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# IBTEX No. 93 of 2019 May 10, 2019

USD 69.94| EUR 78.52 | GBP 90.93 | JPY 0.64

## Cotton Market

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

| Rs./Bale | Rs./Candy | USD Cent/lb |
|---|---|---|
| 21962 | 45900 | **83.57** |

**Domestic Futures Price (Ex. Warehouse Rajkot), May**

| Rs./Bale | Rs./Candy | USD Cent/lb |
|---|---|---|
| 21560 | 45060 | **82.04** |

**International Futures Price**

| | |
|---|---|
| NY ICE USD Cents/lb (July 2019) | 70.23 |
| ZCE Cotton: Yuan/MT ( September 2019) | 15,245 |
| ZCE Cotton: USD Cents/lb | 101.28 |
| **Cotlook A Index – Physical** | **81.90** |

**Cotton Guide:** And Down it goes!

ICE July touched 69.64 cents/lb as a low figure last night. Yesterday, it has dived down by almost 2.88%. This week ICE July cotton has dropped by 7.2% and ICE Dec by 5.2%. Will these levels sustain or is it just a knee jerk reaction? Will the geopolitical tensions keep on overpowering the fundamentals? Is the world heading to a recession with continuous tariffs being imposed by the superpowers? How long will it take for the two superpowers to come to an agreement? All the above questions can only be answered by the US President. It's amazing to see how the world markets are controlled by one person. The news today by "the Guardian" has a headline "Trump says China deal 'possible this week' as talks begin", while the other agencies are portraying the opposite. We are today in a situation where no one knows where the market will head with these trade talks taking place.

ICE July settled at 70.23cents/lb and now (while we write the report) is trading at 71.13 cents/lb. If today's WASDE's report show increasing acreage of world cotton production, then these low figures can unsurprisingly go lower. We can look as 69 cents/lb as the lower threshold for today. Yesterday's volumes were huge with number displaying 54,999 contracts.

Yesterday the weekly US Export sales reports were released. Net sales of 235,800 Running Bales for 2018/2019 were up 63 percent from the previous week and 6 percent from the prior 4 week average.

| Country | Increase |
|---|---|
| Turkey | 78800 RB |
| Vietnam | 56400 RB |
| India | 26900 RB |
| Bangladesh | 18500 RB |
| China | 16900 RB |

| Country | Decrease |
|---|---|
| Hong Kong | 800 RB |
| Japan | 200 RB |
| Malaysia | 100 RB |
| Mexico | 100 RB |

**Table 1 : Net Sales for 2018/2019**

For 2019/2020 Net sales of 56,500 RB were reported:

| Country | Increase |
|---|---|
| Mexico | 24300 RB |
| China | 19800 RB |
| Thailand | 11900 RB |

**Table 2 : Net Sales for 2019/2020**

Exports of 387,100 RB were up 32 percent from the previous week and 16 percent from the prior 4-week average.

The most noticeable change was the decline in the July unfixed call sales which is seen down by 4617 contracts at 34,868 contracts which thus made the total on-call sales to show a decline of -4089 contracts at 106,411 contracts. Total on-call purchases were showing its highest high figures of 58,783 contracts with an increase of 2,278 contracts. It's the 9th time in 2019 to set a new all-time high. Total on-call purchases a year ago were 41,143 contracts.

| Futures Based On: | Call Cotton Based New York | | | | Open Contracts ICE Futures U.S. | Futures |
|---|---|---|---|---|---|---|
| | Unfixed Call Sales | Change From Previous Week | Unfixed Call Purchases | Change From Previous Week | At Close 05/03/2019 | Change From Previous Week |
| May 2019 | 138 | -42 | 0 | -5 | 191 | -80 |
| July 2019 | 34,868 | -4,617 | 8,603 | -197 | 104,520 | 7,210 |
| October 2019 | 0 | 0 | 0 | 0 | 43 | -10 |
| December 2019 | 34,059 | -86 | 35,015 | 1,711 | 94,863 | 1,522 |
| March 2020 | 15,172 | 577 | 2,174 | 65 | 11,581 | 243 |
| May 2020 | 6,121 | 77 | 167 | 0 | 921 | 12 |
| July 2020 | 9,937 | 586 | 2,077 | 522 | 2,660 | 218 |
| December 2020 | 4,702 | -717 | 10,416 | 182 | 5,102 | 606 |
| March 2021 | 1,401 | 133 | 309 | 0 | 7 | 0 |
| May 2021 | 9 | 0 | 0 | 0 | 0 | 0 |
| July 2021 | 4 | 0 | 0 | 0 | 0 | 0 |
| December 2021 | 0 | 0 | 22 | 0 | 0 | 0 |
| Totals | 106,411 | -4,089 | 58,783 | 2,278 | 219,888 | 9,721 |

On the MCX front, the contracts were in tune with ICE. The MCX May contract settled with a figure of 21560 Rs/Bale with a change of -230 Rs. The MCX June and MCX July contract settled at 21,790 Rs/Bale and 21,970 Rs/Bale with change figures of -270 and -300 Rs. The volumes were seen at 6,765 lots which is a pretty decent figure.

The Cotlook Index A has been adjusted to 81.90 cents/lb with a change figure of 0.85 cents/lb. The prices of Shankar 6 are steady around 45,900 Rs/Bale.

On the technical front, ICE cotton futures continues its sell off mode with a bearish candle and the prices are making lower lows with lower highs suggest the base trend is downside. Prices are below its short term Dema (9,13)=(73.36,74.23) ,but we expect the sell-off may pause near the yesterday's low 69.64 (multiple swing low support)while the resistance Zone is in the range of 72.30-72.50. Stochastic is in the oversold zone with a positive divergence w.r.t to prices suggesting the pullback. For the day we recommend to trade in the range of 70.50-72.50 with a sideways bias. MCX COTTON : Trading range : 21600-21900.

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

# NEWS CLIPPINGS

# INTERNATIONAL NEWS

## USA: How Far Will Tariff Expansion Go?

As the Trump administration threatened to again raise tariffs on $200 billion worth of Chinese imports as soon as May 10, many were wondering how far it would go and what it would cost the American consumer.

The American Apparel & Footwear Association, a trade organization of U.S. clothing and footwear companies, has been adamantly opposed to the tariffs and has been fighting to see them eliminated. Last September, the Trump administration tacked on an additional 10 percent tariff to 6,000 Chinese import items worth $200 billion.

Now Trump has threatened to raise that 10 percent to 25 percent, although this action has been threatened before and postponed a few times.

Currently the affected imports include textiles, handbags, yarns, embroidery and leather as well as other goods including electronics, seafood, produce, cigarettes, carpeting and beauty products. So far, apparel and footwear items are not on the list.

But Trump is saying he may expand the number of Chinese products subject to tariffs, which could include apparel and footwear.

The AAFA calculates that an added 25 percent tariff will result in a family of four paying an additional $500 a year on these products.

"As has been made clear by the administration's use of tariffs during the past year, tariffs are an additional tax burden placed on Americans," said Rick Helfenbein, the AAFA's president and chief executive. "These taxes are not paid by foreign nations, and they result in higher costs, which are simply passed on to the American consumer."

The National Retail Federation, the United States Fashion Industry Association and the Council of Fashion Designers of America have also been pushing to have the tariffs eliminated. The National Retail Federation estimates that the added 25 percent tariff will cost the average family of four $767 million and reduce U.S. employment by more than 934,000 jobs.

"A sudden tariff increase with less than a week's notice would severely disrupt U.S. businesses, especially small companies that have limited resources to mitigate the impact," said David French, the NRF's senior vice president for government relations. "We want to see meaningful changes in China's trade practices, but it makes no sense to punish Americans as a negotiating tactic."

But the National Council of Textile Organizations, a trade group that represents much of the U.S. textile sector, has been pushing to see tariffs on Chinese products expanded to include home-furnishings textiles, apparel and textile end products.

"Chinese imports of finished goods into the U.S. market have the most significant impact on domestic textile and apparel production, investment and jobs," said Kim Glas, NCTO's president and chief executive. "In order to address the crisis, we need to get to the very heart of the problem."

Glas points out that much of this trade dispute is about intellectual property being stolen by Chinese manufacturers. Apparel is one of the largest sections affected by Chinese factories copying U.S. designs and then passing them off as their own. "In fiscal 2016 and 2017, wearing apparel and accessories accounted for one of the single largest segments in IPR seizures," she said.

"Twenty percent of all seizures was apparel. The total value of the seizures for wearing apparel and accessories was $200 million during the past two fiscal years. This is a large and systemic problem."

But NCTO also wants to see tariffs reduced or eliminated on textile and apparel inputs that are not produced in the United States and therefore pose no threat to local industries.

"Rayon staple fibers serve as a good example of a product that NCTO recommends be removed from the list," the trade group said at a hearing last year. "Raising the production costs for these inputs will only undercut U.S. competitiveness for manufacturers that utilize them without bolstering U.S. producers, of which none exist."

Source: apparelnews.net- May 09, 2019

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# U.S., China to Continue Trade Talks as Tariffs Rise

Talks between top administration officials and Chinese negotiators are planned for Friday after the latest round of discussions failed to halt President Trump's threat to raise to 25% the tariffs on $200 billion in Chinese goods.

Talks between top administration officials and Chinese negotiators are planned for Friday after the latest round of discussions failed to halt President Trump's threat to raise to 25% the tariffs on $200 billion in Chinese goods at midnight -- a move that has rocked the stock market and could begin to hit consumers in the wallet.

The higher tariffs were scheduled to go into effect at midnight Eastern Friday, after last-minute trade talks between the U.S. and China on Thursday evening produce no agreement. Liu He, China's vice premier and top trade negotiator, met with the administration's trade team Thursday in Washington, just hours before the tariff increase was set to go into effect.

President Trump also said earlier in the week that plans are underway to slap 25% tariffs on an additional $325 billion worth of Chinese imports. According to report from the Peterson Institute for International Economics, the additional tariffs on the rest of Chinese goods would have a big impact on final consumer products, including 100% of toys and sports equipment and more than 90% of footwear and textiles and clothing. It would have a smaller impact on electronics, machinery, chemicals and fuels.

Trump over the weekend had set the Friday deadline to more than double the tariffs on industrial components and related products, just weeks after the White House indicated that trade negotiations were progressing.

Reuters, citing unnamed sources, reported that China had backtracked on many parts of a trade deal with the U.S. Last week, according to the report, China sent Washington heavy edits to a draft trade document, reversing its agreement to key U.S. requirements involving technology transfers, competition, currency and U.S. intellectual property. Reuters reported Thursday that Trump also said paperwork had been initiated to levy 25% tariffs on a further $325 billion worth of Chinese imports.

China dismissed claims that is had backtracked. A report Thursday in the South China Morning Post cited the Chinese Ministry of Commerce spokesman Gao Feng as saying China is committed to resolving the trade dispute with the U.S. but is also prepared to defend its interests in the face of any increase in U.S. trade tariffs.

Stocks fell this week amid growing tensions over the trade issue. Stocks ended down Thursday, but reversed some earlier losses late in the session. The Dow Jones Industrial Average fell 139 points, or 0.54%, to 25,828. At its low for the session, the blue-chip index was down as much as 449 points.

The S&P 500 dropped 0.30% and the Nasdaq fell 0.41%. The S&P 500 and Nasdaq were down for a fourth straight day after setting a string of record closing highs last week. The Russell 2000 index of small-cap stocks also fell, declining 0.3%.

Benchmarks in Asia were mostly higher in early Friday trade, with stocks in Shanghai up 1.5%, and the Hang Seng in Hong Kong up 0.89%. Japan's Nikkei 225 was 0.67% higher. Dow, Nasdaq and S&P futures edged lower overnight.

Thursday night, TheStreet's Jim Cramer said on his Mad Money show on CNBC that in Trump's eyes, China must be dealt with at all costs. Cramer said the president prepared the U.S. economy by passing tax breaks that helped bolster U.S. companies, then he began imposing tariffs to inflict maximum pain on China.

Cramer told his audience that Trump doesn't care about companies that sell into China, and he wants those who manufacture there to bring their operations back home to the U.S. Cramer said that while Trump may have a surreal vision that China pays for the tariffs he imposes, the reality is that Americans pay them.

Source: thestreet.com- May 10, 2019

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# National Council of Textile Organizations (NCTO) Urges Tariff Exclusion for Made in USA Inputs as Trade War Flares

The National Council of Textile Organizations (NCTO) said it supports the Trump administration's action to crack down on unfair trade practices from China but urged officials to make sure a process is in place to exclude inputs for U.S. manufacturers.

Kim Glas, president and CEO of NCTO, which represents U.S. textile manufacturers, said the organization "remains seriously concerned that some inputs critical to the competitiveness of U.S. textile manufacturers remain on the retaliation list and will now face a 25 percent tariff.

A Federal Register notice published on Thursday states the administration's intent to raise tariffs on $200 billion of imported Chinese goods from 10 percent to 25 percent on May 10. NCTO urged the administration to ensure "an expeditious and transparent exclusion process."

"Duty increases on inputs alone, without addressing the growing problem of end products, can raise the cost of U.S. textile manufacturers trying to compete with like Chinese products," Glas said. "We are pleased that the administration intends to announce an exclusion process and we urge that the process be fair, transparent and expeditious."

USTR said it will publish a separate notice describing the product exclusion process.

NCTO also called for the inclusion of finished apparel and textile end products in new tariff measures.

"It's long past time we address China's unfair trade practices, particularly relating to intellectual property abuses," she said. "However, we remain very concerned that finished Chinese textile home furnishings and apparel are not on the administration's retaliatory tariff list," Glas said. "Chinese imports of finished goods into the U.S. market have the most significant impact on domestic textile and apparel production, investment and jobs. In order to address the crisis, we need to get to the very heart of the problem."

According to U.S. government data, China predominantly ships end items to the U.S. versus intermediate inputs. Finished apparel, textile home furnishings and other made-up textile goods equate to 93.5 percent of U.S. imports from China in the sector, while fiber, yarn and fabric imports from China represent only 6.5 percent, NCTO noted.

According to the latest data from the Commerce Department's Office of Textiles & Apparel (OTEXA) released on Thursday, overall imports of textiles and apparel increased 2.7 percent to 4.79 billion square meter equivalents (SME) in March compared to a year earlier.

Industry imports from China were down 15 percent to 1.53 billion SME, OTEXA reported. Chinese shipments to the U.S. have been on a the decline in the past couple of years as companies have looked to limit their risk from the U.S.-China trade war and as Chinese costs have increased.

Retail groups and the American Apparel & Footwear Association (AAFA) have called for the administration to not impose further tariffs. They say American consumers pay the price, not the Chinese government.

"We strongly oppose the President's announcement that he will continue to penalize American families, and add additional obstacles to economic growth, by imposing further tariffs on U.S. imports from China," Rick Helfenbein, president and CEO of AAFA said.

"As has been made clear by the Administration's use of tariffs during the past year, tariffs are an additional tax burden placed on Americans. These taxes are not paid by foreign nations and they result in higher costs that are simply passed on to the American consumer."

Helfenbein said the tariffs threatened by the President–those that would be increased to 25 percent on Friday and those that would be added to consumer goods like clothing and shoes that are not currently being charged with punitive tariffs–will only hurt U.S. families, workers, companies and the economy.

"We urge the President to refrain from imposing these additional tariffs and instead focus on negotiating and concluding the trade deal with China," he said.

U.S. and Chinese negotiators are scheduled to meet Thursday, four days after Trump threatened new tariffs if China refused to sign onto a new trade agreement. The Chinese Commerce Ministry said in response that "if the U.S. tariff measures are implemented, China will have to take necessary countermeasures."

The political rancor has companies caught in the middle. The Institute for Supply Management's "Semiannual Economic Forecast," which included a survey of executive from 17 industries, including apparel, leather products and textile mills, said that 59.1 percent of respondents said "yes" when asked, "Do you believe that tariffs have raised the price of the goods that you produce and deliver to your customers?"

When asked,"If you believe that tariffs have raised the price of your goods to your customers, by how much?" the average increase was 6.8 percent, with a median of 5 percent. Asked "Do you believe that tariffs have caused delays and disruptions in your supply chain?" 70.2 percent said no.

For their part, U.S. apparel importers have shifted their sourcing strategies to suppliers in Asian countries such as Vietnam, Bangladesh, Cambodia, India and Pakistan, and to Western Hemisphere countries that operate under free trade agreements.

Source: sourcingjournal.com- May 09, 2019

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## UK retail sales up 3.7% in April 2019

In April, UK retail sales increased by 3.7 per cent on a like-for-like basis from April 2018, when they had decreased 4.2 per cent from preceding year. The 2-year average like-for-like change was -0.3 per cent per annum. The April figures are positively distorted by timing of the run-up to Easter, which is in April this year compared to March in previous year.

On a total basis, sales increased by 4.1 per cent in April, against a decrease of 3.1 per cent in April 2018. This was above both the 3-month and 12-month average increases of 1.2 per cent and 1.4 per cent respectively. The 2-year average growth, which corrects for the Easter distortion, was 0.4 per cent per annum, a slowdown from March's equivalent of 0.9 per cent.

Over the three months to April, in-store sales of non-food items declined 1.7 per cent on a total basis and 1.8 per cent on a like-for-like basis. This is in line with the 12-month total average decline of 1.8 per cent. Online, the 3-month and 12-month average growths were 4.1 per cent and 6.2 per cent respectively.

Over the three-months to April, non-food retail sales in the UK decreased by 0.2 per cent on a like-for-like basis and by 0.1 per cent on a total basis. This is below the 12-month total average increase of 0.2 per cent. This is the first time the long-term non-Food trend turned positive since October 2017.

Online sales of non-food products grew 4.3 per cent in April, against a growth of 6.7 per cent in April 2018. The 2-year average growth, was 5.5 per cent per annum, in line with March's 5.4 per cent but below the 12-month average of 6.2 per cent.

Online penetration rate increased from 28 per cent in April 2018 to 29.7 per cent last month.

"Retail sales were below expectation this month as the sunshine over the Easter weekend persuaded many to pursue recreational, rather than retail, activities. Department stores, as well as clothing and footwear shops, were harder hit by the warmer weather, while food-to-go fared much better from it," said Helen Dickinson OBE, chief executive, British Retail Consortium.

"Online accounted for a little under 30 per cent of all non-food sales, and we expect this proportion to continue to rise. Nonetheless, the pace of growth has slowed over the course of the year despite the investment that many stores have made in their digital offering."

"Retailers are continuing to invest in technology across both physical and online activities as they seek to meet changing consumer behaviours, however some of such spending is being held back by the plethora of Government-imposed business costs bearing down on the industry. Government should review these costs – and in particular reduce the burden of business rates – if they wish to see retail maintain its place as the main provider of highly valued, flexible jobs in communities up and down the country,“ added Dickinson.

"Retailers reaped the rewards of Easter and more favourable weather in April, with like for like sale up 3.7 per cent year-on-year. However, we must remain mindful of the distortion caused by Easter's timing," said Paul Martin, partner, UK head of retail, KPMG.

"April may have eased the strain on retailers somewhat, but we can't overlook the fact that the new tax year also presents retailers with additional costs ranging from increased minimum wages to additional pension contributions. The task of balancing sales and a profitable margin remains crucial, especially given the widespread promotional activity currently."

Source: fibre2fashion.com- May 09, 2019

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## U.S. goods trade deficit with China tumbles to five-year low

The U.S. goods trade deficit with China, a focus of the White House's "America First" agenda, shrank to its smallest in five years in March, which could embolden President Donald Trump as he escalates his trade war on Beijing.

The report from the Commerce Department on Thursday came as the United States and China began two days of make-or-break talks to salvage a faltering trade deal.

Trump said on Thursday he would start paperwork to launch tariffs on a new $325 billion category of Chinese imports previously untouched by the trade feud. This is in addition to an expected increase of duties on $200 billion worth of Chinese goods to 25 percent from 10 percent on Friday. China has promised to retaliate if the tariffs are imposed.

"This (narrowing deficit) could allow President Trump to assert that the tariffs in place are having the intended effect as negotiations between the U.S. and China intensify today in Washington," said Scott Anderson, chief economist at Bank of the West in San Francisco.

The politically sensitive goods trade deficit with China decreased 16.2 percent to a seasonally unadjusted $20.7 billion, the lowest level since March

2014, as exports, including soybeans, surged 23.6 percent. Imports from the world's No. 2 economy fell 6.1 percent.

Washington last year imposed tariffs on $250 billion worth of goods imported from China, with Beijing hitting back with duties on $110 billion worth of American products. China initially targeted U.S. soybean exports, but later committed to buy more of the crop as trade negotiations proceeded.

Source: reuters.com- May 10, 2019

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## Indonesia increases its viscose rayon capacity

Indonesia's viscose rayon fiber capacity increased from 8.7 per cent of total world production in 2004 to 11 per cent of total world production in 2017. Since cotton is difficult to produce, the country has turned to viscose rayon fibers. Mixed with polyester as men's clothing, viscose fibers are highly absorbent, with soft hand feel, have bright colors, and are resistant to resin processing.

Asia Pacific Rayon, which began operations earlier this year in Indonesia with a production capacity of 2,40,000 tons of viscose rayon fiber per year, is the first integrated producer of viscose rayon fibers in Asia with traceable raw material sources.

Indonesia is set to become one of the top five textile and textile product producers in the world by 2030. Of the use of raw materials, the industry uses 51 per cent synthetic fiber, such as polyester and nylon, 37 per cent cotton fiber, and 12 per cent rayon.

But the industry still faces obstacles in reaching its full competitive potential, as nearly all cotton must be imported. In contrast, 80 per cent of synthetic fiber and 85 per cent of rayon is domestically produced, with these numbers expected to increase further. The aim is to increase the sector's share in Indonesia's total exports to 1.6 per cent.

Source: fibre2fashion.com- May 09, 2019

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# Minister upbeat about Indonesia emerging as ASEAN manufacturing hub

Industry Minister Airlangga Hartarto is optimistic of Indonesia evolving into a manufacturing hub of the ASEAN.

"Indonesia continues to remain the main investment destination and also a production base for global producers to cater to the demands of domestic and export markets," Hartarto noted in a statement received in Jakarta on Wednesday.

Furthermore, several industrial sectors have an industrial structure in place, from upstream to downstream. For instance, the automotive industry, textiles and clothing, food and beverages, as well as basic metals and chemicals.

"In the near future, several automotive principals will join and make Indonesia an automotive manufacturing hub in the Asian region," the minister stated.

The potential of Indonesia's automotive industry is quite high, with vehicular production reaching 1.34 million units, worth US$13.76 billion in 2018. Presently, four main automotive firms have made Indonesia's manufacturing sector part of the global supply chain.

"Hence, the government has made consistent efforts to create a conducive investment climate and to simplify the licensing process and offer an incentive for the industry," Hartarto remarked.

Hartarto highlighted the need to boost investment to drive production in the manufacturing sector.

"We should boost production to encourage exports to traditional and potential markets," he stated.

In the first quarter of 2019, the manufacturing industry contributed 22.7 percent of the total investment value of Rp195.1 trillion, coming from foreign and domestic investments.

To boost investment in the industrial sector, one of the government's efforts was targeted at offering fiscal incentive facilities in the form of a tax holiday.

Source: en.antaranews.com- May 09, 2019

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## Japanese exhibitors connect with hundreds of Chinese brands

Made in Japan is a popular selling point across many consumer goods categories in China, and this demand extends to the apparel textiles industry. The Japan Pavilion is now well established at both Intertextile Pavilion Shenzhen and Intertextile Shanghai Apparel Fabrics and continues to draw large crowds at every edition of both fairs.

“In this edition, we’ve met a good number of Chinese fashion brands,” noted Rio Okabe, General Manager of Toyoshima’s Global Operations Department at the 2019 Spring Edition of Intertextile Shanghai. “There’s big potential in this show, and every time, we can meet more than 500 visitors here. No matter what, people and opportunities are still coming to Intertextile. The demand is still really strong here.”

Iwashita Yuichi, Director of the Shanghai branch of the daily textile newspaper Sen-i-News, shared a few reasons for the popularity of Japanese textile suppliers in China: upgraded consumption habits from Chinese consumers, as well as recognition of craftsmanship, flexible order services and reliability.

### Upgraded consumption habits

Chinese ladies wear and designer brands are keen to source unique fabrics that differentiate their products in the saturated market. Chinese brands often move towards Italian and Japanese fabrics to achieve this.

“In Shenzhen and Guangzhou there are many new brands looking for Japanese products, and this fair is one of the most important in the industry so these brands will attend,” observed Ken Kanatani, Fabric Division Manager of STYLEM Intl (HK), at Intertextile Pavilion Shenzhen 2018. “In the last four years, the Chinese market has changed. Buyers don’t just want mainstream products – they want trendy and unique items, and they want them quickly so they can stay ahead of the trends."

**Craftsmanship and exclusive fibres**

The advantages of Japanese printing, dyeing and special processing are not based on equipment, but on the spirit of traditional craftsmanship that is passed down through generations, creating fabrics that are truly unique to Japan – a major selling point in China. As well as this, certain fibres are distinctively Japanese.

Triacetate is exclusively produced by Mitsubishi Chemical as its Soalon brand, and Cupro fibre is exclusively produced by Asahi Kasei as its Bemberg brand. In the past, these two companies have used Intertextile as a platform to promote their fibre brands in China. Fabrics made using these unique fibres are extremely popular amongst high-end Chinese brands, especially ladies wear in Shenzhen.
Product-in-stock services

Japanese suppliers specialise in handling quick delivery, small quantity orders and product-in-stock services. This suits large Chinese brands with stocking pressures, who tend to display smaller collections in stores and only mass-produce more popular items, as well as smaller designers who use less fabric to start with.

"There are around 6,000 designer brands in China, including start-up brands who understand quality, but can only afford small-quantity orders to start with. Many are located in Shenzhen. However, they have strong potential to grow into bigger enterprises in the future and will be able to buy more from us then. Therefore, being at this fair is a valuable investment," commented Suetaka Yasuda, President of STYLEM, at Intertextile Pavilion Shenzhen 2017.

**Reliability and responsibility**

Japanese customer service is recognised by Chinese brands as being trustworthy. Production timelines are reliably met without delay, while Japanese companies will also take responsibility for any problems with products and make a strong effort to find solutions.

At Intertextile Pavilion Shenzhen 2018, both domestic and overseas buyers noted their need for smaller, faster orders in today's fashion industry. "In the past, we used to source all the fabrics we need in the beginning of the season, but now, we have divided the seasons so that we are more responsive to the market trends. Therefore, we often look for suppliers that accept small quantity orders. We have been sourcing more from the Japanese companies," explained Anne Chou, Creative Director of Design Esta Studio, Macau.

More crowds are expected at the next edition of Intertextile Pavilion Shenzhen in July, a prime platform for Japanese exhibitors looking to meet high-end Chinese fashion brands, as well as high-quality overseas trade buyers. Highlighted exhibitors in the Japan Pavilion include Kokka, Sojitz, Stylem, Sun Fashion, Sunwell, Uni Textile and Yonezawa.

Source: knittingindustry.com- May 09, 2019

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## Bangladesh: Exports fetch $3b in April

Exports grew 2.69 percent year-on-year to $3.03 billion in April riding mainly on the higher shipment of apparel items, official data showed yesterday.

Last month's receipts, however, fell short of the government's monthly target of $3.08 billion by 1.52 percent.

The overall export of merchandise from Bangladesh also showed a positive trend between July and April, the first 10 months of the current fiscal year.

During the period, export earnings were $33.93 billion, up 11.61 percent year-on-year, data from the Export Promotion Bureau showed.

Readymade garments accounted for percent of the exports: between July and April, garment shipments grew 12.59 percent year-on-year to $28.50 billion.

Of the receipts from the garment sector, $14.08 billion came from knitwear and $14.40 billion from woven, registering 12.32 percent and 12.85 percent year-on-year growth respectively.

Asif Ibrahim, a director of the Bangladesh Garment Manufacturers and Exporters Association, said although the increase in April seems higher, the growth in apparel exports is only 2.76 percent.

The entrepreneur said, since the implementation of the revised minimum wage, 13 factories have been closed and another 70 factories will also face the same fate.

“At the same time, orders have been diverted to Vietnam, Cambodia, and Pakistan because of their competitive currency advantage.”

Ibrahim, however, says even if the low growth of April is used as a benchmark, the expected growth in the sector may be 10.92 percent in 2018-19.

Apart from apparel, some other sectors performed well between July and April.

Shipment of frozen and live fish like shrimp and crabs grew 2.65 percent to $446.48 million and that of agricultural products such as tea, vegetables, fruits, spices, dry food and tobacco rose 45.61 percent to $790.9 million.

Pharmaceuticals, cement, salt and ores, petroleum byproducts, plastic goods, ceramics, handicrafts, cotton and cotton products (yarn and wastes of fabrics), carpet, terry towel, footwear, wigs, and furniture fared well during the 10-month period.

However, leather and leather goods and jute and jute goods continued their poor show.

Between July and April, leather and leather goods fetched $837.07 million, an 8.69 percent drop year-on-year.

Leather and leather goods have been performing poorly as many tanneries that have shifted to the leather estate in Savar have not started full production yet. The leather and leather goods sector is the only segment that had crossed the $1-billion export mark after the garment sector.

The sector’s earnings may still go past the mark at the end of the fiscal year.

Exports of jute and jute goods, another important foreign currency earner, fell 21.83 percent year-on-year to $695.52 million between July and April.

The sector's earnings have been declining mainly because of higher use of jute goods like sacks in the domestic market and the anti-dumping duty slapped on it by India.

Home textiles, building materials, ships and bicycles also performed poorly.

Source: thedailystar.net- May 10, 2019

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## Nigeria Approves Two GMO Cotton Varieties to Increase Output

Nigeria approved two genetically modified varieties of cotton for use by the nation's farmers to help boost supply to its textile industry and cut lint imports of as much as 115 billion naira ($319 million) a year, officials said.

The strains were modified by the Institute of Agricultural Research at the Ahmadu Bello University in the northern city of Zaria in collaboration with privately owned Mayco Nigeria Ltd. to include a gene that makes it pest resistant, according to Rose Gidado, assistant director at the Abuja-based National Biotechnology Development Agency.

The changes make it possible for these cotton types to overcome bollworm, "the most devastating pest in cotton production," increasing output more than threefold to more than 4 tons per hectare, Gidado said in an emailed response to questions. They're suitable for all growing areas in the country, mature early and have better fiber strength and length, she said.

Nigeria currently produces 60,000 tons of cotton annually, down from peak production of more than 100,000 tons four decades ago, importing the balance to meet requirements. Cotton farmers expect output in the coming season to reach at least 150,000 tons, as farmers deploy the new cotton seeds aided by credit facilities provided under a central-bank program in support of agriculture.

"We see these seeds significantly improving local production and increasing participation of our farmers who had previously been discouraged from producing cotton," Anibe Achimugu, president of the National Cotton Association of Nigeria, said by phone from Abuja, the capital. "We are confident that we will be produce 150,000 tons at the minimum and 300,000 tons at the maximum."

The central bank set aside 40 billion naira to provide credit to cotton and oil palm growers until 2020, according to Achimugu.

Nigeria should be cautious in adopting genetically modified crops given the negative results that have been recorded elsewhere, including the emergence of super weeds and herbicide resistance, according to the environmental group, the Health of Mother Earth Foundation, based in the southern Benin City.

"We believe GMOs are not needed in Nigeria," Joyce Ebebeinwe, the project officer of the group, said in a statement. "The challenges in agriculture and of food sufficiency are such that they can be tackled through proper administration and adequate support for farmers in extension services, good roads to access markets, access to land and loans."

Source: sourcingjournal.com- May 09, 2019

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## Australian Wool Prices Lift but Market Conditions Still Soft

Australian wool auctions resumed last week after an Easter holiday break, with price gains across all varieties, despite the general absence of the largest of the Chinese buyers, according to Australian Wool Innovation (AWI).

The AWEX Eastern Market Indicator was up 17 Australian cents to $1.96 per kilogram for clean or processed wool from the sale two weeks earlier. A total of 43,053 bales were offered, with sales of 93.6 percent.

The average price of Australian wool imported into the U.S. was $6.24 per pound for the week ended May 3, according to the U.S. Department of Agriculture (USDA). This compared to $6.22 per pound for the week ended April 16.

"This week's purchasing activity was dominated by top makers and the locally based trader/exporters," AWI said in its weekly report.

"In the merino sector, though, the two largest Chinese indent operators were highly noticeable by their lack of purchasing intent. This lack of competition enabled other operators to buy-in at levels beneath their initial thoughts."

AWI said in contrast to the pre-Easter sale, "which had widespread buyer support and positive sentiment, this week was a somewhat sporadic and hit and miss affair." The report noted that tight trading conditions persist and cheaper exports drove sales.

"This sensitivity has arisen more-so from their thoughts and predictions of an Australian dollar lowering again against the U.S. dollar, drive by lower expectations of a U.S Federal Reserve rate cut this year," AWI said.

The USDA noted that the Australian exchange rate was stronger by 0.0172 at 0.7021 percent of the U.S. dollar last week.

Richard Grace, chief currency strategist at the Commonwealth Bank, said further risks to the downside are building, opening the door "for further mild depreciation."

On futures markets, AWI said, "Demand is still sluggish and medium term off-shore confidence is low. This is leading to the spring still being discounted and nearby months flat to cash.

Grower selling is only sporadic with the ongoing drought and production concerns clouding forward strategy decision making."

Source: sourcingjournal.com- May 09, 2019

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# A Duo of Events Helps Advance Bangladesh's Denim Sector

Digital technology and circularity were on the agenda at the 10th edition of the Bangladesh Denim Expo and the Bangladesh Fashionology Summit May 2-3.

The events, founded by Rivet 50 member Mostafiz Uddin, were positioned to help Bangladesh's apparel industry fetch its share of the global smart apparel market, and to foster modern, technology-driven manufacturing in the country.

Under the theme of circularity, the expo hosted 63 exhibitors from 11 countries and urged each company to adopt circular business models. Seminars and workshops examined what circularity would mean for the Bangladesh garment industry, how the jeanswear segment can become more circular and the technology required to turn circularity into reality in the country.

"We are living in a world where the apparel industry generates a great amount of garments which can be recycled or reused," Uddin said. "Circularity has been emphasized in this edition of the expo because it is the right way to a sustainable future." The one-day Bangladesh Fashionology Summit took a closer look at technology, particularly how the supply chain can digitize for greater efficiency and create products with added value.

In collaboration with Fashion For Good, the summit provided a Tech Innovation Zone to showcase innovative companies, including Trustrace, a traceability platform that uses blockchain, fashion tech startup Shimmy Technologies and Reverse Resource, a software that maps textile scraps for recycling. The event also hosted a digital tech runway show curated by Labeldby featuring the first tech outfit made in Bangladesh.

"The shift from producing basic to smart clothing will not be so easy and it has to be done gradually with proper planning and preparation," Uddin added. "The objective of the Bangladesh Fashionology Summit is to facilitate the shift."

Source: sourcingjournal.com- May 09, 2019

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# Bangladesh: Pvt investment contributes 23.40 percent to GDP

The role of private investment to country's GDP is significant and the improvement of business- friendly atmosphere would help boosting private economy, experts said.

Economic growth as well as development of a market economy, bank predominantly on the capability to invest and utilise resources efficiently. In case of Bangladesh, private investments have been instrumental to stimulate economic growth, they observed.

In fiscal year 2019, the private investment to GDP was 23.40 percent, followed by 23.26 percent in FY2018, 23.10 percent in FY2017, 22.99 percent in FY 2016, 22.07 percent in FY2015, 22.03 percent in FY2014, 21.75 percent in FY2013, 22.50 percent in FY 2012, 22.16 percent in FY2011 and 21.57 percent in FY 2010.

Considering this, the government has to take more proactive initiative to ease the 'doing business' of the private sector, experts recommended. A high powered 'National Competitive Strategic Action Committee' under public and private initiative is needed to ensure private sector participation in policy designs conducive for trade and business, they recommended.

Leaders of Dhaka Chamber of Commerce and Industry (DCCI) have underscored the need for improving doing business environment in order to develop the private sector and economy of the country.

"The economic performance of the country is maintaining a consistent growth. To continue this momentum and achieve upcoming economic visions, DCCI feels some critical avenues of economy are to be addressed for private sector development" said DCCI president Osama Taseer.

In 2006, Bangladesh ranked 65th while Vietnam ranked 99th out of 155 countries. On the other hand, in DBR 2019 Bangladesh ranked 176, made one of the last 15 countries and Vietnam ranked well of 69 out of 189 countries. "The reform initiatives of the government are in place but need to implement. We need to improve faster than other competing countries to achieve better position in doing business index", said DCCI president.

However, the investment as percentage of GDP reached to 31.23 percent in FY 2017-18, of which public and private investments were 7 percent and 23.26 percent respectively, said he adding net FDI inflows reached to US$ 2.58 billion in last fiscal. In FY 2017-18, highest 22.14 percent of FDI registration was in service industries followed by Textile Industry (20%), Chemicals (17.67%), Engineering Sector (15.04%) and Other Industries (24.63%). According to Bangladesh Bank, net FDI in July to September of FY19 increased by 67.53% and reached $ 849.62 million from $ 507.15 million in the same period of FY18.

Recently, DCCI recommended for attracting investment in Bangladesh. DCCI is prompt in delivering its input regarding various policy comments sought by the government, private sector, donors and foreign consultation offices for new investment.

Negotiation with diplomatic missions, trade associations of relevant countries for attracting relocation of Chinese, Korean and Japanese low cost manufacturing business relocation in Bangladesh, said DCCI president. Engaging Private Sector and stakeholders in policy design to understand the dynamics of the global economic shifts, he added.

A high powered 'National Competitive Strategic Action Committee' under public and private initiative is needed to ensure private sector participation in policy designs conducive for trade and business.

Talking to Daily Industry, DCCI president told that the current policies are not sufficient for Bangladesh to achieve the expected economic development. He suggested a greater focus on private sector in reforming the policies.

"Currently the policies that are in place will not support this growth, thus it is imperative to facilitate modernised policy support to ensure this growth. Much of the action needs to take place in the private sector. Private sector needs to engage intensively and extensively in reform process," he said. The government should further incorporate private sector associations and bodies in the decision-making process to further ensure private sector support for the government, he said.

Source: dailyindustry.news- May 09, 2019

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# NATIONAL NEWS

## SIMA CD&RA gets nod for commercial release of its cotton varieties

The commercial release of 14 cotton varieties and one hybrid developed by SIMA Cotton Development and Research Association (CD&RA) is set to hit the fields in the ensuing sowing season.

(The sowing season commences from June in the northern part of the country and later from August-September in the South.)

These varieties/ hybrid have been approved for distribution across the State by the Director of Seed Certification and Organic Certification, up to March 2022, M Asha Rani, Head cum Chief Cotton Breeder, SIMA CD&RA told Business Line.

Of the 14 varieties, four are of medium staple length such as SIMA HITECH -1, SIMA Compact -32, SIMA Shakthi and SIMA- 113 and five - long staple varieties such as SIMA -24, SIMA -102, SIMA-M-55, SIMA-J-23 and SIMA-374.

The extra long staple varieties include SIMA-Sivashakthi, SIMA-LI-3, SIMA-5, SIMA-GB-1-5 and SIMA Mahashakthi. The hybrid -SIMA HB-3, which has also been slated for commercial release is an ELS (Extra Long Staple) cotton.

“The medium staple variety SIMA Shakthi is a Bt cotton, suitable for rainfed, high density planting and machine picking. In fact, we are the second in the country to have got the approval for release of a Bt cotton variety,” claims Asha Rani.

“The crop duration of this Bt variety is 155 days; It has given an average yield of 2698 kg/ hectare of cotton seed during trials,.”

“SIMA-GB-1-5, an ELS variety, better known as SIMA Platinum SUVIN would hit the farmers' field only in 2020-21 and SIMA-5, a year later in 2021-22.”

Of the 14 varieties developed by the association, SIMA-102, a long staple variety is said to have registered the highest yield of 3732 kg/hec, with SIMA-374 close behind at 3622 kg/ hec of kappas during trials.

The SIMA CD&RA Head hinted that the TN Government has sought to procure 225 tonnes of ELS cotton through the Cotton Corporation of India during the 2019-20 cotton season and necessary arrangements for adequate supply of seeds were being made.

Source: thehindubusinessline.com- May 09, 2019

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## Tirupur Textile Exports To Reach Record Rs 30,000 Crore In FY20; US-China Trade War Turning Buyers To India

Textile exports will continue to be a bright spot in India's international trade for the current financial year (FY20) with industry projections pegging knitwear exports from Tirupur (Tamilnadu) at a record Rs 30,000 crore, reports Press Trust of India (PTI).

According to a leading exporter and chairman of India International Knit Fair (IKF) A Shaktivel, this year's exports will top last year's (FY19) figure of Rs 26,300 crore.

In FY19, exports grew at an impressive 8.3 per cent rate , and the association's overall business crossed half a trillion rupee mark with domestic sales contributing Rs 24,000 crores.

Shaktivel on Wednesday (8 May) stated that exports during April (2019) have already crossed Rs 4,400 crore "which is a very encouraging sign."

"Besides, India now has an advantage after the United States (US) imposed tariffs on some products made in China, as many buyers and manufacturers were approaching India for textile products," he added.

According to the Tirupur Exporters Association(TEA) president Raja M Shanmugam, Tirupur's total textile business will reach an unprecedented Rs 60,000 crore mark (domestic and exports) this fiscal year (FY20).

Shanmugam also said that the association is aiming at Rs 1 lakh crore turnover at the stroke of 2022.

India's overall textile exports for the FY19 stood at Rs 1,12,715 crore, recording a growth rate of 4.7 per cent over the previous FY's performance valued at Rs 1,07,679 crore.

Source: swarajyamag.com- May 09, 2019

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## CICR develops four straight Bt cotton varieties

Nearly 10 years of hard work has finally yielded results with the ICAR-Central Institute for Cotton Research (CICR) developing four Bt-based straight varieties of cotton by introducing Cry 1Ac gene into four different straight varieties.

**ADVANTAGES OF STRAIGHT BT VARIETIES**

- Farmer can produce his own seeds for at least 3-4 years consecutively
- Reduces total input cost
- Yield is almost at par with the Bt hybrids
- With high density plantation, the yield can be much more
- It gives protection against Heliothis or American bollworm and spotted bollworm

**SEEDS AT A GLANCE**

| Varieties | Yield | FL | FS | M |
|---|---|---|---|---|
| ICAR-CICR GJHV374Bt | 2,577 | 28.2 | 26.8 | 4.4 |
| ICAR-CICR Suraj Bt | 2,407 | 29.1 | 26.0 | 4.3 |
| ICAR-CICR Rajat Bt | 2,660 | 26.8 | 26.1 | 4.5 |
| ICAR-CICR PKV081Bt | 2,743 | 28.5 | 27.9 | 3.9 |

Yield in kg/ha; FL: Fibre length (mm); FS: Fibre strength (g/tex); M: Micronaire (UG/n)

The institute has signed a memorandum of understanding with Mahabeej for mass production of both foundation and certified seeds. The seeds will be distributed to farmers of adopted villages under the Prime Minister's programme — Mera Gaon Mera Gaurav — for demonstration this Kharif season.

CICR acting director VN Waghmare told TOI that these varieties — ICAR-CICR GJHV 374Bt, ICAR-CICR Suraj Bt, ICAR-CICR Rajat Bt and ICAR-CICR PKV 081 Bt — besides having resistance against American and spotted bollworms are comparable in yield, fibre length and strength to the Bt hybrids.

But since the straight varieties are for smaller duration, if sowed in time in mid-June, farmers can have protection from pink bollworm as well if the crop is harvested early and not extended to December-January as has been the practice.

“Being straight varieties, these will also allow farmers to produce his own seeds and there will not be any need to buy it from the market at least for three-four years. These varieties can be cultivated in high density plantation,” he said.

Suman Bala Singh, principal scientist (plant breeding) explained that since the existing Bt hybrids with Monsanto gene have become prone to attack of pink bollworm, these varieties too will not have a protection from pink bollworm. “Spraying will be required for control of sucking pests and pink bollworm only as and when they appear. Other agronomic practices will be the same as recommended for any other variety of that region,” she said.

CICR has been working on developing straight Bt varieties for long since 2008-09. During the crop season of 2016-17, 21 Bt genotypes containing the Cry 1Ac gene were evaluated at 18 locations pan India under the All India Coordinated Research Project (AICRP) on cotton under a 67.5X30 cm in north zone and 75X10cm at all other locations. Based on their performance, eight genotypes were approved and released by the central varietal release committee under the chairmanship of JS Sandhu, former deputy director general (crop sciences) in ICAR.

Last year (2018-19), seed production was taken up for four varieties listed above which are to be distributed to farmers this year and given to Mahabeej for commercialization, multiplication and mass production. This year, the multiplication of seeds of these varieties will be raised to about 30 quintals. Of the four varieties, one is a CICR variety — Suraj — while the GJHV variety is from Gujarat and the Rajat and PKV081 varieties are from Panjabrao Deshmukh Krishi Vidyapeeth.

The director said that CICR was coordinating with Mahabeej and the state government for production of seeds commercially. Besides that, there will be farm demonstrations under the tribal sub plan and the SC sub plan. CICR has already had a meeting on this with the state agriculture secretary Eknath Dawale on April 8, 2019.

Source: timesofindia.com- May 10, 2019

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## Telangana govt steps in to protect cotton from pink boll worm

Worried over the spread of pink boll worm (PBW) in Bt cotton crop in neighbouring Andhra Pradesh, the Telangana government has swung into action to control the damage that is likely to arise as cotton is set to be cultivated in 18.20 lakh hectares in the state this year.


The agriculture department is looking into an action plan prepared by Professor Jayashankar Telangana Agriculture University to minimise the damage in the event of PBW striking the crop here. In 2018-19, cotton was grown in 18 lakh hectares.

Senior officials point out that PBW is not only a huge concern in Andhra Pradesh and Telangana but also in the entire south. As per the action plan, collectors will constitute a monitoring team in each district under the chairmanship of joint collectors. These teams will constitute officials from the agriculture department and organise awareness campaigns for farmers on precautionary measures to be taken to ward off pink boll worm (PBW).

A committee deputed by the agriculture university has received reports of farmers losing cotton bolls to pest attacks in October and November last year. Bt cotton mainly depends on bollgard II, which protects the boll and enables a sustainable platform for proactive insect resistance.

Source: timesofindia.com- May 10, 2019

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# Vizag port set to hike capacity to 145 mmtpa: Chairman

Visakhapatnam port is all set to increase its capacity to 145 MMTPA in the next two years after the completion of ongoing projects, according to outgoing chairman M.T. Krishnababu. The current capacity of the port is 127 MMTPA.

At a media conference here on Thursday, he reviewed the progress of the port during the past five years - from 2014 to 2019 - during his tenure. He said the port handled 65.30 million tonnes of cargo in 2018-19 as against 63.54 million tonnes during 2017-18. "For the past three years, the port's cargo has been growing by 5 per cent in spite of competition from neighbouring private ports," he said.

He said deepening of the draft of the inner harbour from 11 mt to 14.5 mt was one of the important projects taken up during his tenure, enabling the port to handle bigger vessels carrying 1 lakh tonnes. The berths were also strengthened to handle bigger vessels. "The port spent Rs 1,200 crore of its own funds on modernisation works and private operators spent Rs 2,500 crore. We have created, along with private operators, end-to-end mechanised handling facilities. It has reduced pollution in the port along with other measures," he said.

Krishnababu said Visakhapatnam was now adjudged the third cleanest port in the country and "ours is the only port running entirely on solar energy. We have got the green port award."

However, he said, despite efforts, covered storage facilities could not be created during his tenure. The study was given to IIT Chennai, but not much headway could be made. "Now we are floating an open tender," he said.

A cruise terminal was also sanctioned for the port and the infrastructure in and around the port was being developed under the Sagarmala project and other projects. "A bright future lies ahead of Visakhapatnam port and I am glad I have played my part in it," he said. He also spoke at length about the CSR activities undertaken by the port.

Source: thehindubusinessline.com- May 10, 2019

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# New Delhi Garment Show of India in July

Garment Show of India (GSI) will be held in New Delhi from July 8 to 10, 2019. This is an exhibition for readymade garments, fabrics, accessories and fashion. The exhibition connects suppliers and buyers looking for quality and reasonably priced garments.

The show is seen as an important platform for the booming apparel retail industry of India. Special pavilions will be created for men's, women's, children's, active wear, inner wear, fashion accessories and many more.

Some of the product categories that will be on display will include kurtis, ethnic wear, coats, blazers, jackets, trousers, party wear, athletic wear, wedding wear, T-shirts, shirts, tops, dresses, skirts and many more in cotton, knitted and woven. Manufacturers from Tirupur, Jaipur, Ahmedabad, Indore, Mumbai, Noida and many more hubs of apparel will be participating.

Retailers, manufacturers and retail chains will be facilitated for their performance. Experts from fashion, retail and e-commerce will throw light on India's domestic retail industry, its opportunities and threats.

Garment Show of India is being organised by Saina Events. Nationwide road shows are being conducted to promote the event. Digital media, newspapers and magazines, hoardings, radio ads and online marketing tools are being used to promote the event on a very large scale.

Source: fashionatingworld.com- May 08, 2019

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# India apprehensive about EU proposal on e-com rules at WTO

India's permanent representative at the World Trade Organisation (WTO) J S Deepak has conveyed New Delhi's reservations to the world body over the European Union's (EU) proposal to create new e-commerce rules, arguing that the proposed high standards could decimate the WTO goods and services tariff rules, impacting its domestic industry and job creation.

Deepak, who was addressing the informal Trade Negotiations Committee of the Heads of Delegates recently, said most developing countries including India are not ready for binding rules in e-commerce, according to Indian media reports.

"We fear the impact of some of the e-commerce rules being proposed under the Joint Initiative on e-commerce, on existing trade rules, particularly the General Agreement on Tariffs and Trade (GATT) tariffs, which protect our industry, and General Agreement on Trade in Services (GATS) schedules that provide us useful flexibilities. Both the GATT and GATS could wither away due to the onslaught of the so-called 'high standard' e-commerce elements," he said.

The EU, the United States, Japan and China are among 76 WTO members that launched negotiations to set future rules and obligations in e-commerce in January at the sidelines of the World Economic Forum in Davos.

India has opposed any such move to set e-commerce rules outside the ambit of WTO and has insisted that the current multilateral programme on e-commerce under WTO should be taken to its logical conclusion.

The EU last week made public the text of its initial negotiating proposals for e-commerce that include tackling barriers that prevent cross-border sales today; addressing forced data localization requirements, while ensuring protection of personal data; prohibiting mandatory source code disclosure requirements; and permanently banning customs duties on electronic transmissions, among others.

India is currently drafting a national e-commerce policy, which seeks to use India's data for its own development rather than allow its value to be appropriated by others.

“It also proposes to preserve our flexibility of imposing customs duty on electronic transmissions to protect domestic industry and leverage technology for creating jobs and wealth, by ensuring competition and a level playing field. We are also keen to assess the extent of sacrifice of revenue involved, and the distribution of this loss among Members, when new technologies like additive manufacturing will result in electronic transmissions cascading and many dutiable goods being manufactured by digital printing," Deepak said in his statement.

While the EU’s e-commerce proposal will be discussed along with proposals from other participating countries on May 13-15 in Geneva, India will organise an informal WTO ministerial meeting of select developing countries on May 13-14 in New Delhi to finalise a Delhi Declaration on development and WTO reforms, including on e-commerce.

Source: fibre2fashion.com- May 10, 2019

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## Defence ministry to adopt new procurement policy

The ministry will also identify other defence equipment where the policy can be applied.

The defence ministry will be adopting a new procurement policy that will define the level of indigenous content for defence equipment and give higher preference to local vendors in contracts and to start with, it has identified military textiles such as bulletproof jackets, boots and high altitude clothing for this purpose.

The ministry will also identify other defence equipment where the policy can be applied. The matter stems from an order issued by the Ministry of Commerce and Industry in June 2017 on ‘Public Procurement (Preference to Make in India)’. A meeting was recently held on the policy in Mumbai. Comprising of senior officers from the army, it focussed on notifying indigenous content in the supply of technical textiles by Indian vendors.

This means that the defence ministry and the army with other stakeholders will define the quantity of indigenisation in textile-based items such as bulletproof jackets, bulletproof patkas (similar to helmets), super high altitude clothing, boots and sleeping bags. A similar meeting was held by Defence Secretary Sanjay Mitra in December.

According to the order, the minimum local content for an item should be 50%. While officials explained that quantum of indigenous content has not been fixed, the order adds that a ministry can prescribe a higher or lower percentage of it for a particular product.

“The nodal ministry may annually review the local content requirements with a view to increasing them, subject to availability of sufficient local competition with adequate quality,” the order said.

Another important part of the order is that the purchase preference for a product will be given to local suppliers. An official explained that in the procurement of an item where there is an adequate vendor base and if its value is Rs 50 lakh or less, then only local suppliers are eligible.

In cases where the procurement value is more than Rs 50 lakh, if the L1 (lowest bidder) is a local supplier, the contract for the full quantity will be awarded to it. However, if the L1is a foreign vendor, then only 50% of the order quantity will be awarded to it.

“Thereafter, the lowest bidder among the local suppliers, will be invited to match the L1 price for the remaining 50%. This will, however, be subject to the local supplier’s quoted price falling within the margin of the purchase preference,” explained an official.

If the lowest eligible local supplier fails to match the L1 price, then the next higher local supplier within the margin of the purchase preference will be invited to match the L1price for the remaining quantity.

Source: economictimes.com- May 10, 2019

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