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IBTEX No. 111 of 2019 June 11, 2019

USD 69.46| EUR 78.59 | GBP 88.06 | JPY 0.64

Cotton Market

Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
21818	45600	**83.68**
Domestic Futures Price (Ex. Warehouse Rajkot), June		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
2110	44266	**81.23**

International Futures Price	
NY ICE USD Cents/lb (July 2019)	65.59
ZCE Cotton: Yuan/MT (September 2019)	12,980
ZCE Cotton: USD Cents/lb	84.95
Cotlook A Index – Physical	**76.35**

Cotton Guide: Yesterday's day saw a full-fledged range bound movement with a slight dip in post 6 pm IST but overall the day was not that volatile. The ICE July futures settled at 65.99 cents/lb with a change of +40 points. The ICE December contract settled at 65.57 with a change figure of +6 points. July remained inverted over Dec, trading between 10 and 84 points July premium. Monday followed the volumes cues of Friday where it breached the 70,000 figure thus showing heavy volumes of 73,748. We need to note that the volume figures were in the mid 20's last week.

The MCX contracts on the other hand, traded in parallel with ICE with changes ranging from -90 to -300 Rs. The MCX June contract settled at 21,180 Rs/Bale with a change of -100 Rs. The MCX July contract and the MCX August contract settled at 21320 and 21240 Rs/Bale with changes of -90 and -250 Rs. The volumes were however less with a figure of 3866 lots. The sentiments of the market participants in India are still towards the positive side with limited supply. On the other hand we cannot rule out the trend following of MCX with ICE. MCX usually follows the trend which ICE brings forth, nonetheless with varying intensities.

The cotlook Index was adjusted negatively due to the drastic fall that was seen on Friday. The Cotlook Index A 2018/2019 is at 76.35 cents/lb with a change of -3.00 cents/lb. The Cotlook Index A 2019/2020 is at 75.60 cents/lb with a change of -1.00 cents/lb. The average prices of Shankar 6 are at 45,600 Rs/Candy.

For today we have a consolidated range bound view for both the international and the domestic markets.

Planted Area as on June 6, 2019	
State	**Hectares**
Haryana	635,000
Punjab	400,000
Rajasthan	246,400
Andhra Pradesh	1,000
Karnataka	41,000
Tamil Nadu	2,200
Others	26,200
Total	**1,351,800**

The Department of agriculture in India has put forward its first report containing cotton plantings in India. Sowing is in the advanced stages in the northern part of India whereas the rest of the country awaits for the monsoons to initiate the sowings. Normal Monsoons are likely to reach Maharashtra and Gujarat at the end of this week. However, there are sudden bursts of showers reported in the some parts of Maharashtra. Fundamentally we feel the lower range for ICE should be 64 cents/lb and the higher range should be 68 cents/lb. Today's release of the WASDE report can bring in some volatility.

On the technical front, prices have closed below an upward sloping channel, forming a bearish flag, suggesting negative momentum for the prices. Prices have taken support of 50% Fibonacci extension level (64.80), but are currently trading below the DEMA (5, 9) at (66.83, 67.37). However immediate support for the prices at 64.80 & the resistances would be 66.80 (5 day EMA). Momentum indicator RSI is at 37 suggesting sideways to negative bias for the coming sessions. For the today's session we expect the prices to trade within a range of 64.80-67.30. In the Domestic market MCX Cotton June may trade in the range of 21350-21800.

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

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INTERNATIONAL NEWS

Trump Says He'll Raise China Tariffs If Xi Won't Meet at G-20

President Donald Trump threatened to raise tariffs on China again if President Xi Jinping doesn't meet with him at the upcoming Group of 20 summit in Japan.

Trump said in an interview with CNBC on Monday that tariffs on about $300 billion in Chinese goods would be enacted immediately if they don't reach a deal at the summit later this month.

"I think he will go and I think we're scheduled to have a meeting," Trump said. "I think he'll go, and I have a great relationship with him. He's actually an incredible guy, he's a great man. He's very strong, very smart, but he's for China and I'm for the United States."

Trade talks with China hit an impasse last month after the president accused Beijing of reneging on provisions of a tentative agreement. The two countries have since escalated their trade war.

"China is going to make a deal because they're going to have to make a deal," Trump said Monday.
Huawei, trade

Trump again suggested that an eventual trade deal could involve Huawei Technologies Co. The Trump administration is campaigning to block the company from emerging 5G telecommunications networks around the world and has moved to cut off Huawei from U.S. suppliers, citing national security concerns.

"I do see it as a threat," he said Monday. "At the same time it could be very well that we do something with respect to Huawei as part of our trade negotation with China. China very much wants to make a deal. They want to make a deal much more than I do, but we'll see what happens."

When asked whether U.S. actions against Huawei could set the U.S. back on 5G, Trump said "No."

The U.S. is "actually going to be leading very shortly. You know, we're leading in everything." he said. Of China, he said: "As great as they are—and they are great—they don't have near the capability of our geniuses in Silicon Valley that walk around in undershirts and they're worth $2 billion."

But by consistently linking the company to trade talks, Trump has suggested his aim is to stunt China's growth as an economic rival to the U.S.

"Huawei is very powerful, very strong," he said in the interview. He said that he wants China to do well, but that "I don't want them to do as well as us."

Trump's reversal on a threat to impose new tariffs on Mexico over migration from Central America lifted the mood at the G-20 finance ministers' meeting in Fukuoka, Japan, over the weekend. But the U.S. delegation left without any significant breakthrough on China. Trump is scheduled to meet both Xi and Russian President Vladimir Putin at the G-20 leaders' summit in Osaka.

Of the tentative meeting with Xi, Trump said: "We're expected to meet and if we do that's fine, and if we don't—look, from our standpoint the best deal we can have is 25% on $600 billion."

Trump added: "If we don't have a deal and don't make a deal, we'll be raising the tariffs, putting tariffs on more than—we only tax 35% to 40% of what they said then they had another 60$ that'll be taxed."
Mexico secret

Trump meanwhile again hinted that part of the deal he struck with Mexico is not yet public.

He has claimed that the country agreed to purchase large amounts of U.S. agricultural products as part of the agreement, but Mexican officials say there is no such provision. Trump said on CNBC that the U.S. purposely isn't discussing one of the aspects of the agreement yet, claiming that it is another "very powerful tool" for the U.S.

He tweeted earlier on Monday that "we have fully signed and documented another very important part of the Immigration and Security deal with Mexico, one that the U.S. has been asking about getting for many years. It will be revealed in the not too distant future and will need a vote by Mexico's Legislative body!"

Source: sourcingjournal.com- June 10, 2019

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USA: For Jeans, Made in the Americas becomes a key option over Asian Sourcing

While there might not be much U.S. denim fabric or apparel manufacturing left in the U.S., the Western Hemisphere is becoming a more important alternative to Asian sourcing, particularly in light of the U.S.-China trade war and the threat of 25 percent tariffs on jeans imports from the country.

Countries such as Mexico, Nicaragua and Guatemala are leading growth in the region as a more local, faster-turn and generally duty-free option to sourcing from the Asian production giants like Vietnam, Bangladesh and Pakistan.

Denim apparel imports from the Western Hemisphere increased 13.41 percent in the first four months of the year to reach a value of $323.68 million.

This represented a 27.4 percent market share of all U.S. imports of denim apparel, 97 percent of which is jeans, according to the Commerce Department's Office of Textiles & Apparel (OTEXA). The market share gained 8.17 percent for the year through April.

Robert Antoshak, managing director at Olah Inc., the company behind denim show Kingpins, said, "I've observed a strong interest in U.S. sources of fabric. I've been working with a startup, Vidalia Mills, in Louisiana, that's going to be one of the few sources of premium denim in the United States."

Vidalia, Antoshak said, is on a path to be begin production of vertical ring spun denim fabric by the fourth quarter of 2019, using 100 percent E3 cotton.

"I think there's renewed interest in general in this hemisphere," Antoshak said. "Mexico is always a player... [and] overall, the Western Hemisphere is doing very well in finished goods jeans."

Imports from Mexico were up 17.44 percent in the year-to-date through April, to $261.23 million in value compared to the year-ago period, OTEXA reported. The threat of tariffs on imports from Mexico, which President Trump dropped on Friday, served to highlight the importance of the country as a key supplier.

Kim Glas, president and CEO of National Council of Textile Organizations (NCTO), said, "The magnitude of the trading relationship with Mexico is significant for the U.S. textile industry, representing $12.2 billion in two-way textile and apparel trade in 2018. The U.S. textile industry alone exported $4.7 billion in yarn and fabrics to Mexico last year and had a net export surplus of $3.8 billion."

As a result, Mexico is the single largest market for U.S.-made textile exports. Mexico and Canada together are the U.S. textile industry's two largest export markets worldwide. In 2018, according to NCTO, the U.S. ran a combined $3.8 billion surplus in textiles and apparel with those two North American Free Trade Agreement (NAFTA) trading partners.

"Under the NAFTA agreement, the U.S. has benefited as a result of strong rules of origin that require the use of regional yarns and fabrics," Glas said. "As a result, the U.S. industry has made significant investment–$22.8 billion from 2006 to 2017–to help grow the manufacturing of fiber, yarns and fabrics in the United States.

NCTO supports the passage of the pending U.S.-Mexico-Canada Agreement (USMCA) because it is a critical trade agreement that will strengthen the industry's supply chain representing approximately $20 billion in three-way trade."

Levi Strauss & Co., which said it was prepared to mitigate the impact of the tariffs if they had been imposed through various measures, said Mexican production represents approximately 8 percent of its U.S. imports

Antoshak said several Western Hemisphere countries have become important denim apparel suppliers. Nicaragua's jeans shipments to the U.S. jumped 23.57 percent in the period to $32.38 million, while imports from Guatemala rose 36.58 percent to $10.77 million.

The two countries are part of the Central American Free Trade Agreement (CAFTA), which allows duty-free treatment under certain input stipulations and has boosted exports for U.S. yarn and fabric manufacturers. Jeans imports from the CAFTA countries rose 26 percent to $43.75 million in the first four months of the year compared to the year-ago period.

Source: sourcingjournal.com- June 10, 2019

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China exports rise in May despite US tarrifs, imports fall

While China is not as dependent on exports as in the past, they still account for nearly a fifth of its gross domestic product

China's exports unexpectedly returned to growth in May despite higher US tariffs, but imports fell in a further sign of weak domestic demand that could prompt Beijing to step up stimulus measures.

Some analysts suspected Chinese exporters may have rushed out US-bound shipments to avoid new tariffs on $300 billion of goods that US President Donald Trump is threatening to impose in a rapidly escalating trade dispute.

While better than expected, Monday's export data is unlikely to ease fears that a longer and larger US-China trade war may no longer be avoidable, pushing the global economy towards recession.

China's May exports rose 1.1% from a year earlier, blowing past analysts' expectations, customs data showed.

Analysts polled by Reuters had expected May shipments from the world's largest exporter to have fallen 3.8% from a year earlier, after a contraction of 2.7% percent in April.

While China is not as dependent on exports as in the past, they still account for nearly a fifth of its gross domestic product.

Trade tensions between Washington and Beijing escalated sharply last month after the Trump administration accused China of having "reneged" on promises to make structural changes to its economic practices.

Trump on May 10 slapped higher tariffs of up to 25% on $200 billion of Chinese goods and then took steps to levy duties on all remaining $300 billion Chinese imports. Beijing retaliated with tariff hikes on US goods.

Trump has said he expects to hold a meeting with Chinese President Xi Jinping at a G20 leaders' summit late this month, but analysts such as Capital Economics believe the chances of a lasting trade deal are receding after both sides toughened up their rhetoric.

Damage from the trade war along with a broader softening in global demand will make 2019 the worst year for trade since the financial crisis a decade ago, with only 0.2% growth, according to economists at ING.

Imports Weak

China's imports dropped 8.5% in May, leaving the country with a trade surplus of $41.65 billion for the month.

Analysts had forecast imports would fall 3.8% from a year earlier, reversing an expansion of 4% in April, which some had suspected was related to changes in company purchasing patterns ahead of a cut in the value-added tax (VAT).

The faltering imports trend don't augur well for the economy given it suggests that domestic consumption is not able to take up the slack left by weakness in external demand.

Source: business-standard.com- June 10, 2019

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China ready for talks on deal with African trade bloc

Nairobi wary of free-trade pact, fearing surge of Chinese imports on top of huge imbalance in Beijing's favour

China is ready to negotiate a trade deal with the six-nation East Africa Community (EAC) to address Kenya’s complaints about a huge trade imbalance in its favour, says China’s ambassador to Nairobi.

But Kenyan officials said Nairobi was not ready to discuss a free-trade pact as it fears a surge of Chinese imports, but a partial deal may be possible.

Chinese ambassador Wu Peng said Beijing was ready to open trade talks with Kenya via the EAC, which includes Uganda, Tanzania, Rwanda, Burundi and South Sudan, guided by World Trade Organization rules.

"If we want a new, favourable trade agreement for Kenya, we must consider the whole area. But we are open to this task, this possibility, and we are ready to talk with the EAC together," Wu said in an interview.

China has become one of the biggest trading partners for many East African countries, but their exports to the world's second-biggest economy are dwarfed by imports of factory goods such as electronics and plant equipment.

Kenya imported goods worth 370.8-billion shillings ($3.67bn) from China last year while exporting just 11.32-billion shillings in goods to China.

Nairobi wants to export more farm produce to China. The two countries have completed a protocol opening up frozen avocado exports to China, but exports of fresh avocados are still blocked due to bio-safety concerns.

"I'm pushing it very hard, and maybe it just needs scientific assistance to Kenyan farmers," Wu said.

Kenya borrowed from China in recent years to build roads and railways, and is part of China's Belt and Road Initiative to upgrade land and maritime trade routes between China and Europe, Asia and Africa.

But it is not ready for a free trade deal. "You have got to know when to negotiate and when not to negotiate," said Adan Mohamed, Kenya's EAC minister. "When the time is right we have no problem doing that, not only as Kenya but as a region.

"China with all its competitiveness today stands to be the biggest beneficiary of negotiating trade deals with any country," said Mohamed.

Chris Kiptoo, principal secretary in charge of trade at Kenya's trade and industrialisation ministry, said Nairobi feared a free-trade agreement (FTA) with China would lead to a surge of imports.

He said Nairobi was seeking a preferential, nonreciprocal trade deal, giving Kenyan exports duty-free access to China. This could be modelled on the Africa Growth and Opportunity Act, which gives duty-free access for African exports such as apparel and textiles to the US market.

"Our view is that at this stage the FTA is not feasible. China and Kenya are at different development stages now," Kiptoo said.

Wu said the development of Kenya's industrial base could help resolve its trade imbalance. "Only through industrialisation can Kenya reduce the imports and have the capacity to export," he said.

Source: businesslive.co.za- June 10, 2019

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China's Foreign Trade Up 4.1 Percent

China's foreign trade of goods rose 4.1 percent year-on-year in the first five months of 2019 to $1.76 trillion, according to customs data.

According to Xinhua News Agency, exports increased 6.1 percent year-on-year during the period, while imports grew 1.8 percent.

The European Union was China's largest trading partner in the period, with bilateral trade volume up 11.7 percent from 2018, followed by ASEAN, up 9.4 percent, and the U.S., down 9.6 percent.

Trade with countries participating in the Belt and Road Initiative rose nine percent year-on-year, 4.9 percentage points higher than the overall pace. This accounted for 28.8 percent of China's total trade volume, up 1.3 percentage points from the same period in 2018.

Exports of mechanical and electrical products, as well as labor-intensive products such as textile and furniture, maintained growth in the period. In addition, imports of crude oil and natural gas saw an increase, while soybean imports dropped in the first five months.

China's economy will grow by an estimated 6.3 percent this year, according to a report by the Asian Development Bank.

The growth is in line with the Chinese government's target and is anticipated to continue next year, with growth of 6.1 percent predicted for 2020. This is a drop from 6.8 percent in 2017 and 6.6 percent in 2018.

Source: maritime-executive.com- June 10, 2019

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EU unlikely to fully withdraw Cambodia's EBA status: GMAC

The European Union (EU) is unlikely to fully withdraw Cambodia's Everything-But-Arms (EBA) trade status, the Garment Manufacturers Association of Cambodia said after meeting visiting EU representatives recently. Labour trends are positive and speculations about EBA are alarmist and affect investor confidence, Kaing Monika, GMAC deputy secretary general said.

In February, the European Commission launched a monitoring period which could lead to the suspension of the country's preferential access to the EU market under the EBA trade scheme.

GMAC is working to address points of concern that the EU perceive as setbacks to labour rights after 2016 and those are not difficult to rectify, Monika said.

As achieving everything that the EU demands might not be easy, so a partial withdrawal is likely, a Cambodian newspaper report quoted him as saying.

The EU delegation began its second fact-finding mission in the country on June 3 to analyse whether it should lose its EBA trade status, according to outgoing EU ambassador George Edgar.

Source: fibre2fashion.com - June 11, 2019

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Vietnam: Garment, fruit and vegetable exports sharply increase

The total textile and garment export revenue for the first five months of 2019 reached US$14.5 billion, up by 9.11% over the same period last year and accounting for 36.3% of the yearly plan, according to the Vietnam Textile and Apparel Association (VITAS).

In particular, garment exports reached more than US$11.2 billion, fabric and fibre exports reached US$856 million and US$1.6 billion, respectively.

Also, in the past five months, the total import revenue of garment accessories and raw materials reached US$9.3 billion, up 12% over the same period in 2018.

According to the Ministry of Agriculture and Rural Development's Agricultural Product Processing and Market Development Department, Vietnam exported fruit and vegetables worth US$424 million in May, bringing the total export value of those products in the first five months of 2019 to about US$1.83 billion.

China remained Vietnam's top market with a value of more than over US$1 billion. Meanwhile, fruit & veg exports to some countries such as the US, the Republic of Korea, Japan and the Netherlands recorded high growth, but the proportion of exports to these markets remains low.

The fruit and vegetable sector aims to gross nearly US$4.2 billion in export revenue in 2019. Last year, Vietnam exported US$3.8 billion worth of fruit and vegetables, 8.9% more than the previous year.

Source: fibre2fashion.com - June 09, 2019

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Bangladesh: Exports in May rise by 14.78%

July-May export earnings see 11.92% growth

Bangladesh's exports shipments picked up by 14.78% to $3.81 billion in May, the eleventh month of the current fiscal year.

According to the Export Promotion Bureau (EPB) data released yesterday, Bangladesh in May earned $3.81 billion, up by 14.78%, by exporting goods, which was $3.32 billion in the same period a year ago.

However, the export earnings during July-May of the current fiscal year registered an 11.92% growth to $37.75 billion, which was $33.72 billion a year ago.

The export earnings are 6.64% higher than the target of $35.40 billion set for the period.

The apparel sector, the largest contributor to the national exports, earned $31.73 billion, up by 12.82%, which was $28.12 billion in the same period of FY18.

Of the total export earnings by the apparel sector, knitwear products earned $15.68 billion, which is 12.50%% higher than the $13.94 billion earned during the same period of FY2017-18.

Woven products earned $16.05 billion, up by 13.13% from $14.18 billion during the same period of the previous fiscal year.

The specialized textile sector saw a 33.79% growth to $137.74 million from $103, while home textile products saw a negative growth of 2.70% to $800 million, down from $825 million.

"It is positive that the export earnings from the apparel sector is registering double digit growth. And it will continue as Bangladesh offers quality products at lower prices compared to other countries," Bangladesh Garment Manufacturers and Exporters Association (BGMEA) Vice President Md Moshiul Azam Shajal told Dhaka Tribune.

Shajal, also managing director of Fame Sweaters Ltd, however, said that although export earnings were growing, the profit margin was squeezing.

"We are doing our regular business but we should come out of this and move for new products and sector within the textile and clothing industry.

"To do so, the sector needs policy and fiscal support. If the government gives us a flat 5% incentives against exports to all destinations for at least two years, the country will be able to earn additional $15 to 18% billion within these two years," he added.

Export performance of other major sectors

Among other major sectors, agricultural products posted a sharp rise of 40.3% growth to $854.46 million in the first eleven months of FY2018-19 from $609 million in the previous fiscal year.

Additionally, export earnings from the pharmaceuticals sector rose by 28.14% to $123 million, up from $96 million, and plastic goods by 25.27% to $113 million, up from $90 million during the July-May period of FY2018-19.

However, earnings from leather and leather goods witnessed a 5.53% negative growth to $944 million during the period, down from $999 million during the same period of FY2017-18.

Jute and jute goods, the third export earning sector, also registered a 20% negative growth to $773.57 million, which was $967 million during the same period in the previous fiscal year.

Exports earnings of frozen and live fish saw a positive growth of 21.87% to $474 million, up from $465 million in FY2017-18.

Source: dhakatribune.com - June 10, 2019

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Bangladesh: Highest ever export earnings in May

Bangladesh raked in $3.81 billion in exports in May, the highest single month receipts in history, riding on the higher shipment of apparels, official data showed yesterday.

The earnings clocked 14.78 percent year-on-year growth in May and also beat the monthly target by 9.23 percent.

The previous single month highest export was recorded at $3.67 billion in January this year.

The apparel shipment took the overall export earnings to $37.76 billion between July and May, up 11.92 percent year-on-year, according to data from the Export Promotion Bureau.

Between July and May, the export of garment, which makes up more than 80 percent in the total exports earnings, grew 12.82 percent year-on-year to $31.73 billion. Some $15.69 billion came from knitwear export and $16.06 billion from woven export.

The garment export was 6.95 percent higher than the 11-month target of $29.67 billion set by the government.

“We are receiving a lot of work orders from US retailers and brands for the ongoing trade war between the US and China. This is one of the major reasons for the higher shipment of garment items,” said Asif Ibrahim, a director of the Bangladesh Garment Manufacturers and Exporters Association. He says US retailers and brands are flocking to Bangladesh because they want hassle-free shipment and do not want any uncertainty.

According to the entrepreneur, work orders are also shifting from China and other countries to Bangladesh as the sector in the world’s second largest economy faces higher cost of production, uncertainty and a lack of skilled workers. The massive transformation in the Bangladesh’s garment sector since the collapse of the Rana Plaza has also made the country an attractive destination to place orders.

The buyers' confidence in the country has improved significantly owing to the inspection and remediation of garment factories by the Accord and the Alliance, the two western brands' platforms set up to improve the workplace safety in the sector.

"I am cautiously optimistic that the export of garment will continue to grow from Bangladesh," Ibrahim said.

The businessman, however says, manufacturers are not getting better prices from the retailers and brands.

Apart from apparel, some other sectors also fared well.

The shipment of frozen and live fish such as shrimp and crabs rose 1.87 percent to $474.02 million and that of agricultural products such as tea, vegetables, fruits, spices, dry food, and tobacco surged 40.3 percent to $854.46 million. Pharmaceuticals, cement, salt and ores, petroleum byproducts, plastic goods, ceramics, handicrafts, cotton, cotton products (yarn and wastes of fabrics), carpet, terry towel, footwear, wigs, and furniture performed better in the 11-month period.

However, leather and leather goods and jute and jute goods continued their poor show. Leather and leather goods fetched $943.83 million, down 5.53 percent year-on-year.

This is largely because many tanneries that have shifted to the leather estate in Savar have not started full production yet.

The sector is the only segment that had crossed the $1-billion export mark after the garment sector and it still has the opportunity to repeat the success at the end of the fiscal year. Exports of jute and jute goods, another important foreign currency earner, fell 19.99 percent year-on-year to $773.57 million.

The sector's earnings are declining mainly because of higher use of jute goods like sacks in the domestic market and the anti-dumping duty slapped on it by India. Home textiles, building materials, ships and bicycles also performed poorly.

Source: thedailystar.net - June 10, 2019

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Pakistan: ‘Economy cannot be strengthened without promoting cotton’

Punjab Agriculture Minister Nauman Langrial said that the economy cannot be strengthened without promoting cotton.

Joint efforts were required to enhance cotton productivity. He expressed these views while chairing a meeting of the Cotton Crop Management Group at the Central Cotton Research Institute on Monday.

The minister said that strict monitoring was required to ensure that quality pesticides were being sold across the province. Reviving the cotton industry is part of the governments’s overall objectives and the Punjab government is taking all the possible steps in this regard.

Farmers will be guided on how to cultivate and pick cotton, he said. He added that the government had introduced interest-free loans and insurance schemes for crops.

Source: tribune.com.pk- June 10, 2019

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NATIONAL NEWS

India to hold bilaterals with Russia, China on SCO sidelines; No talks scheduled with Pakistan

India will hold bilateral meetings with Russia and China on the sidelines of the Shanghai Cooperation Organisation (SCO) summit at Bishkek this week, the Ministry of External Affairs stated during a press briefing on Monday.

The bilaterals will take place when Prime Minister Narendra Modi is in the Kyrgyz capital of Bishkek to attend the meeting of Council of Heads of State (CHS) of SCO from June 13 to 14.

The MEA also revealed that India would be holding a meeting with host nation Kyrgyzstan on June 14.

Responding to a question regarding a probable India-Pakistan meeting, or even a bilateral between India and Iran, the Secretary (West), Gitesh Sarma, said that there is limited time available due to which "requests for other bilaterals will be processed as we go along."

However, MEA Spokesperson Raveesh Kumar firmly outlined that no meeting between India and Pakistan is being organised.

"Issues of terrorism are likely to be discussed. SCO has a well-oiled mechanism. While all documents reflect consensus, they also talk about serious challenges of terrorism," Kumar said, regarding the probability of India raising the issue of terrorism emanating from Pakistan during the summit.

The Ministry officials also highlighted that a business summit between FICCI and its Kyrgyz counterpart may take place on June 14, along with a textile exhibition on the colours and weaves of India. Both India and Kyrgyzstan will be showcasing their textiles at the event which is being organised by the Ministry of Textiles.

Questions regarding the agenda during the India-China bilateral were also put forth to the officials.

While both the representatives abstained from revealing any part of the agenda, they said that "the current global scenario is uppermost in minds," in response to a question on the ongoing trade dispute between China and the United States being discussed during the bilateral.

The SCO summit was described as a "friendly gathering," by Kumar who added that the meeting reflects consensus as the documents are previously negotiated.

Prime Minister Modi had also attended the last CHS meeting in Qingdao in China from June 9 to 10 last year.

"The leaders participating in the Summit are expected to focus their discussions on the global security situation, multilateral economic cooperation, people-to-people exchanges and also on topical issues of international and regional importance," an MEA statement outlined.

Apart from BIMSTEC leaders, the Kyrgyz President, Sooronbay Jeenbekov, attended Modi's swearing-in ceremony in New Delhi on May 30. The two countries also held a bilateral the following day.

Source: business-standard.com- June 10, 2019

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India’s container exports grew 6% during Jan-March; imports contracted 2.2%: Study

India’s container export-import trade grew 3 per cent in the first quarter of 2019 compared to the corresponding quarter of the previous year. According to a report by Maersk India, the growth in exports was driven by the Middle-East and China amid subdued imports.

The study said container exports saw a growth of 6 per cent, led by refrigerated cargo, engineering and pharmaceutical sectors. Imports, however, slid, registering a negative growth of 2.2 per cent.

Steve Felder, Managing Director, Maersk (South Asia), said: “Indian exporters are expanding their geographical range and product diversification, with visible shift towards higher value-added manufacturing and technology-driven items.

Exports have remained strong even as the rupee appreciated against the dollar, showing a strong demand for exports from India. The moderation of global containerised trade growth reflects a broad-based slowdown in main economies due to declining private consumption, trade tensions, political risks and financial volatility.”

Commodities such as plastic and rubber, tile, stone, glass, textiles, seeds, beans, cereals and flour were the growth drivers for exports to Saudi Arabia, China and Egypt. Vegetables led refrigerated cargo exports to Saudi Arabia. Imports were primarily driven by Germany, South Korea and Russia.

The significant growth in refrigerated cargo has been attributed to the festive season of Eid.

Pharmaceutical sector

The pharmaceutical sector registered a healthy growth, led by new product launches and growing demand from the US. Maersk sources have attributed the surge in demand to discontinuation of certain products by large generics and plant specific issues with some companies, among others. India saw a triple-digit growth in pharma imports from the European region.

“As the Indian logistics sector gears itself for deeper implementation of emerging technologies like block chain and artificial intelligence, the industry will need to focus on skill development to enhance export growth.

The government's efforts to grow international trade are already visible through a plethora of initiatives over the past year, including relaxation of cabotage regulations and favourable regulatory environment emphasised by the grant of infrastructure status to the logistics industry.

However, India need to drive and indeed fast-track investment-led infrastructural upgrade of roads, intermodal transportation and cold-chain infrastructure,” said Felder.

Source: thehindubusinessline.com- June 10, 2019

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What Tirupur garment exporters are asking in place of MEIS

In his letter, Raja Shanmugham said though Tirupur had more than 80% of knitwear garment exporting units are basically MSMEs in nature, all these units are striving hard to be competitive and self-reliant.

Tirupur Exporters' Association (TEA), India's leading knitwear/readymade garment export cluster, has sought an alternate World Trade Organization (WTO)-compatible scheme in place of Merchandise Exports from India Scheme (MEIS) to avoid any major setback in terms of exports.

Expressing concern over the Union commerce minister Piyush Goyal's recent comments to stop depending on aid of subsidies and grants from the Centre, TEA highlighted that the government's proposal to immediately remove subsidy given to readymade garment sector at this juncture would straight away lead to reduction of our competitiveness in the global market.

"Once if the buyers leave our country and settle in our competing country, then, it would be difficult to bring them back immediately," said Raja M Shanmugham, president of TEA.

In his letter, Raja Shanmugham said though Tirupur had more than 80% of knitwear garment exporting units are basically MSMEs in nature, all these units are striving hard to be competitive and self-reliant.

The major concern is the absence of a level playing field in the global market and the subsidy system such as MEIS was actually introduced for offsetting the infrastructural inefficiencies faced by exports of specified goods, including readymade garments.

The higher logistics cost and increasing of wages compared to the competing countries were also deterrent factors in enhancing competitiveness, he pointed out.

According to him, India is competing with countries, such as Bangladesh, Vietnam, Cambodia, Ethiopia, Myanmar and Sri Lanka, apart from China, which are all enjoying duty-free status in European Union due to either being least developed country status/Free Trade Agreement/GSP+preferences and India is at a disadvantageous position.

Moreover, Ethiopia is enjoying duty-free status in the US. Bangladesh and Cambodia are having duty-free status in Canada. Due to this intense competition in the world textile trade, manufacturers in India are operating in wafer-thin margins, he added.

He further said readymade garment sector was providing more employment to the downtrodden people, that, too, 60% to women workers and it was required to protect this industry. And, cotton farmers, he said, as the fortune of industry was directly linked with them directly.

Hence, the Union commerce ministry will have to come out with an alternative WTO-compatible scheme with an equal benefit of MEIS until India inks FTA with the EU, the UK, Eurasian Economic Union (EAEU), Comprehensive Economic Partnership Agreement (CEPA) with Canada,Comprehensive Economic Partnership Agreement (CECA) with Australia and other promising countries for the sustenance of exports.

Source: financialexpress.com- June 11, 2019

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India Hopes to Capitalize on US-China Trade Friction

With a continuing trade standoff between US and China upending trading arrangements and injecting uncertainty into an already fragile global business climate, India is seeking to use the crisis to capture some of the multinational production bases and supply chains that are looking to relocate out of China.

Indian Prime Minister Narendra Modi is hoping to use the situation to power India's rise and secure a place at the geopolitical high table. Grave policy missteps in his first term notwithstanding, the Indian premier knows only too well that there is nothing like economic heft to win global respect.

Even though India's current growth rate is a cause for worry (with GDP falling to 8.6 percent from 10 percent) there is optimism that with strategic planning US-China trade tensions can be mined for benefits.

It is no secret that there has been a gradual shift away from China in the wake of the China-US tariff wars. Major international firms investing in China are re-examining their options to spread risk and shift some of their existing and new investments to other countries. Chinese firms are moving production to their plants in other countries as well.

“Western companies are de-risking operations by moving production lines out of China. India should take all measures necessary to attract them,” said Rajeev Dhingra, senior advisor to the ministry of commerce and trade. “Even though India has few manufacturing capabilities in areas where US may be most interested – mobile phones, telecom equipment, household appliances, industrial machinery – what it brings to the table are definite advantages in sectors such as textiles, clothing, auto components and certain types of chemicals. A similar outreach can be done to China in terms of what it imports from the US.”

Analysts caution that it is vital “to get our act together in areas such as e-commerce, medical devices and high tariffs where the current policy is counterproductive.”

What is helping though is the Chinese attitude. India’s exports to China surged 31.4 percent in 2018. China is also more willing than ever before to provide better market access to India on a wide range of agriculture and processed food products. This largesse can perhaps be attributed to Beijing’s keenness to prove to a domestic audience that the tariff war is having minimal or no impact on the country.

As China seeks to minimize its dependence on the monopoly of US tech companies, trade analysts say, India should try to get a foothold into the Chinese technology industry as well, According to Euromonitor (2017), hourly manufacturing wages in China are around five times greater than those paid in India. This asymmetry in wages is already pushing companies to shift assembly lines to countries such as India and Sri Lanka.

What also works to India’s advantage is the easing up of its onerous regulatory environment. The country has moved up the ease of doing business rankings of the World Bank as well, moving up by 23 positions in the latest report to rank at a still anemic 77th of 190 countries. Foreign direct investment has been steadily climbing, and though the shocks of transition to GST and demonetization which disrupted many existing supply chains hasn’t quite abated, things are moving in the right direction.

However, apart from investor-friendliness, global companies are also looking for reliability and quality. Market surveys have pointed out that India will need far-reaching reforms if it wants to compete with China, which currently holds nearly 40 percent of global trade.

India can do this by integrating its manufacturing ability to cater to the global value chains by building world-class infrastructure and a skilled labor force. High tariffs in sectors such as e-commerce and medical devices (a perpetual bone of contention with Trump's administration) also need to be addressed.

"Strong opportunity is also unfolding for India in apparel and ready-made garments as after China, India is the only country in the world to match the scale of operations and integrate its supply chain for global customers," Rakesh Mohan Joshi, a professor at the Indian Institute of Foreign Trade told The Economic Times.

However, Joshi added, to effectively harness the emerging opportunities, India needs a carefully crafted strategy and meticulous implementation at the grass-roots level.

"Trade will not be automatically diverted from China to India," he wrote. "There is a lot of hard work to do. The initial fear is that Indonesia, Vietnam and the Philippines have already started walking away with the prize."

The response by India, Asia's third largest and the world's sixth largest economy, to tap emerging economic opportunities arising out the US-China squabble, needs to be holistic, encompassing trade, investment, tax, regulatory and exchange rate policies, say experts. It also needs to focus on becoming a new powerhouse as a global hub for exports.

"Don't forget, India is only one among the many alternative countries being considered by major international companies as an investment destination," said the Delhi-based economist Dr. Sushant Pandit.

"Indonesia, Malaysia, Mexico, Thailand and Vietnam already have access to these large markets. Vietnam and Bangladesh had the first-mover advantage as they started capturing export share in these sectors because of higher costs and lower incentives. Besides, we still need to develop a global hub for exports, with a major positive impact on competitiveness and job creation."

Though New Delhi's past record in the sphere of leveraging such opportunities is dispiriting, as it frittered away many such chances before the US-China trade war got underway, and when low-end manufacturing (ready-made garments, leather garments and footwear) had started moving out from China as labor costs rose, its time to wake up.

The United Nations Conference on Trade and Development released data last month that shows how international firms have announced plans to pour money into new projects in Indonesia (US$28 billion), Vietnam (US$18 billion) and the Philippines (US$12 billion).

The case for India to diversify its trade basket and attract more FDI becomes all the more compelling given Trump's mercurial nature and transactional approach to bilateral relations. Even though he considers India as the pivot for US's Asia's policy, he has continued to antagonize New Delhi by delivering what India considers to be unreasonable demands.

As a result of Trump's intransigence, India's energy security stands compromised by unilateral economic sanctions imposed on Iran. A threat looms large on the security front as well while uncertainty hovers over the impact of US sanctions on India's missile deal with Russia. Trump recently shocked India by terminating its preferential trade treatment.

Be that as it may, the economic engagement with the US is of utmost importance to India. Washington is far more amenable to Indian exports than China is, and bilateral trade was worth $142.1 billion in 2018 as against a US$53-billion trade deficit with China.

New Delhi will get a chance to persuade US to alter its position when US Secretary of State Mike Pompeo visits Delhi this month. But overall, much will depend on how well New Delhi plays its cards to derive economic benefits from the warring Chinese and Americans while antagonizing neither.

Source: asiasentinel.com- June 10, 2019

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Wazir Advisors to unveil textiles trend report at ITMA

Global consultancy firm Wazir Advisors will unveil its latest report showing trends in the textile industry at the upcoming ITMA in Barcelona from June 20.

The flagship report titled 'The Big Shift, 5 Mega Trends that will Influence Future Strategies' focuses on the trends that will be responsible for the changes in the textile industry in the long run.

As a thought leader, Wazir has been publishing various reports related to the textile sector in past covering various strategic aspects.

The flagship report discusses the changes expected within each of the components of textile and apparel value chain, how they are evolving and what will be the commensurate impact on the industry. ITMA is the trendsetting textile and garment technology platform where the industry converges every four years to explore fresh ideas, effective solutions and collaborative partnerships for business growth.

ITMA 2019 provides an unrivalled marketplace and knowledge platform.

The report will give an overview of major trends which will mark the big shift in the textile industry namely Fibre Shift, Manufacturing Shift, Technology Shift, Consumption Shift and Environment Shift.

Source: fibre2fashion.com- June 10, 2019

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Budget may consider sops to MSME export units

The MSME sector had received maximum damage on unemployment of consumption fall due to introduction of the Goods and Service Tax (GST) and demonetization.

The Finance Ministry is keen on key employment and export boosting steps to be accommodated in the Budget. It may consider fiscal incentives like interest rate subvention, lower tax rates for up to certain turnover threshold for key MSME sectors who do the twin objective of exports and employment.

Sources said the PMO is also supportive of any higher budgetary allocations or any other fiscal support to these sectors because of their dual potential of pushing exports and creating more employment. Many sectors identified as having the dual potentials of exports and employment are textiles, leather, food processing, gems and jewellery, handicrafts, footwear and tourism.

The interim Budget had not announced any incentives for the MSME sector. The sector had received maximum damage on unemployment of consumption fall due to introduction of the Goods and Service Tax (GST) and demonetization.

Last November, Prime Minister Narendra Modi had announced sanctioning loans of up to Rs 1 crore in 59 minutes to GST-registered SME units with 2 per cent interest rebate on fresh or incremental loan of Rs 1 crore. There have been no other incentives for these sectors after this.

The incentives could also be considered on the lines of refunds on inputs. Budget could be seen offering a new incentive of refunding of all unrebated central and state taxes and levies on inputs used in exports of these units, say sources.

Finance Minister Nirmala Sitharaman in her meeting with industry from Tuesday onwards will be seeking views on export and jobs growth steps among other issues from stakeholders.

"Creating employment is very important now. Budget will be favourable to the idea.

The identified sectors where the dual objectives are being fulfilled with potential of creating large employment opportunities and also of higher exports are- textiles, leather, food processing, gems and jewellery, handicrafts, footwear and tourism.

They will be given fiscal incentives based on what the industry seeks and the nodal departments have suggested in each of these sectors," the source added.

The other fiscal boosters like cheaper finance of lower interest rates and interest rate subvention can also form part of the incentives.

The government is trying to tackle slow and 17-quarter of lower growth of 5.8 per cent and a high 6.1 per cent unemployment rate. The Budget being round the corner is expected to take steps to bolster consumption and job creation.

Source: economictimes.com- June 10, 2019

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Slowdown in global trade adversely affects economic growth: Goyal

Slowdown in global trade and investment is of serious concern as it adversely affects economic growth, development and job creation, Commerce and Industry Minister Piyush Goyal has said.

He has called for de-escalating trade tensions and reviving confidence in the rules-based multilateral trading system. These issues were discussed during the Minister's bilateral meetings with countries including Japan, the US, UK, China, France, Singapore, Korea, Spain, Canada, EU, Mexico, Saudi Arabia, South Africa, Chile and Australia.

"The Minister held a series of bilateral talks with a number of countries on the side lines of the two-day G20 Ministerial on Trade and Digital Economy in Tsukuba, Japan, on 8-9 June," the commerce ministry said in a statement Monday. During the meetings, the Minister has emphasised the need for reciprocal market access for Indian products.

Source: thehindubusinessline.com- June 10, 2019

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Irani proposes establishing handloom park in Arunachal

Union Textiles Minister Smriti Irani has proposed establishing a handloom park for loin loom weaving in the capital region of Arunachal Pradesh, in order to promote the state's traditional loin looms.

She said this to Arunachal Pradesh Governor BD Mishra when the latter called on her here on Monday.

During the meeting, Mishra advocated promoting traditional Arunachalee textiles at the national and international levels.

"The designs and patterns of the traditional weaving of Arunachal are unique, attractive, exclusive and one-of its-kind in the world. Each and every tribe of Arunachal has a different colour and design, symbolizing their identity," the governor said, adding that "loin loom weaving is an extension of the traditions and has been a time-tested self-employment avenue for the women."

Reminding the minister of her visit to Itanagar in February, the governor urged her to start cotton and silk banks in Arunachal. He underscored that, in order to preserve the age-old loin loom tradition of the state in its pristine form, "the local weavers must have the facility at hand to collect their thread requirement."

Source: arunachaltimes.in- June 10, 2019

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Source: economictimes.com- June 10, 2019

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Budget 2019: What government could do to boost exports, investments

Amid rising global trade tension and competition, the government needs to provide stimulus to exporters to boost exports, an industry body said. Special tax concessions need to be considered for export-oriented manufacturing, the Federation of Indian Chambers of Commerce & Industry (FICCI) said.

Even as India was able to fight global headwinds in the last few years, recent fall in consumption and investment growth has raised concerns again. There is a need to designate export-manufacturing zones to attract more foreign and domestic investments, the FICCI also said in its pre-union budget recommendation to the finance ministry.

The industry body also recommended creation of an institutional mechanism for Global Market Intelligence to regularly carry out market studies, sector specific studies to understand the dynamics of global trade, barriers to trade, market entry opportunities, among others.

An export information portal needs to be put into place which makes available detailed information to the exporters, it added. The export oriented sectors including handlooms, textiles, gems and jewellery, leather products, tourism should be provided additional fiscal support, the FICCI noted in its recommendations. To build brands and promote Make-in-India products, the government needs to take measures for creating massive campaigns in the foreign markets, it said.

The Budget 2019 should be leveraged to promote business sentiments and encourage more investments, the FICCI also said. It also talked about bringing down the corporate tax rate for all firms to 25 percent, as had been proposed earlier.

The government in its 2015-16 budget had said that the corporate tax rate would be gradually lowered to 25 percent from 30 percent over the next four years. The available exemption limit to companies would also be phased out, it added. The tax rate was reduced to 25 percent for companies with a turnover of up to Rs 250 crore in the subsequent years.

Source: financialexpress.com- June 10, 2019

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Maharashtra farmers defy ban to plant GM cotton

Over 1,000 farmers participated in a 'civil disobedience' movement in Maharashtra's Akoli Jahagir village on Monday, sowing genetically modified HTBT cotton to protest the Centre's ban on GM crops.

Farmers' body Shetkari Sanghatana has decided to take the movement across the State, with farmers defying the ban to cultivate HTBT cotton and Bt brinjal. The message will also be spread via social media. "About 1,500 farmers came together in Akoli Jahagir village in Akola district of Vidarbha region to protest against the government's policy towards GM crops," Shetkari Sanghatana President Anil Ghanwat told BusinessLine.

"We sowed HTBT cotton on a 2-acre plot owned by a local farmer. We couldn't sow Bt brinjal as we couldn't get the seeds. The police were present on the occasion, but they didn't take any action against us. We are taking this movement to all parts of the State."

The carrying, storing, selling or sowing of banned GM crops invites a ₹1-lakh fine and five years' imprisonment. Farmers who participated in the protest said the government was free to take action against them, but they would continue to defy the ban. However, the State machinery has not reacted to the development yet.

Ghanwat said HTBT cotton cultivation had already been in practice in Maharashtra. "Till date farmers were sowing HTBT cotton secretively. Now we will do it openly. The ban on GM crops is atrocious on farmers who are reeling under poverty," he added, asserting that "vested interests" were opposing Bt cotton and Bt brinjal. In the past, the State government had seized tonnes of HTBT cotton seeds from various parts of the State, including the Vidarbha region, where farmer suicides are rampant.

Violation of law: Experts

While the Centre has not indicated whether it is contemplating any action against the Maharashtra farmers, experts said that the farmers had not only broken the law but also made the country breach international biosafety conventions.

"This is a blatant violation of the law of the land. There is a scientific procedure to be followed for releasing new seeds for cultivation," said Suman Sahai, activist and founder of Gene Campaign, an organisation that has strong views on transgenic crops. Attempts to get officials of the Environment Ministry — responsible for biosafety — or the Agriculture Ministry — clearing seeds for cultivation — to comment did not yield any result.

Deepak Pental, biotechnologist and former vice chancellor of the University of Delhi, agreed that breaking the law cannot be condoned, but said the farmers resorted to such a drastic step because little is being done to save their crops from pests and pathogens. Sahai said that if the government was not taking action against the farmers, it was breaching a commitment to international biosafety conventions such as the Cartagena Protocol.

Pental, on the other hand, argued that so far no transgenic crop has been found to do any environmental harm. The real tragedy, he said, was the slow decision making process, which is costing farmers very dearly.

Source: thehindubusinessline.com- June 10, 2019

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Flipkart moves manufacturing for private labels to India from China, Malaysia

Flipkart is sourcing most high-end Android TVs, air conditioners, washing machines, consumer durables, textile and smaller appliances from India

Walmart-owned Flipkart has reportedly relocated a significant portion of manufacturing and sourcing for its in-house brands to India.

The homegrown e-commerce major was sourcing products for its brands from China and Malaysia. This move has helped Flipkart to reduce costs and comply with the government's Make in India norms.

Flipkart's private brands include MarQ, Perfect Homes, Billion and Smart-Buy. These brands account for 8 per cent of the company's total sales. The company is sourcing most high-end Android TVs, air conditioners, washing machines, consumer durables, textile and smaller appliances from India, a report by The Economic Times said. Also, 50-60 per cent of accessories are also sourced from India.

Amazon, the biggest challenge for Walmart-Flipkart in India, also has most of the manufacturing for its private labels in India, the report said. The Seattle-based e-commerce giant has its own brands in categories ranging from air conditioners to baby care. The company, however, did not divulge the details of its manufacturing operations in India, the daily further reported.

India has imposed high import tariffs on smartphones, high-value electronics and their components. This has forced companies like Apple to set up manufacturing facilities in the country with partners like Foxconn and Wistron.

Source: businesstoday.in- June 10, 2019

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