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IBTEX No. 75 of 2018 April 11, 2018

USD 65.11 EUR 80.48 | GBP 92.30 | JPY 0.61

Cotton Market		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19386	40550	**79.60**
Domestic Futures Price (Ex. Gin), April		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
20730	43362	**85.12**

International Futures Price	
NY ICE USD Cents/lb (May 2018)	83.53
ZCE Cotton: Yuan/MT (Jan 2018)	14,800
ZCE Cotton: USD Cents/lb	**90.47**
Cotlook A Index – Physical	**92.05**

Cotton guide: USDA Supply-Demand Report had a mixed interpretation. Therefore, market was broadly steady rather made no major movement on cotton price. More on details, the US ending stocks were expected to be largely down from previous number with the higher exports. However, ending stocks stood at 5.3 million bales vis-à-vis 5.50 million bales in March while the survey was at 5.14 million bales. On the global front cotton ending stocks were also down by 1 million from 89 to 88.00 million bales.

This number could be the reflection of US exports or lower in US ending stocks. On the domestic front as per USDA report the ending stock of India is at 12.6 million bales. We are little skeptical about this number looking at the higher domestic consumption number amid higher exports in India. Overall the US and Global ending stock figure of April vis-à-vis March the scenario seemed to be slightly tight for cotton.

On the contrary the production number for US and Global remained unchanged in April compared to march at 21.03 and 121 million bales consecutively.

With the cut in ending stocks and steady production globally has been perceived as mixed view for cotton. However, overall we expect going ahead the US exports number would be the pivotal point to look and that should cut the US ending stocks mostly in the next month data.,

From the price perspective we expect ICE cotton for front month May to remain positive in the near term and the possible price range would be 81 to 85 cents per pound.

Further on the market, the Chinese State Reserve Auction's daily turnover rate was 44.66 percent: 30,032.688 tons (137,940 bales) offered; versus 13,413.26 tons (61,607 bales) sold. The cumulative turnover rate is 59.27 percent (offered versus sold).

On the domestic front, spot price in India declined from Rs. 41K per candy ex-gin to Rs. 40,750 per candy. At the parity price declined to 80 cents per pound. Further overall arrivals have declined considerably from 130K bales to straight 105K bales.

Despite cut in arrivals the spot price has declined. On the futures front the April contract MCX cotton ended positive at Rs. 20730 up by Rs. 70 from previous close. We believe market may remain positive. A key support perceived in the market is at Rs. 20500-20530 per bale while on the higher side Rs. 20800 and Rs. 20900 are the two key resistances in the market. Overall we expect cotton to trade in the range of Rs. 20600 to Rs. 20900 per bale.

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

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INTERNATIONAL NEWS

US Denim Imports Jump and Colombia Sees Greatest Growth

Though there's no telling yet how the current trade climate, and things like threats from the European Union for tariffs on Levi's jeans, will impact denim imports in the coming months, but for now, things are looking up.

U.S. denim imports were up 8.55% to $548.6 million in February over the same period the year before.

Though China continues to command nearly 26 percent of U.S. denim apparel imports, with 5.83% growth in February, the biggest import increase has come from Colombia.

The South American nation is continuing to make a greater name for itself in denim manufacturing, and that fact has paid off when it comes to shipping to the U.S. market.

For February, the U.S. took in a substantial 110.4% more denim year-over-year, valued at $11.4 million, from Colombia, making the country the twelfth largest denim supplier to the U.S.

Mexico, still the second largest supplier of denim apparel to the U.S., saw its shipments slide 6.71% to $112.4 million, a 21.7% share of the market. Of the top 10 denim suppliers, Mexico experienced the biggest decline in its exports.

By contrast, Bangladesh, the United States' third-largest denim supplier, saw its exports to the U.S. grow 11.5% to $68.8 million, while Pakistan, the fourth largest supplier, saw its shipments swell more than 36 percent to $41.5 million—further proof that denim manufacturing continues to shift to the low-cost countries, where quality and innovation have increased exponentially in recent years.

Looking at by-category imports, the U.S. imported $1.87 billion worth of men's and boy's denim trousers in the year to February. Shipments are still largely being driven by Mexico, though its exports to the U.S. slipped 6.22% to $97.2 million.

Vietnam saw the biggest gains in the category, shipping 145.3% more men's denim trousers to the U.S. year-over-year to February, or $9.87 million worth of product.

For women's and girl's, China still commands 38.6% of the market share. In February, its shipments to the U.S. totaled $106.6 million, a 0.5% gain over the same period in 2017.

Pakistan, however, saw the biggest growth, with its shipments to the U.S. in the category up more than 53 percent year over year to $28 million in the month.

Cambodia also saw sizable gains, with its shipments swelling more than 44 percent year over year to $13.8 million in February, while Vietnam also enjoyed growth, with the U.S. taking in nearly 35 percent more denim trousers this February over last, its exports reaching $25.5 million in the month.

Source: sourcingjournalonline.com- Apr 10, 2018

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Bangladesh: Yarn production to rise 2.67pc: USDA

Yarn production is set to expand 2.67 percent to 7.70 lakh tonnes this fiscal year on the back of rising garment exports, according to a report from the United States Department of Agriculture.

But the Bangladesh Textile Mills Association says the amount of yarn produced in the country is much higher at 13.50 lakh tonnes a year.

"In our estimate, yarn production in Bangladesh is much higher as cotton import has been on the rise over the last several years thanks to higher demand from garment manufacturers," its Secretary Monsoor Ahmed said.

The total demand for yarn is more than 21 lakh tonnes. Of the amount, nearly 30 percent is imported, mainly from India, China, Vietnam and Pakistan.

Cotton import in Bangladesh has been increasing between 20 and 25 percent over the last few years, he said.

Last fiscal year, Bangladesh imported nearly 70 lakh bales [480 pounds make a bale], Ahmed said, adding that the quantity will increase 25 percent this year.

Bangladesh's 430 spinners can supply nearly 90 percent of the demand for yarn from the knitwear sector and 35 percent from the woven sector. As a result, Bangladeshi woven garment manufacturers import fabrics worth more than $6 billion from countries like China, India, Vietnam and Pakistan.

Raw cotton consumption is projected to increase to 6.7 million bales in fiscal 2017-18 on stronger sales of garment and other value-added products in domestic and foreign markets as well, said the USDA report published in November last year. In fiscal 2016-17, raw cotton consumption was 6.3 million bales, the report said.

AT A GLANCE

Yarn production would be **7.70** lakh tonnes this fiscal year, USDA says

Total annual demand for yarn is more than **21** lakh tonnes

Of the amount, nearly **30** percent is imported, mainly from India, China, Vietnam and Pakistan

In fiscal 2017-18, yarn and fabric consumption is expected to rise to **1.13** million tonnes and **7.4** billion metres, according to USDA

The USDA report said, in fiscal 2017-18 yarn and fabric consumption is expected to rise to 1.13 million tonnes and 7.4 billion metres on strong international demand for clothing due to population growth, urbanisation and disposable income growth. Demand for quality cloth has also increased in domestic markets as wages and living standards are on the rise. The retail market size of clothing in Bangladesh is nearly $8 billion a year, according to industry insiders.

Gradual development of the upstream supply chain, including spinning, dyeing, finishing, weaving and printing, creates more demand for cotton to meet required supply to the garment industry, the USDA report said. Siddiqur Rahman, president of the Bangladesh Garment Manufacturers and Exporters Association, said: “It's normal. Our exports are rising. Since the government is giving LNG supply, so many more factories will come into operation and the yarn production will also grow.”

Fazlul Hoque, managing director of Plummy Fashions Ltd, a Narayanganj-based green garment factory, said both yarn production and consumption will continue to grow as the country's garment export has been rising every year. Yarn consumption at his factory has been growing at more than 10 percent year-on-year as his knitwear export is also increasing.

Still, there is a gap of 10-15 percent in supply and demand of yarn in the local knitwear sector, Hoque said. So, there is scope for further production in the country. Moreover, there are a lot of varieties of yarn, which are mainly imported now to meet the local demand, he added.

A Matin Chowdhury, managing director of Malek Spinning Mills Ltd, a leading yarn producer, said yarn consumption in the local markets also increased due to higher consumption of clothing items by the people in the country.

Moreover, some spinning mills have of late gone into operations as the government has offered them gas connections, Chowdhury said. Garment makers use more local yarn mainly to reduce the longer lead-time, he said, adding that this is one of the major causes for higher consumption of yarn in Bangladesh.

Source: thedailystar.net- Apr 11, 2018

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Denim trend reappears as the athleisure fascination begins

Over the past decade, the stretchy workout pant leggings which had for years been limited to a life inside the gym, has substituted the traditional pair of jeans as casual wear for women, allowing brands like Lululemon and Nike to reach a whole new demographic of women by supplying athleisure apparel category.

With widespread every-day adoption of athleisure classic sportswear brands, have profited significantly. As the trend solidified as a lasting sartorial statement, Nikes were joined by lifestyle and fashion brands and even celebrity-fronted collections, which introduced activewear lines in an attempt to bank on the frequency of athleticwear turning up outside of the gym.

At present athleisure craze is increasing as some analysts reached its saturation point and as a result, sales are beginning to slow. It has resulted in a renewed interest in denim.

Sales of many traditional sportswear giants are starting to fall when it comes to stretchy leggings and crop tops, while discounters Walmart and Target are pushing further into sportswear, and fast-fashion retailers like Forever 21 and H&M getting in the game causing prices to come down.

With jumps in revenue of Tommy Hilfiger and Calvin Klein, big mall brands, such as Madewell, Abercrombie, and the Gap, have attributed some of their late 2017 growth to increased demand for jeans, giving rise to projections that good old denim is expected to make a triumphant return to grace.

Denim has definitely made a comeback, as recently as 2018 Alta Moda couture show, an important emphasis was given on jeans. Whether its roomy Martin Margiela-inspired jeans or traditional Levi's given the industry's fascination with wistfulness and archival looks, a full blown reappearance of America's traditional casual pants of choice is almost surely upon us.

Source: fashionatingworld.com - Apr 10, 2018

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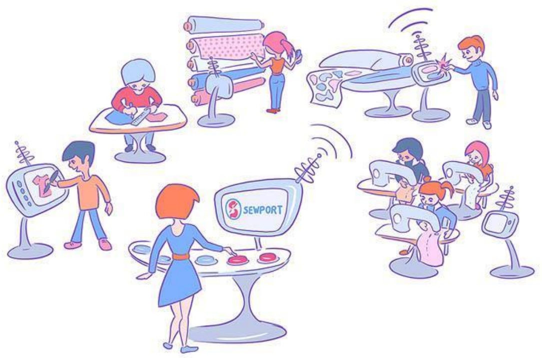
UK: Sewport sews ideas into garments on e-platform

In one-of-its-kind, UK based Sewport has put in efforts to change the way brands and manufacturers interact by launching a modern online platform where brands, start-ups and fashion enthusiasts can seamlessly interact and develop clothing online. Sewport consolidates service providers and provides an online environment with tools for a better experience.



Sewport aims to disrupt the billion dollar fashion industry and expand to other sectors to bring communication between manufacturers and customers to a new standard.

Both experienced fashion brands and newcomers without any links to the apparel industry will benefit from the platform's inquiry process as intelligent algorithms to categorise their projects and determine the best manufacturers for the job – bringing brands one step closer to manufacturing their product.

"With companies and brands already using the platform across the globe, Sewport represents a modern solution to the step-by-step garment production process by offering and guiding brands through the process automatically.

Its intuitive functionality is built around accelerating and improving the way brands and service providers connect and communicate. The system also provides online tools that help jumpstart the path from a sketch to a product, secure payments and its own purpose built chat that helps boost and simplify the whole experience for both sides," Sewport press release stated.

"Our users' say it's the service they long been waiting for. Starting and running an emerging clothing brand has a very steep learning curve and it takes months and years to build the right connections – with our platform people can do the same in minutes.

We are removing complexity around creating a piece of clothing and improving lead qualification for manufacturers at the same time. Our team has years of experience in the garment production industry.

During this time we faced many struggles and observed how brands and manufacturers hit the same wall over and over again. We decided to address these issues and created Sewport – a unique space where anyone can turn their passion into products," Boris Hodakel, founder of Sewport, said.

Sewport also enables collaboration of multiple service providers on a single project. The built-in multi-user chat room allows brands to invite multiple companies for a discussion and at the same time de-clutters their mailboxes.

All communication, tech packs and attachment exchange conveniently takes place on the platform. As the result, manufacturers get a unique opportunity to pool their capabilities to satisfy clients' most extravagant needs.

Source: fibre2fashion.com- Apr 09, 2018

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Trump's Trade War Pushes Europe towards China

The president could fast consume the reserves of soft power which America has built.

The trade fight between the U.S. and China is posing a dilemma to the European Union: Should the world's largest trading bloc pick a side? And, if so, which one?

In theory, the U.S. is the more natural ally for Europe: The two have cooperated closely since the end of World War II, building the multilateral institutions which are now under threat. And yet, Donald Trump's slipshod approach to trade diplomacy risks pushing the EU into the arms of China. The EU's main strategic interest in this fight is to ensure that the multilateral trading framework -- including the World Trade Organization -- survives. At the moment, this concern is most shared by Beijing, not Washington.

In many ways, the U.S. and the EU are in a similar position with regard to China. The two economies are both net importers: Their trade deficit amounted respectively to $351 billion and $178 billion, according to Bloomberg data. Of course, to some extent the trade gap reflects the different stages of development of these countries:

Large chunks of manufacturing have moved to China, to benefit from lower wages, while domestic consumption has only recently begun to rise. Even accounting for different stages of development, however, Western countries have long complained that Beijing is subsidizing its domestic industries unfairly. For example, large conglomerates enjoy subsidized loans from China's state-owned banks, giving them an unfair advantage, or even keeping some of them artificially alive. On steel, the subject of some of the Trump tariffs, the U.S. and the EU both believe that China should do more to reduce overcapacity.

Washington and Brussels also share concerns with regard to China's technology transfer policy: They accuse Beijing of seeking to misappropriate intellectual property, for example by taking over Western high-tech firms. This was Trump's justification when he unveiled last week tariffs on around $50 billion worth of annual imports from China. The US also launched a case at the WTO, which the EU and Japan have since joined.

But while the EU and the U.S. are natural partners in rewriting the rules of world trade with China, Trump's strategy risks depriving Washington of a strategic ally. The president has repeatedly criticized the EU for its trade policy which, he argued, is "very unfair" to the U.S.. Trump only granted a last-minute exemption to the EU on his tariffs on steel and aluminum. Moreover, this exclusion is temporary, as Trump is seeking to put pressure on European countries to make concessions in other areas of trade; not exactly the kind of treatment the EU expects from a friend.

Most importantly, the U.S. administration is showing disdain for the multilateral trading system which it contributed to building. On Friday, Trump said the WTO was "unfair" to the U.S. His proposed tariffs have stretched the WTO framework to its limits -- the levies on steel and aluminum were justified on a rarely used exemption for the defense of national security.

Conversely, China is seeking to stick to the rules of the multilateral trade game. President Xi Jinping has repeatedly presented China as a staunch defender of globalization, including at a historic speech at the World Economic Forum in Davos last year. China is now challenging the U.S. tariffs through the WTO -- a sign that Beijing is keen to preserve the existing dispute settlement mechanism. That stance fits well with the EU's own opposition to countries going it alone when it comes to trade disputes. Last year, Cecilia Malmstrom, the EU trade commissioner, compared a world without the WTO to the "Wild West."

Beijing's courtship of the EU has intensified lately. Zhang Ming, China's Ambassador to the EU, wrote last week that "China and the EU, as major members of the WTO and comprehensive strategic partners, should take a clear stance against protectionism." This smacks of hypocrisy, but may be all the EU can rely on at this stage.

There are many areas where an EU-China alignment is possible: Beijing is seeking strategic partners for its Belt and Road Initiative, a development strategy aimed at building better infrastructure between Asia, Europe and Africa. Several countries, including France and Germany, have expressed an initial interest in the project, and this could be stepped up.

Similarly, European countries could take a more active role in the Asian Infrastructure Investment Bank, China's development bank which aims to support the building of infrastructure in the Asia-Pacific region. The U.S. has not joined this initiative, as it sees it as a rival institution to the International Monetary Fund and the World Bank. Most European countries have already chipped in, and could invest more.

We are a long way from seeing the EU pivot away from the U.S. and toward China, of course. The EU still has plenty of reservations about Beijing's trade policy -- and there is little sign these will disappear. From the defense of liberal democracy to broad foreign policy priorities, there is much more to the transatlantic bond.

But Trump risks fast consuming the great reserves of trust and soft power which the U.S. has built toward Europe since the war. That could be just as damaging as the economic costs of Trump's tariffs on the U.S. and world economy.

Source: bloomberg.com- Apr 10, 2018

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Pakistan: Cotton price remains stable amid demand for better grades

The cotton price stayed firm during the trading session at cotton market. Around 3,000 bales changed hands. The Karachi Cotton Association (KCA) spot rate remained unchanged at Rs 7,500 per maund.

The buyers made deals for all qualities offered by the ginners during trading session. Deals changed hands at around Rs 6,075 per maund to Rs 7,675 per maund.

Spinners and mills remained quality conscious and made deals on slightly higher prices during the session while leading ginners sensing future demand of quality lint offered thin volumes of better stocks on higher prices to the buyers.

Domestic buyers remained eyeing on better grades even on a bit higher price. They bought around 900 bales at Rs 7,675 per maund during the session.

Buyers would remain eager for quality lint on slightly higher price on the back of growing demand of cloth and yarn. Weather conditions in parts of cottonseed growing areas were normal.

There was possibility that leading buyers likely to import 15,000 bales of quality cotton in near future for meeting domestic and export demands of end products.

New York Cotton market remained in the grip of speculative selling pressure and the traders were looking for any good news from Chinese-USA corridors.

A senior broker said the ginners of Punjab offered quality cotton to the buyers around Rs 7,700 per maund while ginners of Sindh offered raw grade of lint to the buyers around Rs 5,975 per maund, depending on trash level.

Private sector commercial exporters were looking for better lots for Rs 6,375 to 6,450 per maund.

New York Cotton May Futures 2018 contract closed at 84,71 cents per pound, July Futures 2018 contract closed at 84.70 cents per pound and Cotlook A Index closed at 90 cents per pound.

Source: dailytimes.com.pk - Apr 11, 2018

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Bangladesh to become self reliant in textile & apparel

Grabbing the third spot, Bangladesh is reigning its share in global exports of textile and apparel products.

The country's exports registered a growth of 9 per cent over the last five years to reach $34.4 billion in 2016, while imports have increased at a CAGR of 7 per cent in the same period to reach $10.3 billion in 2016.

Bangladesh's textile and apparel trade balance recorded a surplus of around $24.1 billion in 2016. When we talk about imports, cotton is the largest imported category by Bangladesh, representing 55 per cent of total textile and apparel imports (2016).

This is followed by man-made textiles, others and apparel with a share of 35.0 per cent, 6.8 per cent and 3.2 per cent respectively.

Top 10 suppliers accounted for around 94 per cent of textile and apparel imports by Bangladesh. China is the largest supplier accounting for 58 per cent share, followed by India and Pakistan with a share of 19 per cent and 6 per cent respectively.

India business relations

India is the second largest supplier of textile and apparel products to Bangladesh, at around $2 billion in 2016. It has registered a CAGR of 4 per cent over the last five years.

Cotton textiles is the largest category with a share of 77 per cent in India's T&A exports to Bangladesh. This is followed by man-made textiles and apparel having share of 17 per cent and 4 per cent respectively.

Currently, Bangladesh imports its required consumption of yarn and fabric from China, India and other nations to fill the demand-supply gap. It has served as a key export market for Indian cotton and man-made textiles since long.

However, many new investments are the offing in the spinning and weaving sectors of Bangladesh in the coming years with many big firms taking a keen interest to set up spinning and weaving units there.

Going by its strong emphasis on the sector, the country is soon going to emerge as a self-sufficient textile and apparel hub by focussing more on backward integration in the next 10 years. This is expected to lower the export opportunities for China and India.

While Bangladesh is a key export market for Indian textiles, it will be important for Indian firms whose major export market is Bangladesh to look for newer markets for their exports in the coming years.

Source: fashionatingworld.com - Apr 10, 2018

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Vietnam textile firm sees profit down 1.3%

During the company's 2018 Annual General Meeting of Shareholders held on April 6, the company, listed on the Ho Chi Minh Stock Exchange under code TCM, announced a 2018 target pre-tax profit of VND189.5 billion (US$139 million) in pre-tax profit in 2018.

It also revealed plans to earn VND3.1 trillion in revenue this year.

TMC shares down 17.8 per cent compared to the beginning of this year and down 20.2 per cent compared to its highest peak ever recorded on January 15, 2018.

TCM Chairwoman Phan Thi Hue told online newspaper ndh.vn the firm had to restructure its production in 2017, shutting down two factories. Therefore, revenue and profit target for 2018 were estimated lower due to less income.

At the AGM, TCM's Board of Directors (BoD) forecast in 2018, the company would confront difficulties related to the textile production protection policies and the preferential tax rate of zero per cent of some countries in the world, together with increasing input costs.

However, the textile sector still has potentials to grow, including abundant young labour force, new markets and zero per cent import tariffs when the Free Trade Agreements (FTAs) coming into force, especially the recently signed Comprehensive and Progressive Trans-Pacific Partnership (CPTPP).

TCM also plans to issue nearly 2.6 million shares to pay dividends for 2017 instead of cash, at a rate of five per cent instead of 10 per cent as previously planned. Charter capital after the issuance is expected to reach VND542.3 billion.

At the same time, the company will issue five per cent bonus shares sourced from TCM's development investment fund. In 2018, the BoD plans to pay a dividend of 12 per cent.

Foreign ownership

At the AGM, TCM's BoD proposed to suspend the procedures for applying for permission to increase the foreign ownership ratio.

This proposal was made after TCM submitted the application to increase the foreign ownership ratio to the State Securities Commission (SSC) but it was denied. The SSC recommended TCM consider carefully and decide whether to continue to increase its foreign ownership for some reasons.

According to SSC, there are four groups of business that will be directly affected if the foreign ownership ratio is increased, including the wholesale of chemicals, sound and television broadcast receivers; the trading of cigarettes, cigars, books, newspapers, magazines, recorded items, precious metals, precious stones, pharmaceuticals, explosives, crude oil and processed oils, rice, sugar comes from either sugarcane or sugar beets; short-term stay accommodation services; and real estate business.

SSC also added that if TCM increase its foreign ownership ratio, the operation of its two subsidiaries would be affected. For example, the Thanh Cong clinic will no longer be allowed to sell medicines for patients and the TC Tower will be limited in some ways when implementing real estate projects, based on the provisions of the Law on real estate business.

Management model

At the AGM, the BoD proposed to change the management model of the company, by no longer maintaining the Supervisory Board, replacing it by an Internal Audit Committee. Therefore, the new management model will include the General Assembly of Shareholders, the Board of Directors, the Internal Audit Committee under the Management Board and the General Director.

The term of the current Supervisory Board (2016 - 2021) will end at the 2018 AGM, as soon as the new management model is approved. The Internal Audit Committee will have three members, consisting of an independent member of the Board of Directors (meaning he or she cannot be either shareholders of the company or executive directors), a non-executive board member and a non-board member.

The independent member of the Board of Directors will be the head of the Internal Audit Committee. TCM General Director Lee Eun Hong told ndh.vn that the company was carefully preparing for the CPTPP, considering Brazil a potential market with number of orders received.

The US market continued to be TCM's largest market, growing rapidly compared to 10 years ago. The company would focus on the US market but would also expand the new markets under CPTPP, Hong said. — VNS

Source: vietnamnet.vn- Apr 10, 2018

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Pakistan: Govt urged to withdraw 5pc RD on yarn

Pakistan Yarn Merchants Association (PYMA) has urged the government to withdraw five per cent regulator duty (RD) on import of polyester filament yarn which is in short supply in the domestic market.

In a statement issued on Tuesday, PYMA Chairman Khurshid A Shaikh argued that the domestic polyester filament yarn industry does not have sufficient capacity to fully meet the demand of polyester fabric industry.

This shortage of filament yarn in the local market is pushing up prices, making waving and knitting industries of polyester fabric unviable, he added.

He further said that the government has also imposed an anti-dumping duty on import of all categories of polyester filament yarn (H.S. Code 5402.3300 and 5402.4700) between 3-11pc.

As a result, import of polyester filament yarn has become totally impracticable.

In order to keep the domestic polyester fabric industry operational, the availability of raw material (polyester filament yarn) should be ensured at a reasonable price and for this import of the polyester filament yarn at reduced duty and taxes should be allowed, Shaikh concluded.

Source: dawn.com- Apr 11, 2018

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NATIONAL NEWS

Interstate e-way bill: Phased roll-out from April 15

After a largely smooth roll-out of the interstate electronic way bill — a mechanism to track cargo movement in the goods and services tax (GST) regime — from April 1, the government on Tuesday said five states would implement the scheme for intrastate transport as well, effective April 15.

The states — Andhra Pradesh, Gujarat, Kerala, Telangana and Uttar Pradesh — together generated the bulk of interstate bills since its roll-out on April 1. In Karnataka, the e-way bill system has been in place since April 1 for both interstate and intrastate transport.

The e-way bill is a crucial anti-evasion measure, which is expected to plug revenue leakages of Rs 10,000 crore in business-to-consumer transactions.

Earlier, the GST Council had to suspend a plan to roll out the system in February as the IT system crashed owing to more-than-estimated traffic.

The council then decided to defer e-way bill implementation for interstate transport to April 1 and roll out the system for interstate movement of goods in a staggered manner. "Gujarat, Uttar Pradesh, Telangana, Andhra Pradesh and Kerala together accounted for 61% of e-way bills generated in the country till April 9," said Prakash Kumar, CEO of GST Network, the IT backbone of the system.

Experts said that bringing in states that generated the bulk of e-way bills upfront will allow the system to gauge the load on the system and prepare for the next phase. Abhishek Jain, tax partner, EY India, said: "Since the interstate e-way bill generation introduced on April 1 has been working smoothly on the portal, the government has been encouraged to launch intrastate e-way bills for five states from April 15. The strategy of phase-wise introduction of e-way bill and testing the load capacity of the e-way bill portal gradually has worked well for the government."

Under this system, e-way bills must be carried by transporters for the movement of goods which have a value of Rs 50,000 and above beyond 10 km. The bills can be generated by any of three entities — the supplier, recipient or the transporter.

In the first nine days, the system churned out over 60 lakh e-way bills. After the crash in February, the system was augmented to generate 75 lakh e-way bill a day. The implementation of the nationwide e-way bill mechanism under the GST regime was assigned to the National Informatics Centre (NIC) by the government.

"Barring a few exceptions the e-way bill portal has been stable so far. Transporters though are facing some challenges which hopefully will be resolved soon. The government has succeeded with the interstate infrastructure and we hope the same will be replicated with the intrastate roll out as well; volume load will be assessed and taken care of," said ClearTax founder and CEO Archit Gupta.

Source: financialexpress.com- Apr 10, 2018

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Tariffs on US helping India to multiply its cotton exports to China; here's how

Gaining from the ongoing trade war between the US and China, India has bagged deals to export 200,000 bales of cotton to China.

The contracts have been signed with China that sought to impose tariffs on cotton supplies coming out of the US last week, Reuters reported citing head of a trade body.

Around 7 million bales each of 170 kg of the fibre in 2017-18 are expected to be exported by India against 5.8 million bales shipped in the last season, Reuters reported citing Atul Ganatra, president of the Cotton Association of India. India is the world's second-largest exporter of cotton.

In the next season beginning October, India is planning to sell 2.5 million to 3 million bales to China. In 2017-18 marketing year, 800,000 bales were expected to be exported, he said earlier.

China announced earlier that it will impose tariffs on 106 US commodities, including cotton.

The latest estimated export figures by the industry indicates that the balance is tilting in India's favour. China imposed tariff in the range of 25 percent on the cotton supplies from the US as China's own stockpile is reducing fast.

The cotton imports by China are expected to rise 38 percent to 8-9 million bales in 2018-19, Reuters said.

Around 32 bales of cotton are produced by China and 45 million bales are consumed by textile mills allowing the imports to meet the shortfall.

Meanwhile, area under cotton acreage most probably will decrease nearly 15 percent as farmers are shifting towards soybean eyeing better returns and after the Pink Bollworm infestation in Maharashtra and Telangana that damaged the crop cutting down income of farmers.

The ongoing trade war has created an environment of fear all across the world.

Source: financialexpress.com- Apr 10, 2018

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India, Vietnam review bilateral ties

As part of New Delhi's continued enhancement of ties with southeast Asia under the Act East Policy, India and Vietnam on Tuesday reviewed their entire gamut of bilateral ties, including maritime security and counter-terrorism cooperation, during 10th Foreign Office Consultations and 7th Strategic Dialogue.

According to a statement issued by the External Affairs Ministry, during the talks held on Monday, the two sides held deliberations on the entire gamut of bilateral relations, including political and security, trade and investment, pharmaceuticals, energy, agriculture, connectivity, lines of credit and other capacity building projects in Vietnam and people-to-people ties.

While the Indian side was led by Preeti Saran, Secretary (East) at the Ministry of External Affairs, the Vietnamese side was headed by Dang Dinh Quy, the country's Vice Foreign Minister.

Vietnam will be handing over its role as the country coordinator for India with the Association of Southeast Asian Nations (Asean) regional bloc to Thailand in the middle of this year.

"During the Strategic Dialogue, both sides exchanged views on issues of mutual interest at regional and multilateral levels, including cooperation at UN and other international organisations," the statement said.

"Both sides also discussed maritime security, counter-terrorism cooperation, developments in their respective regions etc."

The statement also said that the Vietnamese side reaffirmed its support for India's candidature for a permanent seat in an expanded UN Security Council.

With Vietnam being an important regional partner in southeast Asia, India and it closely cooperate in various regional forums such as Asean, East Asia Summit, Mekong Ganga Cooperation, Asia Europe Meeting (ASEM), besides the UN and WTO.

During Prime Minister Narendra Modi's visit to Vietnam in 2016, the bilateral relationship was elevated from a Strategic Partnership to a Comprehensive Strategic Partnership.

Defence cooperation has emerged as a significant pillar of this partnership and Indian ships regularly make friendly port calls to Vietnam.

India is also an important development aid partner of Vietnam and has extended several lines of credit on concessional terms and conditions since 1976.

Vietnamese nationals are among the largest recipients of scholarships under the Indian Technical and Economic Cooperation programme.

Following Tuesday's talks, Vice Foreign Minister Quy called on External Affairs Minister Sushma Swaraj here.

The two leaders discussed the Comprehensive Strategic Partnership between India and Vietnam and the plan of action to further expand this relationship, according to a tweet posted by External Affairs Ministry spokesperson Raveesh Kumar.

These talks come after the visit of Vietnamese President Tran Dai Quang to India last month.

At the Republic Day celebrations this year, Vietnamese Prime Minister Nguyen Xuan Phuc was among the leaders of the 10 Asean member states to attend collectively as chief guests.

Source: business-standard.com- Apr 10, 2018

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India, Peru to hold next round of free trade agreement talks this week

Peru ranked third amongst export destinations for India in the Latin America and Caribbean (LAC) region during 2015-16

Senior officials of India and Peru will hold next round of negotiations for a proposed free trade agreement (FTA) in the South American nation this week to boost two-way commerce between the countries.

“Officials from commerce ministry are there in Peru for the second round of negotiations for the pact,” a government official said.

In an FTA, two countries significantly reduce or eliminate duties on most of the goods traded between them besides relaxing norms and rules to promote trade in services and increase bilateral investments.

With growing uncertainties in its traditional markets, including the US and Europe, India is looking to enhance its engagements with regions like Africa, South America and Central Asia. Exporters body Federation of India Export Organisations (FIEO) said that Peru holds huge potential for exports.

"The FTA would help boost our exports. India should look at South American market aggressively as Peru is also a member of MERCOSUR (a six country trade bloc with Brazil, Argentina, Paraguay and Uruguay as its members)," FIEO director general Ajay Sahai said.

He said that India should also look at increasing investments in these regions. Peru ranked third amongst export destinations for India in the Latin America and Caribbean (LAC) region during 2015-16.

The bilateral trade between the nations increased to $1.77 billion in 2016-17 from $1.52 billion in the previous fiscal.

Among the top ten commodities of India's export to Peru are motor vehicle, cars, products of iron and steel, cotton yarn and fabrics. While the imports include bulk minerals and ores, gold, fertilisers crude and zinc.

Source: livemint.com- Apr 10, 2018

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Cotton output pegged at 360 lakh bales

The Cotton Association of India on Tuesday revised estimates of cotton production for the ongoing 2017-18 season at 360 lakh bales of 170 kg each, 2 lakh lower than its previous estimate of 362 lakh bales made in March.

The decline was due to lower production of one lakh bales each in the states of Maharashtra and Karnataka in the current cotton season (October 2017-September 2018), according to a statement issued.

The projected balance sheet drawn by the CAI has estimated total cotton supply for the season at 410 lakh bales of 170 kgs each, which includes the opening stock of 30 lakh bales at the beginning of the season and the imports which the CAI has retained at 20 lakh bales as in the previous month.

The association has estimated domestic consumption at 324 lakh bales, while the exports for the season are estimated at 65 lakh bales, which is higher by 5 lakh bales than the its estimate of the previous month as the country is now witnessing a good export demand.

The carry-over stock at the end of 2017-18 season is estimated by the association at 21 lakh bales, which is lower by one lakh bales of 170 kgs each than its earlier estimate made last month.

The cotton arrivals up to March 31 is estimated at 287 lakh bales as per the data received by the CAI from upcountry associations and various other trade sources.

Source: mydigitalfc.com- Apr 11, 2018

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China's tariff cut plans may help India: Analysts

Any easing of trade war to boost global trade growth and help India.

The jury may still be out on whether China can pacify the Trump administration with its plans to cut tariff on cars and open up the financial sector, but any easing in the trade war raises the prospects of global trade growth, which would ultimately benefit India, trade analysts said on Tuesday.

Although much of Tuesday's announcement by China is actually a reiteration of the past, and given that the proof of the pudding is in the eating, analysts said any move to offer better access in pharmaceuticals, agriculture, marine items and information technology would help India, which has been able to supply mostly raw inputs to the giant neighbour.

China's plan to better protect intellectual property rights could encourage Indian pharma companies to set up shop there.

However, a clearer picture on gains to India will emerge only when China announces details of its plans, said the analysts.

Also, China's effective employment of non-tariff barriers to discourage supplies of certain products from India and others while successfully avoiding WTO scrutiny remains a challenge.

EEPC India chairman Ravi Sehgal said: “Our stakes are quite high in the unfolding global trade tensions between the US and China. We would not like to be caught in the cross-fire.” He said India’s engineering exports to the US, its biggest market, went up 47% to $9.21 billion between April and February of 2017-18 from a year earlier.

Though smaller in value, engineering goods shipments to China witnessed an impressive expansion to $2.8 billion during the April-February period from $1.62 billion a year before.

Ajay Sahai, director-general at FIEO, called for widening Indian production basket of value-added products to better capture the Chinese market.

Amid rising tension with the US, Chinese President Xi Jinping on Tuesday promised to open the country’s economy further and lower import tariffs to strike a conciliatory approach. China would also enhance the limit of foreign ownership in its automobile sector, which is of crucial interest to the US, and push for opening up the financial sector.

In a report, economist at Nomura said: “President Xi’s speech appears to have struck a relatively positive tone and opens the door to potential negotiations with the US in our view. The focus now shifts to the possible US response.”

“But of course actions speak louder than words.”

Before the trade war, the WTO’s quarterly outlook indicator had showed in February that global trade in goods will continue growing above trend during the second quarter.

“The recovery of 2017 seems to be extending into the first quarter of 2018 at least, based on things like strong export orders, strong air freight and container shipping and other indicators. So it seems like there hasn’t been any slackening of momentum.”

The WTO forecast overall growth in world goods trade will most likely be around 3.2%, compared to an estimated 3.6% in 2017.

Late last month, in a meeting of trade ministers of India and China and other officials, both the countries agreed to re-negotiate a bilateral investment agreement, apart from working on a road map to reduce the massive trade imbalance in favour of the world's second-largest economy.

China has also pledged to look into the sticky issue of greater market access to Indian farm products and agreed to resolve any issue that hurts the prospect of Indian pharmaceutical exports to that country.

Official data show China's exports to India were 1.8 times of India's outbound shipments to that country in 2000-01. But at $63.2 billion, what China exported to India in the first ten months of the current fiscal was more than six times of what India shipped out to China.

Consequently, India's goods trade deficit rose from less than $1 billion in 2000-01 to around $53 billion in just 11 months of the last fiscal.

Source: financialexpress.com- Apr 11, 2018

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Bangladesh 'steals' Banarasi sarees, Indian weavers approach PM Modi

Indian weavers have written a letter to PM Modi on the alleged theft of banarasi sarees by Bangladesh.

To safeguard their interests, weavers have demanded legal action against Bangladesh for violating geographical indication (GI) in appropriating banarasi sarees.

On Monday, 8 GI registered proprietors addressed media in the presence of joint commissioner of small scale industries department, Umesh Singh. They told media that India holds the intellectual property rights over manufacturing banarasi sarees as per the GI registration.

Despite this, for the past many years, Bangladesh has been illegally trading banarasi sarees and capturing global markets as a result.

Production of these specialized sarees by Bangladesh is a clear violation of the World Trade Organization's TRIPS agreement.

This unwarranted and unethical 'robbery' has negatively impacted Indian weavers." We recently caught hold of a report in Bangladeshi media, which says that there are a number of factories in Rangpura, Gangachhara, Hathipada and Saudhupar areas of the country, that make more than thousand banarasi sarees daily," revealed one of the 8 proprietors, Dr Rajinikanth , who is also director of human welfare association.

"Not only are Bangladeshi weavers selling these sarees in their country, but are also exporting them to other countries.

Source: nyoooz.com- Apr 10, 2018

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