Cotton Market

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

<table>
<thead>
<tr>
<th>Rs./Bale</th>
<th>Rs./Candy</th>
<th>USD Cent/lb</th>
</tr>
</thead>
<tbody>
<tr>
<td>21005</td>
<td>43900</td>
<td>81.84</td>
</tr>
</tbody>
</table>

Domestic Futures Price (Ex. Warehouse Rajkot), July

<table>
<thead>
<tr>
<th>Rs./Bale</th>
<th>Rs./Candy</th>
<th>USD Cent/lb</th>
</tr>
</thead>
<tbody>
<tr>
<td>21320</td>
<td>44559</td>
<td>83.06</td>
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International Futures Price

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<table>
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<tbody>
<tr>
<td>NY ICE USD Cents/lb (December 2019)</td>
<td>63.82</td>
</tr>
<tr>
<td>ZCE Cotton: Yuan/MT (September 2019)</td>
<td>13,000</td>
</tr>
<tr>
<td>ZCE Cotton: USD Cents/lb</td>
<td>85.79</td>
</tr>
<tr>
<td>Cotlook A Index – Physical</td>
<td>74.30</td>
</tr>
</tbody>
</table>

Cotton Guide: After consecutive falls in the recent sessions, the ICE contracts have emitted positivity. The ICE December contract settled at 63.82 cents/lb with a change of +54 points. The ICE March 2020 contract settled at 65.06 cents/lb with a change of +39 points. The gains at the ICE contracts were in the range of +35 to +54 points. The most active ICE December contract traded in a 114 point range with a high figure of 64.20 cents/lb and 63.06 cents/lb as the low figure. The volumes however declined more than 50% at 26,292 contracts as compared to the previous figure of 57,393 contracts.

The MCX contracts on the other hand were positive. The most active MCX July contract settled at 21,320 Rs/Bale with a change of +260 Rs while the MCX August contract settled at 20700 Rs/Bale with a change of +230 Rs. We need to note that the volumes at MCX have reduced.
considerably since the past few days. Yesterday the total volumes at MCX was recorded at 1727 lots down by 1127 lots as compared to the previous figure of 2854 lots.

The Cotlook Index A has been adjusted lower at 74.30 cents/lb with a change of -2.35 cents/lb. The Cotlook Index A 2019/2020 has been adjusted at 73.95 cents/lb with a change of -2.20 cents/lb. Average Prices of Shankar 6 are at 43,900 Rs/Candy that marks a decline of -300 Rs. According to our calculations, the minimum level that Shankar 6 can touch is 43,000 Rs/Candy.

Yesterday, the Federal Reserve announced that it would lower interest rates at the end of July. We need to understand that there is an inverse relationship between commodities and the interest rates. This triggered ICE Cotton to therefore settle slightly positive yesterday.

ZCE futures (September CF909) again declined for the second consecutive day with a net change of -380 yuan at 13,000 yuan. Cotton Yarn import demand from China does not seem to recover. The spread between polyester to cotton (Chinese prices) has narrowed down recently which brings good news for the cotton fraternity. This, coupled with the recent surge in Crude Oil can cheer the bulls at the cotton market. WTI Crude oil has been on a surge since the 5th of this month. WTI Crude was trading at 56.28 $/Barrel on the 5th July 2019. Today at 8:30 am it is currently trading at 60.70 $/Barrel. This amounts to a massive escalation of 7.8%.

This evening with the release of the export sales data, we presume that the markets (both International and Domestic) would be bearish. Reason being – we do not expect the export sales data to be highly supportive for the bulls. In other words, we expect the data to be lower than usual as no positive trigger points have yet emerged regarding the US China trade agreement. USDA’s monthly World Agriculture Demand and Supply Estimate (WASDE) report shall be released this evening, which can make markets highly volatile.

On the technical front, ICE Cotton futures continued to decline and breached the lower end of the channel support at 64. Meanwhile price is trading below the 5 and 9 day EMA, with bearish crossover of short term (5 DEMA) below (9 DEMA) along with weaker RSI which weighed over prices to test levels of 64. RSI in the daily charts is near 35, which may decline further towards the lower end of the range at 30. So in the near term resistance exists around 64.60 (5 DEMA), which may restrict price to move higher. As long as 64.60-65.00 zone resists price is expected to remain weaker till next support at 62.35 levels. Only a close above 68.00-68.60 would negate the bearish bias. The trading range for MCX July would be 21000-21410 Rs/Bale.

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

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INTERNATIONAL NEWS

USA: Textile and Apparel Imports Soar as Shipments from India, Vietnam, Korea Jump

The Department of Commerce’s Office of Textiles and Apparel reports that monthly imports of cotton, wool, manmade fiber, silk blend, and non-cotton vegetable fiber textile and apparel products totaled 6.11 billion square meter equivalents in May, up 16.4 percent from April and 7.9 percent from May 2018.

Textile imports totaled 3.83 billion SME, up 19.3 percent for the month and 9.4 percent from the previous year, while apparel imports of 2.28 billion SME were up 11.8 percent from April and 5.5 percent from a year before.

<table>
<thead>
<tr>
<th>Country</th>
<th>SME</th>
<th>Monthly change %</th>
<th>Annual change %</th>
<th>$ Value</th>
<th>Monthly change %</th>
<th>Annual change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>2.83 billion</td>
<td>+31.5</td>
<td>+7.4</td>
<td>$2.92 billion</td>
<td>+23.7</td>
<td>+0.3</td>
</tr>
<tr>
<td>India</td>
<td>559.8 million</td>
<td>+6.7</td>
<td>+12.4</td>
<td>$762.2 million</td>
<td>+5.4</td>
<td>+10.8</td>
</tr>
<tr>
<td>Vietnam</td>
<td>493.2 million</td>
<td>+16.5</td>
<td>+12.6</td>
<td>$1.16 billion</td>
<td>+7.4</td>
<td>+9.8</td>
</tr>
<tr>
<td>Pakistan</td>
<td>249.5 million</td>
<td>+10.9</td>
<td>+3.1</td>
<td>$266.0 million</td>
<td>+8.5</td>
<td>-5.8</td>
</tr>
<tr>
<td>Mexico</td>
<td>240.8 million</td>
<td>+9.2</td>
<td>+7.1</td>
<td>$396.1 million</td>
<td>+4.9</td>
<td>+3.3</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>214.9 million</td>
<td>+4.7</td>
<td>+2.9</td>
<td>$543.7 million</td>
<td>+11.9</td>
<td>+20.7</td>
</tr>
<tr>
<td>Korea</td>
<td>201.8 million</td>
<td>+16.2</td>
<td>+22.3</td>
<td>$92.0 million</td>
<td>+16.0</td>
<td>+13.1</td>
</tr>
<tr>
<td>Indonesia</td>
<td>130.9 million</td>
<td>-5.9</td>
<td>+4.9</td>
<td>$384.6 million</td>
<td>-3.2</td>
<td>+2.1</td>
</tr>
<tr>
<td>Honduras</td>
<td>96.8 million</td>
<td>+11.1</td>
<td>+3.7</td>
<td>$242.4 million</td>
<td>+7.1</td>
<td>+3.7</td>
</tr>
<tr>
<td>Cambodia</td>
<td>91.7 million</td>
<td>-3.6</td>
<td>+27.8</td>
<td>$242.2 million</td>
<td>+8.9</td>
<td>+36.5</td>
</tr>
<tr>
<td>Taiwan</td>
<td>83.2 million</td>
<td>+6.7</td>
<td>+28.9</td>
<td>$60.1 million</td>
<td>+26.5</td>
<td>+18.5</td>
</tr>
<tr>
<td>Canada</td>
<td>82.0 million</td>
<td>+7.0</td>
<td>-23.0</td>
<td>$108.9 million</td>
<td>+22.6</td>
<td>-10.0</td>
</tr>
<tr>
<td>Turkey</td>
<td>78.5 million</td>
<td>+5.5</td>
<td>+7.0</td>
<td>$155.6 million</td>
<td>+5.8</td>
<td>+8.8</td>
</tr>
<tr>
<td>Germany</td>
<td>64.1 million</td>
<td>+6.0</td>
<td>+34.2</td>
<td>$44.4 million</td>
<td>-3.7</td>
<td>+19.5</td>
</tr>
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</table>

Overall Imports. Total year-to-date imports were 27.8 billion SME, up 6.3 percent from the previous year, as textile imports gained 7.5 percent to 16.7 billion SME and apparel imports rose 4.5 percent to 11.1 billion SME.
For the year ending in May imports were 70.2 billion SME, up 6.6 percent from a year earlier, as textile imports increased 8.3 percent to 41.9 billion SME and apparel imports rose 4.2 percent to 28.3 billion SME.

Source Countries. OTEXA has reported the following statistics on textile and apparel imports from major source countries for May 2019.

Source: strtrade.com- July 11, 2019

US makes up just two per cent of global apparel industry

The US sewn products sector is struggling. The industry experienced substantial blow as engineering, operating and mechanical jobs were moved overseas.

The past 30 years continued to see a downward trajectory for domestic manufacturing in the apparel and sewn products industry, and by 2010 only two per cent of the world’s apparel was made in the United States.

In the 1960s, the average household spent more than 10 per cent of their annual income on apparels. This total represented a low number of high-quality goods, 95 per cent of which were manufactured and sold in the United States. By the 1980s and ’90s, the pendulum swung, and the desire for high-quality products was trumped by a need for more—more clothes, more shoes, more things—at a lower cost.

When the industry packed its bags and moved abroad years ago, it left behind the notion that a career in domestic manufacturing was a thing of the past. As years went by, a generational gap in skill sets grew.

Training programs and technical education diminished and a career in manufacturing came with a tarnished reputation. The introduction of automation, though effective, presented another challenge as machines began to replace people along the assembly line.

Source: fashionatingworld.com- July 10, 2019
Trade War may force China to shut down more factories, say supplier

While Chinese factories suffer, manufacturers in other Asian hubs become beneficiaries -- up to a point

The world’s largest supplier of consumer goods says China’s factories are getting “urgent and desperate” as worried U.S. retailers accelerate a move out of the country amid heightened trade tensions.

China will see more factory shutdowns as the trade war that’s roiled the global supply chain exacerbates an exodus, said Spencer Fung, chief executive officer of Li & Fung Ltd. The company, which designs, sources and transports consumer goods from Asia for some of the world’s biggest retailers including Walmart and Nike, is being pushed by American clients to shift production out of China.

“U.S. clients are definitely very, very worried,” Fung said in an interview with Bloomberg. “Everyone is making razor-thin margins already and most people have a huge percentage in China. So if the biggest source increases the price by 25%, they are worried,” he said, referring to the scale of tariffs threatened on all Chinese imports to the U.S. by President Donald Trump.

Though Fung didn’t specify Walmart by name, the U.S. retailer is the company’s second-biggest customer after Kohl’s, accounting for 7.6% of revenue, according to Bloomberg data. A spokeswoman for Walmart declined to comment.

Seismic Shift

Because of its position as middleman connecting American retail giants to low-cost Asian factories, Li & Fung has a unique, ground-level perspective of the seismic shifts taking place around the world due to the trade war.

Although the U.S. and China have resumed talks on a deal, there are growing signs that the global supply chain, long reliant on China as the factory to the world, is being permanently transformed. Intel has said it’s reviewing its global supply chain, while others including Apple and Amazon are reportedly doing the same.
“Nobody’s investing, nobody’s buying. The trade war is causing people to stop investment because they don’t know where to put the money,” the Silicon Valley-trained CEO said. “Many people put the money into Vietnam with one tweet,” he said, referring to Trump’s habit of announcing American trade policy over the social media tool.

The Hong Kong-based supply chain and logistics provider, which relies heavily on trade between the world’s two biggest economies to make its fortune, will see China’s contribution to its total sourcing fall from 59% in 2015 to less than half this year for the first time.

‘Completely Full’

While Chinese factories suffer, manufacturers in other Asian hubs become beneficiaries -- up to a point. American retailers have already taken up all the manufacturing capacity in Vietnam in their rush out of China, said Fung, highlighting the lack of scale that prevents other destinations from fully substituting for China’s manufacturing might.

“Vietnam, for example, is full, completely full,” he said. “There’s no extra capacity for the U.S. companies to get in.”

Chinese factories, meanwhile, are lowering asking prices in their desperation, creating an opportunity for European and Japanese consumer brands. Li & Fung is advising its non-U.S. clients to move in and take advantage of the mature supply chain and lower costs.

“It is a buying opportunity for European and non-U.S. retailers,” Fung said, “In China, there are a lot of factories with less and less orders. They’re offering actually pretty good prices to anybody.”

Li & Fung, which started its trading business 113 years ago, has seen a steep profit decline in the last five years as the rise of e-commerce platforms like Alibaba and Amazon cut out the middleman, and its retail clients faced waves of store closures. Fung said that core operating profit will continue to decline this year, but he stressed that he’s “seeing the bottom.”

The company’s shares, which fell 71% last year, climbed 2.7% in Hong Kong trading Wednesday, breaking a six-day losing streak.
Fung, whose great-grandfather Fung Pak-Liu established the company in 1906, sees the havoc currently being wreaked in the established global supply chain as an opportunity for Li & Fung’s re-emergence. Its 50-country sourcing network means it can nimbly shift out of China as clients desire, and its investment in technology like 3D virtual sampling will cut costs and save time, he said.

The company is at the tail-end of a three-year restructuring plan that simplified its structure through divesting non-core businesses and streamlining operations.

“It’s like you’re flying a plane, you’re losing altitude,” said Fung. “But now one after another, I see the indicators turning green. I can actually see that the altitude loss is reducing and we’re actually pulling that plane back up.”

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

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**US cotton tumbles to three-year low amid expectations of surplus supplies**

Cotton is in the grips of the bears, and fresh U.S. supply forecasts coming this week will probably keep it there.

Prices tumbled to a three-year low on Tuesday amid the outlook for big supplies at a time when consumption growth is slowing and American exports are hurting. Hedge funds are holding their biggest-ever bet that the declines will continue. Meanwhile, traders and analysts expect that the U.S. Department of Agriculture will raise its outlook for domestic stockpiles, with the hoard forecast to reach a 12-year high.

Cotton is down 26 per cent in the past 12 months, making it the worst performer in the Bloomberg Commodity Index, which tracks returns for 22 components.

Sentiment has only gotten more bearish in recent weeks amid improving American crop conditions and slow progress in trade negotiations between the U.S. and China, the world’s biggest consumer of the fibre.
Right now, being short is the way to go, said Jack Scoville, vice president of Price Futures Group.

The USDA is scheduled to issue its monthly World Agricultural Supply and Demand Estimates report on July 11. The agency is expected to boost its estimate for world production for the season that begins Aug. 1, while lowering global consumption slightly and cutting the estimate for U.S. exports, according to the average forecasts of as many as eight analysts in a Bloomberg survey.

Figures are in millions of bales; A bale weighs 480 pounds, or 218 kilograms. There’s a chance the market could get even more dire as beneficial weather boosts the outlook for the U.S. harvest.

In the week ending July 7, 54 per cent of the crop was rated good or excellent, up from 52 per cent a week earlier and 41 per cent last season, the USDA said Monday. Texas, the largest U.S. producer, and the far southern parts of the Delta got a boost from rain.

Cotton futures for December delivery fell 3.6 per cent to 63.28 cents a pound Tuesday on ICE Futures U.S. in New York, the lowest close for a most-active contract since June 2, 2016.

The price fell for a fourth straight session, the longest slump in a month. In the week ended July 2, hedge funds increased net-bearish cotton bets to a record 37,665 futures and options contracts, U.S. government data showed on Monday.

World demand is apparently slowing, Louis Rose, director of research & analysis at Rose Commodity Group, said in a phone interview. I don’t believe there’s a lot of optimism regarding the U.S.-China trade talks.

Source: thehindubusinessline.com- July 10, 2019
Cotton’s crash amid likely glut set to deepen

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Source: thehindubusinessline.com- July 10, 2019

EU trims economic growth forecasts amid trade tensions

The European Union said Wednesday it has trimmed its forecasts for economic growth next year as global trade tensions weigh on the bloc's export-focused manufacturers.

The EU executive commission reduced its forecast for next year for both the 19-country eurozone and the 27 countries that are due to remain in the bloc after Britain leaves, which is scheduled to happen at the end of October.

Eurozone growth is expected to pick up from 1.2% this year to just 1.4% in 2020, down from a previous estimate of 1.5%.

Growth in the EU - without Britain - is forecast to rise from 1.4% to 1.6% next year, down from the 1.7% estimated previously.
The European commissioner in charge of economic affairs, Pierre Moscovici, said there were risks to the region and highlighted "growing trade tensions."

"A couple of sectors have been hit hard: external trade and manufacturing," he said while presenting the EU's interim forecast.

He said that growth was being supported by a strengthened labor market, but there is still a risk that the economy might do worse than forecast due to "any further escalation of trade tensions."

The U.S. government has imposed tariffs on several countries, including EU states but particularly China. The battle between the U.S. and China has weighed on business sentiment around the world and also has knock-on effects on European businesses, which produce and sell in each of those markets.

Source: heraldstandard.com- July 10, 2019

Bailing on China Rhetoric Softens as Retailers Seek Sourcing ‘Balance’

Shifting away from sourcing in China has its appeal when it comes to altogether dodging President Trump’s trade war, but now that immediate tariff threats appear on hold, brands and retailers may be looking more toward balancing their China sourcing than bailing on it entirely.

That’s at least the way Walmart sees it.

“It’s just about balance...the China threat was real, it was scary, it could still come back,” said Liz Hershfield, VP and head of product development, production and sustainability for Walmart eCommerce, speaking at The Lead Innovation Summit 2019 in Brooklyn Tuesday.

However, she noted, “I think it’s the same thing as years ago: quotas went away and everyone moved from this hemisphere to China. It was like this mass exodus, but then it started to kind of balance back out.”
For Walmart—as for others not putting all of their supply chain eggs in one basket—sourcing diversification is about never being too reliant on one country, one factory or one supplier.

“Obviously, China can do small runs and they can turn fast, but there is this hemisphere, and there are great facilities in Central America and South America,” Hershfield said. “But do they have enough capacity for 100 percent of Walmart’s production? Of course not. But there’s so much opportunity to just diversify and kind of be thoughtful about what goes in China, what goes in South America, what goes in Bangladesh and be more balanced with it.”

For other companies, like Rothy’s, which makes its washable, woven flat shoes from recycled plastic in its owned factory in Dongguan, China, supply chain diversification isn’t the order of business. And it’s China’s capabilities that are keeping the company’s feet firmly planted on the ground there.

“We don’t have the choice of diversifying our supply base...there’s so much skilled labor in China. I can ask my head of supply chain, ‘hey, I want this,’ and the next day he can say ,’here are the three options,’” said Rothy’s president and COO Kerry Cooper.

The company has nurtured its factory staff and a chain of suppliers in China to make its specialized shoe, the discarded plastic raw material is there, and so is the efficiency.

“We launch a product on a Tuesday, we can have it back in stock on a Thursday,” Cooper said.

That’s a sentiment Nike has echoed with its recent commitment to double down on its China sourcing despite the country’s back-and-forth battle with the U.S. The athletic wear company has had its focused fixed on China for growth in recent years and its setup there allows it to manage leverage, serve its customer, deliver product consumers want and build its brand.

“Our greater China business is the blueprint for how all those dimensions come together,” Mark Parker, Nike’s chairman, CEO and president said on a recent conference call. “We added more than $1 billion of incremental growth in the geography over this past year. We are and remain a brand of China and for China.”
Whether brands decide they should stay or they should go when it comes to manufacturing in China, the country is set to evolve from being the world’s factory.

“China has such a strong cluster of supply chain on its own...it’s actually very difficult for companies to leave,” admitted Yvonne Lau, SVP for corporate development at Li & Fung, a Hong Kong-based supply chain management company.

However, she said, China is evolving from being a mass production country.

“I think China will become a product development country,” she said, noting the country’s investments into factories and mills in neighboring countries, its reach when it comes to tackling the supply chain from all angles, and its ability to manufacture “far superior products” despite popularly held beliefs. “I think China will have a much bigger role in terms of the sourcing activities.”

Source: sourcingjournal.com- July 10, 2019

Texworld USA’s Evolution Aligns with the Industry’s Shifting Needs

Thanks to tariff uncertainties and trade wars, more apparel and textile companies are pursuing new ways they can diversify their supply chain. But even exploring these innovative solutions can be costly and time consuming, and it can be difficult for buyers to make meaningful progress.

Texworld USA, taking place July 22-24 at the Jacob K. Javits Convention Center in New York—and co-located with Apparel Sourcing USA—provides one convenient location for attendees to source the latest fabrics and apparel from a large variety of locations.

More than 22 product groups from more than 500 companies are represented at the show, and this year’s event is expected to host over 5,000 attendees.
“With a dynamic changing tariff structure in the U.S. and globally, it is increasingly important to source and find suppliers that can offer sourcing outside of the beaten path,” said Michael Hong, men’s outwear design director at Michael Kors. “Texworld USA gives us an advantage to source the world in one convention.”

**Broadening horizons of opportunity**

This year’s show will feature company pavilions for Korea, Taiwan, Sri Lanka, Bangladesh, India, Pakistan and Nepal. Portugal will also join for the first time as the first European country pavilion in the show’s history.

Among the product categories available for perusing will be cotton, denim, embroidery and lace, functional fabrics, knits, wovens, linen, prints, silk, wool, yarn, accessories, findings and trims, jacquard, shirting, faux fur and novelties.

Bangladesh: On the exhibit floor will be H.I Apparel Limited, a manufacturer of pants, skirts and casual shirts that sells to such companies as Jomo Fashion B.V., Ernstings family HFG and Baby Shop. Kohinoor Apparels Limited, a maker of intimates and sleepwear, and Mam Bangladesh (ladies apparel, woven and throws) will also be there, as will Seacotex Fabrics, which makes t-shirts and hoodies and sells to Aldi and Forever 21.

Shangu Group (cutting, sewing, finishing and fabric sourcing) counts Kmart and Carrefour among its clients.

India: Those representing India will include home textiles manufacturer Amber International, which sells to such retailers as Walmart, and Gupta Creations (cushions, throws, rugs, stools); Sai Exports (decorative cushions, rugs); and Sri Ganesh Textile (yarn-dyed woven fabrics for upholstery and home furnishings).

The Synthetic & Rayon Textiles Export Promotion Council, Texprocil, Indian Chamber of Commerce and Handloom Export Promotion Council will also be there.

Sri Lanka: The sustainable-certified Sarasavi Exports that sells to Hanes will have its socks and hosiery on display.
Portugal: Companies such as Camara Famalicão, Dune Bleue, Marjomotex, OLMAC and Scoop will be there helping Portugal make its inaugural Texworld USA debut.

Providing a diversified platform to buyers is important to the producers of Texworld USA, who understand how imperative it is that the show progress is in lockstep with the industry and its members.

“In order to evolve with industry trends, not only do we offer exhibitors that have the capacity for large orders, but we also cater to up-and-coming designers by offering low minimum suppliers,” said Jennifer Bacon, show director for fashion and apparel. “We also aim to meet the needs of the industry with must-have fabrics/prints and color palettes presented by Texworld Art Directors.”

The show also works with international exhibitors that understand the importance of speed to market, she added, as well as those offering new technologies and innovations.

**Sustainability at the forefront**

Sustainability, the rapidly expanding priority for all sectors of the apparel and textile industries, will be well represented at this year’s Texworld USA. The show will feature the one-day Neonyt Fashionsustain conference on July 22, boasting a series of speakers, panels and workshops addressing the subject in new, insightful and exciting ways.

Additionally, not only is Texworld USA sponsoring scholarships for Glasgow Caledonian New York College’s unique research-based Master’s programs on profitability and sustainability, but Texworld USA is even partnering with the GCNYC Fair Fashion Center for a complimentary workshop held after the show. On July 31, attendees can explore the meaning and importance of sustainability—and how to get started.

The mindfulness of this crucial topic is one reason attendees have it permanently marked on their calendar each year. Christine Carlson, formerly of David’s Bridal, told Sourcing Journal that last edition’s Reformation talk on sustainability was the highlight of her show.
“I was so impressed by how thoroughly the company thinks of every aspect of the business—fabric dying, fiber content, manufacturing, shipping and even the second life of the garment,” she noted.

Source: sourcingjournal.com- July 10, 2019

Why South Africa should revert to greater protection for some of its industries

After years of relative silence, debates about the pros and cons of tariffs in international trade have become a regular feature. The renewed interest has been sparked by the actions of US President Donald Trump, the first president since the Great Depression to impose, or threaten to impose, higher tariffs on imported goods.

In March this year, the US imposed tariffs of 25% on Chinese imports worth $250 billion a year. Although the intended extension of the measures to all Chinese goods is presently on hold, the US has threatened similar steps against the European Union.

The debate is important for countries that are struggling to diversify their economies, in South Africa’s case to build its capacity in medium and high technology-based industries.

South Africa’s manufacturing sector has been significantly affected by trade liberalisation policies dating back to the nineties. At the time, these were widely adopted as a means of stimulating national economies in developed countries that were characterised as being hamstrung by high input costs and stagnant local markets. It was argued that open markets would help create jobs, raise levels of productivity and competitiveness, and ultimately increase economic output.

Our study, has shown that, relative to our peer group and stage of industrial development, South Africa’s industrial policy is too focused on supply-side instruments. These include tax allowances for research and development, and direct financial support for human resource development or capital investment.
The study began with two initial propositions:

- that the transition had been overdone; and that
- the country’s more traditional manufacturing sectors, such as leather goods and footwear, metal products and clothing, had been slow to respond to the new policy framework.

The study confirms both.

We conclude that the policy changes of the nineties were too extensive and South Africa’s industrial policy regime should be rebalanced as a means of growing employment and Gross Domestic Product (GDP). A combined approach of selective tariffs and better marketing to potential beneficiaries could rebuild the important contribution of manufacturing to the economy. The nineties

In the nineties, South Africa was emerging from a period of heavy protection and isolation. It was partly self-imposed and partly the consequence of international sanctions. The lowering of tariffs was seen as a means to achieve two objectives. First, to raise the international competitiveness of its manufacturing base. And, second, to loosen the stranglehold of upstream industries, including manufacturers of basic chemicals, iron and steel, and paper.

In broad terms, the nineties can be characterised by the shift in the industrial policy regime reliant on market protection, high tariff levels and state procurement (collectively known as demand-side support) to a proliferation of instruments, such as research and development tax incentives and a focus on reducing the input costs of firms (known as supply-side support).

Between 1991 and 2001, average tariff levels fell from 27.5% in 1990 to about 8% in 2006 and 5% in 2016.

Unfortunately, the promises of economic growth and job creation in the manufacturing sector as a consequence of trade liberalisation were not forthcoming. The reform led, instead, to many casualties, with firms in the vulnerable industries contracting and shedding jobs.
Although increasing by 50% from 1994 to 2006, the contribution of manufacturing to GDP has hardly changed since 2007, despite an overall 26% growth in the economy (2007 to 2018). As a result, the proportion that manufacturing contributed to the economy dropped from 21% in 1994 to 13.2% in 2018.

Several segments of the manufacturing sector have weakened considerably. In some cases, they have disappeared almost entirely. Output of the textiles, clothing, leather and footwear sub-sector has declined by 40%. Textile manufacturing has been the worst performer, with its economic output now less than 60% of its 1994 level.

The exception - automobiles

The automobile sector has grown most strongly since 1994. It is the one sub-sector which retained high tariff protection. These can be effective. But tariffs in support of the automobile sector have not been cheap.

They came at a considerable cost to the economy, and in this case, also to government. It is estimated that the cost to the Department of Trade and Industry of the Automotive Production and Development Programme has been R5 billion a year.

In terms of the policy focus, the data supported the view that supply-side measures are too dominant and the overall policy mix should be re-balanced to provide more demand-side support.

The support can be principally in the form of tariff protection and a revision to the local content specifications for public procurement. This will be done to revitalise South Africa’s manufacturing sector in an approach analogous to the automobile sector.

Furthermore, the results of the study have shown that the traditional industries have failed to respond sufficiently to the post-1994 policy shift. They made little use of the new instruments. Policy changes invoke a similar set of responses.

Traditional firms have been suspicious of the new instruments and reluctant to engage with them. On the other hand, the more open firms were enthusiastic about new possibilities that such policy changes may reveal.
The use of research and development tax incentives, a key component of the supply-side incentives, has been highly variable. The major beneficiaries have been the high-technology sub-sectors, which have strong absorptive capability, characterised by a willingness to identify and absorb useful external knowledge.

We recommend that more effort should be made to assist the traditional industries in understanding, and hence benefiting from, the new policy environment, rather than allowing them to disappear entirely. A wider re-balancing of innovation policy in favour of stronger demand-side instruments is also recommended.

Source: theconversation.com- July 11, 2019

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International logistics conference in Sri Lanka

Sri Lanka will host the first ever international logistics conference during August 1-2, 2019. The Colombo International Logistics Conference will see 20 international speakers discussing modern logistics trends, South Asia’s logistics market and the role of Sri Lanka as global logistics centre. The conference will be attended by over 250 foreign delegates.

“Delegates attending this conference will get a first-hand idea of the ports of Sri Lanka and the new Port City that is being built with up to US$ 18 billion investment.

The conference will give an opportunity for networking and develop new businesses for companies involved in logistics, as well as investors,” said Shippers’ Academy Colombo CEO and Export Development Board (EDB) logistics advisory committee chairman, Rohan Masakorala.

The event will mark the 40th anniversary of the Sri Lanka Ports Authority (SLPA), which will join as a business partner along with its terminal operators, while the Sri Lanka Logistics and Freight Forwarders’ Association will join as the ‘strategic partner’, with the organiser, CIMC-Events.
SLPA chairman Kavan Ratnayaka said that the vision of the SLPA was to support value-added services to make Sri Lanka a true logistic hub. “Therefore, this conference is timely to get message out to the international business community that Sri Lanka provides an unmatchable location with low-cost, high-speed solutions to connect global trade and markets,” he said.

The government is supporting the event. The National Export Strategy’s key driver, the EDB, has taken the initiative to promote logistics and support this event. Speaker of Parliament, Karu Jayasuriya is the patron of the conference.

The logistics industry is reshaping and evolving to facilitate a new order of global trade, e-commerce and to reach out to the 21st century consumer with flexibility and speed, modernising the global supply chains. For this reason, strategic distribution hubs connected by air and sea, and proximity to markets and transportation hubs, make a location suitable for international logistics to provide services at minimal costs.

Source: fibre2fashion.com- July 11, 2019

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**Vietnam apparel industry suffers due to lack of competitive dyeing, fabric segments**

Lopsided development of its various segments and dependence on imports have weakened the textile industry`s competitiveness and creativeness, experts said.

Nguyen Van Tuan, chairman of the Viet Nam Cotton and Spinning Association, told Thoi Bao Kinh Doanh (Business Times) newspaper that while the yarn and apparel segments had grown strongly, others like dyeing were poorly developed, causing a bottleneck.

Besides, garment companies were hugely dependent on imported fabric, he said.

In 2017, for instance, 6.5 billion metres of cloth were imported, or two thirds of the industry`s entire demand.
Viet Nam Customs data shows imports in May were worth US$1.35 billion, taking the total for the year to US$5.43 billion, a 5.8 per cent rise year-on-year.

"Because of dependence on imported fabric, companies have lost their creativity and so cannot add value," Tuan said.

Concurring with the idea, Tran Thi Thu Hien of Chien Thang Garment Company said the main weakness of garment companies was their dependence on imported cloth, mostly from China.

That was also a reason Vietnamese companies were expected to face difficulties after the country joined free trade agreements like the CPTPP since China is not a member of these agreements.

Besides, the huge fabric import was a paradox considering two thirds of the fibre produced in the country, or 750,000 tonnes, were exported every year at increasingly lower prices.

Experts attributed this to the poor development of the dyeing segment.

They said local companies lacked proper awareness of the dyeing process. They also lacked the technologies, human resources and skills required to develop this sector.

Furthermore, there were no industrial zones fully equipped to serve the dyeing industry, they said.

Tuan said developing the fabric and dyeing segments would be the key factor in the growth of the garment and textile industry.

He called for establishing industrial zones specialising in dyeing and cloth production.

Attracting foreign direct investment in the industry was also a key requisite for its development, he said.

Besides, there was a need for training human resources, he added.
Experts said most garment and textile companies had to hire foreign experts in dyeing, which pushes up their production costs.

So investing in the training of human resources was vital to developing the dyeing segment, they added.

Source: pulsenews.co.kr- July 10, 2019

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**Experts urge Dhaka for policy to manage textile chemicals**

The Bangladesh Government is yet to introduce a comprehensive national database or policy to manage and monitor the increasing amount of chemicals used in the textile sector, which is posing a barrier to workplace safety, reducing accidents and casualty and curbing occupation-related diseases, according to chemical experts in the country.

The experts were addressing a recent symposium and workshop on textile chemical safety and management in Dhaka organised by the Bangladesh University of Engineering and Technology (BUET) and Conference and Exhibition Management Service.

The government has the responsibility to introduce a comprehensive legal framework, regulatory body, database and monitoring system, which must be complied with, said BUET chemical engineering department head Syeda Sultana Razia.

Citing an information ministry report published in 2017, she said over 11,000 workers suffer fatal accidents, 24,500 die from work-related diseases and eight million workers in the country endured injuries at work each year, as chemical safety management were overlooked, according to Bangla media reports.

Mohammad Easir Arafat Khan, assistant professor of the BUET department, said excessive use of hydrogen sulfide, nitrogen and methane in chemicals cause acute injury to human health.

Source: fibre2fashion.com- July 11, 2019

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Vietnam a step closer to beating Bangladesh in apparel exports

In a blow to apparel exporters, the EU, Bangladesh’s largest export destination, has extended duty-free access to Vietnam, eliminating the competitive edge that the country held over its biggest rival in the trade.

As a least-developed country Bangladesh enjoyed duty-free benefit to the EU since its independence, whereas Vietnam had to pay 12 percent duty. Now, Southeast Asian country has obtained the same privilege as Bangladesh thanks to the signing of a free trade agreement (FTA) with the EU on June 30.

“We are going to face tough competition as Vietnam has become a parity of us in the same market,” said Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue.

Bangladesh will face even tougher completion once it fully graduates from the LDC bracket in 2027 as the duty benefits would be withdrawn then. Exports to the EU will then face 12 percent duty but Vietnam will continue to ship to the trading bloc at zero duty.

“So we need to lobby with the EU either for the signing of an FTA or for continuation of the duty benefit,” Rahman added.

Bangladesh’s apparel exports have lost 3.64 percent value in terms of price per unit during 2014-2018, whereas Vietnam’s price has gone up, said Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

“With the gradual elimination of tariff on Vietnam’s exports the price competition will be more intense.”

Apart from erosion of competitiveness and the resulting trade diversion, the FTA may have a severe toll on the price level for Bangladeshi manufacturers, Huq said. In 2018, Bangladesh exported $19.32 billion worth of garment items to the EU, up 11.17 percent year-on-year. Vietnam’s exports that year stood at $3.92 billion with an annual growth of 9.74 percent, according to data from the BGMEA.
With its 4 percent share Vietnam is currently is the sixth largest apparel exporting nation to the EU, whereas Bangladesh is the second with its share of 19 percent.

“This wide gap is under threat,” the BGMEA president added.

Md Shafiqul Islam, additional secretary to the commerce ministry, echoed the same.

He, however, dismissed the need for signing an FTA with the EU in the near future.

“Bangladesh does not need to sign FTA with the EU as we will continue to enjoy duty benefit until 2027,” he added.

Source: thedailystar.net- July 10, 2019

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**Bangladesh exports to the US up 14 per cent**

This fiscal year, Bangladesh’s exports to the US rose by 14.92 per cent. Earnings from apparel exports to the US grew 14.60 per cent over the previous year’s earnings.

Exports to Germany were up 4.79 per cent. Germany imports 15.23 per cent of Bangladesh’s total exports. Export earnings from the UK rose by 4.51 per cent, which is 10.29 per cent of the total exports of Bangladesh.

The lion’s share of Bangladesh’s exports is limited to 10 countries viz: US, Germany, the United Kingdom, Spain, France, Italy, Canada, Japan, the Netherlands and Poland. The 10 countries import over 71 per cent of Bangladesh’s total exports.

Bangladesh is trying to reduce dependency on a few markets and diversify export destinations. The efforts are succeeding. Once, 65 per cent of Bangladesh’s total exports were limited to the US. That is now 17 per cent. Bilateral trade agreements are seen as a way to avail of duty-free market access to new countries such as the Russian federation and South Africa.
Bangladesh provides a four per cent cash incentive against exports of apparel goods to non-traditional export markets. This is in addition to the one per cent incentive for all traditional export destinations.

Source: fashionatingworld.com- July 10, 2019

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**Vietnamese designers tap the global fashion industry 'gold mine'**

Fashion is not about just a few strides on the catwalk. It is an industry with revenues of trillions of US dollars each year. In recent years, a number of Vietnamese fashion brands have gradually strengthened their names and left their mark on the global fashion stage.

**Trillion-dollar industry**

Mark Twain has said, "Clothes make the man. Naked people have little or no influence in society. A policeman in plain clothes is a man; in his uniform he is ten".

The need to "wear" only comes after "eat". This has helped fashion become a global industry with huge revenues of trillions of US dollars each year. In the industry, fashion designers, manufacturers and retailers around the world work together to design, produce and sell clothing, shoes and accessories to meet diverse consumer needs.

The fashion industry generates huge revenues of $2.5 trillion a year and continues to grow rapidly. According to forecasts, the fashion industry’s revenue will double in the next 10 years with $5 trillion per year and the hiring of 60 million workers.

In the US, up to four million people work in the fashion industry, higher than the automation industry, fast food and video games. Fashion brands can be giant multinational corporations like Gucci and Chanel, but in other cases they are small companies with only a few dozen employees.
Particularly in the garment industry, according to figures from Statista, demand for garments worldwide is expected to reach about $1.65 trillion by 2020, of which the US market will comprise about $334.2 billion (an average annual growth rate reaching 2.5%) and the 10 largest markets in Europe reaching a total of $291.2 billion (an average annual growth of 0.4%).

The garment industry accounts for 88% of export value in Haiti, 79% in Bangladesh, 59% in Lesotho, 52% in Cambodia, and 43% in Sri Lanka. India is also one of the major textile manufacturers, employing about 40 million workers and 60 million indirect workers, ranking second after its agriculture sector.

Currently, about 90% of Việt Nam's textile production is for export. In 2018, Việt Nam's textile and garment exports were estimated at $36.2 billion, an increase of 16.4% compared to 2017, making the country one of the top three textile exporters in the world, following China and India.

**Vietnamese enterprises' global footsteps**

With such great potential, the fashion industry has created many "empires" with a worldwide network. In order to build businesses worth billions of dollars, each brand must always be creative to build its own image. The defining aspect of each brand is its identity.

If popular names like H&M or Zara represent highly practical usage and affordable prices, high-end fashion and luxury brands must rely on telling a story or touching the heart of customers. It is no coincidence that Chanel symbolize feminism; Christina Dior symbolize beauty; and Rolex, a guarantee of high-quality and iconic watch pieces.

This is also the story of Vietnamese brands as they set foot in the fashion world. PHUONG MY, a "pure Vietnamese" brand owned by PHUONG MY Design Co. Ltd. has made its name with its high-end fashion line that combines a strong modern personality and an Asian heritage, which is not an easy mix.

Speaking with the press, Trần Phương My, the creative director, and designer and founder of the PHUONG MY brand, has not concealed her ambition to bring the brand's products to the world and integrate into the flow of the global fashion industry.
“It’s time for the world to see that Vietnamese businesses can create products that can be compared of the same standards to international brands. It’s time to redefine “Made in Vietnam”, says the young entrepreneur.

Starting six years ago with a store located at a corner of Lê Thánh Tôn Street in District 1 in Ho Chí Minh City, PHUONG MY is now present in 30 stores in 20 countries and territories, including France, Italy, Taiwan, China, the Republic of Korea, Saudi Arabia, Kuwait and the UAE.

For successful brands, fashion is not only about a few strides on the stage, but also about business management, business strategy, cash flow, revenue and profit. The brands are not only designers, but also brand-makers and good businesspeople. They do not go alone. Behind them is a talented team, working in the same direction.

As a founding member and managing director of PHUONG MY Design Co., Ltd, Trần Phượng My, notes: “The fashion industry always changes in six-month cycles, or even less. It’s a big challenge for fashion businesses. All operations of the company must learn to adapt constantly. Changing every day and making things better every day is inevitable.”

Asked about the "secret" of bringing products, especially her high-end product line, to customers who are the one per cent of the super-rich, My says:

“I always talk about asking the right questions for businesses. When you ask the right question, you can find the right solution. When decide to enter New York Fashion Week, most people ask ‘What can PHUONG MY bring to New York Fashion Week’. But at PHUONG MY, we ask ‘What can New York Fashion Week bring to PHUONG MY’. We need to strength, and the opportunities a new market can open to us, to know how to go further and prepare ourselves.”

My also highlights her team: "I'm only as good as the five people surround me. This applies to both domestic team and international team when expanding the market. It is important to find talented, good hearted people to surround yourself with, and to work with you. No one can do everything alone.”
She also emphasises: “It's important to have a clear goal, a good team, and to work hard. Because no success happen overnight.”

Source: vietnamnews.vn- July 10, 2019

Pakistan: 17pc sales tax to ruin domestic bulk industry: Aptma

All Pakistan Textile Mills Association (Aptma) has warned the government of wiping out of domestic textile industry on account of imposition of 17 percent sales tax, arguing that the sales tax-free imports of raw material (yarn, cotton) through Bond, EOU and DTRE schemes for exports will inflict huge damage to survival of domestic and indirect exporters.

The country’s supreme textile exporting body in a letter on Tuesday to FBR Chairman Shabbar Zaidi called for withdrawal of 17 percent sales tax on cotton bales of Pakistan’s farmers as no one will buy the domestic cotton in the presence of sales tax-free imports of cotton and yarn that will result into massive loss to cotton growers and indirect exporters who thrive on domestic cotton and yarn as they will not purchase it with 17 percent sales tax and will be wiped out from the scene. However, the Indian industry which exports to Pakistan the yarn on duty free schemes will get the benefit and Pakistan’s domestic industry will die down.

The Aptma letter available with The News while explaining the rationale to FBR chairman and its members argued that no exporter will buy from local supplier if he has to pay 17 percent sales tax and wait for many months later. It also explained that bulk of industry – indirect exporters – would have no business especially SME sector.

Vice Chairman of Aptma Asif Inam told The News that sales tax imposition will do nothing but destroy the bulk industry and bales of cotton growers completely. During the five years of PML-N era, the import of yarn and cotton from India increased tremendously from 1400 tons to 14000 tons per month under duty free schemes and it damaged the domestic bulk industry a lot.
Though the current government has reduced the imports from India, but still these are at higher sides. Now the government has imposed 17 percent sales tax on domestic industry owing to which exporters will prefer to purchase the cheaper Indian yarn with zero duty.

Adviser to Aptma Mr Shahid Sattar confirmed to The News the development saying, “Yes, we have written a letter to FBR chairman and its main members informing them that without the level playing field in terms of sales tax, bulk domestic industry including SMEs and indirect exporters will get ruined and instead Indian industry will thrive at the cost of Pakistan domestic industry as India is dumping yarn into Pakistan through DTRE a scheme.”

He said, “Yarns imports from India has been increasing at abnormally high rate and interestingly Indian yarn is allowed through Wagha but the Indian cotton is banned from Wagha and because of this flawed policy we are promoting Indian spinning industry.”

He said that since the imposition of sales tax, all the processing plants (spinning and weaving industry) across the country are getting closed down and almost 2,00,000 spindles are non-operational which may scale up to closure of 10,00,000 spindles in next 4-5 days. So far thousands of workers have got unemployed and the unemployment is also feared to increase in the days to come as more industry is going to close down.

The imposition of sales tax would reduce the demand of local cotton which in the past 70 percent was exported after processing. This will also affect the demand of local cotton substantially creating hardships for farmers as all exporters would import the same under DTRE, EOU and Bond.

In the letter, Aptma also argued that exports would require huge imports which would defeat the purpose of reduced imports and worsen balance of payments position.

“Effectively zero rating and promotion of Indian industry in competition to our domestic industry surely cannot be rationale,” it said. It also says input and output ratios to determine standard sales tax returns at the time of GD (Goods Dispatch) and MR (Marine Report) would not be possible as various companies would have used different levels of sales tax free inputs.
If the DTRE, Bond and EOU is allowed to continue sales tax free then only the large industries in the market would flourish while the smaller medium enterprises (SMEs) or indirect exporters would be at unbridgeable cost disadvantage and creating another tier of refunds for indirect exporters (other than direct exports stage) would not only be administratively difficult but would also create space for inappropriate refunds.

Aptma wants that all inputs whether local or imported be subject to the same rate of sales of tax.

Source: thenews.com.pk- July 10, 2019
NATIONAL NEWS

Trade dispute India's top agenda during US officials visit to New Delhi

Officials said the basic contours of the package must be renegotiated as experts had said the earlier terms were favourable to the US without helping India.

A comprehensive trade package, with mutually agreeable set of items on each nation’s tariff cuts, will be in focus as officials from India and the United States sit down to solve contentious trade issues.

Assistant US trade representative (USTR) Chris Wilson and USTR deputy assistant Brendan Lynch will be arriving in New Delhi for two-day long talks on Thursday.

However, after the meeting between Prime Minister Modi and US President Donald Trump at the G20, both governments had promised trade minister level talks. The upcoming meet is expected to set the template for the minister-level talks later.

Officials said while tariff issues would require time, the talks would see India getting back on the discussion table with the US for a comprehensive trade package. In the works for more than a year now, the package hopes to secure a list of imports, duties on which can be reduced to enhance market access.

The Commerce Department has held around six bilateral discussions with the US Trade Representative’s office and the Department of Commerce. Trade concessions across information technology goods, aviation and oil purchases have been part of the package.

But after repeated threats from US President Donald Trump on India’s protectionist steps, New Delhi had decided to go slow on the proposed ministerial talks on the package.

US Secretary of State Mike Pompeo had focused on the proposed package during his recent trip to India. “He secured a go ahead from the Prime Minister’s Office,” a source said.
However, officials said the basic contours of the package must be renegotiated as experts had said the earlier terms were favourable to the US without helping India.

**Balancing US deficit**

New Delhi had considered dismantling of its current price cap regime for coronary stents with a trade margin policy, and agreed to concede lower duties on import of certain information and communication technologies products such as high-end mobile phones and smart watches from the US.

“Cheaper access to oil from Texas, along with a broad range of trade concessions, were offered by the American side,” another official said.

India is also the only major trade partner, with which the US trade deficit has gone down consistently. Annual figures released by the US authorities, a day after Washington DC snatched away India’s trade benefits under the Generalized System of Preferences, showed America’s trade deficit with India had shrunk to $21.3 billion in 2018, from $22.3 billion a year ago.

Source: business-standard.com- July 11, 2019

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**Updating foreign policy with times, India changing gears in relations with Africa**

It is abundantly clear that India has shifted gears of its engagement with Africa in a more concerted manner if one were to go by her recent activities across the spectrum of cooperation in accordance with the wishes of the respective countries. India announced a grant of US$15 mn to Niger to enable it to host the next African union Summit (AU) currently underway in Niamey. Some critics argued that the funds could have been more productively utilized in infra development etc.

But all that is already being done. Supporting AU Summit and interactions after her own India- Africa Forum Summits ( last being in 2015) is a natural corollary and attests to the fact that India engages with its natural partner Africa both in bilateral, regional and multilateral context. AU and its constituent 55 countries are the collective voice of the continent and India
wishes to engage with them given her umbilical and historical non-reciprocal relationship.

It is also time that structural and content driven focused approach for collaboration becomes the norm in accordance with PM Modi’s 10 principles for engagement with Africa announced during his address to the Ugandan Parliament in 2016.

First Africa Day was celebrated at the Vibrant Gujarat summit where 50 African countries apart from large number of African students participated. Likewise hosting Cyril Ramphosa the South African President as Chief Guest for the Republic Day this year attested to the importance India attached to Africa.

As the world is heading apace towards the AI driven Industrial Revolution 4.0 neither India wants to miss it nor would want the Africans to lose out. Hence setting up Centres of Excellence and ICT and cutting edge technological cooperation for connectivity and R&D through capacity building has been a constant endeavour. No wonder only last week India inaugurated the Mahatma Gandhi IT & Biotech Park in Cote d’Ivoire in West Africa which as a special zone could incubate unicorns in the sunrise technologies.

The MEA announcement stated “The MGIT-BP is being built with India’s assistance through EXIM Bank Lines of Credit of US$ 20 million. The MGIT-BP project consists of two parts firstly, architectural concept & design for the buildings of FTZ and construction of main building to host IT enterprises. Secondly, supply and commissioning of equipment which included, Computer Assembly Plant, VSAT with Satellite Earth Station, Networking Lab, Human DNA Lab, Data Storage Area Network, an Audio-Visual Lab & a Power Generator.

The first part of the project was implemented by Shapoorji Pallonji while the second part of the project was implemented by United Telecom Limited (UTL). There has been a significant intensification of our engagement with Cote d’Ivoire over the years and has extended six Lines of Credit aggregating to USD 207.70 million, aimed at building Infrastructure, improving the Ivorian skills and create opportunities”. 
India also gifted 250 e-Rickshaws to Senegal under the clean energy initiative. Large number of African countries are becoming a part of the “Indian Solar alliance“ under which India has committed US$ 2bn to assist Africa acquire solar salience apart from “the Solar mamas” doing the yeoman community service post their training in India. This is just one example. Recently signed MoU with Tunisia in the area of space cooperation will further extend the application of frontier technologies and communication.

In fact India had earlier embarked on a Pan African e-Network project for providing satellite connectivity to the continent for telemedicine, tele-education and e-governance. Its second phase was launched earlier in the year when it was decided to upgrade the outreach with e-Vidya Bharati and Arogya Bharati projects by connecting ace institutions for tele-education and telemedicine apart from large number of scholarships.

In fact during the IAFS 2015 India has pledged US$10 bn in lines of credit with $600 mn in project grants for Africa with 50000 training slots for Africans for capacity building which in fact is the USP and widely appreciated. Nearly 189 projects in 42 African countries are in various stages of completion with over $ 26 bn lines of credit. Several loopholes have been plugged and monitoring mechanisms are being introduced for speedier delivery systems. This is remarkable and in good faith since India is not a capital exporting country nor can it afford to indulge in cheque book diplomacy.

Moreover India follows an Africa owned and Africa led developmental strategy anchoring its engagement giving primacy to equity, equality, mutual respect and growth dividends for the larger good as against the neo-colonialist approaches by some other major players who either have a colonial connect or indulge in cheque book diplomacy. Hence a reservoir of tremendous goodwill for India gives it a unique edge and advantage. Successful centuries old Indian enterprise and 3mn diaspora further sharpen the Indian edge.

These days several countries prefer to join hands with India in bilateral, trilateral or multilateral formats by pooling in expertise and resources for the benefit of all stake holders. Asia –Africa Growth Corridor with Japan and Asean; Indo-US collaboration in training African peacekeepers; Dialogues with France and UK on Africa or for that matter collaboration with UAE and Saudi Arabia for ensuring food security apart from collaborating in the fight
against terrorism and extremism provide a holistic new approach where the unique advantages of each partner could be deployed for the African good. No doubt this is a delicate business but several success stories are already there.

It is normal that Africans wish to write and design their own future rather than be dictated by the interests of others who might wish to exploit the continent’s rich resource base. Hence while welcoming the China –Africa Summits (FOCAC), US-Africa Business Forum; Japan –Africa meets (TICAD); India-Africa Forum Summits; and the EU-AU and the newest Russia –Africa Summit, the foreign minister of Rwanda at the “Kigali Global Dialogue’ last week reiterated that Africans would want to choose their pathways for the good of their own people.

After its chequered past of heinous genocide of the 1990s, Rwanda has made amazing progress despite the dearth of natural resources. Country rightly boasts of being the cleanest; probably the highest in gender parity with 64% female parliamentarians and almost half of the Cabinet comprises of smart and highly educated women ministers. With its zero tolerance for corruption and digital delivery of public services, it has a set a unique example in health care where the drones are used to deliver medicines and vaccines to the remotest part of this country of thousand hills. No wonder the Global Competitiveness Report (2015) ranked Rwanda as the Best Place to be a Woman in Africa and Sixth Globally. The World Bank on its own ranked Rwanda’s capital Kigali among the six top cities in the world that demonstrate global competitiveness.

It is in this context that one has to see the recently organised “Kigali Global Dialogue” by the Observer Research Foundation (ORF India) with the assistance of UK’s DFID from July 3-5 which will be the annual dialogue broadly on the pattern of the Raisina Dialogue but mainly focusing on Africa for the Africans.

This was evidenced in its very basic theme” People/ Growth/ Development” that placed emphasis on People first in the diversity of sub themes ranging from very basic needs to institutions to Climate change to IT governance and Artificial Intelligence-driven future. Samir Saran, Conference Chair and President ORF puts the emphasis correctly “It is clear that solutions to Africa’s future reside within.
These solutions cannot be dictated by a small set of trans-Atlantic stakeholders who often talk at and not with the actors to whom the answers are designed. Indeed the old adage of African solutions for African problems has never been truer”.

ORF has taken several recent initiatives that include India-Africa Partnership for Sustainability in Kenya; Global Programme for Women’s Leadership and: Cy-Fy Africa held in Tangier Morocco apart from setting up its Centre for New Economic Diplomacy focussing on Africa. Hence India directly or indirectly is part of this string of connectivity and they hope that Kigali Dialogue will emerge as the incubator of African solutions.

In July 2018, Prime Minister Narendra Modi, in keeping with his African priority in India’s foreign policy, visited Rwanda being the first Indian Prime Minister to do so. Eight MoUs and Agreements covering various sectors such as – defence, dairy, trade, agriculture including LoC agreements of US$ 100 million for development of Industrial Parks and expansion of Kigali SEZ and LoC agreements of US $ 100 million for financing components of its Agriculture Project Schemes were signed.

India also extended an LoC for a power project. Connecting through culture and agriculture PM gifted 200 cows under “Grinka – may you have a cow“ to the people of Rweru village in Rwanda as it was not only to provide financial and nutritional security to the villagers but is also a symbol of respect and gratitude. The journey of further cooperation has intensified even though China and US have the primacy of influence in this “Land of a thousand hills” that wants to be the beacon of hope for the Africans.

Source: financialexpress.com- July 09, 2019
How FPI taxation hurts small investors and FDI

FPIs, with investments in Indian equity markets of around $450 bn, are a critical source of capital for the growth of the Indian economy. FPIs play a large role in helping the government reach its ambitious target of divestment and fund India’s current account deficit. Unfortunately, India’s unstable and unpredictable tax regime is giving them pause. Frequent changes in taxation and regulations, and the imposition of new surcharges without a formal consultative process are tarnishing the perception of Indian capital markets among FIIs.

The imposition of long term capital gains (LTCG) taxes in last year’s budget has already taken its toll on FPI interest in India. We have not yet seen the full impact because, since the imposition in last year’s Budget, markets in India have been depressed. Once markets recover, the full brunt of the imposition of the capital gains taxes and surcharges will become evident. India must head this off.

Equity markets are an important barometer on the state of the economy. Today, a large retail population invests savings in equities. Equity markets are important for raising resources for companies and for private equity funds exiting private companies. A problem for one constituency of the market is thus a problem for all, because of the interconnectedness of financial markets.

If India aspires to replicate China’s economic success, an investor-friendly policy framework is a prerequisite. India stands alone, perhaps the only country in the world that taxes the income of foreign residents from the income earned on the sale of shares. Most countries exempt FPIs from taxation in their jurisdiction. The current regime makes investing in India less competitive and goes against global best practices.

The MSCI India index has delivered a compounded five-year annual return of 3.5%, (far) less than the returns delivered by China (estimated 7%) and the US (estimated 18%). Last year’s Budget imposed a tax on FPIs’ LTCG at the rate of 10% plus a surcharge, taking it to 10.9%.

The latest Budget raises this tax to 14.92% for FPIs set up as non-corporate bodies. This raises the effective rate of capital gains tax on FPIs constituted as non-corporate entities vis-a-vis those organized as corporate entities or
firms. For instance, the effective peak tax rate on short term capital gains tax on sale of equity shares for a FPI constituted as a company will be 16.38%, whereas the corresponding rate for a FPI organised as a trust will be 21.37%.

Imposing LTCG created several operational challenges dissuading genuine FIIs from investing in India. In order to mitigate any friction on account of taxation, the government should revert to the earlier regime of exempting FPIs from LTCG taxation. Taxing LTCG strikes at the heart of the fund management business.

First, capital gains are not an income, they are not something that come to you regularly. Second, the current tax regime goes against the nature of the business of fund management, especially for foreign funds, which are open-ended. Over the course of the year, the FPI fund entity has to estimate and pay the tax, making it difficult to calculate the NAV of a fund, leaving it subject to interpretation and unfairly penalising some investors. The problem arises because the taxable entity in India is the “fund” and it is not possible to attribute the taxes paid to the underlying investor.

The fund can’t issue a tax credit certificate to each individual investor to claim the credit for the taxes paid in India. This leads to a situation where the investor would be taxed twice on the same income, once in India and the second time in their country of residence. The taxes are effectively an expense for the investor and would make a sharp dent on their returns from Indian markets.

In addition, around 50% of the world invests passively via index funds/ETFs. Returns on index funds/ETFs in India are unable to replicate the returns on the index because the index does not have any taxes in it. Thus, all India index funds are underperforming their benchmark index, making them even more uncompetitive compared to their global counterparts. Most US pension funds are not subject to capital gains tax in the US, so taxing their capital gains in India eats into their returns without giving them the ability to get a tax credit.

Moreover, in a year when the rupee depreciates, the FPI fund entity would be paying taxes on notional gains in rupees while the fund would be losing capital in dollars. These issues create substantial hurdles for new foreign portfolio flows.
Additional surcharges on capital gains tax worsen the situation.

A significant proportion of FPIs, an estimated 40%, and (about 95%) of Cat III AIFs are set up in non-corporate form and represent small investors through pension plans or otherwise. This has the potential to cause negative impact on small investors and, therefore, be very disruptive for the capital markets. As things stand, these pooling vehicles have not been able to provide adequate returns from Indian markets.

Our research shows there is no other tax jurisdiction that targets non-corporate entities such as “trust” structures. Why this mistrust of trust structures in India when the NIIF was itself set up by the Government of India as a trust? (May be, UTI too). Most pension funds (global FPIs) and Category III AIFs (India-based pooled funds) are set up in the form of umbrella trusts with segregated schemes to effectively ring fence liabilities (on similar lines as ‘mutual funds’ in India). These are global standards used by large and small institutions for ease of doing business and consistency.

Admittedly, a differential surcharge is currently applicable to corporate vehicles vis-a-vis others. With the proposal to now increase the surcharge, the impact on the effective tax rates for FPIs (driven by their legal status) is highly significant. In addition, given that this change will be effective April 1, 2019, in the case of open ended funds, where investors have already exited, the implementation of the higher tax will create additional challenges. Such a high delta in effective tax rates, in our opinion, is possibly unintended and certainly not desirable. It results in an arbitrage between FPIs, driven by their legal status, and thereby has the potential to tarnish India’s reputation as a country with stable tax policy for foreign investors.

There is no apparent basis for taxing FPIs differentially based on their legal status. The higher surcharge will impact a number of large foreign mutual funds and pension funds investing in the Indian markets for the long term, which are typically organised as non-corporate vehicles in their home countries. This will certainly impact the competitiveness of Indian capital markets and impede their ability to attract fresh flows.

Source: financiexpress.com- July 11, 2019

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PM Modi recalls B K Birla's legacy, writes to Kumar Mangalam Birla

Thanking the PM, Kumar Mangalam Birla, Chairman of Aditya Birla group, said Modi's tribute will always be treasured in the annals of Birla's family history.

Prime Minister Narendra Modi has recalled the time when he was the chief minister of Gujarat and Basant Kumar Birla, the former chairman of the BK Birla group who died on July 3, encouraged him during the inauguration of a textile plant in 2009 in Bharuch.

Basant Kumar Birla, 98, died in Mumbai.

“Right in his younger days, B K Birla learned the lessons of simplicity, humility and modest living from his father. It is well-known that Basant Kumar Birla started his journey as a junior employee at Kesoram Industries so that he can learn the ropes of business from its very basics,” Modi wrote in a condolence message to B K Birla’s grandson Kumar Mangalam Birla.

“No wonder that despite scaling the heights of success, every time I met him, B K Birla always come across as rooted, unassuming and warm. I fondly remember the times I met him, especially one particular occasion, at the inauguration of a new textile mill at Bharuch in 2009. He had personally encouraged me with warm words which have always stayed with me,” Modi said. Modi was then Chief Minister of Gujarat and is credited with attracting investments from top Indian business houses as well as from the MNCs.

Modi said B K Birla did an excellent job of consolidating the industries and that his family was always associated with. “However, his spirit of enterprise truly shone through in the way he expanded his footprint into new domains and new geographies.

That is why, I am sure BK Birla must be an extremely happy about your children expressing their talents in different domains outside the world of business,” the Prime Minister said. “He was inspired by Mahatma Gandhi and his ideals. Although he had reached the pinnacle of success as an industrialist, it was not the comfort of financial success but the goal of serving society that BK Birla was devoted towards.
He went a step ahead of pursuing business outcomes and involved himself in activities related to education and philanthropy. This showed his deep concern for the empowerment and well-being for all sections of the society,” he added.

Thanking the PM for the moving tribute, Kumar Mangalam Birla, Chairman of Aditya Birla group, said Modi’s tribute will always be treasured in the annals of Birla’s family history. “Your letter serves as a reminder that his rich legacy should be celebrated every day,” Kumar Mangalam Birla said.

Source: business-standard.com- July 11, 2019

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Explained: The GM cotton conundrum

With a few Haryana farmers symbolically defying a government restriction against sowing banned HT Bt Cotton in Hisar, and the government determined to curb its spread, The Indian Express explains the complex problem and arguments that both the sides present.

What is HT Bt cotton?

Herbicide-tolerant Bt (HT Bt) Cotton is genetically modified crop of unapproved genes which is not permissible in India. Technically, herbicide is like a poison which is used to destroy unwanted vegetation. The technique in the HT Bt Cotton makes the crop resistant to herbicide following modification in genes of the seeds.

“Normally, when an herbicide is sprayed, then it destroys unwanted vegetation along with causing harm the cotton crop also. So, farmers use less herbicide in their fields.

But with the introduction of HT Bt Cotton, there won’t be any impact of herbicide on the cotton crop while the unwanted vegetation will be destroyed.

This will lead to more use of chemicals in fields causing harm to other crops,” says Rajinder Chaudhary, an activist who runs Kudrati Kheti Abhiyan, which is associated with the Coalition for a GM-Free India.
What’s the extent of HT Bt Cotton in India?

In the absence of government approval, production of HT Bt seed is illegal, but farmers say it’s available in those states where its being grown defying the laws. A section of farmers have started sowing its seeds particularly in Maharashtra, Gujarat, Andhra Pradesh and Telangana for the past few years. A government panel had found that the HT Bt Cotton was grown in 15 per cent of the areas in these states during 2017-18 while this percentage was 5 per cent for Punjab.

According to supporters of HT Bt Cotton, its preferred to reduce the cost of labour as de-weeding is an extremely labour intensive activity involving 40 per cent of the total cost for growing cotton. “It is in this context the herbicide tolerant (HT), the new generation Bt cotton, has attracted the attention of many farmers,” says farmers’ body from Maharashtra Shetkari Sanghatana, whose activists had recently visited Sarangpur village of Hisar to encourage farmers to sow HT Bt cotton in Haryana. “The farmers have felt the impact of HT Bt Cotton in terms of lower costs and reduced crop losses leading to higher production and income,” says the organisation.

What do agitating farmers say?

A section of farmers who demand approval for cultivation of HT Bt Cotton say that they should be allowed to use the latest technologies in the agriculture including genetically modified (GM) crops. They say across the world a dozen GM crops have been approved so far, and these are being grown on over 185 million hectares in more than two dozen countries. However, the Indian government in 2010 had imposed a moratorium, leaving Bt Cotton as the only genetically modified crop permitted for cultivation in the country.

“Powered by BT Cotton, our farmers, in just ten years, have made India the biggest cotton producer, and the second largest exporter of cotton in the world,” Shetkari Sanghatana says. The body urges the government to allow the farmers to undertake field trial for HT Bt cotton to further improve their cotton production. A farmer leader Guni Prakash, who is president of a faction of Bhartiya Kisan Union (BKU) in Haryana, says, “The farmers want improved seeds and technology for better crops.”
What do the opponents of HT Bt Cotton say?

Leading farmers organizations in Haryana like BKU led by Gurnam Singh Chaduni have strongly opposed the idea of HT Bt cotton and Bt brinjal. “The protest by a group is just part of tactics of seed companies which are involved in the production of seeds of HT Bt Cotton and Bt Brinjal. They want to use their puppets to propagate demand for such seeds. Such seeds will cause more diseases among humans and animals apart from causing damage to the environment,” says Chaduni. “The government should probe how seeds of these illegal crops have reached the market.” Activist Rajinder Chaudhary, a former professor at Rohtak’s Maharshi Dayanand University (MDU), says they will oppose use of illegal seeds in fields.

What is the government’s stand?

This year in February, the Union Ministry of Agriculture and Farmers Welfare had informed the Lok Sabha that the major cotton growing states have been directed to file FIRs, seize stocks and issue show-cause notices to the companies concerned to stop production of HT Bt Cotton. The police have already started filing FIRs against farmers in Maharashtra who have sown the HT Bt Cotton. Recently, over 200 farmers gathered at an agriculture farm of Sarangpur village in Hisar district to defy the law by sowing HT Bt cotton symbolically. Haryana Agriculture and Farmers Welfare Department Joint Director (cotton) RP Sihag visited the farm on Saturday to ask the farmers to desist from sowing the HT Bt cotton till permission from the central government. “This was isolated case in Haryana.”

What next?

Leading farmer leaders have not come in the support of HT Bt Cotton in Haryana yet, hence no major agitation appears on this issue in near future. However, BKU leader Guni Prakash says they will continue with their satyagraha to sow HT Bt Cotton in other areas of Haryana and Punjab. Agriculture department officer RP Sihag says they can’t initiate any action against the farmer concerned till its confirmed that it was really HT Bt Crop. “It may take some time to test the plants of the crop to reach on a conclusion.”

Source: indianexpress.com- July 10, 2019
Growth in Manufacturing Sector

The growth of India’s Manufacturing Gross Value Added (GVA) and Gross Domestic Product (GDP) from the year 2005-06 at constant (2011-12) prices is given below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth rate of Manufacturing</th>
<th>Growth rate of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>9.3</td>
<td>7.9</td>
</tr>
<tr>
<td>2006-07</td>
<td>17.8</td>
<td>8.1</td>
</tr>
<tr>
<td>2007-08</td>
<td>7.0</td>
<td>7.7</td>
</tr>
<tr>
<td>2008-09</td>
<td>4.7</td>
<td>3.1</td>
</tr>
<tr>
<td>2009-10</td>
<td>11.0</td>
<td>7.9</td>
</tr>
<tr>
<td>2010-11</td>
<td>7.7</td>
<td>8.5</td>
</tr>
<tr>
<td>2011-12</td>
<td>3.1</td>
<td>5.2</td>
</tr>
<tr>
<td>2012-13</td>
<td>5.5</td>
<td>5.5</td>
</tr>
<tr>
<td>2013-14</td>
<td>5.0</td>
<td>6.4</td>
</tr>
<tr>
<td>2014-15</td>
<td>7.9</td>
<td>7.4</td>
</tr>
<tr>
<td>2015-16</td>
<td>13.1</td>
<td>8.0</td>
</tr>
<tr>
<td>2016-17</td>
<td>7.9</td>
<td>8.2</td>
</tr>
<tr>
<td>2017-18</td>
<td>5.9</td>
<td>7.2</td>
</tr>
<tr>
<td>2018-19</td>
<td>6.9</td>
<td>6.8</td>
</tr>
</tbody>
</table>

Source:
National Statistical Office.

The figures for the years 2016-17, 2017-18 and 2018-19 are provisional.

As per the latest available estimates of GDP by National Statistical Office, the share of GVA of manufacturing sector in GDP at constant prices at 2011-12 for the last three years is given below.

<table>
<thead>
<tr>
<th>Share of manufacturing</th>
<th>2016-17</th>
<th>2017-18</th>
<th>2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of manufacturing</td>
<td>16.7</td>
<td>16.5</td>
<td>16.5</td>
</tr>
</tbody>
</table>

The Government has been continuously taking steps to boost manufacturing and spur economic growth. It aims at creating a conducive environment by streamlining the existing regulations and processes and eliminating unnecessary requirements and procedures.
‘Make in India’ programme aims at making India a global hub for manufacturing, research and innovation and an integral part of the global supply chain. Several steps to boost domestic manufacturing are being taken as part of schemes such as ‘Startup India’, ‘Ease of Doing Business’, Modified Industrial Infrastructure Upgradation Scheme, Business Reform Action Plan and Intellectual Property Rights (IPR) Policy. Foreign Direct Investment (FDI) policy and procedures have been simplified and liberalized progressively.

This information was given by the Minister of Commerce and Industry, Piyush Goyal, in a written reply in the Lok Sabha today.

Source: pib.nic.in- July 10, 2019

No proposal under consideration to increase FDI in multi-brand retail, says Piyush Goyal

There is no proposal under government’s consideration to increase foreign direct investment (FDI) in the multi-brand retail sector, the Parliament was informed Wednesday. The information was given by the Commerce and Industry Minister Piyush Goyal in a written reply to the Lok Sabha.

“There is no proposal under consideration of the Government to increase FDI in multi brand retail sector in the country,” he said.

India has received a FDI proposal in the sector from one foreign company of UK, he said. According to the FDI policy, a foreign retailer can take 51 per cent stake in a domestic firm under government approval route.

Source: financialexpress.com- July 11, 2019
Maharashtra rejigs maritime policy; extends concession licence periods

The Maharashtra Cabinet on Tuesday approved the changes in the Maharashtra Maritime Development Policy of 2016, increasing the period of concession agreement for greenfield ports and multi-purpose jetties to 50 years from 35 now. Multi-purpose jetties have also been allowed to handle Exim cargo.

Maharashtra has the second-longest coastline among maritime States with two major and 48 minor ports. Currently, only 12 minor ports handle cargo. Therefore, the policy has highlighted the opportunities for further improvement of maritime infrastructure.

A press statement issued by the Chief Minister’s office said greenfield ports and multi-purpose jetty developers will have to make 100 per cent capital investment and handle 50 per cent cargo in the first 35 years.

Concession agreements

For developers of shipyards, the period of the concessional agreement has been increased to 30 years from 10 years now. In the first 21 years of the agreement, the developers will have to make 100 per cent capital investment and reach 50 per cent target of shipbuilding and repairs, the statement said. For jetties owned by the Maharashtra Maritime Board, the concessional agreement period has doubled to 30 years.

The developers of such jetties will have to handle 50 per cent cargo volume in the first 15 years. Such jetties will also be able to handle passenger and Ro-Ro services, sea training and oceanic research, the statement said. In the updated policy, the nomenclature of the multi-purpose jetty has been changed to coastal berth for those who handle cargo for coastal shipping.

For developing marine infrastructure on government land and the intertidal zone, the developer would be selected based on competitive bidding or through the Swiss challenge method, the statement added.

Source: thehindubusinessline.com- July 11, 2019
1,865 defaulters denied export benefits, 1,374 penalised in 3 years for misusing export promotion schemes

Exporters in the “Denied Entity List” were refused further benefits under the export promotion schemes. The denials and penalties were imposed in the April 1, 2016 to March 31, 2019 period.

The government has put 1,865 persons under the “Denied Entity List” for misusing export promotion schemes in the last three years and penalties have been imposed in 1,374 cases, commerce and industry minister Piyush Goyal said on Wednesday.

Exporters in the “Denied Entity List” were refused further benefits under the export promotion schemes. The denials and penalties were imposed in the April 1, 2016 to March 31, 2019 period.

“In addition to the above, action on defaulters is also taken by the Department of Revenue. During the last three years, Department of Revenue has identified and imposed penalties in over 400 cases,” he said in a written reply in the Lok Sabha.

India’s Foreign Trade Policy contains certain export promotion schemes which exempt customs duty on import of capital goods for promotion of exports and also on raw materials, components and consumables for manufacturing goods for exports. Export sops also provide compensation for neutralizing the disadvantages suffered on the goods and services exported.

“All these schemes have inbuilt obligations/terms and conditions which are required to be complied by the persons availing such schemes,” he said. The government monitors these obligations and takes action against defaulters for non-compliance.

Such actions may include suspension, cancellation of the authorization, black listing the defaulter from availing any export promotion scheme, imposition of fiscal penalty, cancellation/suspension of Importer and Exporter Code number and initiating criminal proceedings.

Source: economictimes.com- July 10, 2019
Telangana giving shape to its exports strategy

Consultations on; objective is to make TS one of the top five States in terms of exports in the country

An exports strategy for Telangana to help the State break into the top five over the next five years in the country is being readied.

“We are in the middle of finalising our exports strategy,” a senior official from the State government said on Wednesday about the initiative involving the Federation of Indian Export Organisations (FIEO).

One of the top exporters in the IT and ITeS space, Telangana is keen on becoming a leading merchandise exporting State too, something for which the exports strategy in the making would recommend measures. “Telangana is right now in top five exporting States, but if you exclude services exports our ranking falls. If we only look at merchandise export we are in top 10,” Industries and IT Secretary Jayesh Ranjan told a seminar on export opportunities for micro, small and medium enterprises organised by industry body CII.

Sources familiar with the upcoming export strategy said district-level discussions with industry bodies, entrepreneurs, especially exporters, to identify the strengths and weaknesses were underway since the project was formally kick-started in mid-February.

The overall aim of the strategy is to facilitate exporters in the State through measures related to policy, infrastructure, common facility, ease of doing business, logistics facilitation, skill development and promotion.

Organic chemicals and pharmaceuticals dominate Telangana’s export basket. The list of top ten principal commodities exported from the State are: drug formulations, biologicals, residual chemicals and allied products; bulk drugs and drug intermediates; organic chemicals; granite, natural stones and product; electric machinery and equipment; buffalo meat; gold and other precious metal jewellery and industrial machinery for dairy are the top exported from Telangana.
The export strategy would look at target and key sectors; address central level concerns; suggest steps to facilitate trade enabling infrastructure including logistics; market diversification and EODB measures. It is expected to highlight policies pursued by different States and adapt the best from them.

Value addition

The strategy, which is expected to be ready by August, would look at various other aspects and that include enhancing role of trade related organisations, trade related infrastructure and connectivity. Besides measures to increase exports, the strategy would focus on enhancing value addition and product diversification, addressing concerns of existing clusters, identifying sectoral skill need, developing common processing/facility requirements as well as creating Town of Export Excellence.

Under the Trade Infrastructure for Export Scheme of the Commerce Ministry, a number of projects and proposals in the State were under consideration, including setting up of a common effluent treatment plant in Choutuppal area of Nalgonda for the benefit of pharma companies and developing roads from granite quarries.

Source: thehindu.com- July 11, 2019

Will Chinnalapatti get a dyeing unit?

Saris are taken to Madurai on a daily basis to be dyed

S. Jeyaraman, a weaver from Chinnalapatti, takes an autorickshaw ride of three kilometres from the village daily to reach Ambathurai Railway station at 7.30 a.m. sharp. From there, he takes a train to Madurai to reach the city around 9 a.m. Then he further takes a bus ride or rickshaw ride to the dyeing units of Avaniyapuram or Villapuram.

“Every day, hundreds of men like me from Chinnalapatti travel all the way to Madurai just to dye saris. The transportation cost and labour has increased because of this and that reflects on the selling prices of saris,” said Jeyaraman.
Over 1500 families in Chinnalapatti are involved in the business of cotton and silk saris, including weavers, dyers and various other textile craftsmen. Each of the dyers carry at least 50 saris a day to Madurai to get them dyed and they earn a profit of little over a Rupee per sari.

The 60 and 40 count cotton saris apart from art silk saris produced in Chinnalapatti are renowned the world over and the goods reach markets far and wide across the country, making it a major textile hub in Dindigul district.

Until 2014, there were around 50 dyeing units in the village, including 22 licensed ones, which were all closed by the Tamil Nadu Pollution Control Board, after which Madurai has become the only resort for these craftsmen.

“Unlike the large scale dyeing units in Erode and Tiruppur, the dyeing units in Chinnalapatti are small home units that use vat dyes with no salt and hence is comparatively less harmful to the environment. Earlier, an effluent treatment plant was sufficient to get a license.

In 2014, the Government passed an order cancelling licenses without Reverse Osmosis plants and the units were all closed. However, we have been fighting for a licensed government approved dyeing unit in Chinnalapatti,” added Jeyaraman.

Chinnalapatti’s dream of a dyeing unit may become a reality in future with the Athoor MLA I. Periyasamy raising the demand in the Assembly recently. Mr. I. Periyasamy has come forward to identify land and offer project cost from the MLA fund. Minister for Handlooms and Textiles O.S. Manian has responded positively to the demand raised, stating that the project can also be planned with private industrial investment.

Meanwhile, the people of Chinnalapatti continue to wait with hopes.

Source: thehindu.com- July 11, 2019