens

The American thirst for blue jeans was strong in 2018, as companies imported $3.86 billion worth of goods, marking a 7.83 percent increase over the previous year, according to a new report from the Commerce Department's Office of Textiles & Apparel (OTEXA).

Mirroring sourcing shifts in the overall apparel market, top suppliers China and Mexico eked out small gains for the year, while countries like Bangladesh, Vietnam, Pakistan, Cambodia and Nicaragua posted double-digit percentage gains.

Blue denim apparel imports–the bulk of which are jeans–from China rose just 1.51 percent in 2018 to a value of $937 million and giving the country a 24.29 percent market share.

The volatility of the U.S.-China tariff-fueled trade war saw companies reduce their exposure to Chinese manufacturing last year, even though denim apparel wasn't included in the punitive measures, and experts expect that trepidation to continue in 2019.

Mexico's shipments of blue jeans to the U.S. rose a tepid 3.11 percent in the year to $817.82 million and a 21.2 percent market share. Sourcing managers also had their concerns in 2018 over Mexico's continued duty-free status as the U.S., Mexico and Canada went through a contentious renegotiation of the North American Free Trade Agreement. In November they signed the United States-Mexico-Canada Agreement, which largely maintained duty-free levels for most goods. The new pact is pending ratification.

Jeans imports from Bangladesh rose 11.73 percent to $566.39 million, giving the country a 14.68 percent market share, while Vietnam's shipments jumped 43.02 percent to $296.47 million and a 7.68 percent market share.

Among other Asian suppliers, imports from Pakistan were up 15.26 percent to $246.4 million and a 6.39 percent market share, and Cambodia's shipments rose 20.5 percent to $112.87 million and a market share of 2.93 percent.

Elsewhere in the Western Hemisphere, where goods generally land in the U.S. duty free under free trade agreements, imports from Nicaragua increased 14.19 percent to $112.06 million, Colombia's shipments rose 33.92 percent to $62.62 million and imports from Guatemala were up 15.87 percent to $32.35 million.

African countries are slowly establishing themselves as a low-cost sourcing alternative. Egypt's blue jeans shipments rose 6.06 percent to $154.44 million for the year and a 4 percent market share, while imports from Lesotho increased 5.57 percent to $80.12 million, Madagascar's shipments were up 10.46 percent to $23.86 million and imports from Kenya jumped 50.57 percent to $17.63 million.

Source: sourcingjournal.com- Mar 07, 2019

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Better Cotton Uptake Tops 1 Million Metric Tons

The Better Cotton Initiative (BCI) saw record levels of uptake in 2018, as 93 retail and brand members sourced more than 1 million metric tons of its sustainably grown cotton–enough to make 1.5 billion pairs of jeans.

That usage of Better Cotton represented a 45 percent increase from the previous year and led to Better Cotton accounting for 4 percent of global cotton consumption. BCI said by integrating Better Cotton into their sustainable sourcing strategies and increasing sourcing commitments, its members are driving demand for more sustainable cotton production worldwide.

To meet BCI's 2020 targets of training 5 million cotton farmers and having Better Cotton account for 30 percent of global cotton production (in the current season, Better Cotton is forecast to account for 19 percent of global cotton production) the organization said it needs the next wave of sustainably oriented companies to join in.

H&M, a founding BCI member, sourced the largest volume of Better Cotton for the third straight year.

"Cotton is one of H&M group's most important materials... [and] BCI plays a key role in our goal toward using only sustainably sourced cotton by 2020," Mattias Bodin, sustainability business expert for materials and innovation at H&M, said.

Adidas reported that it sourced only sustainable cotton in 2018. Ebru Gencoglu, senior manager of merchandising and sustainability at Adidas, said the company worked closely with BCI to reach this goal.

"BCI has engaged actors throughout the supply chain to enable the right amount of supply in the right locations," Gencoglu said. "This has helped our suppliers to source cotton as Better Cotton, which allowed us to ramp up sourcing in a short period of time."

BCI's demand-driven funding model means that by companies sourcing its cotton, it increases investment in training for cotton farmers on more sustainable practices.

In the 2017-18 season, BCI members, public donors and the Sustainable Trade Initiative contributed more than 6.4 million euros ($7.16 million), enabling more than 1 million farmers in China, India, Mozambique, Pakistan, Tajikistan, Turkey and Senegal to receive support and training.

Gap Inc., which joined BCI in 2016, and is now among the top five BCI members based on total sourcing volumes. Agata Smeets, director of sustainability sourcing strategy at Gap Inc., said, "We have been able to leverage our scale across our portfolio of brands to accelerate sourcing of Better Cotton in a relatively short time."

Source: sourcingjournal.com- Mar 07, 2019

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Cotton Australia, Google Arts & Culture join for e-project

Cotton Australia has collaborated with Google Arts & Culture for a new interactive online project – Once Upon a Try, the largest exhibition about inventions and discoveries ever curated. Collections, stories and knowledge from over 110 renowned institutions across 23 countries will highlight millennia of major breakthroughs and the great minds behind them.

Cotton Australia is the first agricultural industry in the world to use the Google Arts & Culture technology to share its story. The industry has contributed a wide range of examples on how technology has transformed agriculture and cotton more specifically, said Cotton Australia CEO Adam Kay.

"From biotechnology slashing pesticide use, to smart sensors tracking soil health; from solar-powered pumps, to driverless robotic weed seekers, technology has made agriculture one of the most exciting and fast-moving industries in the world today," Kay said.

"The Australian cotton industry is a world leader in the application of emerging technologies, both in research and development, and on farm, so it made sense for us to use the Google Arts & Culture platform to share the incredible gains our industry is making with the world.

Most people will never get the opportunity to visit an Australian cotton farm and see firsthand how technology is applied, so our online exhibitions bring Australian cotton farming to the world," Kay added.

People across the world can now explore more than 400 interactive exhibitions that pay tribute to humanity's greatest leaps in science and technology progress, and the visionaries that shaped our world, as well as tales of epic fails and happy accidents.

Once Upon A Try also lets to dive into Street View to tour the sites of great discoveries, from deep underground inside Cern's Large Hadron Collider to high in the sky onboard the International Space Station, Cotton Australia said in a press release.

Google Arts & Culture also invites people to join Tilda Swinton and CERN particle physicists to experience the birth and evolution of the universe in augmented reality - a state-of-the-art use of this new technology.

And people can explore Nasa's archive of 127,000 images in a new storytelling tool, powered by Google machine learning.

"Through inspiring, and at times surprising, stories from over 100 partners, you can explore the inventions and discoveries that have shaped our world.

Once Upon a Try is all about that first attempt, the idea, the journey of fulfilling a dream, and we hope it'll give people that extra boost to find their very own eureka moment," director of Google Arts & Culture Amit Sood.

Source: fibre2fashion.com- Mar 08, 2019

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China to invest $ 300 million in cotton processing in Tajikistan

Strengthening and developing bilateral relations of friendship and cooperation with China is one of the priorities of Tajikistan's foreign policy. Meanwhile, China is also very interested in the Central Asian region as a whole.

China State Machinery Industry Construction Group Inc will help to raise $ 300 million for the development of the textile industry in Tajikistan.

A delegation of Chinese businessmen under the leadership of the trade manager of China Machinery Industry Construction Group Inc Hu Sina met with Nematullo Hikmatullozoda, Minister of Economic Development and Trade of Tajikistan on March 5.

At the meeting, it was noted that the Chinese state corporation will assist the "Shino Tajikistan Kulyab Textile Industry Park" enterprise in attracting foreign direct investment for processing cotton fiber.

This enterprise is located on the territory of the newly formed Kulyab free economic zone, the press service of the Ministry of Economic Development and Trade reports.

It is expected that investment in this enterprise will be carried out in two stages. At the first stage, financing will be $ 130 million, and at the second - $ 170 million.

It is planned to create 5,500 jobs at the enterprise, the annual processing of cotton will be 35,000 tons.

The resolution on the establishment of the Kulyab FEZ was adopted by the Tajik Government at the end of February 2019.

Since 2008, four FEZs - "Sogd", "Dangara", "Pyanj" and "Ishkashim" have been operating in the republic.

Founded in September 1953, China Machinery Industry Construction Group Inc is the largest construction state corporation in China.

Until the middle of the 2000s, cotton was considered one of the two main export goods of Tajikistan (along with aluminum). In the 1980s, about 800,000 tons of cotton were harvested annually in Soviet Tajikistan.

At the same time, most of the cotton fiber produced in the country is exported as raw materials. The processing of these products within the country is insignificant.

Diplomatic relations between Tajikistan and China were established on January 4, 1992.

It was previously announced that it is planned to increase the foreign trade turnover of Tajikistan and China to $3 billion by 2020.

Source: azernews.az - Mar 07, 2019

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Bangladesh's cotton imports could fall 15 percent as yarn prices soften: trade body

Bangladesh's cotton imports in 2019 are likely to fall 15 percent from the previous year as lower yarn prices are forcing spinners to cut overseas purchases, head of a trade body said on Thursday.

The world's biggest fibre importer bought 7.2 million bales of cotton in 2018.

Yarn prices have fallen around 10 percent in local market and with reduced margins of spinners, imports have become less lucrative, said Mehdi Ali, president of Bangladesh Cotton Association, on a sidelines of Cotton India conference in Mumbai.

Bangladesh buys most of cotton from India, the world's biggest cotton producer.

India's share in total shipments has been coming down due to quality issues and may stand at 40 percent in 2019 compared with 46 percent a year ago, Ali said.

"Buyers are shifting to Brazil and Africa due to quality issues even as they have to pay more," he said.

Source: sg.finance.yahoo.com- Mar 07, 2019

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Seeking low-end profits in Vietnam cannot last long

Investors need long-term strategic vision, instead of seeking low-end profits in Vietnam

With increasing discussions about Vietnam's "miracle growth," a Vietnamese image of aggressive economic development has gone viral on social media in recent days. Various financial media have analyzed the country from the perspectives of setting up factories, investing in real estate and other sectors to lavishly tout the high investment returns and encourage domestic capital to invest in Vietnam.

Although Vietnam has undoubtedly seen substantial economic achievements and social progress since its "renovation and opening-up," and the country has maintained a relatively high economic growth rate, investors should not take for granted that setting up factories or investing in real estate in the country can just generate high returns, as there are still many uncertainties.

Since its "renovation and opening-up" in the 1980s, Vietnam's comprehensive economic growth rate has been around 7 percent, the fastest among ASEAN countries and second only to China in Asia. The reason Vietnam was able to maintain such a rapid rate of economic growth is not only because of its rapid development during the primary stage of industrialization, but also due to its active participation in regional integration and globalization since the 1990s.

Vietnam's rapid economic development is a result of riding on the Chinese "fast train." For a long time, China has maintained its status as Vietnam's largest trading partner. With bilateral trade reaching $106.7 billion in 2018, China became Vietnam's top trading partner, with the bilateral trade volume exceeding $100 billion. In the meantime, more and more Chinese companies have invested in Vietnam, creating a large number of jobs.

Vietnam's rapid economic development is also thanks to the evolution of the regional division of labor and the distribution of global industry. In terms of investment sources, South Korea, Japan, Singapore, the Chinese mainland and the island of Taiwan are the most important sources of foreign investment in Vietnam. In terms of investment distribution and industries, South Korean and Japanese companies usually invest in the relatively high-end electronics industry, Taiwan-based companies appear to be interested in the original equipment manufacturing (OEM) business, and mainland companies generally make investments in textiles, clothing, shoemaking and agriculture.

Thus, most of the foreign investment in Vietnam comes from the Asian region, and industries that see foreign investment are generally at the low end and labor intensive. As regards investment incentives, China's industrial development and upgrading, being able to avoid trade barriers and other advantages of primary industrialization like cheap labor costs are the main reasons behind the "investment fever" in Vietnam.

Frankly speaking, the investment boom in Vietnam is actually the result of profit-seeking by capital in low-end industries, which also attracts small- and medium-sized enterprises (SMEs) from the Chinese mainland. In the short run, companies are interested in investing in Southeast Asian countries like Vietnam, which could be seen as one of their countermeasures to the US-China trade rows and challenges.

However, it is worth noting that investors may face bottlenecks and risk challenges in the process of investing in Vietnam. As an ideal place for low-end industrial capital investment, Vietnam indeed has advantages in terms of labor and land, but with economic development and social progress, the local costs of labor and land are also on the rise. Moreover, the low education level of local workers actually poses challenges for business operation and management.

At the same time, due to the country's strict regulations on environmental protection and employment sources, companies also need to pay a high price in the aspects of production facilities and hiring procedures. In this sense, investors should have their own strategic vision for the long term when it comes to whether to invest largely in low-end industries or in upgrading low-end industries.

With media speculation over the investment boom in Vietnam, companies should not be short-sighted or eager for quick success. They are advised to comprehensively evaluate the investment projects and risks in Vietnam and plan for their industrial development and investment in the medium and long run. After all, pursuing profits in low-end industries cannot be a permanent strategy.

Source: globaltimes.cn - Mar 07, 2019

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Pakistan: Country does not have even 1,000 garment units, Senate body told

Secretary Textile Division Syed Iftikhar Babar on Wednesday said that whatever increase has been registered in exports is because of Textile Division not the Commerce Division. The Senate Standing Committee on Commerce and Textile was also informed that there are 4500 garments factories in Bangladesh but in Pakistan such factories are less than 1000.

In Pakistan, he said, garments sector has been ignored. Pure cotton seed and fertilizer are not available in Pakistan. Other countries formulated laws after introduction of BT cotton. In Pakistan, the Plant Breeders Act has been enacted but registry is not established.

Secretary Textile Division stated that cotton is not a food item but the department of cotton has been given to Ministry of National Food Security and Research. Standing Committee directed that cotton department should be given to Textile Division.

The committee was informed that the demand for cotton is declining globally but in Pakistan cotton production is on the higher side. In Pakistan synthetic cotton production is 19 per cent whereas globally its production is 62 per cent.

Pakistan is at 5th place in cotton production in the world but has failed to benefit from it by as much as much smaller countries. The Committee directed the Ministry to conduct a study of Bangladeshi and Vietnamese textile production and export policies and submit to the committee.

Senator Nauman Wazir said that sugar output has slashed cotton production. Most of the sugar mills are owned by the influential who also demand subsidy. However, KP government has refused to give any subsidy to sugar sector.

Chairman Standing Committee directed the Textile Division to share the draft of five-year Textile Policy with the standing Committee so that the latter can give its input. He also suggested that textile policies of other countries should also be taken into account while preparing a textile policy for the country.

The Standing Committee also sought performance report of Trade Officers in Pakistani Missions abroad aimed at reviewing it. Commerce Ministry has recently recalled four Trade Officers due to their dismal performance however one could not be recalled as he won the case in court against the Ministry. Senator Dr Ghous Niazi suggested that low performing Trade Officers should be recalled. Senator Dilawar Khan maintained that exports will not increase until Trade Officers are taken from the private sector.

The committee also held a detailed discussion on the performance of IPO. Members of the Committee stressed upon the need to protect Pakistani products like salt and rice when they are exported abroad as reports have been heard about Pakistani rice and salt being sold as other countries' products.

The need to ease the process of registration of patent, trademark/copyright was also discussed while at the same time an effective mechanism to deal with people involved in using or copying fake names was discussed.

Chairman Intellectual Property Organisation (IPO) Mujeeb Ahmed Khan, requested the Standing Committee to write to Commerce Division and Cabinet Division to expedite approval of Geographical Indication (GI) laws as the country is without this law since 11 years.

In reply to a question, he said that Banaspati rice trade is not illegal but its sale by another country by repacking our material is illegal. The committee decided to discuss the GI law for five minutes in the agenda of each meeting.

Chairman IPO further stated that India had formulated GI laws in 2002 which enabled it to register Banaspati but Pakistan could not do this due to lack of this law. The committee was informed that patents backlog has been reduced from seven months to 25 days. The duration of patent registration is 30 months which is similar to other countries. The duration of Trade Mark is six months.

Senator Nauman Wazir said that Pakistan's situation with respect to patent and trade mark is poor. Senator Dilawar Khan said that due to his knowledge there is no case of someone being penalized for a violation of a patent.

Chairman IPO informed the committee that 500 cases of copyrights and trademarks have been pointed out of which 189 cases are related to copyright.

"Pakistan cannot defend its products at the international level because we don't have relevant laws," he maintained. Senator Nauman Wazir said that Pakistan's Khewra salt is being exported to India in trucks.

Source: fp.brecorder.com- Mar 07, 2019

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Govt clears scheme to rebate central, state embedded taxes for textiles sector

'The MEIS scheme offered 4 per cent support which was not available beyond December 31,' Singh told reporters.

The Union Cabinet on Thursday approved a scheme for rebate of all state and central embedded levies for apparel and made-up textile segments, which would make shipments zero-rated, thereby boosting the country's competitiveness in export markets.

Addressing a press conference here, Textiles Secretary Raghvendra Singh said the decision was needed as incentives for apparel and made-ups under the Merchandise Exports from India Scheme (MEIS) were not WTO compatible anymore.

"The MEIS scheme offered 4 per cent support which was not available beyond December 31," Singh told reporters.

He said rates under the Remission of State Levies (RoSL) have been revised upwards for garments and made-ups, and centrally embedded levies outside the ambit of GST have been added to the scheme, which will "more than offset" incentives not available under MEIS for apparel and made-ups.

The decision assumes significance as shipments from neighbouring countries like Sri Lanka, Bangladesh and Vietnam enjoy zero duty access to the EU, which is the biggest export market for India's apparel sector.

"However, our exports to the European Union have to face a tariff disparity of around 9.6 per cent. We were facing acute competition in this business where profitability is quite marginal," Singh said.

The made-up segment of textiles includes products like bedsheets, blankets and curtains.

"Our endeavour will also be to extend these benefits to exports of fibre, yarn and fabrics. A committee will be set up to examine if similar incentives can be extended to these segments," Singh said.

According to him, the revenue foregone estimate due to the decision has been pegged at Rs 6,300 annually.

The inter ministerial committee as well as the norms committee of the Department of Commerce shall from time to time assess the impact of this decision and tweak it wherever needed, Singh said.

Currently, Remission of State Levies (RoSL), which is to offset indirect taxes levied by states such as stamp duty, petroleum tax, electricity duty and mandi tax that were embedded in exports, is provided to textiles exporters.

"The decision which also extends rebate up to March 31, 2020, will greatly benefit apparel & made-ups manufacturers/exporters," Textiles Minister Smriti Irani said in a tweet.

She said the apparel and made-ups have a combined share of 55 per cent (around USD 21 billion) in the total Indian textile export basket and the decision to enhance rebate will have a direct impact on these segments, thereby increasing competitiveness of India's textile exports globally.

The decision also entails change in disbursal mechanism whereby the rebate of all embedded state and central levies will be done through the Scrip System.

"Fulfilling one of the primary demands of the industry, Rebate of State and Centre Levies/Taxes will be done through IT-driven Scrip System thereby preventing delay & ensuring speedy disbursal," Irani said in another tweet.

The decision will enable the government to take various measures for making exports of apparel and made-ups zero rated.

"The proposed measures are expected to make the textile sector competitive. Rebate of all embedded state and central taxes/levies for apparel and made-ups segments would make exports zero-rated, thereby boosting India's competitiveness in export markets and ensure equitable and inclusive growth of textile and apparel sector," an official statement said.

A senior official said under RoSL, in apparel, previously there was a maximum rate of 1.7 per cent which has been revised to a maximum of 3.6 per cent.

The rate of central levies on apparel was a maximum of 2.45 per cent which means effectively the rate on apparel has gone up from 1.7 per cent to 6.05 per cent.

The official said for made-ups, previously the maximum RoSL rate was 2.2 per cent which has been revised to 5 per cent, plus central levies with a maximum rate of 3.2 per cent, taking the overall rate from 2.2 per cent to 8.2 per cent.

Source: moneycontrol.com- Mar 07, 2019

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US trade deficit with India decreased by $1.6 billion in 2018

The trade deficit between India and the US decreased by USD 1.6 billion, almost seven per cent, in 2018 as compared to the previous year, according to the latest official figures.

The trade deficit between India and the US decreased by USD 1.6 billion, almost seven per cent, in 2018 as compared to the previous year, according to the latest official figures.

India recorded a decrease in the deficit from USD 22.9 billion in 2017 to USD 21.3 billion in 2018, according to the latest figures revealed by the Bureau of Economy Analysis on Wednesday.

The US trade deficit in goods and services increased by USD 9.5 billion from USD 50.3 billion in November to USD 59.8 billion in December, according to the figures.

For 2018, the US goods and services deficit was USD 621.0 billion, up USD 68.8 billion from USD 552.3 billion in 2017. Exports were USD 2,500.0 billion in 2018, up USD148.9 billion from 2017. Imports were USD 3,121.0 billion, up USD 217.7 billion from 2017, it said.

The figures showed that the goods deficit hit USD 891.3 billion in 2018, the largest in US history. America’s goods deficit with China hit a record USD 419.2 billion last year.

Opposition Democratic party were quick in criticising US President Donald Trump.

“Today’s announcement that the merchandise trade deficit for 2018 topped USD 891 billion shows that the President has flunked the test he set for himself,” said House Majority Leader Steny H Hoyer.

Alliance for American Manufacturing president Scott Paul in a statement criticised President Donald Trump for his polices that has resulted in a record trade deficit.

“Perhaps Donald Trump will now discover that tweets and bluster alone won’t dramatically shrink the trade deficit,” he said.

“The selective interventions of the administration on trade have been helpful to key sectors, but these actions haven’t put a dent in the massive deficit. The administration’s fiscal policies have helped to boost the trade deficit, as has its reluctance to engage more actively in exchange rate misalignment,” he said.

“While the trade deficit results from many factors, the staggering sum represents lost opportunities for American workers and businesses,” Paul said.

“If the president wants to back his words with actions, any trade deal with China will insist on dramatic, structural changes in Beijing’s state-led economy, which have contributed to massive industrial overcapacity in key sectors.

The next few weeks of negotiations with China are critical to the future of American manufacturing. We can’t afford a deal that doesn’t deliver real and lasting change,” Paul said.

Source: financialexpress.com- Mar 07, 2019

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Cabinet approval for scheme for rebate on state and central taxes to help boost textile exports

The Confederation of Indian Textile Industry is seeking inclusion of cotton yarn and fabric in the new scheme.

The Union Cabinet's approval for a scheme for rebate on all state and central embedded taxes to support the textile sector has been welcomed by the industry.

"The proposed measures will boost India's competitiveness in export markets and ensure equitable and inclusive growth of apparel and made-up sector," the Confederation of Indian Textile Industry (CITI) said on Thursday.

Welcoming the decision, CITI chairman Sanjay Kumar Jain said the scheme will enable the government to take various measures for making exports of apparel and made-ups free of any embedded central and state levies.

He said currently, apparel and made-ups segments are supported under the scheme for rebate of state levies (RoSL). However, certain state as well as central taxes continue to be present in the cost of exports.

The Cabinet decision provides for a scheme to rebate all embedded state and central taxes/levies for apparel and made-ups which have a combined share of around 56% in India's textile export basket. Rebate of taxes/levies has been permitted through an IT-driven scrip system at notified rates, which will boost exports, he added.

Jain, however, pointed out that the new scheme only covers apparel and made-ups and not other important sectors of fabric and cotton yarn. To ensure that no taxes are exported and to make Indian cotton yarn and fabric globally competitive, the confederation has requested the government to include the two in the new scheme.

It is estimated that there are many blocked/embedded taxes / levies / surcharges of about 6-7% for spun yarn and fabric sector which are not reimbursed and are adding to the cost of exports.

India's cotton yarn and fabric exports are also struggling because of the duty disadvantage faced by the exporters in the major markets, Jain said.

Source: financialexpress.com- Mar 08, 2019

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India cotton exports to fall 27 per cent

Chinese cotton buyers are willing to purchase cotton at 80-81 cents a pound when the global prices are hovering at 78-79 cents a pound.

Notwithstanding the robust demand, Cotton Association of India expects cotton exports to fall 27 per cent to 50 lakh bales (lb) this cotton season ending September against 69 lb registered last year due to lower crop output this year.

The overall export demand is looking up with China emerging as the largest buyer. However, in its latest estimate CAI has reduced cotton output for this year to 328 lb against 330 lb estimated in January. The output was at 365 lb logged last year.

Atul Ganatra, President, Cotton Association of India said the country has supplied 5 lb to China and another 8 lb will be shipped out by April. Overall cotton exports to China is expected to touch 15 lb against 8 lb logged last year.

Chinese cotton buyers are willing to purchase cotton at 80-81 cents a pound when the global prices are hovering at 78-79 cents a pound, he said.

CAI plans to sign a memorandum of understanding with Bangladesh to enhance India's cotton exports to that country by 30 per cent from 20 lb shipped out last year. India has shipped out 10 lb till now to Bangladesh.

Ganatra said cotton exports to Pakistan has come to standstill after the border issue. India has already exported 8 lb and already shipped out 6.5 lb and the pending orders will be fulfilled once normalcy returns.

Pakistan annual cotton crop is estimated at 330 lb but its demand is about 570 lb so it has to buy cotton from other countries, said Ganatra.

Lack of sufficient rain in states such as Gujarat, Karnataka, Telangana and Maharashtra is expected to pulled cotton crop to nine-year low this year. The previous lowest output was recorded of 305 lb was recorded in 2009.

Moreover, the government of Maharashtra and Telangana had given instructions to the farmers to remove the cotton plants by December-end to avoid Pink Ball worm problems.

Cotton Corporation of India has so far purchased 11 lakh bales as the prices at the start of season was lower than the minimum support price of Rs 41,000 a candy, said BK Mishra, former Chairman and Managing Director, Cotton Corporation of India.

Today, he added prices are hovering at 42,000 a candy and if there is any price drop below MSP then CCI will step in and these stocks will be offloaded at the end of the season, he added.

Source: thehindubusinessline.com- Mar 07, 2019

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Tamil Nadu unveils integrated textile policy

After two decades, the Tamil Nadu government on Wednesday unveiled a new integrated textile policy to achieve higher and sustainable growth in the textile value chain, from fibre to fashion, with emphasis on balanced regional development.

The state accounts for 19% of the nation's textile output with a robust network of all the sub-sectors of the textile industry. It is the largest economic activity after agriculture, giving direct employment to around 31 lakh people and more than Rs 50,000 crore exports.

"The new policy is aimed at attracting youth and to provide a range of subsidies to support the sector to make it more vibrant," handlooms and textiles minister O S Manian said.

Major thrust has been given to handloom, power loom, spinning, processing to produce cost effective and high-quality yarn, textiles and apparel to meet the requirements of domestic and export sectors.

While the installed capacity in fabric dyeing and wider width fabric printing like rotary printing system is inadequate to cater to local requirements, the grey fabrics produced in and around Erode cluster are sent to Jaipur, Ujjain, Meerut, Ahmedabad and Surat for printing.

The policy said the state will offer 10% credit-linked capital investment subsidy for the processing sector, and assistance of 15% capital subsidy will be provided for setting up treatment plants with zero liquid discharge, subject to a maximum of Rs 5 crore.

Processing clusters will be promoted in Ramanathapuram district with financial assistance under the Integrated Processing Development scheme.

The state will encourage setting up of silk parks in prominent silk clusters Kancheepuram, Salem, Arni and Thirubuvanam.

Cotton is another area of concern. "The state will actively encourage increasing cotton production and productivity within the state, as only 5% of the total requirement is available," Manian said.

Given that the spinning sector has 60% of the mills in the country and many are not equipped with state-of-the-art technology, the state offers 2% interest subvention for investments on technological upgradation and modernization in existing spinning mills with a vintage period of minimum 15 years on installed machinery.

It is strongly felt that due to the vast textile base, the state has the potential to emerge as a significant player in the global technical textile market. "Nine per cent of project cost, subject to a maximum ceiling of Rs 9 crore will be provided as state grant for setting up technical textile parks," the policy said.

Given that knitting, apparel and garment sector has made tremendous strides, the state offers additional 10% capital investment subsidy to garmenting units for benchmarked eligible machinery.

Source: timesofindia.com- Mar 07, 2019

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Will tariffs on India work? Here's a shiny clue

Since general American tariffs are fairly low now, India can afford to ignore the threat to its $5.6 billion of U.S. exports.

President Donald Trump has decided that India's failure to provide "equitable and reasonable" access to its market means it's no longer eligible to export certain goods duty-free to the U.S.

The 43-year-old U.S. Generalized System of Preferences, the privilege India now loses, is part of a shared commitment by developed countries to promote export-oriented growth in emerging economies. Washington also has a long history of using it to make trading partners fall in line.

The most high-profile case is Chile in the 1980s. Once the U.S. cut the nation's duty-free access under GSP, support for General Augusto Pinochet's repressive regime dried up among the wealthy. As labor-law researchers Lance A. Compa and Jeffrey S. Vogt wrote:

Chile's economic elites could live with a government that was an international pariah politically, as long as its free-market, export-oriented policies stayed intact and their profits kept rolling in. But when exports to the United States became threatened by General Pinochet's labor policies, business interests began softening their support for the dictatorship.

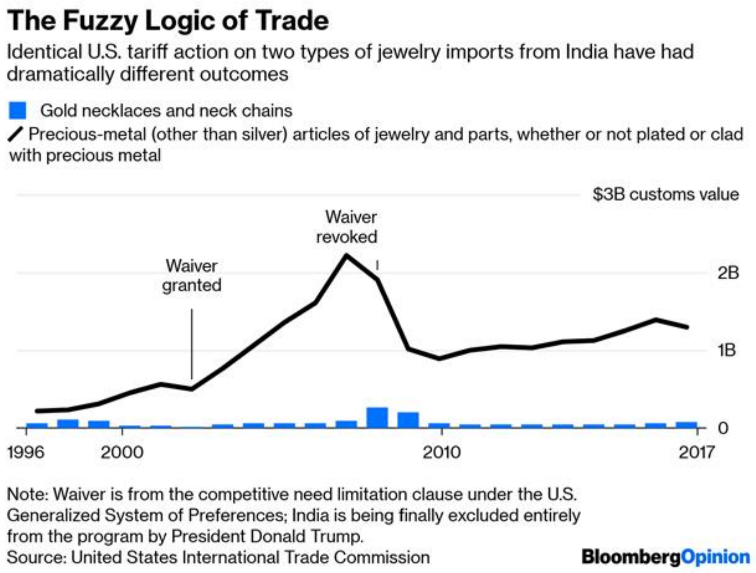
In 1991, with a new democratically elected government in place, the most abusive features of the labor code removed, and an end to physical violence against trade union activists, Chile's GSP benefits were restored.

The latest action, however, isn't about improving workers' conditions or enforcing property rights. In expelling India, the largest GSP beneficiary, the Trump administration is making a declaration: While its trade relationship with New Delhi may not be as frayed as it is with Beijing, it's certainly fraught.

The last straw, as my colleague Mihir Sharma wrote, may well have been India's aggressive moves against U.S. tech giants, which restricted online sellers such as Amazon.com Inc. and gave Indian tycoon Mukesh Ambani's e-commerce ambitions a leg up.

Will this disqualification sway Indian policy? My guess is it won't.

In a 2011 paper, trade-policy researchers Anwarul Hoda and Shravani Prakash analyzed the impact of "the proclivity of the U.S. administration to leverage the GSP program to achieve its economic and political objectives." They found that with major developing-country trading partners "the reciprocity requirement has proved to be ineffectual."



In 1992, the U.S. stopped India's preferential access for chemicals and pharmaceuticals in an effort to improve intellectual-property protection. New Delhi shrugged off the pain, and waited for a World Trade Organization agreement before amending its patent law, the researchers noted.

In many instances, a certain imported item has exceeded the U.S. limit for preferential access — set at $75 million in 1996, and rising by $5 million annually.

The exporting country then seeks a waiver from duties, which it either doesn't get or loses again. I extended the analysis by Hoda and Prakash of two such Indian exports — gold necklaces and neck chains; and jewelry made with a precious metal other than silver.

Sales do drop when a trinket enjoying zero-duty access is slapped with a U.S. tariff of 5.5 percent. Over time, though, exporters adjust, provided consumer tastes and incomes are supportive.

Take Indian-made precious-metal jewelry. It's hard to say what part of the 613 percent jump in U.S. imports between 1998 and 2006 came from a reinstatement of GSP privileges in 2001, and what role the wealth effect of red-hot property markets played.

Shoppers' preferences must have been important, because gold chains — facing a similar tariff environment — showed zero growth. Similarly, Indian jewelry shipments into the U.S. since the 2008 subprime crisis rose 27 percent, even after tariffs were reimposed in 2007. Gold necklaces are still 60 percent down, though.

Since general American tariffs are fairly low now, India can afford to ignore the threat to its $5.6 billion of U.S. exports. Most countries become ineligible for U.S. largess, anyway, as their income levels cross the developed-economy threshold of $12,055 per capita. (Turkey, which is also getting kicked off the list, is almost there.) The average Indian is still 85 percent below that benchmark.

So the U.S. move is clearly retaliatory. However, labor-intensive industries like footwear and textiles don't enjoy U.S. preferential benefits. To that extent, the risk of widespread job losses ahead of crucial Indian general elections will be mitigated.

Source: economictimes.com- Mar 07, 2019

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GSP withdrawal: Trade surplus with US shrinks; official says US action unfortunate

The Trump administration may have cited the absence of 'equitable and reasonable' market access from New Delhi to withdraw the duty benefits on annual exports worth $5.6 billion under the so-called Generalized System of Preferences (GSP) by May, but latest data showed India's goods trade surplus with the US actually shrank for a second straight year through 2018.

According to the US government data, New Delhi's trade surplus with Washington eased to $21.3 billion in 2018 from $22.9 billion in 2017. In contrast, China's trade surplus with the US widened further to a record $419.2 billion last year from $375.6 billion in 2017, despite the tariff war between the world's top two economies.

The drop in India's trade surplus is important, given that the US' overall goods trade deficit zoomed further in 2018 to $878.7 billion from $795.7 billion a year before.

India’s surplus with the world’s largest economy stood at $24.4 billion in 2016. In fact, India is among the very few countries whose trade surplus with the US has been falling — something that the Trump administration has been wanting to ensure.

Similarly, the American goods exports to India jumped almost 29% to $33.12 billion in 2018 from $25.7 billion in the previous year.

“The massive rise in its exports suggests that India has been more than fair in granting market access to the US.

In fact, under a trade package that was being negotiated until recently, India had gone more than half the distance to address the American concerns,” said a senior government official. Given the backdrop, the GSP withdrawal is only ‘unfortunate’, said the official.

The government, however, won’t resort to any ‘knee-jerk’ reaction but will take an informed decision after taking a holistic view of the matter.

India will remain the world’s fastest-growing large economy in the coming years, generating opportunities for US businesses in sectors ranging from defence and retail to oil.

The commerce ministry has said India is a thriving market for US services and e-commerce companies like Amazon, Uber, Google and Facebook with billions of dollars of revenue. In fact, despite the price control, American companies like Abbott and Boston Scientific dominate the medical equipment market in India, while Amazon and Uber remain the top players in their segments.

Under the GSP, 1,784 products — ranging from certain engineering goods and organic chemicals to textiles — are exported from India to the US at zero duty. However, these products typically attract low duties there (for instance, the engineering goods and textiles covered under the GSP typically attract less than 3%).

Nevertheless, some leather products, processed food items and handlooms could see some impact, which will impact small companies and individuals that produce them.

Stressing that India responded to the US requests on sticky issues positively, the commerce ministry said on Tuesday that New Delhi had proposed to replace the current price cap policy for coronary stents with a 'suitable trade margin regime' to address American concerns.

As for the US demand to scrap/cut tariff on ICT products, including mobile phones costing over Rs 10,000, New Delhi had conveyed to the US that any such across-the-board cut would help only third parties (like China and Korea) and was willing to lower duties on those products where it would benefit the US. India had also offered to simplify certain certification procedures for dairy imports from the US.

"Acceptability of US market access requests related to products like alfalfa hay, cherries and pork was conveyed…On telecom testing, India was willing to consider discussions for a Mutual Recognition Agreement, " the commerce ministry said.

Source: financialexpress.com- Mar 08, 2019

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Enhanced export benefit for garments and made-ups, reduction in hank yarn obligation hailed

The proposed rates of Rebate on State Levies (RoSL) has come at a right time, which would benefit the garmenting and made-ups segments, Southern India Mill' Association (SIMA) said Thursday.

This would also increase the demand from the downstream sector, thereby strengthening the entire cotton textiles value chain, SIMA Chairman, P Nataraj said here.

In a statement, he said the industry has also been pleading to include spun yarn and fabrics under RoSL benefit for the last two years and the Government should have considered the spinning and weaving / knitting segments as these segments suffer with surplus production capacity for the last few years.

The envisaged demand would not meet the excess supply from the spinning and weaving segments, Nataraj said and appealed to consider the genuine demand of the industry to include spun yarn and fabrics under RoSL.

Thanking Union Textile Minister, Smriti Irani for considering the long pending demand of the spinning sector and reducing the hank yarn obligation from 40 to 30 per cent with effect from January 2019 to enable ease of doing business.

He said that when the hank yarn obligation was reduced from 50 to 40 per cent during 2003, the obligatory quantity was around 930 million kgs and the same had increased over 1,600 million kgs during 2018.

On the other hand, the number of handlooms were 31.37 lakhs during 1997-98, which got reduced to 21.46 lakhs during 2009-10, he said.

The proportionate reduction in obligation works out to less than 15 per cent and therefore, there is a room to reduce the obligation further by 10 per cent, since as per the Handlooms Census 2009-10, the actual hank yarn requirement works out to less than 10 per cent, Nataraj said.

The Union Cabinet chaired by the Prime Minister, Narendra Modi today has approved the Scheme to rebate the State and Central Embedded Taxes to support the textile sector and boost exports.

Source: covaipost.com- Mar 07, 2019

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India moves to offset GSP removal fallout

India yesterday approved a scheme to make its exports of apparel and home textiles more competitive, two days after the US announced to scrap the preferential trade treatment for the country.

The approval was given at a meeting of the cabinet presided over by Prime Minister Narendra Modi. Under the proposed measures, rebate of all embedded state and central taxes and levies for apparel and made-ups segments would make exports zero-rated.

The move is expected to boost India's competitiveness in export markets and ensure equitable and inclusive growth of the textile and apparel sector, an official statement said. The assessment in India is that the US decision to cancel the generalised system of preferences (GSP) is unlikely to have a big impact on the domestic textile and apparel sector.

The withdrawal of the GSP from the existing list of products will not have a major impact on India's garments export, but if the list is expanded the effect would be 30-35 percent of India's RMG exports going to the US, said Rahul Mehta, president of the Clothing Manufacturers Association of India.

According to the India's Apparel Export Promotion Council, the US imports $586.58 million worth of RMG products from different countries under the GSP status and India's share is $17.97 million.

Tirupur Exporters Association President Raja M Shanmugam said though the impact seems to be minimal for the garment sector, which is the second largest employment generator in the country, even this could lead to job losses.

He asked the Indian government to help the industry, which will see price increase if the US decides to withdraw the status, by way of incentives. Tirupur in Tamil Nadu state is the largest hub of Indian apparel manufacturing.

Source: thedailystar.net - Mar 08, 2019

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India's goods export to hit $330 bn in 2018-19: Suresh Prabhu

The country's goods export will touch $330 billion in 2018-19, which will be the highest ever, Commerce and Industry Minister Suresh Prabhu said Thursday.

He said the country's merchandise exports have seen high growth in the past six years through sector-specific interventions, focused export promotion initiatives, and quick resolution of issues.

With the structural reforms that have been put in place over the past five years by the ministry and action-oriented plans for major sectors, the minister said India is on the path to become the fifth-largest economy this year.

"India's goods export will peak at $330 billion in 2018-19 which will be the highest ever," the ministry said in a statement quoting Prabhu.

He also said the Department of Commerce has identified nine sectors - gems and jewellery, leather, textiles, engineering, electronics, chemicals, pharma, agriculture and marine products -- to achieve at least 16 per cent growth in exports in 2018-19.

During April-January this fiscal, exports grew 9.5% to $271.8 billion.

Source: livemint.com - Mar 07, 2019

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Last date for GST annual return filing extended

The last date for filing of GST annual return for 2017-18 has been extended to June 30.

An official release said trade and industry is being informed that the forms (GSTR-9 and 9A) are now available on the common portal for filing and taxpayers are requested to file their returns at the earliest.

Taxpayers have been asked to exercise caution while filing the return as facility to revise the FORM GSTR-9 and FORM GSTR-9A is not available.
GST exemption limit

A PTI report said the government on Thursday notified April 1 as the date for the implementation of doubling of GST exemption limit to ₹40 lakh, which will benefit SMEs. Besides, the effective date for availing higher turnover cap of ₹1.5 crore for availing composition scheme by traders has also been fixed as April 1.

Source: thehindubusinessline.com- Mar 07, 2019

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Salt-free technology may reduce dyeing cost in fabric

AIC-NIFTTEA Incubation Centre for Textiles and Apparels will join hands with ICAR-Central Institute for Research on Cotton Technology (CIRCOT) to promote 'Salt-free dyeing technology', which would not use salts for setting dyes on fabric or yarn resulting in reduced virility of effluents.

The eco-friendly method, already successfully tested in woven fabric, was developed by the Mumbai-based CIRCOT, and the institute wanted to take it to the knitwear industry now.

Reactive dye, used in the textile processing, has brilliant colouring and good fastness qualities. To add dye on cotton fabric or yarn, sodium chloride or sodium sulphate would be added in dye baths in large quantities.

"This results in formation of effluents which have high level of total dissolved solids (TDS).

With Zero liquid discharge (ZLD) is the norm, it would not only cost high on the effluent treatment process but also cause problems in disposing or reusing residues," S Periasamy, CEO, AIC-NIFTTEA Incubation Centre told TOI

"Since cotton gets negatively charged once it is soaked in water, negative-charged reactive dye would not get transferred on it. To convert cotton into positive charge, common salts are utilised. But in the technology developed by CIRCOT, cotton would be pre-processed to positive charge by cationization. So fabric or yarn can absorb dye without using salt as catalyst," Periasamy said.

"For one kg of fabric or yarn, 0.5 to 0.6kg salt should be used in the current technology. It would result in formation of effluents which would even carry TDS up to 80,000ppm, and after the treatment of effluents, it will be reduced to 16,000ppm. Still, it is very high as the central pollution control board permits only 2,100ppm of TDS in dischargeable liquids."

So, dyeing units should spend more on the effluent treatment process to reduce TDS to the permissible level, Periasamy said. "Common effluent treatment plants or individual plants have to invest more in reverse osmosis and multi-effective evaporator equipment for processing heavily salt-loaded effluents," he said.

"With the salt-free technology, TDS of the effluents would be reduced to 1,600ppm from 16,000ppm, below the CPCB permissible level — 2,100ppm. This technology will save cost of the dyeing process as the units have no need to buy salts or spend more in the effluent treatment process. Importantly, it is a sustainable process," he added.

The centre will soon sign a memorandum of understanding with CIRCOT, and the technology will be promoted in Tirupur, Erode and Karur dyeing clusters.

Source: timesofindia.com- Mar 08, 2019

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Eight sectors expected to add over 10 crore jobs by 2025: CII

The Confederation of Indian Industry, CII on Thursday said the recent reforms ushered in by the government are creating new livelihoods across existing and emerging sectors, with eight segments of the economy alone expected to create over 10 crore jobs by 2025.

The eight sectors that CII highlighted include retail, construction, transport and logistics, tourism and hospitality, handlooms and handicrafts, textiles and apparels, food processing, and automotive.

CII President Rakesh Bharti Mittal told PTI that the measures to promote ease of doing business, cut in tax rates for smaller enterprises to 25 per cent, and reduction in interest rates are creating the right atmosphere for new businesses to flourish, particularly SMEs. He said this is an effective stimulant for job creation.

Mr Mittal observed that as per the latest data relating to Employees' Provident Fund Organisation (EPFO), around 7.2 million new subscribers were added to social security schemes between September 2017 and December 2018.

He said the social security scheme numbers of EPFO reflect the rising off take of new jobs in the formal sector and this is in line with the estimates for the increase in employment in CII's feedback from large companies.

Source: newsonair.com- Mar 07, 2019

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Govt amends hank yarn packaging norms

The textiles ministry Thursday amended hank yarn packaging norms whereby yarn packed for civil consumption in each quarter commencing from January-March should be less than 30 per cent of total yarn packed in each quarterly period for civil consumption.

The move is expected to benefit spinning industry.

Previously, this proportion was 40 per cent of the total yarn packed.

"This notification will come into effect from January 1, 2019," an official statement said.

"However, not less than 80 per cent of the yarn required to be packed in hank form shall be of counts 80s and below," it added.

In the textile industry, a hank is a coiled or wrapped unit of yarn or twine.

Source: business-standard.com- Mar 07, 2019

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Higher exports widen wage inequalities in India: WB, ILO

A rise in exports can lead to higher wages in India, mostly for educated and urban workers, and accelerate a shift from casual to formal sector jobs. However, it would also lead to greater wage inequalities and would not actually grow the total labour market, the World Bank (WB) and the International Labour Organisation (ILO) said in a recent report.

The report, titled 'Exports to Jobs: Boosting the Gains from Trade in South Asia', suggested policy changes to ensure that the gains from higher exports benefit a wider population.

It assessed the efficacy of increased exports in dealing with jobless growth, whereby the labour market has not kept pace with the region's high gross domestic product (GDP) growth.

A fresh econometric analysis proved that higher exports went hand-in-hand with higher wages.

"If the value of India's exports increases by $100 per worker, average annual wages would increase by ₹572 per worker," the report estimated.

However, the wage improvement was larger for college graduates and urban workers; men benefited slightly more than women; and rural workers and less-educated workers did not benefit. Thus, higher exports also led to higher wage inequalities.

The report noted some benefits for lower-skilled workers in terms of the formalisation of jobs. “Increased exports can explain the conversion of about 8,00,000 jobs from informal to formal between 1999 and 2011, representing 0.8% of the labour force,” it said.

However, higher exports did not correlate with higher aggregate employment of local labour markets, it cautioned.

While an increase in labour demand might change the mix between formal and informal sector populations, it would not raise the actual size of the local labour market, mostly because of the cost of moving and the lack of unemployment insurance or any other form of income support, the report added.

Source: fibre2fashion.com - Mar 06, 2019

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