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IBTEX No. 73 of 2019 April 09, 2019

USD 69.51| EUR 78.30 | GBP 90.97 | JPY 0.62

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
22249	46500	**85.08**

Domestic Futures Price (Ex. Warehouse Rajkot), April

Rs./Bale	Rs./Candy	USD Cent/lb
22240	46482	**85.04**

International Futures Price

NY ICE USD Cents/lb (May 2019)	78.92
ZCE Cotton: Yuan/MT (September 2019)	15,735
ZCE Cotton: USD Cents/lb	106.30
Cotlook A Index – Physical	**87.80**

Cotton Guide: The ICE cotton futures settled once again on a positive note. The ICE contracts were up by a decent figure. Till 3 pm IST the Yesterday the Markets were consolidated but later dipped lower, then picked up after 6 pm thus, settling higher. Before the release of the WASDE report scheduled today, the bulls took the lead. Also on the other hand the market participants are expecting bullish figures to be released. India will most probably witness a decline in crop production figures.

The ICE May contract settled at 78.92 cents/lb with a positive figure of +67 points. Last week the prices seemed to be positive but on the other hand the intensity of the rise was a bit of a concern. Many market participants were expecting a breach of 78 cents/lb soon for ICE Contract, but the bulls seemed to very strong in the last couple of sessions, thus pushing the prices to touch a high figure of 79.08. The ICE July contract settled at 79.00 cents/lb with a change of +41 points. All the other ICE contracts were in Green.

The spread between the ICE May and ICE July was just 8 points which is a bullish signal for the near term.

The reason attributed for a rise in ICE Futures was weakness in US Dollar Index which was down by 0.4 percent. A weaker Dollar makes commodities traded in USD cheaper(less expensive) for holders of other currencies.

The MCX contracts on the other hand moved high and later consolidated, further settling slightly lower. The MCX April contract settled at 22240 Rs/Bale with a change of -100 Rs. The MCX May and MCX June contract settled at 22520 and 22770 with a change of -110 and -120 Rs respectively. With the settlement figures being lower, the market sentiments are still bullish domestically.

The cotlook Index A has been updated a little higher at 87.80 Cents/lb with a change of +0.90. The Estimated arrivals are around 75,000 lint equivalent bales(private estimates). The average price of Shankar 6 is unchanged at 46,500 Rs/candy.

On the technical front, ICE Cotton futures witnessed sharp rise and move out of the intermediate trading arrange of 76.50-78.30 in yesterdays' trade. The next resistance level for the ICE cotton futures exists around 79.40 level, followed by 79.80. Price is holding the intermediate rising channel with lower band around 74.50 and higher band of the channel exists around 79.40. In the daily charts positive crossover of 13 day EMA above the 26 day EMA supported the bullish bias in cotton futures. Moreover, the strength index RSI is holding above 60, which further strengthened rally in price. So for the week price is expected to remain in the range of 76.00 to 79.40/79.80 with bullish bias. In the domestic market April future is expected to remain in the range of 22100-22850.

Currency Guide

Indian rupee may witness choppy trade against the US dollar but overall sentiment remains weak. Indian rupee slumped 0.6% yesterday adding to recent losses. Weighing on rupee is sharp rise in crude oil price which has rekindled inflation and trade deficit concerns. Brent crude topped $71 per barrel as fighting in Libya and tensions between US and Iran added to supply concerns. Also weighing on rupee is halt in recent rise in global equity markets. The rally came to a halt as US President threatened to impose new tariffs on European goods in response to EU Airbus subsidies. We are also seeing some position squaring ahead of kick start of the general elections on April 11. While general market expectation is that the ruling BJP government may win a second tenure uncertainty will persist unless results are out next month. However, supporting rupee is increasing talks of Fed's rate cut and China's stimulus measures. China said on Monday it would relax residency curbs in many of its smaller cities and increase infrastructure spending to boost economic growth. On Sunday, China also announced measures to encourage financing for small and medium-sized businesses. Rupee may witness choppy trade reflecting volatility in equity market however general bias may be on the weaker side owing to continuing surge in crude oil price. USDINR may trade in a range of 69.45-69.95 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

China cuts duties on range of imported items, aiming to boost trade and unleash domestic consumption

China will cut import duties on a wide range of goods including books, computers and digital cameras from Tuesday, according to a statement released by the Ministry of Finance on Monday, a move that aims to pursue balanced international trade relationships and boost domestic consumption, said experts.

According to the announcement, imported goods in three categories will see their duties decline. The type-1 list, which includes books, computers, digital cameras and food, beverages and toys, will face duties at a rate of 13 percent, compared with 15 percent previously.

Import duties on goods listed in type 2 are cut to 20 percent from 25 percent previously. The goods in this group include sports facilities (excluding golf equipment), fishing equipment, fabrics and textile products.

Import duties on goods on the type-3 list, which includes cigarettes, alcoholic beverages and jewelry, remain at 50 percent, according to the announcement.

According to analysts, the move to cut the import duties is a sign that China is pursuing more robust international trade relationships with its partners while also trying to release the domestic consumption potential.

China has vowed to expand imports as domestic demand for high-quality imported goods continues to grow and as a rising number of countries complain about their trade deficits with China.

Though announced at a time when China and the US are negotiating a trade agreement to end the tariff war, the move is not aimed at addressing US concerns alone, said Wang Jun, deputy director of the department of information at the China Center for International Economic Exchanges.

"It would be farfetched to assume that this only concerns the US," Wang told the Global Times on Monday. "This is a move to show that China wants to pursue balanced trade with trading partners, not just the US."

In the first two months of 2019, China's imports grew 1.5 percent year-on-year, far outpacing a 0.1 percent gain in exports, which brought down China's trade surplus by 8.7 percent year-on-year to 308.7 billion yuan ($45.95 billion), according to Chinese customs data.

As domestic demand for higher-end products rises, the move is also a part of broader efforts by China to boost domestic consumption amid downward pressure on the economy, according to Sun Lijian, a professor of economics at Fudan University in Shanghai.

"Increasing imports will also help realize the massive potential of domestic consumption," Sun told the Global Times on Monday.

Source: globaltimes.cn- Apr 08, 2019

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Sri Lanka looking for trade preferences from the UK

Sri Lanka is aiming for a special bilateral preferential trade agreement with the United Kingdom. The UK has already assured Sri Lanka that GSP Plus concessions will continue in the Brexit transitional period, which is expected to last for approximately 21 months following Brexit.

Sri Lanka can potentially explore a free trade arrangement with the UK without any strings attached and gain the same or more benefits of the GSP Plus scheme as opposed to the EU's Plus scheme where Sri Lanka has to fulfil several conditions. Such an agreement can also enable Sri Lankan export commodities to be more competitive in the UK, as the EU has granted the Most-Favored Nation status to countries such as China and Maldives, which are competing with Sri Lanka in the EU market.

However, Sri Lanka's utilisation of the GSP Plus scheme remains weak compared to other countries. Sri Lanka has utilised 55 per cent tariff lines in the GSP Plus scheme while Pakistan and Philippines have utilised 96 per cent and 73 per cent of the tariff lines.

So Sri Lanka needs to diversify its export basket in order to gain the full benefits of the scheme. The UK plans to focus more on Commonwealth countries including Sri Lanka, an area which has somewhat been neglected for several decades.

Source: fashionatingworld.com- Apr 08, 2019

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USA: Organic Apparel Sales on the Rise in UK as Awareness Grows

Consumer awareness of what goes into their clothes and how they are made is growing—and it's showing up in their purchases.

The Soil Association's newly released "Textile Organic Market" report reveals sales of its certified organic textiles grew 18 percent in the U.K. in 2018 to reach a market value of 41.3 million pounds ($53.86 million).

Following a similar pattern, the report showed a 19.9 percent increase in ethical clothing sales, while second-hand clothing–seen as a boon to a circular economy–grew 22.5 percent.

The report highlights rapid growth of organic cotton sales from Soil Association Certification licensees in organic fashion, with a 22 percent gain, but also in housewares, which rose 64 percent; children and infant wear, up 17 percent, and personal care, which increased 7 percent.

The number of Global Organic Textile Standard (GOTS) facilities also grew 14.6 percent in 2018. GOTS is the world's leading processing standard for textiles made from organic fibers. It requires strict environmental criteria along the organic textiles supply chain and calls for compliance with social criteria.

Where sales are concerned, the jump comes as more consumers seek sustainable alternatives to reduce the environmental impact of their choices. As many as 61 percent of shoppers want to know how retailers are minimizing their impact on the environment, according to a 2018 study by Fashion Revolution that surveyed consumers in the U.K., Germany, France, Italy and Spain.

The report from Soil Association Certification, the U.K.'s largest organic certification body, brought together market research and data to make the economic, environmental and social case for organic textiles. It highlighted growing awareness among millennials as a major driver of the growth in sales and the increasing number of retailers committing to sourcing sustainable fibers throughout the supply chain.

One persistent challenge to the uptick of sustainable fibers in the sector, however, is the abundance of conventional cotton used in apparel production.

Conventional cotton production accounts for 69 percent of the water footprint of textile fiber production overall, the report noted, while organic cotton production reduces water consumption by 91 percent, according to a peer-reviewed lifecycle analysis of global cotton production from Textile Exchange. Organic cotton also leads to a 46 percent reduction in greenhouse gas emissions and a 62 percent decrease in energy demand compared to non-organic, according to the same report.

“Over half the clothes sold in the U.K. are cotton, so there’s a significant opportunity for companies switching to organic cotton to improve sustainability, especially at a time when more and more people are making purchasing decisions based on reducing their impact on the planet,” Clare McDermott, business development manager at Soil Association Certification, said.

“Organic textiles are more environmentally sustainable by using less water and no hazardous synthetic pesticides, using low impact dyes and inks, improving working conditions in factories and on farms, and by offering a viable, long-term alternative to GM (genetically modified) cotton that provides food security to farmers.”

Many retailers are opting for more sustainable textiles along with existing organic businesses. Stella McCartney, for one, has committed to using 100 percent organic cotton by 2020 and recently promoted low-carbon methods of producing products in the fashion industry by backing the United Nations Framework Convention on Climate Change.

Fast-fashion retailers like ASOS, Mango, Inditex and H&M are also continuing to expand their use of organic and recycled fabrics to raise awareness and offer products appealing to the more conscious shopper. Soil Association Certification licensee People Tree, which is GOTS certified, is building on its founding commitment to sustainable fashion.

"At People Tree, we aim to ensure that our clothing has the least possible impact on the environment," Melanie Traub, managing director at People Tree, said. "The best way to do this is to use natural resources and processes throughout our production, and to promote environmentally responsible initiatives for a sustainable future. In 2018, 93 percent of People Tree cotton used was GOTS certified organic cotton."

Source: sourcingjournal.com- Apr 08, 2019

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USA: Cargo Imports Dip, But Tariff Delay Paves Way for an Uptick

With factories in China shutting down during February for Lunar New Year, cargo imports at major U.S. retail container ports fell 14.3 percent compared to January and 4 percent from a year earlier to 1.62 million twenty-foot equivalent units (TEU), according to the monthly Global Port Tracker report released Monday by the National Retail Federation and Hackett Associates.

However, with tariff increases delayed for the foreseeable future and the summer selling season approaching, cargo shipments entering U.S. ports is expected to picked up.

"Retailers are starting to stock up in anticipation of a strong summer," Jonathan Gold, vice president of supply chain and customs policy at NRF, said. "Tariff increases are on hold and progress is being reported in talks between the United States and China, so the imports we're seeing now are driven primarily by expectations for consumer demand."

March cargo container imports at U.S. ports covered by Global Port Tracker were estimated at 1.63 million TEU, up 5.9 percent year-over-year, and April shipments are forecast to increase 6.9 percent to 1.75 million TEU. A TEU is one 20-foot-long cargo container or its equivalent.

The uptick is expected to continue, with May cargo imports projected to rise 4 percent to 1.9 million TEU. June shipments are seen rising 2 percent to 1.89 million TEU, July will likely be up 2.9 percent to 1.96 million TEU, and August imports expected to jump 4.3 percent gain to 1.97 million TEU.

The August shipments would be the highest since the record 2 million TEU set in October as retailers brought holiday merchandise into the country ahead of expected tariff increases, Global Port Tracker noted.

Cargo container imports set a record in 2018, rising 6.2 percent to 21.8 million TEU compared to 2017's previous record of 20.5 million TEU. The first half of 2019 is expected to total 10.7 million TEU, up 3.7 percent over the first half of 2018.

"The U.S. consumer, while more cautious, has not stopped spending," Hackett Associates founder Ben Hackett said. "The inventory-to-sales ratio, however, is on the rise. Part of this can be attributed to the heavy front-loading of imports ahead of expected tariff increases that took place in 2018."

U.S. tariffs of 10 percent on $200 billion worth of Chinese goods that took effect last September were scheduled to rise to 25 percent in March, but President Trump postponed the increase, citing progress in talks between Washington and Beijing.

Those talks are still ongoing, with varying perspectives on actual headway, but the tariff increase has been put on hold indefinitely while the negotiations continue.

Global Port Tracker covers the U.S. ports of Los Angeles/Long Beach and Oakland, Calif., and Seattle and Tacoma, Wash., on the West Coast; New York/New Jersey; Port of Virginia; Charleston, S.C.; Savannah, Ga., and Port Everglades, Miami and Jacksonville, Fla., on the East Coast, and Houston on the Gulf Coast.

Source: sourcingjournal.com- Apr 08, 2019

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Mexico Border Wait Times Spike as Trump Threats Slow Traffic and Delay Trucks

The southern border isn't closed, but it's already a mess for trucks hauling goods from Mexico to the U.S., snarling traffic at some of the busiest frontier crossings in the world.

A week of heated threats from Donald Trump to "close" the border means Mexican companies are rushing to get as much cargo into the U.S. as they can, in case of a shutdown. Meanwhile, as many as 750 U.S. Customs and Border Protection officers were reassigned to border patrol sectors in late March, limiting the personnel needed to allow for the flow of goods from south to north.

As a result, wait times to cross the border have soared and can be as many as 10 hours longer than usual.

Trump conceded Saturday in a tweet that traffic and commercial delays will result from "the large scale surge of illegal migrants trying to make their way into the United States." He added that "until Mexico cleans up this ridiculous & massive migration, we will be focusing on Border Security, not Ports of Entry."

Despite Trump's threats—or because of them—Mexico has been cooperating and "I don't think we're going to have an official shutdown," Larry Kudlow, the top White House economic adviser, said Sunday on CBS's "Face the Nation."

While people should take "quite seriously" Trump's threats to close the border or impose tariffs on the import of vehicles from Mexico if the situation deteriorates, "the worst-case scenarios are off the table for the moment," Kudlow said.

Kudlow also said he doesn't think the border dispute will interfere with efforts to pass a renegotiated Nafta trade deal with Mexico and Canada, and while the timing of a vote is up to Democratic House Speaker Nancy Pelosi, "we believe we will get a vote, and if we get a vote, we will win."

Separately, on CNN's "State of the Union," Kudlow said it was unlikely Trump would try to re-open negotiations on the so-called U.S.-Mexico-Canada Agreement to add the potential for auto tariffs tied to border issues.

With trucks getting stuck at the border, Mexican companies are being forced to pay more to bring in additional vehicles for loading shipments. While the U.S. has yet to see meaningful shortages in goods from Mexico, prices for at least one import—avocados—have soared amid worries over a border closure. Buyers of berries, limes and asparagus are making plans to limit potential fallout from such a shutdown.

"The delays have doubled, tripled, quadrupled—it's not an exact science," said Jaime Castaneda, vice president for trade policy at the U.S. Dairy Export Council. Lane closures and weekend shutdowns are adding to delays, he said.

The wait times are especially long in El Paso, Laredo and the San Diego area, said Ben Enriquez, senior vice president of Mexico for Transplace, a logistics service provider. In El Paso, it's taking as long as 12 hours to cross into the U.S., up from about 1 to 2 hours on a normal day, he said. Usually when one port has congestion problems, trucks can be re-routed to other crossings, but now almost all entry points are confronting similar issues.

"The shippers try to push as much freight as possible and, at the same time, you have fewer officers" from U.S. Customs, Enriquez said. "So, it's not a good combination."

The delays are tying up trucks at the border that usually head back south with a load and then are ready to pick up freight again at factories in the interior of Mexico. That's causing Mexican companies to pay extra to bring in empty trucks to load those goods, he said.

So far, the delays have been primarily for cargoes moving north and aren't yet impacting southbound shipments of U.S. goods like meat and dairy. Mexico is the top buyer of American pork.

"Obviously, we want the ports of entry running smoothly," said Joe Schuele, vice president of the U.S. Meat Export Federation.

Source: sourcingjournal.com- Apr 08, 2019

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USA: Democrats Try to Smooth Trade Deal Passage With Labor Proposal

Two top Senate Democrats, including longtime free-trade foe Sherrod Brown, are crafting a labor enforcement proposal that could help ease the way for passage of President Donald Trump's new North American trade agreement.

Brown of Ohio and Ron Wyden of Oregon are floating ideas to address Democrats' concerns about the U.S.-Mexico-Canada Agreement and build a consensus that could help get it through the Democratic-controlled House. The proposals include measures that would bar Mexican exporters from benefiting from the deal's reduced tariffs if they violate workers' collective-bargaining rights.

"The Wyden-Brown proposal is a positive sign that Democrats are looking at the USMCA agreement seriously and trying to find ways to get to 'yes' on it," said Bill Reinsch, a senior adviser at the Washington-based Center for Strategic and International Studies.

Passing the USMCA will be an uphill battle in Washington's politically toxic environment where congressional Democrats often clash with Trump, especially as the 2020 election draws closer. Further, Trump's repeated threat to close the U.S. border with Mexico and impose tariffs on Mexican car imports is worrying members of his own party.

The White House wants Congress to approve the USMCA before a monthlong August recess, but lawmakers have flagged a number of issues they say need to be addressed first. Those items include labor and enforcement rules, environmental standards and a provision on pharmaceuticals that Democrats fear will lead to higher drug prices.

'I'm Hopeful'

"I'm hopeful that we could get a trade agreement, but it has to be one that is real and that works," House Speaker Nancy Pelosi told reporters on April 4. On the matter of workers' rights, she added that "exploiting workers in Mexico is not good for workers in the United States."

The Brown-Wyden framework borrows from existing provisions in U.S. trade agreements on matters including Peruvian timber exports and imports of textiles and clothing. It would require additional Mexican labor enforcement personnel, and would create some U.S.-Mexican labor compliance initiatives. Also, the U.S. and Mexican governments could audit and inspect facilities suspected of violating the trade deal's labor standards. If a certain facility wasn't complying, goods made there wouldn't get duty-free treatment.

The proposal would be negotiated as a side agreement that's incorporated into the main text of the deal and wouldn't require reopening the broader agreement.

Aides for Brown and Wyden said the plan is subject to revision, including which industries could be affected by labor law inspections. They said it hasn't been discussed with Senate Finance Committee Chairman Chuck Grassley, an Iowa Republican. But the fact that the model is based on precedent could help win support from Mexico, Republican lawmakers and House Democrats, the aides said.

The Trump administration is aware of the proposal, and Brown presented it to U.S. Trade Representative Robert Lighthizer a year ago, one of the aides said. Asked whether the administration supports the effort, the aides deferred to Lighthizer's office, where a spokesman didn't respond to a request for comment.

Pelosi spokesman Henry Connelly said House Democrats are also involved in the talks.

"House and Senate Democrats have a shared interest in ensuring that Mexico fully implements the promised changes to its labor regime," Connelly said. "We're engaging with key stakeholders and members on both sides of the Capitol, looking at a number of avenues to make sure the proposed agreement lives up to Democrats' standards."

Wyden is the top Democrat on the Senate Finance Committee, which has jurisdiction over trade. And Brown's decision to try to improve the USMCA rather than fight it is a positive sign, given his reputation as a critic of past trade deals he says hurt American workers. If he decides to back the agreement, he could provide political cover to other Democrats in both chambers to vote yes.

Brown has long opposed the North American Free Trade Agreement and other trade deals. On trade he's found a rare alliance with Trump, even backing the president's levies on steel and aluminum imports from Mexico, Canada and the European Union. Brown took Trump's side on trade in 2018 while successfully campaigning for a third Senate term in Ohio, a manufacturing state battered by decades of job losses. Trump carried Ohio by 8 percentage points in the 2016 election.

Even if the labor framework were adopted, there's no guarantee that Brown would support the trade agreement because there are many moving pieces in the trade discussion, an aide to the senator said.

Source: bloomberg.com- Apr 08, 2019

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Mauritius expands trade with Bangladesh

Mauritius is looking to expand its apparel and textile trade with Bangladesh. Bilateral business relations are growing stronger with increased trade between the two countries. Bangladesh is the world's second largest apparel sourcing destination. Bangladesh is working full steam to achieve its target of $50 billion in exports from the apparel and textiles sector by 2021.

Mauritius is a country which can boast of having one of the best infrastructures in Africa. It has a population of 1.2 million with the main languages being English, French and Creole.

The textile and clothing industry of Mauritius is into knitwear, kids' wear, trousers etc. But knitwear is where it excels in and enjoys international prowess. Mauritius has quite a few vertically integrated units.

The country is developing the capability and capacity to cater to the needs of global buyers. The USP of Mauritius is the reliability and credibility it has built in its buyers' community which is the holy grail of its continued relevance to the ever changing sourcing landscape.

Bangladesh earned $1.7 million from apparel exports to Mauritius in fiscal 2017-18. Bangladesh's apparel exports to Mauritius are monopolised by knitwear products. During 2017-18, knitwear items fetched $1.7 million while woven items earned about $1,41,000.

Source: fashionatingworld.com- Apr 08, 2019

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Egyptian apparel dominates Africa

Egypt has more than 1,500 apparel factories with an average production capacity of 500 million pieces a day. Egypt's textiles and clothing sector is the most integrated on the African continent.

The apparel sector is the country's most important industrial sector, it represents 6.5 per cent of total non-petroleum. Apparel exports in 2018 rose 10 per cent compared to 2017. Around 50 per cent of the country's apparel production goes to the US and 30 per cent to Europe.

The US is the main export destination for the Egyptian apparel industry. Apparel created within the Egyptian Qualified Industrial Zone (QIZ) is duty free in the US.

Goods made in Egyptian QIZs can use fabrics imported from third countries and remain eligible for duty-free entry into the US market, provided 35 per cent of their value is added in Egypt, including a minimum of 10.5 per cent of Israeli content.

Costs incurred in the US also count towards the 35 per cent threshold. Egypt also enjoys duty-free market access to the EU with a double transformation rule of origin.

With its fabric base and sourcing proximity to Turkey (Turkish fabrics classify as local under regional cumulation of rules of origin), exports to the EU are likely to increase.

Source: fashionatingworld.com- April 08, 2019

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Africa's Continental Free Trade Area takes effect

Gambia's National Assembly has ratified the agreement that seeks to establish the African Continental Free Trade Area (AfCFTA).

Twenty-two signatures were the minimum threshold required to approve the deal among the 55 member states of the African Union.

With Gambia's ratification, the continent's free trade agreement has drawn enough signatures to go into operation.

The AfCFTA Agreement will enter into force thirty days after the required number of ratifications have been deposited with the AU.

The AU's Commissioner for Trade and Industry, Albert Muchanga, led celebrations of the historic achievement, posting on his office Twitter account that 'the AfCFTA market is ready for launch of its operational phase in July this year.'

Once in place, the trade agreement will cover a market of 1.2 billion people and a combined gross domestic product of $2.5 trillion—making it the world's largest free-trade area since the formation of the World Trade Organization.

According to the United Nations Economic Commission for Africa (UNECA), the deal could also enhance intra-African trade by 52.3% annually.

Last year, Niger's President Mahamadou Issoufou, who is leading the AU's drive to bring the project to fruition after almost three decades of debate, said "These 84,000 km of borders between our 55 countries are 84,000 km of obstacles to trade between us."

Source: northafricapost.com- April 05, 2019

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SA's UK trade agreement 'will continue' despite chaotic Brexit talks

As uncertainty intensifies over the UK's pending exit from the European Union (EU), SA's government is on a charm offensive, saying there won't be any disruption to the country's more than R70 billion annual duty-free exports to the UK.

However, depending on what actually happens in terms of the UK's exit from the EU – known as Brexit – the consequences for SA could be huge; the country's long-standing trading relationship with the UK may hang in the balance.

In an interview with Moneyweb, department of trade and industry (dti) director-general Lionel October said SA will still have the same trade conditions it currently has in place with the UK if it exits the EU without a trade agreement – a worst-case scenario known as a 'no deal' Brexit. This means SA will continue to enjoy unfettered access to the UK through duty-free exports of locally produced goods including fruit and wine.

"We will keep the existing arrangements in case there is a worst-case scenario," October told Moneyweb on Friday on the sidelines of a new food manufacturing facility launch by retailer Woolworths at the OR Tambo Special Economic Zone in Gauteng. "There won't be tariffs raised for some of our goods. We can assure the country that there won't be interruptions."

The UK is an important trade force for SA. According to dti figures, it is SA's second-biggest trading partner in the EU, with total trade between the two countries in 2017 amounting to R79.6 billion.

The British government is already looking at ways to impose the tariffs it will apply to general trade with the world (including SA) on 469 imported items for the next 12 months if it leaves the EU with no trade agreement. The affected items include car exports (not components), clothing and textiles, lamb, beef, pork, poultry, rice, fish, fertiliser, fats and oils, sugar and others.

The dti's hubris of not foreseeing any interruptions to its agreement with the UK is based on its hope of replicating and rolling over an existing trade agreement after the UK leaves the EU.

Existing trade agreement

The agreement in question is the Southern Africa Development Community (SADC) EU Economic Partnership Agreement – which has been in effect since 2016 – between the Southern African Customs Union (Sacu), Mozambique and the UK. Sacu is a grouping of five countries Botswana, Lesotho, Namibia, South Africa, and Eswatini (Swaziland).

The agreement, which is expected to apply until the end of 2022, gives South Africa export opportunities in other EU countries including Spain and France. If the UK leaves the EU customs union, October expects the agreement to be rolled over and extended, enabling SA to maintain its trade relations with the UK and the greater EU trade bloc.

“We have been working on rolling over the partnership agreement over the last two years,” he says. “As soon as the UK leaves the EU, we would have our own agreement with the country on exactly the same terms we currently have. The rollover agreement will take effect on the day the UK leaves the EU. We are not sure what is going to happen considering the UK’s ongoing discussions.”

Two challenges

However, rolling over the agreement is not as simple as it sounds. Two issues arise.

The South African government is dealing with the UK’s ever-shifting deadlines for leaving the EU, with British Prime Minister Theresa May requesting that the latest deadline be extended to June 30 – almost three years after the country voted to leave the EU. May’s Brexit deal, which sets a two-year transition period during which the UK and the EU will negotiate a trade agreement, has been rejected by lawmakers three times.

This heightens uncertainty for Sacu in negotiating with the UK and planning for a potential rollover of the SADC-EU economic partnership agreement.

Secondly, when clarity on Brexit finally prevails, the rollover of the partnership agreement has to be approved by the parliaments of both the UK and SA. In SA, the rollover will have to be approved by the sixth parliament after the general elections on May 8.

For now, the dti has no choice but to adopt a wait-and-see approach.

“We are in weekly contact with the UK,” says October. “We will have enough time to negotiate the rollover of the agreement in case there is an abrupt no-deal Brexit. Nobody knows what is going on.”

Source: citizen.co.za- April 08, 2019

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Indonesia keen to invest in textiles

Indonesia is keen to boost its economic ties with Zimbabwe with the low hanging fruits in the area of agriculture and textile industry set to be given priority.

Indonesia Ambassador to Zimbabwe Mr Dewa Juniarta Sastrawan yesterday paid a courtesy call on Vice President Kembo Mohadi and discussed various areas of possible cooperation.

Speaking after the meeting, VP Mohadi said Indonesia had expressed willingness to investing in the textile industry and assist in developing small to medium enterprises.

“I met with the Indonesian Ambassador to Zimbabwe who has just been accredited. He had come to pay a courtesy call on me. We covered quite a lot of ground. We covered our relationship, economic relationship and trade between the two countries in terms of our exports and imports,” he said.

“We were talking about increasing the cooperation between the two countries. We also talked about investment opportunities in Zimbabwe that is in agriculture, mining, tourism, manufacturing and many others. They are good in terms of textiles. Indonesia is known for its textiles and they are interested in that.

“We also discussed about the development of small to medium enterprises. Indonesia is one of the countries which started in that area. Their economy grew from SMEs that graduated into big industries. They are interested in developing our SMEs and assisting them to grow.”

VP Mohadi said they had also talked about the possibility of having more people from Indonesia visiting Zimbabwe.

He said Zimbabwe was home to one of the Seven Wonders of the World, Victoria Falls saying it was capital when it comes to the tourism sector.

“We also have Great Zimbabwe Monuments and the uniqueness of those monuments, how they were built and how they exist up to this day.”

Mr Sastrawan said Indonesia would to extend cooperation with Zimbabwe particularly economic cooperation.

“We discussed various potential opportunities that we can cooperate. We talked about how we can start with the low hanging fruits. We discussed how we can cooperate in the area of agriculture.

We want to invite our investors in the textile industry so that is one area we can quickly work on,” he said.

“We also spoke about tourism. We identified Victoria Falls as a destination and how we can increase the number of our visitors.

We also discussed how we can expand our capacity building like having students from Zimbabwe going to Indonesia.

Possible investment in mining and infrastructure development also came up in our discussion. I can see a lot of potential and several areas of co-operation.”

Source: herald.co.zw- April 08, 2019

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Bangladesh's growth outlook strong, stable: World Bank

Bangladesh's economy continues to grow at an impressive rate driven by industry and it is among the five fastest growing economies, despite insufficient private sector investment, according to a new report by the World Bank (WB), which said its growth outlook remains strong and stable. On the demand side, growth is led by private consumption and exports.

Sound macroeconomic policies and resilient domestic demand have led to growth in manufacturing and construction on the supply side, the World Bank said in its report titled 'The Bangladesh Development Update 2019: Towards Regulatory Predictability.

After a modest performance last year, export earnings and remittances have bounced back helping the rural economy grow faster. In addition, the country has substantially improved its electricity generation and a bumper agricultural harvest has further stimulated growth.

Foreign direct investment (FDI) remains low at less than 1 per cent of gross domestic product (GDP). Net FDI inflow amounted to $910 million in the first half of fiscal 2018-19, compared with $823 million in the first half of the previous fiscal, according to the report.

The share of machinery in total imports for leading industries like textiles, garments, pharmaceuticals, packing and leather has also declined, reaching 31.8 per cent in July-November 2018 from 55.6 per cent in 2009. For Bangladesh to be an attractive destination for industries, it is critical to make resources such as land, electricity and gas available, the report suggests.

Businesses face regulatory uncertainty on various fronts that constrain investment. Inconsistencies in policy implementation can adversely affect employment growth.

Based on a survey of 72 businesses operating in Bangladesh, some of the issues that the report said needs to be addressed include regulatory assessment, review and overhaul of existing laws, rules and statutory regulatory orders, a website for publishing all new laws and regulatory orders, and introduction of online feedback mechanism and business-to-government feedback loops on regulatory service quality.

Sustained reform efforts are needed in banking, tax structure, public finance management, infrastructure financing strategy and ease of conducting business, the report added.

Source: fibre2fashion.com- April 08, 2019

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Bangladesh: Exports continue good run in March

Exports continued its good run in March, fetching 9.51 percent more than a year earlier and getting into a comfortable position to hit this fiscal year's target of $39 billion.

In March overseas shipments brought $3.34 billion, which is 2.45 percent more than the target set for the month, according to data from the Export Promotion Bureau.

Last month's inflows take the receipts so far in fiscal 2018-19 to $30.90 billion, meaning shipments over the next three months need to bring in $3 billion each to achieve the target -- a feat that was managed in each of the past nine months.

Apparel shipments, which typically bring home more than 80 percent of the export receipts, raked in $2.82 billion, up 9.73 percent year-on-year.

“We are hopeful that the garment export receipts will be at least 10 percent more than last fiscal year's even if the shipment falls for any reason,” said Siddiqur Rahman, the outgoing president of the Bangladesh Garment Manufacturers and Exporters Association.

Garment shipments are likely to be lower in the months of May and June due to reduced production for Ramadan and Eid-ul-Fitr holidays, he said.

But there was depressing news from the other sectors, further highlighting the need for the government to nurture them like it held the hands of the apparel exporters in the 1990s.

Leather and leather products, the second biggest earner after garment, fetched $771.69 million between the months of July last year and March this year, which is 9.08 percent lower than a year earlier.

Jute and jute goods, once the main export earner but continues to contribute decently to year-end receipts, brought home $628.08 million during the period, down 23.23 percent year-on-year.

The sector hit a rough patch earlier this fiscal year in the face of waning global demand and anti-dumping duty slapped by India.

Export of shrimp, which is grown in the south-western and south-eastern costal region by more than 8 lakh farmers, also continued to suffer for ample production of vannamei shrimp in other countries, particularly in India.

Processors bagged $297.96 million in the July-March period, which is 10.88 percent lower than a year earlier.

But frozen and live fish exports edged up slightly during the first nine months of the fiscal year: by 2.77 percent to $419 million.

Agricultural products extended additional support to the growth in export earnings.

Export of agricultural products such as dry food, vegetables and spices rose 53.05 percent to $722.73 million in the nine months to March.

Home textile exports declined 3.36 percent to $647.34 million.

Pharmaceuticals, which got much attention in recent years for its great export potential, fetched $99.74 million in the nine months, a jump of 30.35 percent from a year earlier.

Source: thedailystar.net- April 08, 2019

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Pakistan: Weekly cotton review: prices increased due to hike in dollar value

The prices of cotton increased due to hike in the value of dollar. The concerned departments were active for the increase in the production of cotton. Proposals for new cotton policy are under process. The buying was low in the cloth market despite the arrival of the month of Ramadan. Several power looms were closed in Jhang Bazar due to the fraud of Rs 1.5 billion committed by cloth traders of Faisalabad.

In the local cotton market during the last week the increase in buying by textile and spinning mills the overall rate of cotton was increased. The trading volume increased. Over all the trading was done in low quality cotton due to which the prices of cotton increased by Rs 200 to 300 per maund while the prices of good quality cotton increased by Rs 100 to 200 per maund.

The prices of cotton in both Sindh and Punjab remained Rs 7200 to Rs 9000 per maund while the price of Seed cotton (Kapas/Phutti) which is available in small quantity is from Rs 3200 to Rs 3600 per 40Kgs in both Sindh and Punjab. The cotton seed was not available in Balochistan while all the seven ginning factories were closed.

The Karachi Cotton Association (KCA) increased the spot rate price by Rs 100 per maund and closed it at Rs 8700 per maund. Chairman Karachi Cotton Brokers Forum told that due to the increase in the value of the dollar the local textile mills gave priority to the local market for cotton buying.

More over according to the report released by Pakistan Cotton Ginners Association (PCGA) the ginners had left the stock of only 800,000 bales out of which half of the cotton is of good quality.

According to the PCGA report the production of cotton was 10.77 million bales till April 1, 2019 registering a shortfall by 6.9 percent compared to corresponding period of last year.

Over all bullish trend was witnessed in international cotton market. According to the weekly USDA report the export of cotton was increased by 47 % due to which the prices of cotton increased in New York Cotton Market while in the Indian cotton market the prices of 356 kg Candi was increased by Rs 1500.

The prices of cotton remained stable in Chinese market. The news of solution of US and China trade conflict are circulating if the conflict is solved then it is hoped that there will be positive impact of this news on the American as well as world economy. The demand as well as prices of cotton and textile products will also be increased if the trade conflict between US and China is solved.

Chairman Pakistan Cotton Ginners Association Mian Muhammad Mahmood told that a meeting was held in Islamabad on Wednesday which was attended by representatives of All Pakistan Textile Mills Association (APTMA). The proposals and strategy regarding new cotton policy were discussed and presented in the meeting.

Mahmood told that incentives should be given to cotton farmers. The prices of cotton seed should be fixed at Rs 3600 per 40 Kg. It was also proposed that either import duty should be abolished permanently or should be imposed permanently. The complications occurred due to imposition and abolishing duty during the season.

The APTMA members also presented their proposals regarding new cotton policy. The proposals were sent to the Prime Minister Imran Khan for approval. Moreover, there is a crisis in the Faisalabad market which is the hub of Pakistani textile market.

The traders of cloth market bought cloth of worth Rs 1.5 billion on borrowing after words they refused to give back the money. One of the cloth traders had bought the cloth of Rs 1 billion from borrowed money and refused to return the money.

Similarly other traders had bought the cloth of Rs 20 to 30 crores from borrowed money and they also refused to pay back the money. Moreover, power loom owners were on strike for more than two weeks. They were demanding increase in the Over Head prices.

The prices and demand of local textile products are increasing before the start of Ramadan but the industrialists were of the view that there was a slowdown in the market as compared to the previous years before the starting of Ramadan due to increase in the dearness. The finance minister Asad Umar and Governor State Bank are trying hard to control the increase in the value of dollar.

Source: fp.brecorder.com- April 08, 2019

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Bangladesh: Rubana Haq to be the first woman president of BGMEA

Rubana Huq, managing director of Mohammadi Group, is going to be the first female president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) as her panel won all 35 posts of directors in the biennial election of the trade body today.

The election was held at the BGMEA offices of both Dhaka and Chittagong that began around 8:00am and continued till 4:00pm without any major untoward incidents.

Huq is scheduled to take over the post of BGMEA president on April 20 with the victory.

Some 1,492 voters out of total 1,956 cast their votes in Dhaka and Chittagong for electing their leader of the BGMEA for 2019 and 2021 tenure.

In Dhaka, some 1,204 out of 1,597 and in Chittagong some 288 out of 359 votes were cast in the election.

This time Sammilito Forum and Shadhinata Parishad contested for 26 posts of directors as all nine directors were elected unopposed from Chittagong zone earlier.

A total of 35 directors needed to be elected for the formation of the BGMEA board.

Shadhinata Parishad contested for 18 posts in Dhaka zone as it filed nomination papers of 18 people, while the Sammilito Forum contested for 26 posts as it could submit nomination papers for all 26 posts.

“All the time people continue saying that Bangladesh is the country of cheap labour. Cheap is not good, but competition is good. We need to change this narrative of Bangladesh,” said Huq in her reaction after the election.

“If the factory owners think that they have needed the help from the BGMEA in case of price bargaining with the buyers, we will set up a separate cell in the BGMEA to assist them,” Huq said.

Huq said many small and medium factories are in trouble and they are facing even the closure of their units.

“They need immediate help. We need to stand beside them in time of their bad days. We will try to find out the way how to save their factories,” the BGMEA president-elect said.

“This is the highest time for self-monitoring. We also need transparency in this sector. We will try to brighten the image of the sector. We should not engage in unhealthy internal competition. We have a lot of good factories,” she said.

Source: thedailystar.net- April 06, 2019

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NATIONAL NEWS

India's GDP expected to accelerate moderately to 7.5% in 2019-20: World Bank

India's GDP growth is expected to accelerate moderately to 7.5 per cent in Fiscal Year 19-20, driven by continued investment strengthening, particularly private-improved export performance and resilient consumption, the World Bank has said.

The real GDP growth is estimated at 7.2 per cent in FY18/19, the World Bank said in its latest report on South Asia on Sunday ahead of the spring meeting of the World Bank and the International Monetary Fund. Data for the first three quarters suggest that growth has been broad-based. Industrial growth accelerated to 7.9 per cent, making up for a deceleration in services.

Balanced growth

Meanwhile, agriculture growth was robust at four per cent. On the demand side, domestic consumption remained the primary growth driver, but gross fixed capital formation and exports both made growing contributions.

Over the last quarter, growth is expected to remain balanced across sectors, the report said. Inflation dynamics have been subdued over most of FY18/19, the report said.

The World Bank said India's GDP growth is expected to accelerate moderately to 7.5 per cent in FY19/20, driven by continued investment strengthening-particularly private- improved export performance, and resilient consumption.

With robust growth, and food prices poised to recover, inflation is expected to converge toward four per cent, it said, adding that both the current account and the fiscal deficit are expected to narrow.

"On the external front, improvements in India's export performance and low oil prices should bring about a reduction in the current account deficit to 1.9 per cent of GDP," it said.

“On the internal front, the consolidated fiscal deficit is projected to decline, albeit slowly (to 6.2 and 6.0 per cent of GDP in FY19/20 and FY20/21 respectively). As the center’s deficit is budgeted to remain unchanged at 3.4 per cent of GDP in FY19/20, the burden of adjustment will rest on the states, the World Bank said.

Inflation

A sustained decline in food prices since July 2018, subsequently complemented by the softening of oil prices and concomitant appreciation of the rupee, has led to a steady decline in inflation, it noted.

Observing that headline inflation stood at 2.6 per cent in February 2019, and the average for FY18/19 so far at 3.5 per cent, well below the RBI’s target-midpoint of four percent, the report said that as a result, the RBI reduced the policy rate by 25 basis points (to 6.25 per cent) in February 2019. However, the report said that the current account deficit widened in FY18-19.

India’s external position worsened significantly in the first half of FY18-19, as large portfolio outflows were triggered by US monetary policy and fears of contagion from stress in some emerging market economies.

The nominal exchange rate depreciated, and foreign reserves declined by over eight percent over January to October 2018. However, since then, the decline in oil prices and the United States Fed signalling a slower pace of normalisation than initially anticipated led to a partial reversal.

Portfolio outflows have reversed, and the rupee has appreciated by about four per cent since October 2018.

Source: thehindubusinessline.com- Apr 08, 2019

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New markets, technological innovations to boost India's apparel exports

An analysis of the macro-trends and proprietary data of 100 top apparel exporters in India reveals, export value and shipments from major markets like the UAE have consistently fallen during the year.

A report by US-based Drip Capital, a major provider of trade finance for SMEs in the sector, notes demand from key importers has declined over the last few months. This decline, starting last year with new manufacturing zones coming up in free market zones, surpasses the increase in exports to India's largest markets, the US and the EU.

Decline worries apparel exporters

This decline has flagged concerns among Indian apparel exporters, the major foreign exchange earner for theNew markets technological innovations to boost Indias apparel exports country. As an ICRA report published earlier this month pointed out, negative growth of 4-5 per cent registered in 2018-19 may also continue in the next financial year.

Adding to the woes, Drip capital report also emphasises on the complaints made by the United States to the World Trade Organization (WTO) against India's export incentive schemes, which Washington holds responsible for unfair market practices. This further shrouds the future of apparel exporters with uncertainty, translating into stagnation for the overall sector.

India loses market share

With Bangladesh and Vietnam establishing themselves as two of the most developing nations, China continues to lose its share with a majority of its jobs percolating down the value chain. Rising imports from these nations have also eaten away at the competitiveness of smaller domestic players and the government raised import duties on more than 330 textile items in 2018.

Drip Capital's report also emphasises on the need for immediate policy changes and interventions to give the sector a boost. It recommends expansion of both the Credit Link Capital Subsidy Scheme for Technology Upgradation, as well as the Technology Upgradation Fund Scheme to incentivise apparel exporters to push exporters to adopt higher technology.

The Federation of Indian Export Organisations (FIEO) has also reiterated this demand for urgent and immediate action on falling exports including augmenting the flow of credit and better fiscal support.

It has identified four new markets that show high potential for future growth: United Kingdom, Chile, Israel, and Japan. Identifying products with high growth potential besides exploiting technological innovations will enable exports to further enhance their efficiency margins.

Source: fashionatingworld.com- Apr 08, 2019

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Problems in Indian cotton need ecological understanding, not biotechnology

The solution to the dystopic Indian cotton system lies in developing an ecological understanding using the SS-HD cotton as a basis.

Harish Damodaran's article, 'White gold: How a revolution was reversed' (IE, March 21) has been described by Indian colleagues as mischievous. But as a scientist who has analysed cotton production worldwide for 45 years and Indian cotton for the past decade, I would call the article misinformed on biology and based on a macroeconomic argument that has little to do with how well most farmers are doing.

I doubt Damodaran would base his household economics on aggregate national statistics; yet that is the argument he is making with regards to Bt cotton production in India. The real question is how well are farmers doing, and not whether India is number one or two in cotton production — if farmers are doing well, that national statistic takes care of itself.

But let's unpack the issues a bit. Yes, between 2003-04 and 2011-12, India's cotton output more than doubled — from 14 million bales (of 480 pounds or 218 kg each) to 29 million bales, 302 kg per hectare in 2002-03 to 566 kg in 2013-14. There was an expansion in crop area from 7.67 million hectares to 11.96 million hectares during this period, and an initial reduction in insecticide use with Bt technology. But the real question is: Were hybrid cotton and the Bt technology needed in the first place? The answer is clearly no.

Improved Indian F1 hybrid long season cotton varieties began to be introduced in the 1970s. They required increases in fertiliser and insecticide to protect against the native pink bollworm.

As insecticide use grew, regional outbreaks of secondary pests, namely the so-called American bollworm, were induced by the ecological disruption. They caused havoc and suppressed yields. In cotton, the more you spray, the greater the outbreaks of pests — this phenomenon has occurred worldwide. Once on the insecticide treadmill, farmers end up spending money to lose money.

Starting in 2002, the Bt technology was introduced into F1 hybrid long season varieties to solve the bollworm problem. (Note that yield potential is a property of the variety and agronomic practices and not the Bt technology).

The introduction of hybrid Bt cotton led to an initial reduction in insecticide use, but by 2012, insecticide use was at pre-2002 levels, and now targeted still newer induced secondary pests (for example, whitefly, mealybugs, jassid).

In addition, resistance to insecticides and to Bt toxins was developing in pink bollworm and American bollworm — quite likely other pests as well. Indian cotton farmers were now riding both the insecticide and biotechnology treadmills in the face of stagnant yields.

As uniquely produced in India, the high-priced manually pollinated F1 Bt hybrid cotton seed can be planted for one-season and is therefore, an industry value capture mechanism that traps farmers into annual purchases of seed. Nowhere else in the world is this type of F1 hybrid cotton grown.

Another obvious question is why are yields in the rest of the world more than double the highest average in India? The answer lies in the use of long season varieties and the high cost of Indian hybrid Bt seed that lead to sub optimal planting densities — this sets the ceiling on yield.

In addition, yields are affected by inter-seasonal differences in rainfall, induced pest outbreaks and, the effects of increasing pest resistance to insecticides and to the Bt technology.

Most of central and south Indian cotton is rainfed, and low-density long season cottons are simply inappropriate, and further encourage late season buildup of pests and greater insecticide use.

The solution is planting rainfed short season high density (SS-HD) cotton as developed at CICR, Nagpur, and other institutions — cotton that could double yields, avoid pink bollworm infestations and hence reduce insecticide use and obviate the need for Bt technology.

Because the Indian F1 hybrid technology is costly and really doesn't contribute to yield, it is inappropriate for implementation in SS-HD cottons. Fully fertile hybrid varieties such as those developed in China could be developed for India, but seed companies would lose control of their IPRs. Further, as a warning, the use of fertile GMO varieties for food crops would lead to contamination of non-GMO seed-stock.

The solution to the dystopic Indian cotton system lies in developing an ecological understanding using the SS-HD cotton as a basis. Damodaran exposes his bias when he asks: "Does arbitrary fixing of sale price and technology fee for seed make sense?"

He wrongly supposes that the limited yield gains have come from biotechnology innovation. Small and subsistence farmers of India have paid a huge price on the gallows of current hybrid Bt cotton, and they deserve honest on the ground solutions.

Source: indianexpress.com - Apr 09, 2019

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India charging US over 100% tariffs on many products: Donald Trump

His statement came days after he criticised India, saying it is one of the world's "highest taxing nations".

US President has repeatedly claimed that India is a "tariff king" and imposes "tremendously high" tariffs on American products.

India charges America over 100 per cent tariffs on a large number of products while the US imposes nothing on the similar or same items, President Donald Trump has said, urging his administration to work on the "stupid trade".

His statement came days after he criticised India, saying it is one of the world's "highest taxing nations".

The US President has repeatedly claimed that India is a "tariff king" and imposes "tremendously high" tariffs on American products.

Addressing the Republican Jewish Coalition in Las Vegas on Saturday, Trump said: "We have a case where a certain country, India, is charging us... what great country, great friend, Prime Minister (Narendra) Modi -- charging us over 100 per cent for many things".

The United States, he said, is charging India "nothing for similar or same" products.

In his speech, Trump indicated that he is receiving resistance from Senators for imposing reciprocal tariff on India.

He cited India as a country other than China which imposes high tariffs on American products.

India, he alleged, continues to wage "stupid trade" and unfair trade practices, and called out Prime Minister Modi for the trade imbalance with the US.

"I have Senators who say, you can't do that. It's not free trade. When did they come from? Where did they come from? It's not free trade," he said, ramping up his rhetoric against India's trade and tariff policies.

He asked his senior administration officials to work on this.

"Will you please work on them? It's the craziest thing. It's stupid trade. We have so much stupid trade," Trump said.

He said that as a result of such trades, the US has lost for many years now -- USD 800 billion a year on trade.

"Who the hell makes these deals? Those are not good negotiators. Actually, Democrats made a lot of them though. But Republicans met a lot of up too, that's the amazing thing. They made USD 800 billion. But we're getting it back. We'll get to give back. We're going to be getting a lot of it.

"I have to be a little bit politically correct by saying it's ok if we lose USD 20 billion with a country because we want to be nice. We want to be nice with everyone," Trump said, asserting that his administration is cracking down on countries that cheat.

Early this year at a White House event to announce his support for reciprocal tax, Trump said he was satisfied with the Indian decision to reduce the import tariff on high-end Harley-Davidson motorcycles from 100 per cent to 50 per cent.

Trump has said that his administration is fixing broken trade deals to protect the American workers.

Source: economictimes.com - Apr 08, 2019

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USTR slams India's e-commerce policy, says can throttle digital trade

Draft policy calls for regulating cross-border data flow, banning sharing of data of Indian users stored abroad with other business, and mandating all e-commerce firms to have data storage in India

The United States Trade Representative (USTR) has slammed India's restrictions on cross-border data flows and data localization requirements. It has termed India’s move as a barrier to digital trade in its factsheet for National Trade Estimate (NTE), 2019.

“In 2018, India published a number of measures that would restrict the cross-border flow of data and create onerous data localization requirements. In October, one such measure was implemented, requiring payment service suppliers to store all information related to electronic payments by Indian citizens within India”, said USTR.

The agency has expressed its concern on the draft Personal Data Protection law and draft e-Commerce Policy.

“Much broader restrictions included in India’s draft Personal Data Protection law and draft e-Commerce Policy threaten to undermine the digital economy as a major source of growth for India”, USTR added.

The US agency has joined the bandwagon of industries and trade bodies who have voiced their resistance to the draft e-commerce policy. The Department of Promotion of Industry and Internal Trade’s (DPIIT) proposed draft e-commerce policy has already drawn flak from industry as well as civil society.

The draft policy has proposed regulating cross-border data flow, banning sharing of data of Indian users stored abroad with other business and third-party entities, and mandating that all e-commerce companies have data storage in India.

The industry associations have vehemently opposed the proposal to give the government access to the source code and algorithms of e-commerce companies.

"Barriers to digital trade threaten the ability of all firms – including small businesses – to benefit from the advantages of the digital economy. When governments impose unnecessary barriers to cross-border data flows or discriminate against foreign digital services, local firms are often hurt the most, as they cannot take advantage of cross-border digital services that facilitate global competitiveness", USTR pointed out.

The US agency has also listed China's restrictions on cross-border data flows and data localization requirements and cloud computing restrictions, European Union and its member states' digital services taxes, Indonesia's data localization requirements, barriers to internet services and tariffs on digital products, among others , as barriers to digital trade in the NTE, 2019 factsheet.

Source: business-standard.com - Apr 08, 2019

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How GST Stands Today

Much has changed, particularly for the textiles and apparel industry, since the goods and services tax (GST) regime was rolled out in July 2017. Arun Kumar Singh looks at the state of things.

The textiles-apparel industry is one of the oldest and largest contributors to India's economy. As the second largest industry after agriculture, the sector employs both skilled and unskilled people.

The industry contributes more than 14 per cent of the total annual exports, which is likely to increase under the goods and services tax (GST) regime. This sector was doing well in the pre-GST era as well. With the rolling out of GST-which is no doubt a daring step by the government to strengthen the economy-this sector, particularly apparel exports, has suffered a jolt.

Rate of GST on textile goods: Knitted apparel and clothing falls under Chapter 61 of the harmonised system of nomenclature (HSN) code under articles of apparel and clothing accessories. Apparel and clothing that are not knitted fall under Chapter 62 of the HSN code.

Other textile products like curtains, bedsheets and used clothes are listed under Chapter 63 of that code under other made-up textile articles, sets, worn clothing and worn textile articles. Under all categories, any piece of apparel or clothing is taxed 5 per cent GST if the taxable value of the goods does not exceed ₹1,000 per piece. All types of apparel and clothing with value exceeding ₹1,000 per piece would be taxed at 12 per cent GST.

HSN	Description of Goods	Unit	GST Rates		
			CGST	SGST	IGST
61,62 & 63	Articles of apparel and clothing accessories falling under Chapters 61, 62 and 63, of sale **value not exceeding ₹1,000 per piece**	u	2.5%	2.5%	5%
61,62 & 63	Articles of apparel and clothing accessories falling under Chapters 61, 62 and 63, of sale **value exceeding ₹1,000 per piece**	u	6%	6%	12%

classified under the first schedule of the Customs Tariff Act, 1975, based on their constituent materials and attract a uniform GST rate of 5 per cent. Garments and made-up articles of textiles under Chapters 61, 62 and 63 attract GST at the rate of 5 per cent, when their value is up to ₹1,000 per piece, and 12 per cent, when the value exceeds ₹1,000 per piece.

The amount of ₹1,000 is the sale value, i.e. value at which such pieces are sold by the supplier. It is possible that a piece when sold by a manufacturer to a retailer may have a sale price of less than ₹1,000 and attract lower tax rate and may be sold at the sale price of more than ₹1,000 from the retailer shop and may attract a higher tax rate.

Classification of fabrics: An October 2017 circular clarified that mere packing of fabrics into pieces of different lengths will not change the nature of these goods and such fabric pieces would continue to be classified under the respective heading as the fabric and attract 5 per cent GST rate.

This clarification would equally apply to three pieces of fabrics sold in a pack as ladies salwar suit. Any embroidery on a fabric piece or certain embellishment thereon does not change the basic nature of it being a fabric.

Source: fibre2fashion.com- Apr 08, 2019

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IMO's new rule on electronic information exchange between ships and ports comes into force

The rule seeks to make cross-border trade simpler and the logistics chain more efficient

A new global rule mandated by the International Maritime Organisation (IMO) for national governments to introduce electronic information exchange between ships and ports took effect from Monday.

The rule seeks to make cross-border trade simpler and the logistics chain more efficient, for the more than 10 billion tonnes of goods which are traded by sea annually across the globe.

The requirement, mandatory under IMO's Convention on Facilitation of International Maritime Traffic (FAL Convention), is part of a package of amendments under the revised Annex to the FAL Convention, adopted in 2016.

"The new FAL Convention requirement for all public authorities to establish systems for the electronic exchange of information related to maritime transport marks a significant move in the maritime industry and ports towards a digital maritime world, reducing the administrative burden and increasing the efficiency of maritime trade and transport," IMO Secretary-General Kitack Lim, said in a statement.

The Facilitation Convention encourages use of a "single window" for data, to enable all the information required by public authorities in connection with the arrival, stay and departure of ships, persons and cargo, to be submitted via a single portal, without duplication.

The FAL Convention, which has 121 contracting governments, contains standards and recommended practices and rules for simplifying formalities, documentary requirements and procedures on ships' arrival, stay and departure.

The Facilitation Convention (Standard 2.1) lists the documents which public authorities can demand of a ship and recommends the maximum information and number of copies which should be required.

IMO has developed standardised forms for documents such as the IMO General Declaration, Cargo Declaration, Ship's Stores Declaration, Crew's Effects Declaration, Crew List, Passenger List and Dangerous Goods.

Five other documents are required, on security, on wastes from ships, on advance electronic cargo information for customs risk assessment purposes, and two additional ones under the Universal Postal Convention and the International Health Regulations.

Under the requirement for electronic data exchange, all national authorities should now have provision for electronic exchange of this information.

India launched a Port Community System — 'PCS1x'— at ports in December 2018. 'PCS 1x' is a cloud-based technology developed by Mumbai-based logistics conglomerate JM Baxi Group.

PCS1x offers value-added services such as notification engine, workflow, mobile application, track and trace, better user interface, better security features, improved inclusion by offering dashboard for those with no IT capability.

A unique feature of 'PCS1x' is that it can latch on to third party software which provides services to the maritime industry thereby enabling the stakeholders to access wide network of services. The system enables single sign on facility to provide one stop interface to all the functionalities across all stakeholders. It also deploys a payment aggregator solution which removes dependency on bank specific payment eco system.

The system will enable trade to have an improved communication with the customs as they have also embarked on an Application Programming Interface (API) based architecture, thereby enabling real time interaction.

PCS1x offers a database that acts as a single data point to all transactions. It captures and stores data on its first occurrence thereby reducing manual intervention, the need to enter transaction data at various points and thereby reducing errors in the process.

"It is estimated that this feature alone will reduce transaction time by as much as two days. The application will have a cascading effect in reducing dwell time and overall cost of transaction. The platform has the potential to revolutionise maritime trade in India and bring it on par with global best practices and pave the way to improve the Ease of Doing Business world ranking and Logistics Performance Index (LPI) rank," a Shipping Ministry official said.

Source: thehindubusinessline.com- Apr 09, 2019

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Mukesh Ambani's plastic punch: Fabric made of PET bottles; RIL, Raymond join hands for green fibre

Reliance Industries' innovative plastic made fibre called R|Elan GreenGold has found another partner. Raymond recently announced its collaboration with Mukesh Ambani's RIL for a fabric made from waste plastic bottles. Made by employing Reliance Industry technology, the fabric called Ecovera is being promoted as the greenest fibre in the world by the company.

"R|Elan GreenGold is made by recycling post-consumer waste PET bottles, using biofuels and energy-efficient processes", Raymond said. With this, the company looks to reclaim 1 million PET bottles from landfills, it added. The company is expecting to launch the fabric in 1500 stores spread across 700 cities in India.

"In our endeavour to create eco-friendly, sustainable fabrics, R|Elan GreenGold is a perfect choice to produce fabrics that have multiple qualities with superior handle and lustre. The use of R|Elan GreenGold is also a step towards achieving our goal of making our organisation sustainable and environment-friendly," said Sudhanshu Pokhriyal, President, Textiles, Raymond Ltd.

Speaking on the collaboration with Raymond, RIL Polyester Business CMO said that it has provided an opportunity to RIL to do their bit for the environment. "R|Elan GreenGold enables and equips Raymond to create an innovative and fashionable fabric with an added dose of sustainability," Gunjan Sharma, CMO, Polyester division, RIL textiles added.

This is not the first time that Reliance Industries' R|Elan fibre is making to the market. Previously, RIL had also partnered with Vardhman Textiles to produce the fibre which was to be used in woollen textiles.

R|Elan are innovative fabrics that are present in segments such as activewear (Kooltex), denim, ethnic (FreeFlow) & western wear (SuperSoft)– both formals and casuals. Also, RIL had reportedly partnered with 30 textile players who are equipped to produce the fabric using R|Elan technologies, Financial Express Online had earlier reported.

Reliance had started its textile business with Vimal brand. Based in Naroda, Vimal is also the first major retail chain in the country, according to the Reliance Industries' website.

Source: financialexpress.com- Apr 08, 2019

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Europe remains Tirupur's focus

Europe is the key market for Tirupur. The EU and the US, together, constitute 70 per cent of the market for knitwear exporters. Tirupur boasts of a Rs 46,000 crore annual apparel business and houses the entire ecosystem that supports the industry.

In the five years between 2012 and 2017, annual exports increased from Rs 10,500 crores to Rs 26,000 crores. The knitwear industry in Tirupur is largely in the micro, small and medium enterprises segment. However, its profile is witnessing gradual changes.

Of the 1500-odd direct exporters, the number of exporting units with more than a Rs 100 crore turnover is more than what it was a few years ago and there are at least 20 units with more than a Rs 500 crore turnover.

Yet, all has not been well for the last three years. Export growth is not up to the expected level, investments have been need-based, and there is a struggle to be price-competitive.

The incentives that the industry received before implementation of GST through different schemes worked out to nearly 13.2 per cent. This was reduced to 5.7 per cent after GST.

The inherent strengths of Tirupur, and its focus on efficiency and technology, have helped it sustain exports for the last two years.

Source: fashionatingworld.com- Apr 08, 2019

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All you wanted to know about composition scheme

From the next financial year (April 1, 2019), tax payers under the composition scheme of the GST can look forward to more relaxed rules with an increased turnover limit for the applicability, inclusion of service providers and reduced tax rates. In the last GST Council meeting, the scheme was also made applicable to the real estate sector with respect to under-construction, ready and affordable homes.

What is it?

The composition scheme is an alternative method of tax levy under GST designed to simplify compliance and reduce compliance costs for small taxpayers. The main feature of this scheme is that the business or person who has opted to pay tax under this scheme can pay tax at a flat percentage of turnover every quarter, instead of paying tax at normal rate every month.

The composition scheme is applicable to manufacturers or traders whose taxable business turnover is up to ₹1.5 crore (₹75 lakh in case of North-Eastern States).

A service provider can opt for the scheme if his taxable turnover is up to ₹50 lakh. But there are strings attached. Businesses with inter-State supplies, manufacturers of ice cream, pan masala and tobacco, and e-commerce players cannot opt for the composition scheme. The applicable tax rates under the composition scheme are 1 per cent (0.5 per cent Central GST and 0.5 per cent State GST) of turnover in case of manufacturers and traders, 5 per cent in the case of restaurants (not serving alcohol) and 6 per cent for other service providers.

The tax is to be paid from tax payer's own pocket without charging it to the customer. The words "composition taxable person, not eligible to collect tax on supplies" should be mentioned at the top of every bill issued by him. To be eligible for the composition scheme, the registered tax payer must provide a declaration on the GST portal before the beginning of each financial year and not anytime during the year.

Why is it important?

There are over 63 million Micro, Small and Medium Enterprises (MSMEs) in the country that created 110 million jobs and contributed about 29 per cent of the country's economic output, as per the National Sample Survey (NSS) 73rd round conducted during 2015-16.

The composition scheme effectively acknowledges the importance of the MSME sector, by granting relief to it on GST filings, procedures and tax rates.

As on October 1, 2018, there were 17,65,684 composition dealers amounting to about 16 per cent of registered tax payers under GST. The number is expected to go up with the recent increase in the threshold from ₹1 crore to ₹1.5 crore and the inclusion of service providers.

Under the composition scheme, the taxpayer can skip monthly returns and furnish only one return i.e. GSTR-4 on a quarterly basis by 18th of the month following end of the quarter and an annual return in GSTR-9A by December 31 of the next financial year. A dealer registered under the composition scheme is also not required to maintain detailed records.

The drawbacks of this scheme are that the taxpayer cannot be involved in inter-State transactions, imports or exports. Also, the buyer transacting with a seller registered under composition scheme will not get the benefit of input tax credit, which impact the former's sales.

Why should I care?

If you are a customer using goods or services and note on the invoice that the seller opted for composition scheme, then you must avoid paying GST on such transactions.

There were reports that some taxpayers registered under composition scheme collected GST from customers, without intending to deposit it with the government.

Source: thehindubusinessline.com- Apr 08, 2019

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