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IBTEX No. 209 of 2018 October 10, 2018

USD 74.15| EUR 85.38 | GBP 97.66 | JPY 0.66

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
21943	45900	**78.70**

Domestic Futures Price (Ex. Gin), October

Rs./Bale	Rs./Candy	USD Cent/lb
22300	46646	**79.98**

International Futures Price

NY ICE USD Cents/lb (Dec 2018)	77.01
ZCE Cotton: Yuan/MT (Jan 2019)	15,645
ZCE Cotton: USD Cents/lb	**87.13**
Cotlook A Index – Physical	**85.60**

Cotton Guide: Market was quiet on Tuesday though threat of Hurricane in the US continues to loom. December future ICE cotton settled a tad lower at 77.01 cents down by 54 points from the previous close. Dec did make a higher low and a higher high today (7620 and 7789 versus yesterday's 7617 and 7761). Highs were made early and the lows were made late, not very encouraging for the bulls. The other months settled from 20 to 54 points lower. Their gains yesterday ranged from 24 to 145 points.

On the trading front volume were 26,899 contracts. Cleared yesterday were 34,207 contracts. Yesterday's session added 4,111 contracts to open interest to begin at 255,804 contracts. That normally would be considered a bullish development and maybe it still is, but the lack of follow-through today was concerning. That was the biggest one day increase in open interest since June 1st was up 4,304 contracts to 322,153 contracts. The all-time-ever-high open interest was set the in the next session (June 4th) at 322,253 contracts.

Hurricane Michael is first headed for the biggest cotton producing areas in Georgia and the majority of the cotton is wide open. Wind is the biggest concern, but heavy rains will take a toll as well. Michael is also expected to tear through parts of Alabama, Florida and the Carolinas. Hurricane Sergio is headed for Texas and Oklahoma bringing more unwanted rain by Friday. Take a look at the National Hurricane Center for the latest updates: https://www.nhc.noaa.gov/

As per market source, potential damages in the combined Southeast and Delta regions was for losses of 200,000 to 500,000 bales. That estimate came with acknowledgement of a huge crop now in the fields. Thursday's USDA October estimate will likely reflect the increases, but the storm may reverse the number back to the September estimate. It's all guesswork now, but the market may have been reflecting the belief the US will end up with a lot of cotton. Cash sales of US cotton have not been robust for a couple of months. That has made the front-loaded export sales less front-loaded. Trade war and currency issues have stunted the business. While sellers have been holding off making offers until more is known on this crop's qualities, the light inquiries have been unsettling.

On the other side of the world Tuesday's session in China's ZCE futures gained back Monday's losses. Chinese mills have been waiting for additional quota allocations which are expected this week. Maybe that will liven up their arena.

Lastly on the domestic market all India daily arrivals have been around 30 to 40000 bales and the spot price continues to trade around Rs. 45600 to Rs. 45700 per candy ex-gin. The future contracts for October delivery had initially moved higher to make an intraday high of Rs. 22460 per bale but ended lower at Rs. 22300. We think market might remain sideways and the trading range would be Rs. 22180 to Rs. 22450 per bale.

Currency Guide:

Indian rupee has opened higher by 0.25% to trade near 74.2 levels against the US dollar. Rupee is seeing some stability today after hitting record low level of 74.3962 in the previous session. Rupee has benefitted from some correction in crude oil and US dollar. Brent crude is trading lower near $84 per barrel International Energy Agency warned that prices are inflicting damage on the global economy. The US dollar index has also eased marginally as US 10-year bond yield corrected from 7-year highs. However, weighing on rupee are concerns about investor outflows amid rising interest rates in US and concerns about inflation and trade deficit amid higher crude oil price. IMF retained India's growth rate at 7.3% for this financial year but lowered forecast for 2019-2020 from 7.5% to 7.4%. Weakness in domestic equity market is also weighing on rupee. Indian rupee has fallen sharply and we are seeing choppiness as market players await fresh cues however the general bias is still on the downside. US economic optimism and Fed stance will continue to support US dollar. USDINR may trade in a range of 73.85-74.55 and bias may be on the upside.

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

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INTERNATIONAL NEWS

China: Further tariff cuts to boost trade, consumption

Move covers 1,585 industrial products including machinery and electronic devices, textiles, and paper-made commodities

The decision to cut import tariffs from the start of next month is expected to reduce China's overall tariff from 9.8 percent to 7.5 percent, which along with other measures will work to reduce tariffs by nearly 60 billion yuan ($8.7 billion), according to the State Council.

Experts said the move demonstrates the country's determination and fulfillment of its promise to further open its door to the outside world while firmly supporting free trade.

The State Council decided to cut tariffs on 1,585 industrial products during an executive meeting presided over by Premier Li Keqiang on Sept 26.

Starting Nov 1, the average rate for machinery and electronic devices will be cut to 8.8 percent, down from the current 12.2 percent, the China's Cabinet said.

The average rates for textiles and construction materials will be set at 8.4 percent, while the rate for paper-made commodities and other primary products will fall from 6.6 percent to 5.4 percent.

When the new tariffs come into effect, China's overall tariff is estimated to be a little higher than the European Union and lower than many developing countries, including Thailand, Mexico and Vietnam, according to Chen Fengying, a senior researcher at the China Institutes of Contemporary International Relations.

China's rate should be at the medium level among developing economies and in line with its status as a developing nation, she said.

At a policy briefing hosted by the State Council Information Office in June, Zhu Guangyao, former vice-minister of finance, said tariffs are levied based on import prices rather than domestic market prices.

Therefore, the tariff reduction can lower import costs and, in turn, help lower the prices of commodities on the domestic market, he said.

Lower tariffs and commodity prices can stimulate domestic consumption while more choices will be made available to domestic consumers, Chen said.

The new policy marks the third time this year China has reduced tariffs on imported goods. A State Council executive meeting in May decided to decrease tariffs on a number of daily consumer goods, while a meeting in April placed a zero-tariff policy on cancer medicines.

The latest move is also the seventh round of import tariff reductions since the beginning of 2015, aiming to facilitate international trade and benefit consumers.

Over the past five years, China has contributed more than 30 percent of global economic growth, Premier Li said in March when he delivered the Government Work Report.

Ministry of Commerce figures showed that the country imported goods worth 7.8 trillion yuan from January to July, an increase of 12.6 percent compared with the same period last year.

In the next 15 years, China is forecast to import goods worth $24 trillion, Xinhua News Agency reported.

Bai Ming, deputy director of the International Market Research Institute, part of the Chinese Academy of International Trade and Economic Cooperation, said the new tariff policy focuses on raw materials and primary industrial products.

China's further opening-up is embodied by the lowered threshold for market access, which should be boosted with trade facilitation, Bai said.

Reducing import tariffs is a vital means to improve trade liberalization and can help China buy high-quality products in the global context while promoting the industrial upgrade of its own economy, he said.

Cui Fan, a professor at the University of International Business and Economics, said the move is part of China's long-term endeavors to lower tariffs.

Combined with a number of policies released by the State Council to attract foreign investors, the tariff policy is expected to improve the business environment and help boost foreign investment in the world's second-largest economy, he said.

Foreign direct investment in China is expected to remain stable in the fourth quarter and next year, Cui added.

Source: chinadaily.com.cn- Oct 09, 2018

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Blockchain Could Reduce International Transaction Costs, WTO Report Says

A report by the World Trade Organization (WTO), released Oct. 3, said the international trade regulating body sees strong potential in blockchain technology and cryptocurrencies. The report also examined the scalability issues of blockchain and the specific application of the technology, and specifically discussed ripple, IOTA, and ethereum cryptocurrencies.

Titled "The future of world trade: How digital technologies are transforming global commerce," the report examined different ways in which digital technologies affect international trade and the extent of potential forthcoming changes, and also discussed the consequences of this transformation for traditional and future international trade.

WTO looked at the potential of blockchain by way of analyzing its role in the cross-border trade. The organization noted that innovations in cross-border payments and financial services further facilitated trade.

"For example, e-commerce platforms that circumvent traditional payment systems through blockchain technologies may help to bring down the transaction costs of cross-border trade," it said.

General Roberto Azevêdo, director of WTO, underlined the ability of technologies like blockchain that could benefit small and medium enterprises, cutting trade costs and changing trade structure for the better: "Beyond easing trade in goods, digital technologies can facilitate services trade and enable new services to emerge. The Report predicted that the share of services trade could grow from 21 percent to 25 percent by 2030," he said.

Particularly in terms of cross-border trade, the report emphasized on Ripple, the remittance network and its associated cryptocurrency (XRP), which is onboarding several banks and launching products specifically meant to expedite cross-border payments.

"Ripple has ambitions to circumvent the correspondent banking model through its distributed ledger platform. It gives banks the ability to convert funds directly into different currencies in a matter of seconds and at little to no cost, without relying on correspondent banks," the report read.

Talking about IOTA, the report pointed out its underlying technology called "tangle." As opposed to blockchain, tangle is known for its goal enabling machine-to-machine communication. IOTA is looked at as an extremely productive project, because of the ability of tangle technology to transact more quickly as more users join the network. Mentions of bitcoin and ethereum were made while the report examined challenges that blockchain faces.

The bitcoin platform, for example, handles about seven transactions per second on average and the public blockchain ethereum twice as many, while Visa can process 2,000 transactions per second, with peaks of 56,000 transactions per second.

There exist other "permissioned blockchains" — where only select participants are allowed to view the transaction price — like Hyperledger Fabric that can process 3,500 transactions per second for certain workloads. However, other challenges limit — like regulatory issues, limited scalability, and rigid technical specificities — the integration of that technology at present.

The report didn't just cover cryptocurrencies and blockchain but also looked at artificial intelligence and 3D printing.

"The Internet of Things, artificial intelligence, 3D printing, and Blockchain have the potential to profoundly transform the way we trade, who trades and what is traded," the report said. "These developments could unlock many opportunities for individuals, entrepreneurs and businesses around the world. However, this process is not automatic. Technological advances per se are not a guarantee of greater trade growth and economic integration."

The report also looked at how blockchain, if integrated, had the potential to bring about changes in the structure of trade and facilitate services, as well as enable new services to emerge. It cited an example of blockchain helping smaller businesses to start trading by backing them in building trust with partners around the world.

Source: ibtimes.com- Oct 09, 2018

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Yarn Expo Autumn to host over 500 exhibitors

More than 500 exhibitors from 14 countries and regions will showcase an extensive range of yarn and fibre products at the Shanghai National Exhibition and Convention Center next week.

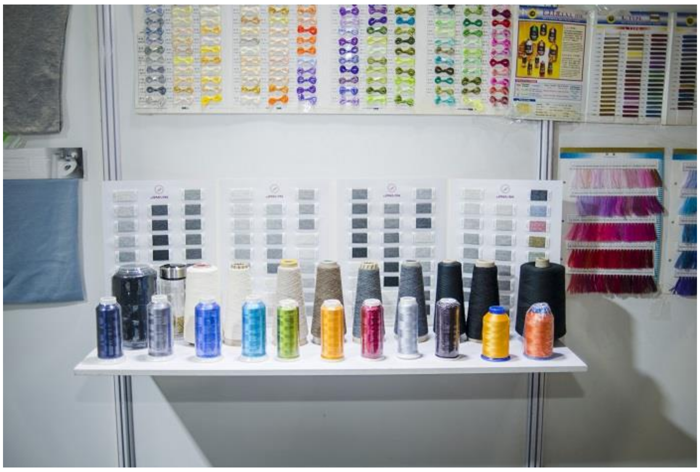
These exhibitors, as the largest gathering ever seen at the fair, are set to welcome a wide variety of visitors throughout the textiles supply chain from 15-17 October, solidifying the status of Yarn Expo as the leading first stop of every textile sourcing season. The fair will take place this edition alongside ITMA Asia + CITME.

“For those looking for the industry’s latest innovations, Yarn Expo Autumn is the place to be. The reliability of buyer quality has once again attracted big-name industry players – including PT Indo-Rama, Chemtax, Shandong Ruyi, Jiangsu Shenghong and Jilin Chemical Fiber Group – who choose the fair as a platform to debut new products each year,” say organisers.

The fair’s product groups have also expanded in recent years, reflecting market needs, to now include: natural fibres (cotton, wool, silk and flax/ramie); man-made fibres (regenerated and synthetic); specialty fibres; natural and blend yarns (cotton, wool, silk and linen/ramie); man-made and blend yarns (regenerated and synthetic); elastic yarns; fancy yarns; and specialty yarns.

New international exhibitors

Significant new business partnerships in the yarn and fibre industry are anticipated at the fair, with new international sourcing options this edition. Highlighted big-name newcomers at the fair include Safilin from France, offering premium linen products, and Italy's Sinterama Asia, which will show its range of 1,200 diverse chemical fibres and end uses.



One of the world's largest single site spinners, Novetex Textiles, from Hong Kong, will feature super soft merino in a wide range of colours, along with sustainable options in glen merino and 100% lamb's wool. Another not-to-be-missed highlight is Parkdale Mills, from the US, a leading manufacturer of spun yarns, which will showcase cotton varieties, such as open end fibres, ring spun, air jet and vortex, in different blends.

Even more choice

Another international must-see is the Pakistan Zone, returning to the fair this year with a strong collection of the country's leading yarn and fibre exhibitors. Highlights include Abtex International, which will showcase their new mélange blends and fancy yarns, Fabcot's cotton yarns and greige fabrics, and International Textile's 100% MJS yarn and fabrics. Meanwhile, Texstyle will be a worthwhile visit for those in keeping with sustainability trends, as it will highlight its recycled and regenerated yarns from cotton, polyester, acrylic and wool.

Joining them are more than 50 exhibitors in the India Pavilion, organised by Texprocil, while domestic exhibitors can be found at the Fancy Yarn Zone, Chemical Fibre Zone, Cotton Yarn Zone and Wool/Linen Zone. Group pavilions at the fair include the Sateri Pavilion and Birla Satellite.

Yarn Expo Autumn is Asia's leading trade platform for the yarn and fibre industry, with quality suppliers from around the world showcasing natural and blended yarns including cotton, wool, flax, and man-made fibres and yarns, as well as specialty products including elastic, fancy and blended yarns. Last year's Autumn Edition attracted 493 exhibitors from 13 countries and regions, and 17,185 trade buyers from 84 countries and regions.

Source: knittingindustry.com- Oct 09, 2018

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New Era of Free Trade Leaves Mexico More Isolated

Its economy was already uncomfortably reliant on the U.S. Now diversification is even less likely, and Asia will suffer.

The rejiggered North American Free Trade Agreement pulls the Mexican and U.S. economies closer together, and raises the drawbridge to reduce trade with Asia. For Mexicans who already felt too dependent on the U.S., this is a grim combination.

The reconfigured accord, announced last week, seems like another chapter in the global playbook of muscular regionalism. Globalization is morphing into a new kind of trans-border commerce.

USMCA, as the new pact is known, draws supply chains further inward among the U.S., Canada and Mexico, and away from the outside world.

Beefed-up Rules of Origin, which mandate the extent to which products and components must be sourced within the three countries, extend to chemicals, an array of steel goods, glass and optical fiber. The U.S. is touting provisions limiting non-trio components in textiles and apparel in quite some detail: sewing thread, pocketing fabric, narrow elastic bands and coated fabric.

Autos catch the eye, in part because some of the clauses seem designed to win support, or at least mute opposition, from Democrats and unions. Local content requirements rise to 75 percent from 62.5 percent. Between 40 percent and 45 percent of that content has to be produced by workers earning at least $16 an hour. This can only mean a diminished role for Asia.

Similar restrictions on steel and aluminum underscore the corrosive effect. “For suppliers based outside of Nafta, this is going to be extremely problematic or even catastrophic,” wrote Deborah Elms, executive director of the Asian Trade Centre in Singapore. “Orders could be cancelled outright and never replaced.”

The content of the new Nafta pegs Mexico more firmly to the U.S. and deepens the country’s dependence on the world’s largest economy. Of course, a redone Nafta is better than an end altogether. But as I wrote a year ago, Nafta is much more than a trade relationship.

An entire national model has been based around the 24-year-old bloc. Mexico is mortgaged diplomatically, as well as commercially and economically. In some ways, it’s an emerging market that’s pasted onto a developed country’s pace of growth and fully integrated into the fabric of America’s economic life.

Mexico suffered from China’s ascension into the World Trade Organization because China competed in many of the same export markets as Mexico, and China eroded Mexico’s status as a premier low-wage producer.

Thanks to the new Nafta, Mexico’s ability to diversify beyond customers to the north appears greatly restricted. Mexican department stores stock plenty of goods made in China or assembled in Mexico with Chinese components. It’s hard to see that disappearing, but now it’s also hard to see it growing much.

At a conference in October 2017, Mexican executives made clear that they didn’t see Trump, or someone like him, coming. When the next Trump comes along and thunders about ripping up agreements, Mexico may be even harder pressed to push back, because then it will be even more dependent than it was this time, with even less ability to diversify with Asian suppliers and customers. This is not the globalization we once knew.

Source: bloomberg.com- Oct 09, 2018

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Ethiopia Opens Another Industrial Park to Grow Apparel and Textile Production

Already considered a burgeoning country for apparel and textile manufacturing, Ethiopia received a boost this week with the official opening of a new industrial park dedicated to production.

The Adama Industrial Park, located about 100 kilometers southeast of the capital city of Addis Ababa, was inaugurated on Sunday. The site, situated close to the Ethio-Djibouti railway line, which is key for logistics, joins others like the flagship Hawassa Industrial Park and the Bole Lemi I Industrial Park.

Ethiopian officials said the scope of Adama will be textile and apparel manufacturing, vehicle assembly and food processing. Construction of the park started two years ago and cost roughly $140 million. It is expected to create an estimated 25,000 jobs and generate more than $38 million from the export of goods, officials said.

Year-to-date through August, the United States imported 29.13 million square meter equivalents of textiles and apparel from Ethiopia, a 94 percent increase over the same period a year earlier, according to the U.S. Commerce Department's Office of Textiles & Apparel (OTEXA). The bulk of products imported were cotton and synthetic apparel, according to OTEXA data.

The park's first phase, sitting atop 102 hectares of land, was developed by the country's Industrial Parks Development Corporation. Antenx Textile PLC and Charter Ventures Apparel Ethiopia PLC are among the two large firms already occupying some of the buildings.

Meanwhile, Japanese accessories manufacturer WKK is preparing to begin production, and Jiangsu Sunshine Wool Textile PLC and Kingdom Linen Ethiopia PLC are developing their own factories to produce integrated cellulosic fabric and garments. Additional companies will rent the space in the park to produce textiles and apparel for customers including PVH Corp., H&M, Zara, Decathlon, Walmart and Costco.

PVH recently received a 2018 U.S. Secretary of State Award for Corporate Excellence for Sustainable Operations as lead investor of a best-in-class apparel manufacturing facility in the Hawassa Industrial Park.

The project is part of an effort to make Ethiopia the leading manufacturing hub in the African continent, officials said. Apart from their contributions to job creation, industrial parks are essential for technology transfer, said Prime Minister Abiy Ahmed in his speech at the inaugural ceremony.

The Industrial Parks Development Corporation said construction of seven industrial parks around the country are set to be completed this year, with plans to have 30 industrial parks by 2020.

Source: sourcingjournal.com- Oct 09, 2018

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Denim Manufacturing Plots Comeback to NYC's Garment District

One style of jean—just one. That's all Christine Rucci wants brands to commit to making in New York City.

In the 35 years she's spent working with "pretty much every major designer and denim icon," including Adriano Goldschmied, Ralph Lauren and Donna Karan, Rucci has witnessed Manhattan's historic Garment District transform from the epicenter of American manufacturing to a relic of a bygone era increasingly under siege.

Last February, New York Mayor Bill de Blasio revealed plans to rezone the 13-block parcel of land—bound by 35th and 40th Streets and Sixth and Ninth Avenues—while relaxing some of the laws requiring landlords to prioritize fashion-industry tenants over more commercial clientele like "another one of those work-share places," Rucci derisively noted.

Never mind there are "9 gazillion" of those co-working spaces, said Rucci, who runs her own consultancy, Godmother NYC. Such a deregulation would "pretty much pave the way for landlords or developers to just force out all the manufacturing," she added.

And it's not like these real-estate types really need the extra assist, now that manufacturing has mostly fled to cheaper climes overseas. Once a stronghold of some 100,000 pattern makers, notions sellers, cutters, sewers, pressers and finishers who produced three-quarters of America's women's and children's apparel until the 1960s, the Garment District today—with just 5,000 workers—is a specter of its former self.

And Rucci, for one, doesn't want to see what's left fade away. "When you think of the Garment District, there's only one city that comes to mind," she said. "Nobody says the Garment District of London. Nobody says the Garment District of Paris. And we don't think about the fact that when a factory closes, a whole bunch of people lose their jobs: the thread suppliers, the vendors, the zipper people—all these little stores in the Garment District, they're slowly starting to disappear."

And Rucci carries the storied history of Manhattan's manufacturing past, quite literally, in her genes. ("That's g-e-n-e-s," she clarified. "Pun intended.") Decades before she was sprinting from door to door picking up a bolt of fabric here or a clutch of buttons there, Rucci's own great-grandmother toiled as a seamstress for Anthony Traina, the financial partner of famed designer Norman Norell, whom The New York Times once professed "made Seventh Avenue the rival of Paris."

There are signs of life in the Garment District yet. The New York City Economic Development Corporation (NYEDC) is seeking out a landlord or nonprofit that's willing to acquire a Midtown property and dedicate it to fashion manufacturing. It will even earmark $20 million in public funds, or 30 percent of the purchase price, to the cause, whichever is less.

Perhaps cowed by the backlash over its push for more mixed-use development in the area, the city says it will use tax breaks through the New York City Industrial Development Agency's (NYIDA) Garment Center program to to preserve at least 300,000 square feet of production space for the garment-production supply chain.

For Rucci, these are promising signs amid the de Blasio administration's plan to open a "Made in NYC" campus slated to include 200,000 square feet of garment-manufacturing space in Brooklyn's Industry City.

Such a move, she said, doesn't take into consideration the ecosystem of retailers, vendors and suppliers that would need to be uprooted, if not completely recreated. Neither does Bush Terminal have quite the same aspirational ring as Fashion Avenue.

"No young designer goes, 'Wow, when I grow up and I get into fashion, I want to work in Industry City,'" she said. "You want to work in the Garment District."

More than anything, however, Rucci wants to bring denim home. Until the 1980s, when offshoring started to gain traction, the Garment District cranked out 95 percent of American sportswear and fashion denim, she said. That's far from the case right now.

As indelibly American as blue jeans may be, other countries are eclipsing the United States' ability to make them. The closure of Cone Mills' White Oak plant, one of the few remaining denim mills in the United States, brought with it much strum and drang, of course.

Premium denim—selvedge, in particular—is something we associate with the Japanese, with the Italians coming in a close second. Even the Dutch are jockeying for jean supremacy with the establishment of Denim City, an expansive "headquarters of the city's denim ecosystem" in Amsterdam that includes an educational institute, a full-service production workshop, a laundry and a retail store, plus an archive boasting more than 500 vintage pieces.

"I'd like to see that happen in New Amsterdam," Rucci effused.

Despite her lack of an official role in NYEDC or NYIDA efforts, Rucci has taken it upon herself to rally the troops—her "indigo tribe," as she dubs them—earning the support of Manhattan Borough President Gale A. Brewer along the way.

"Some people think we can be a city entirely of offices and desks, but it's as critical today as ever that we make things in New York," Brewer said, noting she'd be "thrilled" to see New York recapture its denim clout just by giving denim makers room to grow.

“The goal of the NYIDA program and our intended purchase of a building for garment manufacturing is simple: to guarantee there will be space to produce garments right here for years to come.”

Rucci is talking to companies such as Tonello, which developed a water-saving all-in-one denim-finishing system, and Officina+39, which turns recycled fabric scraps into eco-friendly dyestuffs. She hopes to set up a brand-agnostic, Denim City-like environ that couples such innovations as body scanning, 3-D pattern making and ozone processing with mentoring, hands-on training and support for emerging designers who’ll be able to access textiles and trims without fretting about high minimums. “I’d like to know that future generations are going to know how to do this,” Rucci added. By keeping things local, quick turnarounds—without the carbon expenditure of back-and-forth shipping—will be virtually guaranteed.

Rucci describes what she calls her “super dream,” a building with a “street-level development center that you can walk into [and] that’s all about denim.”

“People can come in and get body scanned, we sew the jeans, and they’re able to purchase a made-in-New York City jean,” Rucci said. “All the vendors, all the denim mills will have their products there.”

Is she swinging for the fences? Not if industry leaders, including America’s top brands, help make it happen. Beyond sponsorships, grants and other types of funding, simply pledging to make one style of jean in the Garment District would make a “nice movement,” she said.

“What’s one of the things that everyone seems to have in their collections, that you can see on everyone? It’s denim,” Rucci said. “And any other industry can be anywhere, but fashion needs to be in the Garment District.”

Source: sourcingjournal.com- Oct 09, 2018

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4% expansion in seaborne trade volume in 2017: UNCTAD

Seaborne trade expanded by 4 per cent in 2017, the fastest in five years, and the United Nations Conference on Trade and Development (UNCTAD) forecasts similar growth this year.

Volumes across all segments are set to grow in 2018, with containerised and dry bulk commodities expected to grow the fastest at the expense of tanker volumes, an UNCTAD report says.

The 2018 edition of the UNCTAD Review of Maritime Transport was launched at the Global Maritime Forum's Annual Summit in Hong Kong recently.

“While the prospects for seaborne trade are positive, these are threatened by the outbreak of trade wars and increased inward-looking policies,” UNCTAD Secretary-General Mukhisa Kituyi said.

“Escalating protectionism and tit-for-tat tariff battles will potentially disrupt the global trading system which underpins demand for maritime transport,” an UNCTAD press release quoted Kituyi as saying.

The warning comes against a background of an improved balance between demand and supply that has lifted shipping rates to boost earnings and profits.

Freight-rate levels improved significantly in 2017 (except in the tanker market), supported by stronger global demand, more manageable fleet capacity growth and overall healthier market conditions.

Supply-demand improvements, namely in the container and dry bulk shipping segments, are expected to continue in 2018. Freight rates may benefit accordingly, although supply-side capacity management and deployment remain key. UNCTAD projects an average annual growth rate in total volumes of 3.8 per cent up to 2023.

On the supply side, after five years of decelerating growth, 2017 saw a small pick-up in world fleet expansion. During the year, a total of 42 million gross tonnes were added to global tonnage, equivalent to a modest 3.3 per cent growth rate, according to the report.

Liner shipping consolidation, technological advances, and climate change policy are key drivers of change in global shipping, it adds.

Source: fibre2fashion.com- Oct 10, 2018

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Sri Lankan show Intex to open doors on November 14

Intex will be held in Sri Lanka from November 14 to 16. This is a show for yarns, apparel fabrics, denim fabrics, clothing accessories and allied services. It connects the manufacturing and supply chain by bringing together the best manufacturers of apparel and accessories with buyers from South Asia and the rest of the world.

Intex is focused on transforming the South Asia region into a textile and garment powerhouse. With Sri Lanka regaining GSP Plus, countries can make use of regional cumulation to benefit from rules of origin when local sourcing for product input is not possible. Regional cumulation creates stronger regional co-operation between countries which are members of an EU recognised regional grouping like SAARC and countries which are GSP beneficiaries.

Understanding this, Intex strengthens intra-regional trade, helping manufacturers and buyers take advantage of opportunities developing in the South Asia region by combining their strengths and joining hands to create stronger business ties under one trading platform.

Intex's seminars and interactive business forums deliver high quality market intelligence to support industry efforts to upgrade, move up the value chain, better understand intra-regional trade, leverage better FX practices and help manufacturers gain a competitive edge.

Intex is growing bigger year-on-year, bringing some of the world's most renowned exhibitors and buyers to Sri Lanka.

Source: fashionatingworld.com- Oct 09, 2018

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Why this protectionist backlash

The backlash against hyperglobalization is gaining momentum with the international trading system on the front line. This is a surprising turn of events. As discussed in previous Reports, the roots of the heightened insecurity, indebtedness and inequality that are hallmarks of the current era stem more from the workings of the financial system than the trade regime; and that regime proved robust in the face of the economic fallout from the global financial crisis.

Moreover, using tariffs to mitigate the problems of hyperglobalization will not only fail to do so but runs the danger of adding to them, through a vicious circle of retaliatory actions, heightened economic uncertainty and slower growth. Still, it would be foolish to dismiss the constituency in advanced economies worried about trade shocks as simply ignorant of the subtleties of Ricardian theory or misguided victims of populist politicians.

Web of forces

Indeed, in addition to discontent in the North, there are numerous and long-standing concerns that devel- oping countries have been raising about the workings of the international trading system which have also intensified in this century.

In reality, the lived experiences of each and every constituency at the local level reflects the intertwining of trade, financial and technological forces operating through national, regional and global markets and managed by policies, regulations and institutions designed to govern those markets and interactions.

The dominant narrative of the current era equates globalization with the growing reach (and porosity) of markets and an accelerating pace of technological change. It employs the language of “free trade” to promote the idea of a harmonious (win-win) world governed through clear rules and greater competition.

But hyperglobalization has as much to do with profits and mobile capital as with prices and mobile phones and it is governed by large firms that have established increasingly dominant market positions.

Indeed, while trade and technology, through both destructive as well as creative impulses, have, no doubt, had an impact on the way we go about organizing our lives, in the end it is social and political initiatives in the form of rules, norms and policies that matter most for the outcomes of an interdependent world.

And, as described in previous Reports, the hyperglobalized world is one where money and power have become inseparable and where capital – whether tangible or intangible, long term or short term, industrial or financial – has extricated itself from regulatory over- sight and restraint and muted the voice and influence of other social stakeholders with an interest in the direction of public policy.

When economists erred

As a result, it is hardly surprising that heightened anxiety among a growing number of casualties of hyperglobalization has led to much more questioning of the official story of the shared benefits of trade. Trade sceptics now have substantial political constituencies across the world, in both developed and developing countries.

Mainstream economists bear part of the responsibil- ity for the current state of affairs. Ignoring their own analytical nuances and the subtleties of economic history, they remain biased in favour of unqualified free trade when it comes to communicating with poli- cymakers and broader audiences (see e.g. Driskill, 2012; Rodrik, 2017, 2018).1

The mainstream narra- tive pitches “comparative advantage” as a “win-win” boost to economic efficiency and social welfare, without specifying the conditions under which such beneficial outcomes can occur or how any negative effects could be abrogated.

There is no doubt that the new protectionist tide, together with the declining spirit of international cooperation, poses significant challenges for governments around the world.

However, the call to double down on “free trade” provides a cover for a regime of footloose capital, concentrated market power and the capture of public policy by powerful economic interests.

For a new narrative

Fighting isolationism effectively requires recognizing that many of the rules adopted to promote “free trade” have not promoted a rules-based system that is inclusive, transparent and development friend- ly. Reviving optimism about trade and multilateralism must go beyond simply promoting trade for trade’s sake and pitching multilateralism as the last line of defence against an autarchic Hobbesian dystopia. A more positive narrative and agenda is required.

The 2030 Agenda for Sustainable Development offers such an agenda but it lacks a clear accompa- nying narrative, simply stating that “[i]nternational trade is an engine for inclusive economic growth” (United Nations, 2015). This is unfortunate, because the case for international trade and its implications for growth, employment and distributive justice and social norms is a subtle one that depends heavily on context (Rodrik, 2011).

In the context of hyperglobalization, this chapter addresses the following questions: To what extent has trade promoted structural change? Which coun- tries and/or social groups have benefited from deeper trade integration? Under what conditions can trade have positive developmental and distributive effects? It provides new evidence that the governance of international trade in the era of hyperglobalization has contributed to increasing domestic inequalities in many countries.

This has in part reflected the way in which trade is governed in global value chains (GVCs), which has heightened the bargaining power of footloose capital, including through job offshoring to poorer countries (or simply the threat of that), as well as market concentrating and rent-seeking practices of large firms that effectively weaken competition.

This is partly because international trade is increasingly governed by “free trade” agreements that empower global firms. For example, services derived from intangible assets whose geographical location can be determined by firms almost at will – such as financial assets or intellectual property rights (IPR) – can now be “traded” more freely between higher-tax and lower- tax jurisdictions and within transnational corporations (TNCs) themselves. Overall, these processes have tilted the distribution of value added in favour of capital, especially transnational capital, whose owners remain mostly headquartered in developed countries.

Source: unctad.org- Oct 08, 2018

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Bangladesh July RMG exports up 15 per cent

Apparel shipments from Bangladesh rose 15.9 per cent in July 2018 compared to July 2017. This was the fifth consecutive month of a double-digit increase in Bangladeshi apparel exports. The country has benefited from its low labor costs, by contrast with the jump of production costs experienced in other Asian countries.

Duty-free access to the European Union is another decisive advantage for Bangladesh. Sales to the EU have therefore surged in the first half, especially in knit clothing categories where rules of origin are more easily met for benefiting from the duty-free access.

The development of a strong yarn industry in Bangladesh is favoring duty-free sales to European countries.

Exports to Germany have for instance gained 14.3 per cent in the last fiscal year in knit clothing categories. Shipments to the UK or Spain are also experiencing a double-digit growth.

Exports to the United States have also rebounded in the second quarter this year, thanks to a return of US buyers to cotton apparel. The recent jump of polyester prices in China, along with the loss of competitiveness of Chinese exporters, is another advantage for Bangladesh.

The sharp rise of minimum wages as of next December in Bangladesh could however result in higher export prices and a lower export growth.

Source: fashionatingworld.com- Oct 09, 2018

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NATIONAL NEWS

US-China trade war gives India chance to contain its trade deficit

The ongoing trade war between the US and China that has witnessed Beijing slapping higher duties on American goods in tit-for-tat action has opened up a window of opportunity for India that has long struggled to contain a widening trade deficit with its giant neighbor. But gains are contingent on getting market access and achieving competitiveness in many cases.

Gaining from higher Chinese duty on US goods

Where India doesn't have market access in China

No of items	US exports to China	India's exports to world
17	$3,001 m	$4,051 m

Where India has market access in China

No of items	US exports to China	India's exports to world	India's exports to China
44	$7,241 m	$4,287 m	$586 m

Source: Commerce ministry study

According to a commerce ministry study, of the 603 American tariff lines (items) on which Beijing has imposed extra duties in the range of 15-25%, India can ship out more in case of 44 items without much difficulty, as it currently has access to the Chinese market in these products.

However, in case of 17 items where American supplies are substantial, India doesn't have market access; so, it can export these items only if China opens up further.

The study, however, doesn't provide a list of items where the potential for further exports to China exists (apart from just grapes and alloy steel seamless boiler). Also, as pointed out by independent analysts, most of the US supplies to China are expected to continue despite higher duties.

India doesn't export as many as 54 items where American supplies to China are substantial. Most of the other items are small-ticket ones where imports by China from the US are negligible and or up to $10 million each.

Some analysts have, however, suggested that India explore the possibility of more exports in farm items like cotton, oilseeds, including soybean, oilmeals, maize, copper and chemicals, even if in some items, the Chinese demand may be much higher than what India can supply. China has either imposed or proposed tariffs on $110 billion of US goods, representing most of its American imports ranging from farm items like cotton to automobiles.

The trade war may "bring about a shift in the global trading patterns due to spill-over effects and displacement of the bilaterally-traded commodities", said the study, titled Sino-India Trade: A perspective.

Currently, India's supplies to China include cathode of copper, petroleum products, iron ore, cotton and textile items. However, India's merchandise trade deficit with China touched a record $63 billion in 2017-18, forcing it to step up demand for greater market access.

Importantly, the study has acknowledged the stark difference between policy-making in both these countries, which is key to boosting competitiveness. "China has always set aside political, social and ideological differences in the interest of getting investment, technology and export channels. However, India's economic growth has always given in to the sentiments of the local industry—in many cases, foreign investments have been curbed or restricted," it said.

Highlighting some of the reasons why the world's second-largest economy is more competitive, the study said average lending rate for China's manufacturing sector stood at 4.4% in 2016, against India's 9.7%.

Although wage costs are higher there (China's average hourly compensation cost per employee in manufacturing is $4.11 against India's $1.6), each Chinese worker produces 60% more than his Indian counterpart.

In the global Logistics Performance Report, China is placed at 27th while India at 35th despite a 19-notch jump since 2014.

The study also points out that some of India's competitors, including Asean members, are taking advantage of their free trade agreement with China and are exporting more there.

For instance, while frozen shrimps from India faces a 6% duty in China, those from Asean are supplies duty-free. Many textile items and aluminium oxide feature on the list of items where India faces tariff disadvantage against some of its competitors.

Source: financialexpress.com- Oct 10, 2018

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Cotton Corp gears up for MSP operations

To begin purchases from Telangana soon

The Cotton Corporation of India (CCI) is set to start purchases of the fibre crop for the 2018-19 season at minimum support price (MSP) from Telangana over the next few days.

CCI has geared up for large-scale MSP operations across the country as the Centre announced an MSP increase of 26-28 per cent for the fibre crop over last year. For the long staple variety, MSP has been increased by 26.16 per cent to ₹5,450 per quintal, while for the medium staple, MSP hike has been 28 per cent to ₹5,150 per quintal.

"We have already opened 330 centres and if required, may go upto 390," said P Alli Rani, Chairman and ND, CCI. Though CCI has opened 330 procurement centres across key growing states since October 1, purchases at support price have not begun so far due to the higher moisture content of over 12 per cent in cotton offered to CCI, she said.

Procurement is likely to begin in the next few days in Telangana since the moisture content is approaching 12 per cent there due to dry weather, Alli Rani said. Historically, the MSP procurement in cotton generally starts in the third or fourth week of October.

Market arrivals in small quantities have begun across the key producing States of Punjab, Rajasthan, Gujarat, Telangana, Maharashtra and Karnataka. Trade sources estimated the cotton arrivals at around 40,000-50,000 bales of 170 kg each. Prices are hovering between ₹5,200-5,600 per quintal across various markets, depending on the moisture content.

"Millers and ginners are yet to start purchases as the moisture content is still high. Also, there is no demand from multinationals as they are still holding old stocks. We expect the market to pick up after October 20, when arrivals pick up," said Ramanuj Das Boob, a ginner in Raichur.

Lower crop size

The Cotton Association of India, the the apex trade body, in its first estimates, has pegged the 2018-19 crop size at 348 lakh bales, lower than the 365 lakh bales produced in 2017-18 on account of deficient rains hurting the output in states such as Gujarat, Maharashtra and Karnataka. Also cotton acreages this year were marginally lower at 120.64 lakh hectares as against 121.72 lakh hectares in 2017-18.

"Whatever be the crop projections, we will be procuring all FAQ cotton offered by the farmers," Alli Rani said. Last year, CCI had procured less than four lakh bales under MSP operations, since the market prices rose quickly and went above MSP rates. This year since MSP rates are much higher, the probability of higher volumes being purchased under MSP is high, Alli Rani added.

Meanwhile, about 270 ginning mills in Telangana are expected to start cotton purchases from Wednesday. The Marketing Department will open 11 procurement centres. "Some of the centres have already begun purchases," a senior Telangana government official has said.

He advised the farmers not to go for distress sale and ensure the moisture content is not very high in order to get a good price. Unginned cotton was quoting a minimum price of ₹5,450 a quintal in the Warangal yard and a minimum of ₹5,000 at the Adilabad yard.

Source: thehindubusinessline.com- Oct 10, 2018

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India's free trade woes

Leaders at the sixth Regional Comprehensive Economic Partnership (RCEP) Ministerial Meeting in August 2018 appear to have taken steps towards concluding the deal by the end of the year. With a possible endgame in sight, India's stance in the negotiations should be of utmost interest. The viability of the proposed grouping hinges on India's response to the more active RCEP participating countries' calls for a highly ambitious trade liberalisation agenda.

The prospect of India's positive response to these calls hinges on two sets of factors: the internal dynamics of the RCEP negotiations and India's own domestic compulsions.

India has long been arguing that RCEP negotiations must put goods and services negotiations on parallel tracks. This is in keeping with New Delhi's understanding that there are gains to be had in the services sector, such as loosening restrictions on labour mobility, that can soften the impact of granting market access concessions in the goods sector. But there are no clear indications from the other RCEP participating countries that they are willing to include services in the negotiating agenda in the manner that India is seeking.

A second issue internal to the negotiating dynamics of RCEP is the extent of market access that India is willing to provide. Initially in 2015, India's offer to China was elimination of tariffs on 42.5 per cent of its traded products, while for other countries India was willing to offer between 65–80 per cent tariff elimination.

Since then, India has indicated that its tariff elimination offers would be 74 per cent for China, Australia and New Zealand, and 86 per cent for ASEAN. These offers fall short of the 90–92 per cent tariff elimination that most other participating countries are seeking in their aim to achieve a 'high quality' agreement.

At home a major concern is India's rapidly deteriorating balance of trade that is being dragged down by weak merchandise exports. In 2009, India entered into a free trade agreement with ASEAN with the expectation that its footprint in its immediate neighbourhood could be significantly increased.

But this agreement has not worked out as planned for India. Instead its trade deficit with ASEAN has increased since the implementation of the agreement, mainly because of a lack of thrust in exports. The deficit went up from US$7.7 billion in 2009–10 to nearly US$13 billion in 2017–18.

India's economic agreements with two other RCEP participating countries, Japan and South Korea, show similar trends. India's trade deficit with Japan was US$3 billion in 2009–10 and has now doubled. The India–South Korea trade deficit has also more than doubled from US$5 billion to US$12 billion over the same period.

India's overall trade deficit with the RCEP participating countries looks far worse, accounting for US$104 billion of India's US$162 billion trade deficit in 2017–18, largely because of the China factor.

With virtually stagnant exports and imports growing by more than a fifth, India's trade deficit in 2017–18 shot up by 50 per cent — the second highest this decade. Two adverse consequences of this situation have now emerged.

The first is the widening current account deficit, which is pushing towards a worrying threshold of 3 per cent of GDP. The second is the severe pressure on the Indian rupee, which has seen the currency fall to its weakest level ever. There are no signs yet that the textbook prescription — which says currency depreciation encourages exports and discourages imports, leading to an improvement in the trade balance — is working for India. If anything, the past few months have seen a worsening of the trade balance.

This unfolding situation is causing considerable anxiety among Indian policymakers, who are responding with across-the-board tariff increases. In February 2018 tariffs were hiked on mobile phones and select machinery, and more recently tariffs on more than 300 textiles and clothing products were increased from 10 to 20 per cent. The tariff increases are not limited to manufacturing products alone. Several agricultural products, including edible oils and lentils, are also covered by the tariff hikes.

An announcement in September 2018 by the Indian government that tariffs on 'non-essential' imports will be increased to stem the import surge will take the uncertainties around India's trade policies a few notches higher. The criteria for identifying 'non-essential' products are yet to be disclosed.

The message from India is unambiguous: substantial market opening may not be on offer in an RCEP deal, at least until its current domestic economic uncertainties blow over.

But the harsh reality is that India's agriculture and manufacturing sectors have been stuck in the quagmire of low productivity for decades, and the policy framework that can break this vicious cycle has remained elusive.

In order for India to be a willing partner in the regional integration project in Asia, Indian policymakers and businesses must work towards a quick turnaround of the domestic economy.

Source: eastasiaforum.org- Oct 09, 2018

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India imposes duty on nylon filament yarn from Vietnam, EU

The Indian government has imposed an anti-dumping duty ranging between $128.06 per tonne and $719.44 per tonne for five years on import of nylon filament yarn from Vietnam and the European Union (EU). The duty has been imposed following recommendations by the Directorate General of Trade Remedies (DGTR), the investigation arm of the commerce ministry.

In its probe, the DGTR has stated that nylon filament yarn (multi filament) has been exported to India from the EU and Vietnam below normal values, and the domestic industry has suffered material injury on account of such dumped imports.

"The anti-dumping duty imposed... shall be effective for a period of five years (unless revoked, superseded or amended earlier) from the October 6, 2018 and shall be paid in Indian currency," the department of revenue said in a notification.

India's import of nylon filament yarn from the EU and Vietnam had increased from 7,201 tonnes in 2013-14 to 13,799 tonnes during October 2015-March 2017, which was the period of investigation. The investigation was carried out following a joint petition filed by JCT, AYM Syntex, Prafful Overseas, Gujarat Polyfilms, and Gujarat State Fertilizers and Chemicals.

Nylon filament yarn is mainly used in making curtains, embroidery threads, and fishnets.

Source: fibre2fashion.com- Oct 09, 2018

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No time limit prescribed in law for amendment of shipping bill: Expert

The only condition is that the document on the basis of which amendment is sought should be available at the time of export

We made shipments in January 2018 to June 2018 under advance authorization and now came to know that inputs mentioned in the advance authorization can be imported duty free under Free Trade Agreements. We want to convert our above shipping bills from advance authorisation to drawback shipping bills, as per Para 4.49 (e) of Handbook of Procedures, Vol 1, where no time limit for conversion is mentioned. However, the relevant custom circular for conversion of shipping bill 36/2010-customs dated 23rd September 2010 says that request for conversion must be made within 90 days. Considering the fact that our shipping bills are of January to June 2018 and that more than 90 days have passed since exports, what should we do to get duty drawback?

In the case of Diamond Engg (Chennai) P. Ltd. [2013(288) ELT 0265 (Tri. Mad.), the Tribunal held that Section 149 of the Customs Act, 1962 does not prescribe any time-limit for amendment of the document.

The only condition is that the document on the basis of which amendment is sought should be available at the time of export.

Therefore, the amendment sought cannot be denied on the ground of limitation. There are other case laws on the same point such as VRA Cotton Mills Pvt. Ltd. [2014 (309) ELT 0100 (Tri. Ahmd.)] and Parle Products Pvt. Ltd. [2017 (358) ELT 341 (Tri. Mumbai)].

The exporters of readymade garments (RMG) are granted Rebate of State Levies (ROSL) namely Value Added Tax (VAT) on fuel used in power generation duty on electricity generation and charges on purchase of grid power, mandi tax an purchase of cotton, stamp duties on export documents, SGST on inputs used in production of cotton and embedded SGST on purchases from unregistered dealers. Please confirm that the above saidlevies are not subsumed in GST. If the answer is in affirmative, should RMG exporters continue to avail ROSL?

The Ministry of Textiles introduced the ROSL scheme through notifications 12020/03/2016-IT, dated 12-8-2016 and 31-8-2016, much before introduction of GST. The ROSL rates were notified through notification 12020/03/2016-IT dated 13-8-2016.

In ROSL scheme, the rebate of State levies is understood to comprise State VAT/CST on inputs including packaging, fuel, duty on electricity generation and duties and charges on purchase of grid power, as accumulated through the stages of production from yarn to finished garments.

The taxes like VAT/CST, purchase tax etc. have been subsumed under the GST but taxes on fuel etc. have not been subsumed under GST. So, the ROSL rates were reduced upon introduction of GST through notification 14/26/2016-IT dated 27-6-2017 effective from 1-7-2017. The revised rates are 0.39% for ROSL and 0.23% for ROSL under Advance Authorization-All Industry Rates (AA-AIR) combination respectively.

IGST exemption on imports under advance authorisation and EPCG authorisationwas available till 1st October 2018. Has it been extended?

Yes. Notification 66/2018-Customs dated 26th September 2018 has extended the IGST exemption on imports under advance authorisation and EPCG authorisation till 31st March 2019.

Source: business-standard.com- Oct 09, 2018

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Smriti Irani assures Manipur of central govt's support to develop textile industry

The Union Minister also informed that the Central Government had recently approved setting up of an Eri Spinning Mill worth Rs 22 crore for the expansion of silk industry in Manipur. The foundation stone for the mill would be laid next month.

Union Minister of Textiles Smriti Irani has assured Manipur of sustained support from the Government of India for the growth of the textile industry and welfare of weavers and farmers in the state.

The union minister on Tuesday inaugurated a three-day Silk Expo and Workshop on "Silk Samagra" in the presence of Chief Minister N Biren Singh and Textiles, Commerce and Industries Minister Th. Biswajit at Manipur Sericulture Project Management Complex, Sangaipat in Imphal East District.

She also informed that the Central Government had recently approved setting up of an Eri Spinning Mill worth Rs 22 crore for the expansion of silk industry in Manipur. The foundation stone for the mill would be laid next month.

Irani noted that various studies had indicated that wherever weavers had received benefits under Mudra Yojana, their income had gone up by 50 per cent. She urged the state government to provide the weavers with the benefits of the scheme. She said Silk Samagra is an initiative of Prime Minister Narendra Modi to ensure the possibilities of exponential growth in the silk sector.

"It is an endeavour not only to enhance the income of farmers and weavers but also to ensure occupying the No. 1 position in silk production and cultivation in the world. India is now in the No. 2 position," she said.

The Government of India had announced Rs 6,000 crore package for the development of apparel and make-ups sector in the country, she added. Under Prime Minister Narendra Modi's supervision, the GoI had enhanced funding to North East Region Textile Promotion Scheme (NERTPS). A large number of textile parks and textile units are currently functional in the North East region due to that, Irani added.

In 2013-14, the fund allocated under NERTPS was only Rs. 2.86 crore. However, in the past four years of NDA Government, Rs. 839 crore had already been spent for the growth of textiles industry in the North East region, she said. Manipur CM N. Biren Singh said that the Iri mill to be inaugurated next month is expected to give employment to around 2,500 people.

He said that Manipur has a very small population, so it would not take much time in bringing a developmental change in the textile industry, he added.

The union minister also distributed Rs. 1,73,97,200 through DBT to 322 beneficiaries of Integrated Sericulture Development Project (ISDP-Hills) for the construction of Individual Adult Rearing House (IARH).

The three-day Silk Expo and Workshop on Silk Samagra is jointly organised by the Department of Sericulture, Government of Manipur and Central Silk Board, Ministry of Textiles, Government of India.

Source: indianexpress.com- Oct 09, 2018

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Manufacturing sector sees 69% rise in online hiring

Hiring by the production and manufacturing sector witnessed an impressive 69 per cent year-on-year growth in September making the sector the leader in online hiring for six months in a row, according to Monster Employment Index September 2018.

There has been a 24 per cent spurt in online hiring in the last three months since June, it further said.

Retail was the second-most actively hiring sector, registering 36 per cent growth from the year-ago level.

Home appliances came third in the index with a growth rate of 23 per cent on y-o-y. Oil/Gas/ Petroleum/Power and Healthcare also were among the industries that registered growth at 16 per cent and 13 per cent respectively.

Key sector

“Production and Manufacturing continues to lead the online hiring scenario, emerging a key sector. The government’s impetus towards making India a manufacturing hub has put the sector in a high- growth trajectory, which will definitely enhance India’s position in the world economy,” said Abhijeet Mukherjee, CEO, Monster.com, APAC and Gulf.

On the other hand, NGO/social services registered an annual decline of 33 per cent among all the monitored sectors. It was followed by printing/packaging, which witnessed a decline of 22 per cent, and the online hiring came down by 18 per cent in garments/textiles sector.

City-wise, non-metros outperformed metros with Chandigarh (up 15 per cent) and Jaipur (up 2 per cent) as the only cities to register positive growth year-on-year even in September. Month-on-month e-recruitment activity in these two cities expanded by 3 per cent and 2 per cent respectively.

Online hiring activity was lower than the corresponding period a year-ago in the five key cities of Hyderabad, Bengaluru, Chennai (down three per cent), Delhi-NCR and Mumbai.

Source: thehindubusinessline.com- Oct 09, 2018

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Organize joint study tour to understand Maha’s textile policy: FOGWA

Federation of Gujarat Weavers’ Welfare Association (FOGWA) has urged the state government to organize a joint study tour to Maharashtra along with leaders of power loom sector from Ahmedabad, Surat and Umbergaon before framing a new textile policy.

In a letter to chief secretary, JN Singh, FOGWA office-bearers stated that the new textile policy under formulation needs a better understanding of the textile policy framed by Maharashtra government and benefits provided to textile entrepreneurs there.

Many entrepreneurs, especially embroidery and power loom weavers, have shifted their base from Surat and south Gujarat to Navapur and Tarapur in Maharashtra, which are located just 125 kilometres from Surat. The electricity tariff for textile units in Maharashtra comes at Rs3.50 per unit whereas it is 7.50 per unit in Gujarat.

FOGWA president Ashok Jirawala told TOI, “A joint study tour is must before framing the new textile policy. Many benefits are being provided by Maharashtra government to textile entrepreneurs, including 35 per cent capital subsidy on investment. Industry leaders from Ahmedabad, Surat and Umbergaon should accompany government officials on the study tour.”

Jirawala added, “Many small weaving units have downed their shutters in the last one-and-a-half-year as grey fabric manufactured in Navapur and Tarapur are comparatively cheaper than Surat, Umbergaon and Ahmedabad. Power loom weavers are unable to sustain and are looking at Gujarat government for policy changes.”

Source: timesofindia.com- Oct 10, 2018

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Rupee fall to hurt export, but import silver lining

The current 'free fall' of Indian rupee against the US dollar will benefit Bangladesh's imports while its exports to face greater challenges in the Indian market, say economists and businessmen on Monday.

They also said that the fall in rupee against the greenback will boost Bangladesh's import from India and consequently it may widen its trade deficit with India further.

The value of Indian rupee has fallen around 15 per cent against the surging dollar this year, making it one of the world's worst performing currencies, according to Indian media reports.

"Falling rupee will erode competitiveness of local merchandises and subsequently it will hurt Bangladesh's exports to India," Dr Zahid Hussain, Lead Economist, World Bank's Bangladesh office, told The New Nation yesterday.

India is the second largest trade partner for Bangladesh after China and the two-way trade between the two countries touched US$ 9.49 billion in the last fiscal year (2017-18).

During the period, Bangladesh's import from India reached US$ 8.61 billion while export stood at US$873 million, recording a trade deficit of US$7.74 billion. "A weaker rupee makes import expensive for India while exports cheaper in dollar terms. Indian exports to Bangladesh will fuel if the rupee continues to fall and it will therefore push up trade imbalance between the two countries further," said Dr Zahid Hussain.

He observed that Bangladesh's exports to India remained low and was confined to limited items despite India grants duty-free market access to local merchandises. It is yet to exploit the facility due to lack of export diversification.

Bangladesh exports goods including raw jute, jute goods, frozen food, agri-products, woven garments, knitwear, leather and chemical products while imports goods including automobile, textiles and textile articles, products of the chemical or allied industries, machinery and mechanical appliances.

"Depreciated rupee has added an extra advantage to Indian manufacturers while exporting common products like garments, shrimp and jute to third countries. This will definitely cause diversion of trade from Bangladesh," M Shafiul Islam Mohiuddin, President of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) told The New Nation yesterday.

He also said that India is a key competitor of Bangladesh in global garments export and both the countries compete for same markets. Fall in exchange rate of rupee made Indian apparel items more competitive.

It will cause reduction in Bangladesh's share of global export orders by diverting those to India. "But the silver lining is that we can save over $1.2 billion, which is 15 per cent of our total import from India. Bangladesh could be benefitted immensely from cheaper Indian import while turning them to value added products for exports," said Mohiuddin. He said falling exchange rate of rupee against dollar has become a 'boon' for importers while bane for exporters as the situation makes import cheaper while exports less competitive. "But the situation may be short-lived as the Indian currency is expected to rebound any time," he added.

Indian rupee on Monday traded around 74.05 per dollar. The Indian currency touched a record low of 74.22 per dollar on Friday, according to Indian media reports.

Source: thedailynewnation.com- Oct 09, 2018

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IGST refund not Allowed to Exporters after claiming benefit of higher duty drawback rate: CBIC Clarification

CBIC has clarified that where exporters have opted/ preferred to take drawback at higher rate in place of IGST refund for the period 1 July 2017 to 30 Sept. 2017, there is no justification in re-opening the issue at this stage and the exporters will not be allowed to avail IGST refund after initially claiming the benefit of higher drawback.

1. Numerous representations have been received from exporters/ export associations, regarding cases where IGST refunds have not been granted because higher rate of drawback has been claimed or where higher rate and lower rate were identical.

2.0 The issue has been examined extensively in this Ministry. The legal provisions related to Drawback claims are as under:

2.1 Notes and condition (11) of Notf. No.131/2016-Cus(NT) dated 31.10.2016 (as amended by Notf. No.59/2017-Cus(NT) dated 29.6.2017), under which All Industry Rates of Drawback had been notified and which were applicable for availing composite rates during period in question (i.e. 1.7.2017 to 30.9.2017), prescribed that 'The rates and caps of drawback specified in columns (4) and (5) of the said Schedule shall not be applicable to export of a commodity or product if such commodity or product is:

(d) exported claiming refund of the integrated goods and services tax paid on such exports.

2.2 Notes and Condition (12A) of Notfn. No.131/2016-Cus(NT) dated 31.10.2016 (as amended by Notfn. No.59/2017-Cus(NT) dated 296.2017 and 73/2017-Cus(NT) dated 26.7.2017) prescribed that 'The rates and caps of drawback specified in columns (4) and (5) of the said Schedule shall be applicable to export of a commodity or product if the exporter satisfies the following conditions, namely:

(ii) If the goods are exported on payment of integrated goods and services tax, the exporter shall declare that no refund of integrated goods and services tax paid on export product shall be claimed;

2.3 In terms of Rules 12 and 13 of the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995, the shipping bill itself is treated as claim for drawback in terms of the declarations made on the shipping bill.

2.4 The declarations required in terms of above Notes and Conditions and provisions of the Drawback Rules are made electronically in the EDI System. When composite drawback rate was claimed (by declaring suffix A or C with Drawback serial number), exporter was required to tick DBK002 and DBK003 declarations in the shipping bills. In fact, for period 1.7.2017 to 26.7.2017, a manual declaration was also required to be given as the changes made on 26.7.2017 were made applicable for exports made from 1.7.2017 onwards.

2.5 By declaring drawback serial number suffixed with A or C and by making above stated declarations, the exporters consciously relinquished their IGST/ ITC claims.

3. It has been noted that exporters had availed the option to take drawback at higher rate in place of IGST refund out of their own volition. Considering the fact that exporters have made aforesaid declaration while claiming the higher rate of drawback, it has been decided that it would not be justified allowing exporters to avail IGST refund after initially claiming the benefit of higher drawback. There is no justification for re-opening the issue at this stage.

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