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IBTEX No. 177 of 2019 September 11, 2019

US 71.68| EUR 79.21 | GBP 88.64| JPY 0.66

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19856	41500	**73.72**

Domestic Futures Price (Ex. Warehouse Rajkot), October

Rs./Bale	Rs./Candy	USD Cent/lb
19480	40713	**72.32**

International Futures Price

NY ICE USD Cents/lb (December 2019)	59.34
ZCE Cotton: Yuan/MT (January 2020)	12,940
ZCE Cotton: USD Cents/lb	82.51
Cotlook A Index – Physical	**70.60**

Cotton Guide: ICE cotton futures have been pushed forward with the release of the crop condition report released recently. The Crop Condition for “Good to Excellent” was downgraded to 43% down by 5% as compared to the previous week.

Crop Condition-

ICE December contract settled at 59.34 cents per pound with a change of +36 points. The changes were seen to be positive across the board in the range of +23 to +40. The ICE March contract settled at 59.99 cents per pound with change of +40 points.

The total volumes were seen at 20,667 contracts which is again a meagre number. However, the total open interest was seen to have a rise of 1,541 which summed up to 228,549 contracts. December and March OI increased by 484 and 810 contracts respectively at 142,842 and 51,703 contracts.

Report	Very Poor	Poor	Fair	Good	Excellent
This week	3	15	39	37	6
Last Week	1	14	37	39	9
Last Year	13	21	29	28	9

Certified stocks were reported at 12,802 bales with no further bales seen to go in for review.Another reason attributed to this rise in prices was Short Covering by speculators. Fundamentally speaking we don't foresee any drastic rise in ICE prices. Even if Prices rise, the rise will be restrained by the bears that are impeccably strong at the moment. The Primary trend continues to remain consolidated with a bearish bias.

Offices were shut in India on the day of Muharram yesterday. However, the evening session at MCX was active which made the speculators to drive the market slightly upwards. The MCX October contract settled at 19,480 Rs per Bale with a change of +70 Rs. The MCX November contract settled at 19,260 Rs per bale with a change of +110 Rs. The volumes for a holiday shortened day were impressive with 627 lots. Overall, at MCX the base trend is downwards. The MCX Prices are expected to remain under stress with the initiation of the domestic arrivals. The Cotlook Index A has been updated at 70.60 cents per pound with a change of +45 points. The prices of Shankar 6 are at 41,500 Rs per Candy down by Rs -100.

Market might see volatile trend this week. 60/60.50 cents continues to be a strong resistance in the market. Any sharp drop in the WASDE report [scheduled to be released tomorrow] or any other positive trigger may push prices higher towards 62 cents. Likewise on the lower side, 55/55.50 is considered as key support zone for the market in the near term.

On the technical front, ICE Cotton Dec futures are currently testing the higher end of the downward sloping channel. However, a close above the channel would have the immediate resistance zone of 59.50-60.00 and decline from the upper end of the channel would have the support near 58.00. In the daily chart, price is trading above the DEMA (5 and 9) at (59.03, 58.90). RSI in the daily charts is hovering below 50 levels which ruled out further bullish momentum in price. So for the day price is expected to move in the range of 58.05-58.90 with sideways to downside bias. Only close below 57.50 would weaken further towards 57.00-56.80 zones. In the domestic market MCX Oct future is expected to trade in the range of 19300-19580 with a sideways to negative trend.

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

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INTERNATIONAL NEWS

Textiles Mills Report Growth in August as US Manufacturing Declines

Economic activity in the U.S. manufacturing sector fell in August, supply executives said in the latest Manufacturing Institute for Supply Management (ISM) "Report on Business." But textile mills bucked the trend.

U.S. manufacturing contracted in August, as the Purchasing Managers Index (PMI) fell 2.1 percent to 49.1 percent. This is the lowest reading since January 2016, when the index registered 48 percent.

"The PMI contracted for the first time since August 2016 and ended a 35-month expansion period in which the composite index averaged 56.5 percent," ISM chair Timothy R. Fiore said. "The August contraction ended four straight months of expansion softening. Only one of the PMI subindexes (Supplier Deliveries) registered expansion. Three of the six big industries modestly expanded, but two contracted strongly."

A reading above 50 percent indicates that the manufacturing economy is generally expanding, while below 50 percent indicates it is generally contracting. Of the 18 manufacturing industries, nine reported growth in August, led by Textile Mills, while seven industries reporting contraction in the month, topped by Apparel, and Leather & Allied Products.

Jay Timmons, president and CEO of the National Association of Manufacturers, said, "These numbers, though disappointing, are not entirely surprising. We've started feeling the effects of a slowing global economy."

According to Timmons, 10 of the top 20 countries that manufacturers sell to have contracting economies.

"Manufacturers have also warned that trade uncertainty would affect our industry," he said. "Here's what manufacturers need: pass the USMCA, turn the trade war with China into a trade deal with China and reauthorize the Export-Import Bank."

Comments from the panel of executives surveyed reflect a notable decrease in business confidence. Demand and the New Orders Index contracted, while the Customers' Inventories Index recovered slightly from prior months. The New Export Orders Index experienced the biggest loss among the subindexes, the report noted.

Overall, inputs indicate supply chains are responding better and companies are continuing to closely match inventories to new orders, a positive sign for future expansion. Prices contracted for the third consecutive month, indicating lower overall systemic demand.

"Respondents expressed slightly more concern about U.S.-China trade turbulence, but trade remains the most significant issue, indicated by the strong contraction in new export orders," Fiore said. "Respondents continued to note supply chain adjustments as a result of moving manufacturing from China."

ISM's Production Index registered 49.5 percent in August, a decrease of 1.3 percent for the month, after nearly three years of growth. The four industries reporting growth in production during the month were led by Textile Mills, followed by Food, Beverage & Tobacco Products; Nonmetallic Mineral Products and Chemical Products. The nine industries reporting a decrease in production in August included Apparel and Leather & Allied Products with the biggest declines.

The ISM Prices Index registered 46 percent in August, an increase of 0.9 percent from July, indicating raw materials prices decreased for the third consecutive month. Apparel, and Leather & Allied Products topped the list of industries reporting a decline in prices for raw materials last month.

Source: sourcingjournal.com- Sept 10, 2019

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USA: Textile and Apparel Imports Jump as Shipments from Major Suppliers Soar

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 6.69 billion square meter equivalents in July, up 17.0 percent from June and 7.6 percent from July 2018.

Textile imports totaled 3.87 billion SME, up 13.1 percent for the month and 6.4 percent from the previous year, while apparel imports of 2.82 billion SME were up 23.7 percent from June and 9.2 percent from a year before.

	SME	Monthly change %	Annual change %	$ Value	Monthly change %	Annual change %
China	3.44 billion	+22.4	+7.0	$4.31 billion	+33.0	+3.7
India	505.1 million	+17.4	+8.0	$704.3 million	+19.3	+5.1
Vietnam	493.1 million	+15.8	+6.3	$1.52 billion	+33.3	+18.9
Pakistan	236.8 million	+16.1	+15.9	$274.8 million	+15.9	+6.8
Mexico	230.2 million	+2.2	+4.1	$396.4 million	+2.0	+1.4
Korea	195.0 million	+12.7	+11.7	$86.9 million	+5.7	-3.3
Bangladesh	174.6 million	-13.5	-9.9	$501.6 million	-7.8	-4.0
Indonesia	109.4 million	-15.9	-4.6	$343.9 million	-12.6	-10.0
Cambodia	108.5 million	+11.9	-4.9	$280.6 million	+23.3	+5.2
Honduras	99.3 million	+8.2	+13.3	$269.3 million	+7.0	+20.7
Taiwan	88.9 million	+28.5	+2.4	$66.6 million	+24.5	-3.8
Canada	81.4 million	-8.3	-14.0	$105.9 million	-1.9	-9.9
Turkey	72.7 million	-1.9	+5.1	$149.0 million	+10.0	+9.2
Germany	62.3 million	+16.7	+17.8	$47.2 million	+12.4	+11.2

For more information on trade-related issues affecting textiles and apparel, please contact trade attorney Elise Shibles at (415) 490-1403.

Overall Imports. Total year-to-date imports were 40.2 billion SME, up 5.7 percent from the previous year, as textile imports gained 6.0 percent to 24.0 billion SME and apparel imports rose 5.1 percent to 16.2 billion SME.

For the year ending in July imports were 70.7 billion SME, up 6.5 percent from a year earlier, as textile imports increased 7.3 percent to 42.1 billion SME and apparel imports rose 5.3 percent to 28.64 billion SME.

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

Source: strtrade.com- Sept 10, 2019

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How Trump's trade war with China is impacting this big home furnishings retailer

Home furnishings chain At Home (HOME) is doing all it can to successfully navigate the Trump administration's new tariffs on a decent-sized chunk of its inventory.

Even still, borderline terrible trade conditions with a key partner for home furnishings merchandise such as China will weigh on the company in the months ahead. And that's despite At Home pushing through a round of price increases to consumers and asking suppliers to absorb the latest crop of tariffs.

"We have worked with our suppliers to migrate out of China, do direct sourcing and value-based engineering. The exchange rate has worked in our favor since we pay in dollars. We have raised prices. But we have been careful and surgical with that because we are the lowest price leader," At Home CEO Lee Bird said on Yahoo Finance's The First Trade.

At Home relies on China, India, Vietnam, Turkey and Hong Kong to source about 65% of its merchandise. The remainder of the merchandise for its more than 200 stores come from domestic suppliers.

No longer immune to tariffs

The Trump administration slapped China with fresh 15% tariffs on some $125 billion of largely consumer products on September 1. Whereas products such as smart speakers, T-shirts and footwear mostly side-stepped the first round of tariffs, they weren't so lucky this time around.

About 77% of all shoes, clothes and home textile imports to the U.S. from China now has a tariff attached to it, according to research by the American Apparel and Footwear Association.

The uncertainty around additional tariffs on December 15 hasn't helped sentiment on Wall Street for At Home or its rivals. At Home's stock has dropped 66% over the past six months, Pier One Imports (PIR) has shed 74%, Etsy (ETSY) is down 34% and Ethan Allen (ETH) has shed 8%.

Bird said At Home is preparing for the trade war continuing well into 2020.

"We continue to have a playbook with our suppliers and we will be careful on prices," Bird said.

Pulling back on store openings

At Home's playbook also now includes fewer store openings.

After logging its second straight same-store sales decline in the most recent quarter — a rarity for this one-time high-flying retail stock —Bird has decided to slow down the company's torrid pace of new store openings. The company still has a long-term target of 600 stores, but Bird believes the time is right to focus on boosting profitability and cash flow.

"We don't think we were getting credit for that growth. We have been growing 20% for the past five years. We think our stock is undervalued. We are a high growth retailer. We are highly profitable. We are taking market share," Bird proclaimed.

To his point, At Home is trading on a very modest trailing 12-month price-to-earnings multiple of 6.6 times per Yahoo Finance data. The S&P 500 trades at 22 times trailing earnings, while Ethan Allen clocks in at 18.8 times.

Source: yahoo.com- Sept 10, 2019

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USA: Importers Craft Shipping Schedule to Mitigate Tariff Impact

While government trade policy might be out of their control, importers have taken steps to work their way around it–in this case, by trying to navigate tariffs on Chinese apparel and footwear.

The monthly Global Port Tracker report released Tuesday by the National Retail Federation (NRF) and Hackett Associates, shows cargo imports at major U.S. retail container ports reached unusually high numbers just before new tariffs on goods from China took effect Sept. 1, and are expected to surge again before another round of tariffs takes effect in December.

“Retailers are still trying to minimize the impact of the trade war on consumers by bringing in as much merchandise as they can before each new round of tariffs takes effect and drives up prices,” said Jonathan Gold, vice president for supply chain and customs policy at the NRF. “That’s the same pattern we’ve seen over the past year. But we’re very quickly going to be at the point where virtually all consumer goods will be subject to these taxes on American families.”

New 15 percent tariffs on a wide range of consumer goods from China took effect at the beginning of the month and are scheduled to be expanded to additional goods on Dec. 15, covering around $300 billion in imports from the United States’ current trade rival. In addition, 25 percent tariffs on $250 billion worth of imports already imposed over the past year are set to increase to 30 percent on Oct. 1.

U.S. ports covered by Global Port Tracker handled 1.96 million 20-Foot Equivalent Units (TEU) in July, up 9.1 percent from June and 2.9 percent more than a year earlier. A TEU is one 20-foot-long cargo container or its equivalent.

Numbers were also high in August at an estimated 1.93 million TEU, an increase of 1.8 percent year-over-year. September shipments are forecast to be down 0.7 percent to 1.85 million TEU and October cargo imports are seen declining 5.5 percent to 1.92 million TEU.

According to Global Port Tracker, November shipments are expected to bounce back 8.8 percent to 1.97 million TEU—which would be the highest monthly total since a record 2 billion TEU in October 2018—likely driven by the new tariffs scheduled for December. Cargo hitting the ports in December is projected to drop 9.8 percent compared to last year to 1.77 million TEU.

In the first half of 2019, cargo container imports totaled 10.5 million TEU, up 2.1 percent over the first half of 2018, and 2019 is expected to see a new record of 21.9 million TEU. That would be up 0.7 percent from last year's previous record of 21.8 million TEU.

Global Port Tracker covers the ports of Los Angeles-Long Beach and Oakland, Calif., and Seattle and Tacoma, Wash., on the West Coast; New York-New Jersey; Port of Virginia; Charleston, S.C.; Savannah, Ga., and Port Everglades, Miami and Jacksonville, Fla., on the East Coast, and Houston on the Gulf Coast.

Source: sourcingjournal.com- Sept 10, 2019

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Uzbekistan eyes 2 bln USD textile exports in 2019

Uzbekistan plans to bring the volume of textile exports to 2 billion U.S. dollars this year, a Uzbek official said Monday. "Uzbekistan has turned from an exporter of raw materials into a real supplier of high value-added textile products," Ilhom Haydarov, the chairman of Uzbek Textile Industry Association, told reporters.

The industry is now completely focused on export, he said, adding that last year Uzbekistan exported textile products worth of 1.6 billion U.S. dollars.
The Uzbek government is planning to reprocess the entire cotton yarn produced in the country domestically by 2025 and increase export of textile products up to 7 billion dollars, according to Haydarov.

Haydarov was speaking before the opening of the forum "Global Textile Days in Tashkent 2019" held in the capital of Uzbekistan on Sept. 9-13. The International Cotton Advisory Committee will hold its 8th meeting within the framework of the forum, which will bring together scientific experts and specialists from leading cotton-producing countries of the world, including from China.

Source: xinhuanet.com- Sept 10, 2019

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ICAC to host cotton research conference in October

The International Cotton Advisory Committee (ICAC) has announced that the World Cotton Research Conference (WCRC) will be held from October 3-7, 2020 in Sharm-el-Sheikh, Egypt.

The WCRC is organised by the ICAC under the auspices of the International Cotton Researchers Association (ICRA). It brings together the top researchers and cotton specialists from across the globe.

The seventh event held since 1994, the WCRC will serve as a global platform for scientists and experts to share the latest updates in cotton research and development. Internationally recognised experts will be invited to deliver plenary and keynote presentations.

"Given the many challenges that cotton is facing around the world — including soil degradation, inefficient knowledge transfer and lack of access to modern technologies — it is the perfect time to convene many of the world's top cotton scientists to find the path forward," said ICAC head of technical information, Dr Keshav Kranthi.

"The ability to meet face-to-face with colleagues from all over the world and learn from each other is an opportunity not to be missed." The WCRC is held once every four years in different cotton-growing countries. Previous conferences were held in Australia (1994), Greece (1998), South Africa (2003), USA (2007), India (2011) and Brazil (2016).

Formed in 1939, the ICAC is an association of cotton producing, consuming and trading countries. It acts as a catalyst for change by helping member countries maintain a healthy world cotton economy; provides transparency to the world cotton market by serving as a clearing house for technical information on cotton production; and serves as a forum for discussing cotton issues of international significance.

Source: fibre2fashion.com- Sept 11, 2019

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NATIONAL NEWS

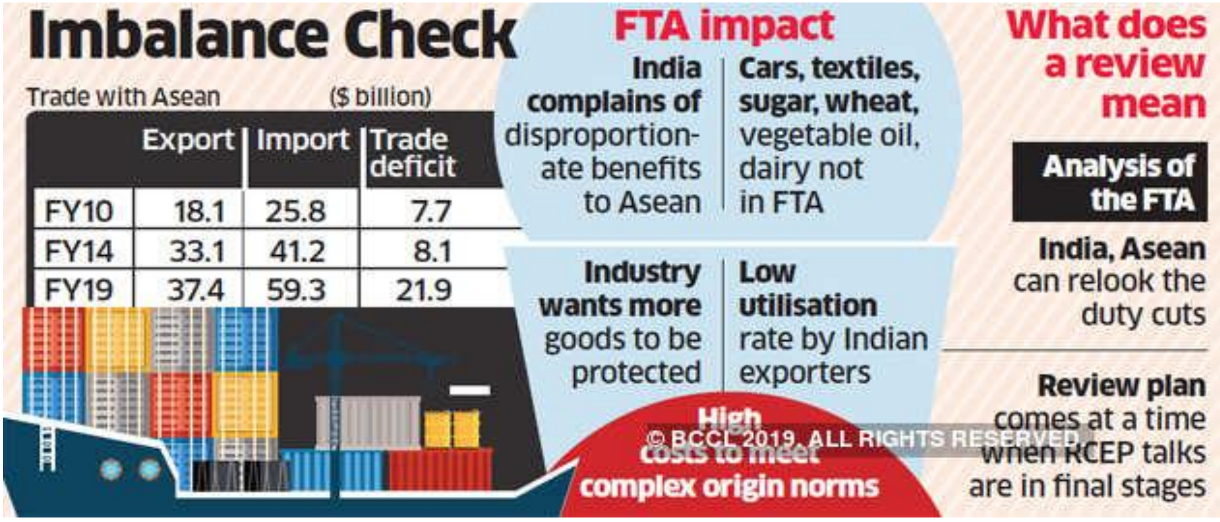
India, ASEAN agree to review decade-old free trade pact

Move to help address India's concerns after trade deficit with 10-member grouping widens to $22 b in FY19.

The Association of Southeast Asian Nations (Asean) has agreed to India's long-pending demand to review the free trade agreement (FTA) between the two sides.

The exercise could help address India's concerns that it has not benefitted from the agreement and its goods trade deficit with the 10-member grouping has widened. The trade gap was $22 billion in FY19, up from $13 billion in FY18.

On Tuesday, the two sides agreed to "make it more user-friendly, simple and trade facilitative for businesses," according to a joint statement.



This was agreed during a meeting between the grouping's economic ministers and commerce minister Piyush Goyal in Bangkok on Tuesday at the 16th Asean Economic Ministers (AEM)-India consultations.

This will be the first review of the pact that came into force in 2010. The services component, in which India has a greater interest, and the investment chapter are yet to be ratified. The two sides also decided to constitute a joint committee for the review.

Goyal has tasked officials to work on the details of the review and submit an update at the next ministerial meeting.

UNEQUAL BENEFIT

Policymakers hold the view that FTAs have adversely impacted India's manufacturing, which the government is trying to boost through its Make in India initiative in order to generate jobs.

The finance ministry has begun a review of India's FTA framework to assess the impact of such pacts on the overall economy.

Non-adherence to Origin Norms

The country's premier think tank Niti Aayog has said that India's quality of trade has not improved after the FTA. It said that liberalisation under the India-Asean FTA covers 75% of the two-way trade. India kept around 10% of tariff lines in exclusion. These included motor vehicles, textiles, petroleum products, sugar, wheat, vegetable oil dairy products and other food products. However, Thailand, Philippines, Myanmar, Brunei and Vietnam kept a higher number of tariff lines under exclusion.

The two sides have agreed to open their respective markets by progressively reducing and eliminating duties on 76.4% coverage of goods. India told Asean Troika Trade Ministers in July that the promise of commensurate offers in services subsequently made by the grouping's member countries hasn't come to fruition.

Moreover, the surge in goods imports into India is accentuated by instances of non-adherence to origin norms and lack of full cooperation in investigating and addressing such breaches.

In contrast, the utilisation of preferential tariffs by India under the India-Asean FTA is below 30% because of standards, regulatory measures and other non-tariff barriers in the region.

Ships, boats, floating structures, mineral fuels, mineral oils and meat are India's largest exports to the grouping while telecom equipment, electrical machinery, mineral fuels, mineral oils and animal or vegetable fats and oils are the biggest imports.

"The review will help bring back manufacturing and it will also go a long way towards Make in India, helping our agriculture and bring more manufacturing and jobs to India," said Ashwani Mahajan, All India co-convenor, Swadeshi Jagaran Manch, adding that the pact doesn't have an exit clause.

Noting that steel, glass, telecom and various other industries are the worst hit, he said that the review would definitely help in creating a more equitable trade agreement that would help in the revival of these sectors.

The 10 Asean members are Brunei, Cambodia, Indonesia, Malaysia, Myanmar, Singapore, Thailand, the Philippines, Laos and Vietnam. Both Asean and India are part of the proposed Regional Comprehensive Economic Partnership (RCEP).

"If RCEP comes into force, then the member countries will have to offer steeper tariff concessions. So, India may have to recalibrate its approach there," said a Delhibased expert on trade issues.

Source: economictimes.com - Sept 11, 2019

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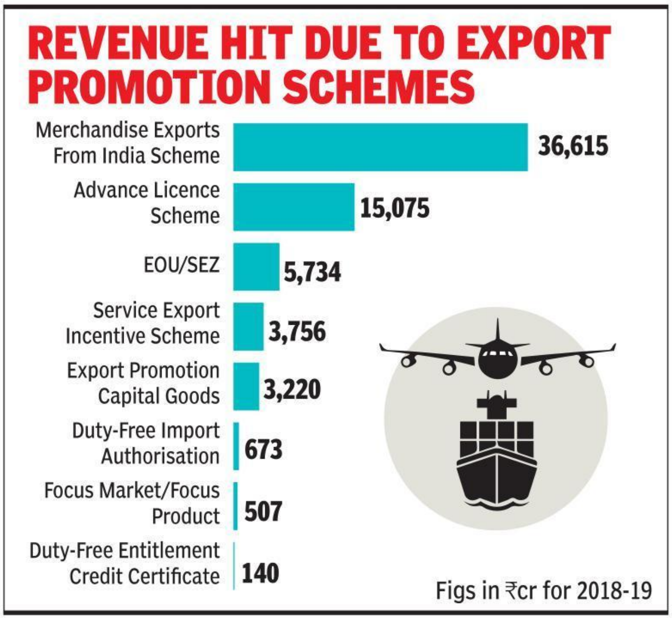
All tax refunds under new export scheme may be tough, says finance ministry

As the government works on an "export package", the finance ministry has said that it may not be possible for the government to shift all exports to the Rebate of State and Central Taxes and Levies (RoSCTL) scheme, given the Budget constraints.

Instead, it wants the commerce department to identify priority sectors which need more support. RoSCTL is a replacement for the existing Merchandise Exports from India Scheme (MEIS).

The commerce department put together the new scheme after the US dragged India's export promotion programmes to the World Trade Organization and is expected to be taken up by the Union Cabinet shortly.

On an average, the government has estimated that the incidence of central and state levies added up to 4-5%, which needed to be refunded. With merchandise exports estimated at over $330 billion, refund of levies would add up to over $16 billion or more than Rs 1.1 lakh crore, sources said.



For the current fiscal year, the Centre has budgeted for a revenue impact of Rs 65,720 crore on account of all export-promotion schemes. Of this, MEIS is estimated to have an impact of Rs 36,615 crore. Already, some of the GST is refunded to exporters.

The government recently released Rs 6,000 crore for the textiles industry, while insisting that some of the other sops for exporters should be dropped.

While the rebate scheme for all exporters is being finalised, the government is also working on ways to improve access to loans for which commerce and industry minister Piyush Goyal has held several round of deliberations. Sources said that the scheme is almost ready and is expected to be announced shortly.

Source: timesofindia.com - Sept 10, 2019

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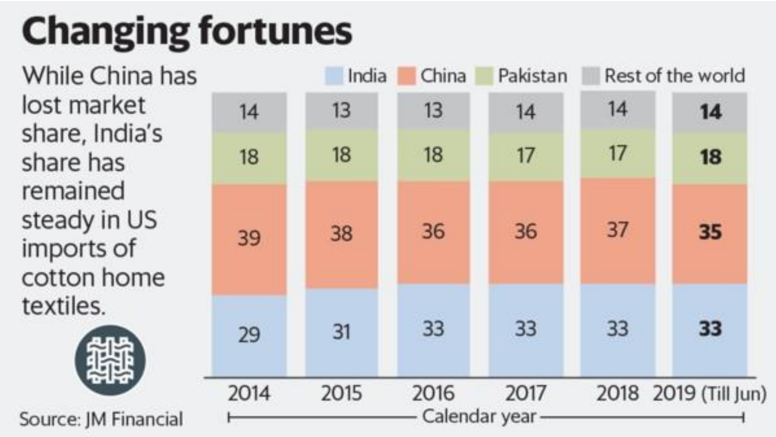
US-China spat silk lining for home-textile exporters; demand revival key

The trade conflict between the US and China may be unsettling global trade. But home-textile exporters from India see a silver lining, though benefits could be insignificant if US demand remains subdued.



Indian companies expect to benefit from the imposition of US duties on imports from China. Beginning September, import duties will kick in on home textiles, including towels and sheets.

India is a large producer and exporter of such products. As US buyers diversify their purchases, local companies can expect to benefit. “Indian home textile exporters stand to benefit in volumes/market share if the duty persists," analysts at JM Financial Institutional Securities Ltd said in a note.

Domestic home-textile producers echoed the view. In an interaction with analysts, managements of Welspun India Ltd, Indo Count Industries Ltd and Himatsingka Seide Ltd alluded to the advantageous context the tariffs create for Indian companies in the US market.

But, as Shrikant Himatsingka, managing director and chief executive officer of Himatsingka Seide, pointed out, most companies are still in a wait-and-watch mode and they are yet to see a spurt in orders.

“In pure theory, I should say the probabilities favour India in terms of being a preferred source. So, we all remain on observation mode in terms of what really transpires when these tariffs take effect. But we are not seeing any spike in demand at least as far as Himatsingka is concerned. It definitely raises interest, but transmission at this point is muted," he told analysts last month.

Still, optimism is palpable. Indo Count's management highlighted the decreasing share of China in cotton-fashioned imports to the US. Separately, data compiled by JM Financial showed a notable year-on-year expansion in India's share in June, as China lost market share. For the year to June, India's share has largely been steady.

A significant portion of China's share is being captured by other emerging countries such as Vietnam and Bangladesh, said an analyst, who declined to be named. Compared to India, these countries have better trade pacts with the US and offer superior incentives to their domestic producers, sharpening their competitive edge, added the analyst.

Even then, for Indian home-textile companies to see any noticeable benefit, demand should also shape up. Purchases by US retailers have been tempered by slowdown fears, warned Welspun India. A deceleration in demand would cut into market share benefits.

"In anticipation of a slowdown, retailers are probably looking at re-calibrating their offtake so that nobody wants to sit on a large pipeline. That is the impact which we will see. As we head toward the holiday season, we might see that this situation could be recalibrated," Welspun India told analysts.

Source: livemint.com – Sept 11, 2019

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RCEP: Enormous trade deficit with China big concern, says Jaishankar

India on Monday said it has reservations on joining the proposed Regional Comprehensive Economic Partnership with the ASEAN countries and its six FTA partners, due to concerns, including the "enormous" trade deficit with China, which has ballooned to over USD 57 billion.

The Regional Comprehensive Economic Partnership (RCEP) agreement is being negotiated among 10 ASEAN members (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam) and their six trade partners -- Australia, China, India, Japan, Korea and New Zealand to create a free trade pact covering a third of the world's economy.

External Affairs Minister S Jaishankar, speaking during a panel discussion at the inaugural session of India-Singapore Business & Innovation Summit here, said India remained concerned over the unfair" market access to Indian products and the "protectionist policies" of Beijing that have created a significant trade deficit between the two nations.

The trade deficit with India in 2018, according to official Chinese data, climbed to USD 57.86 billion from USD 51.72 billion in 2017 in about USD 95.54 total bilateral trade.

The Indian industry has raised concerns over the presence of China in the grouping with which India has a huge trade. Various sectors, including dairy, metals, electronics, chemicals, and textiles, have urged the government to not agree on duty cut in these segments.

"The big concerns of India are, of course, one, its relationship with China because we have an enormous trade deficit with China, Jaishankar said in response to a question on the ongoing negotiations for the RCEP.

At the session, also attended by his Singaporean counterpart Vivian Balakrishnan, Jaishankar said India fears that the RECP deal, which would call for a lowering of tariffs, would lead to a flood of goods from China while not assuring India of equal access to the Chinese markets, thereby widening its large trade deficit.

On Sunday, the 16 RCEP participating nations that are negotiating a mega free trade agreement have agreed to work together to iron out outstanding issues which are fundamental to conclude the talks this year, a joint statement said.

The statement was issued after the 7th RCEP ministerial meeting in Bangkok. Negotiators have expressed hope that the RCEP would be delivered by the end of the year.

India has registered trade deficit in 2018-19 with as many as 11 RCEP countries, including China, South Korea and Australia.

Jaishankar also raised concerns that India's forte, its trade in services, was less well-enforced through regulations than the trade in goods.

The deal had the geostrategic objective of holding the line against protectionist and unilateral policies, he agreed. Even so, it had to make economic sense, he said.

"RCEP, at the end of the day, is an economic negotiation. It has a strategic implication but the merits... have to be economic," he said.

Balakrishnan called the deal a "game-changer" that had the potential to secure the prosperity of its members in the face of push-back against trade and globalisation.

"For India, China and Southeast Asia, the key political question is, can we arrive at a formula that would expand a rising middle class and give their children a sense of optimism," he was quoted as saying by The Straits Times newspaper.

Balakrishnan said Singapore, the largest foreign investor in both India and China, hoped the two Asian countries would eventually tide over their differences.

"In the next decade or two, China and India are going to be in significant trading relationship. This is something they will have to sort out. In due course, bilateral arrangements will be made," he said.

"But even as this rapprochement occurs, what we are trying to offer with RCEP is a multilateral model, a pan-regional model, the centre of gravity in the Indo-Pacific. And if we can sort out the fair rules which will promote trade and economic integration between India, China and South-east Asia, there is an enormous opportunity.

"I say all this without trying to trivialise or gloss over the difficulties in negotiations," he said.

"It is worth making an effort because this will be a gamechanger... the mother of all trade agreements," he said.

The Indian-origin Singaporean foreign minister also expressed confidence in the Indian economy and noted that the government of Prime Minister Narendra Modi has set the goal of doubling India's GDP to USD 5 trillion by 2024.

"I remain optimistic that because of the nature of the Indian economy and the transformation which Mr Modi is implementing, India can deal with this from a position of confidence," he said.

Source: businesstoday.in– Sept 09, 2019

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China's surprise slowdown is advantage India; how dragon's unexpected export, import fall will help

The surprise fall in China's exports last month, contrary to predictions, shows the extent of a global economic slowdown, but may spell some relief for India, which is grappling with its own slowing economy.

The Chinese economy witnessed an unexpected rocky trade in August with the exports dropping by 1 percent on-year, against the market expectation of a 2 per cent growth. At the same time, its imports fell too, by 5.6% for the month. Amid the ongoing trade war with the US, the sales for many major commodities from China such as unwrought aluminium and its products, coal, coke and semi-coke, steel products, refined products, and rice fell up to 44 per cent, according to the General Administration of Customs, China.

On the import side, since China is the largest importer of metals, a slowdown there show its impact at global levels. The declining demand for commodities in China and the global market is likely to bring down the prices of major commodities, which in turn would cut India's import bill, say experts. As far as trade is concerned, India is not immune to the global slowdown.

"The global slowdown has several channels of contagion. For India, export volumes moderated in spite of a modest real depreciation, showing that it is external demand that is the key determinant of export performance," says RBI's latest annual report.

However, economists believe that apart from maintaining the current account and the balance of payment, turbulent global factors add only a little worry to India. “Indian economy is mostly driven by domestic demand and the global demand has a minor role to play,” Madan Sabnavis, Chief Economist, Care Ratings, told Financial Express Online.

He added that the weakness in demand for commodities such as steel, aluminium in China is likely to bring down the commodities prices in the global market and this can reduce India’s imports bill too.

However, oil-driven imports form bulk of Indian purchases from overseas, and thus the relief on the overall import bill will be small.

“China has cut its RRR by 50 basis points last week and has given hint for further reduction to boost the growth. Looking at the recent changes in the fundamentals, a further fall in the base metal prices will be capped,” Manoj Jain, Director-Commodities and Forex banking, India Nivesh, told Financial Express Online.

As far as the Indian scenario is concerned, the import bill is already reduced due to slower domestic demand as automobile and other manufacturing sectors are highly stressed.

China and the US have agreed to hold the 13th round of China-US high-level economic and trade consultations in Washington in early October. Before that, the two sides have decided to maintain close communication this month, according to the Ministry of Commerce, China.

The move has given hopes that the global slowdown will gradually improve. Meanwhile, Chinese exports to the US fell by 16 per cent and Australia by 17 per cent.

Source: financialexpress.com– Sept 09, 2019

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At Sept 20 Goa meet, GST Council to look into inverted duty structure issue

Problems relating to refunds will also be resolved

The Goods & Services (GST) Council is expected to resolve issues related with inverted duty structure for various sectors in its 37th meeting scheduled to take place in Goa on September 20.

The inverted duty structure, where there is higher duty on input(s) and lower duty on output, has caused two problems. First is the refund in the GST regime, and second such a structure encourages imports hurting the domestic industry. There are at least seven industries including textiles and railway wagon facing difficulties on account of inverted duty structure.

Senior Finance Ministry officials confirmed that efforts are on to resolves the problems especially related with refund and therefore rates related with inverted duty structure are being restructured under GST.

According to MS Mani, Partner with Deloitte India, there is a need to correct inverted duty situations in a few sectors to assist both suppliers of inputs and their buyers from a working capital standpoint. "In a situation where growth has tapered, all elements of cost, especially indirect taxes would be an area of focus," he said.

Any registered assesee can claim a refund of unutilised input tax credit on account of inverted duty structure at the end of any tax period where the credit has accumulated on account of higher tax on input and lower tax on the output.

Exceptions to this are in four categories — if output supplies are NIL rated or fully exempt supplies except supplies of goods or services or both as notified; if the goods exported from India are subject to export duty; if the supplier claims refund of output tax paid under IGST (integrated Goods & Services Tax); or avails duty drawback or refund of IGST on such supplies.

The issue of refund came up before the Council at least twice — once during the 31st meeting held on December 22, 2018 and the second, during the 35th meeting held on June 21.

In the December meeting it was decided that clarifications will be issued on certain refund related matters like refund of ITC accumulated on account of inverted duty structure, disbursal of refunds within the stipulated time, time allowed for availment of ITC on invoices, refund of accumulated ITC of compensation cess etc.

The Central Board of Indirect Taxes and Custom (CBIC) issued a circular on December 31, 2018. It was clarified that refund of unutilised ITC in case of inverted tax structure is available where ITC remains unutilised even after setting off of available ITC for the payment of output tax liability.

Where there are multiple inputs attracting different rates of tax, the concept of 'Net ITC' as mentioned in the formulae prescribed under the CGST rules will be applicable.

This term covers the ITC availed on all inputs in the relevant period, irrespective of their rate of tax. However, industries complain that this circular has not resolved their issues completely.

The minutes of the 35th meeting said West Bengal Finance Minister Amit Mitra had written a letter to Finance Minister Nirmala Sitharaman regarding the inverted duty structure of 'wagon industry' and he had requested that it might be sent to the Fitment Committee.

Sithraman assured that it would be sent to the Fitment Committee.

Source: thehindubusinessline.com– Sept 10, 2019

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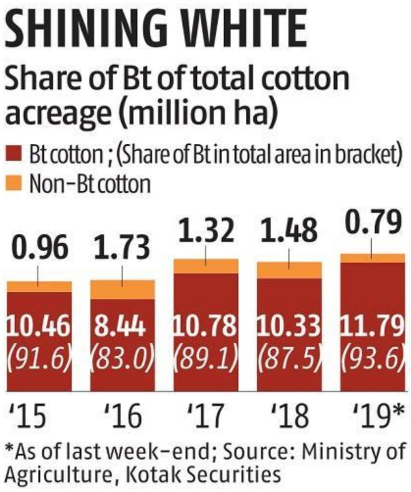
Bt cotton regains farmers' confidence, acreage under crop goes up to 93.6%

The total acreage under Bacillus thuringiensis (Bt) cotton jumped to 93.5 per cent this kharif sowing season after falling to 90 per cent three years ago.

A Kotak Securities' Commodity Insight report highlights India's total cotton acreage under Bt at 11.7 million ha during the current kharif sowing season. Total area under non-Bt cotton was reported at 0.8 million ha. Data compiled by the Ministry of Agriculture estimates total area under cotton sowing this year at 12.5 million ha as of August 31, a rise of 7.3 per cent from the previous year.



Farmers were encouraged by two major factors this year to bring back cotton sowing under Bt. Firstly, the crop damage last year due to deficient rainfalls prompted farmers to sow insect resistant transgenic crop which has a potential to fetch some output even with normal traits. Secondly, the increase in the minimum support price also lured farmers to go back to their old farming practice. Until 2016-17, Indian farmers were sowing Bt cotton in around 95 per cent of the area allocated to this cash crop.

"Of the 12.5 million ha of overall acreage under cotton, 93.6 per cent or 11.7 million ha has come under Bt this year," said Ravindra Rao, Head of Research, Kotak Securities in a report titled Commodity Insight.

With this, the insect resistant transgenic crop has regained farmers' confidence which had been shaken three years ago due to a stagnation in cotton yield after significant a pick up in the initial years of its launch.

Cotton prices remained highly volatile last year. After trading below the minimum support prices (MSP) for a long period, cotton prices recovered to surpass this benchmark level. The government raised the cotton MSP by Rs 100 to Rs 5,550 a quintal this year again from Rs 5,450 a quintal last year.

"The government must allow farmers to sow the latest high yielding seeds available in Bt series with more traits that global farmers have already been sowing. Indian farmers are using Bollgard I and II varieties of Bt transgenic seeds which have reported stagnation in yield. In the absence of any option, farmers are continuing with the seeds available," said Arun Sakseria, a city-based cotton trader and exporter.

The uneven distribution of the monsoon rainfall caused severe damage to the cotton crop in its major growing states like Maharashtra, Gujarat, Andhra Pradesh and Telangana.

By the end of August, cotton acreage in Maharashtra had crossed 4.37 million ha against 4.1 million ha sown during last year. A minor decline was seen in Gujarat cotton sowing this year which reached at 2.65 million ha as compared to 2.69 million ha last year.

Meanwhile, cotton supply across the country in the first four days of September reached 3,370 tonnes, nearly double the supply seen in same period last month. Positive cues from international market and reports of some crop losses in Madhya Pradesh are likely to support the cotton prices to some extent for the next couple of sessions.

"However, bearish broader fundamentals like slack demand from the textile industry, limited yarn export demand and upcoming new crop arrival season will keep cotton prices under check for near future," said Rao.

Cotton prices are currently quoting at Rs 9,100 a quintal in the benchmark Rajkot mandi.

Source: business-standard.com– Sept 09, 2019

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India textile manufacturers considering setting up plants in Ghana

Several India textile manufacturers are considering setting up textile production plants in Ghana.

This follows a formal proposal by the Chief Executive Officer (CEO) of Ghana Export Promotion Authority (GEPA), Madam Afua Asabea Asare that it has become necessary to enable the two countries benefit from duty free access in Africa through the Africa Continental Free Trade Area (AfCFTA) agreement for products manufactured on the continent.

Instructively, a number of business delegations from India were recently in Ghana to explore various business opportunities and the High Commission of India in Accra arranged regular business engagements with various Ghanaian business chambers aimed at fostering bilateral trade and investment in Ghana.

Indeed source at the Ghana Investment Promotion Centre affirm that Madam Asare's entreaties to Indian textile producers to establish factories here are already persuading some investors from that country to make enquiries into the process for doing this.

Currently, the combined apparel and footwear market in sub-Saharan Africa is estimated to be around US$31 billion. Under the Africa Growth Opportunity Act (AGOA), Ghana exported about US$30 million and US$29 million worth of garments in 2017 and 2016 respectively, all of those exports went to the US markets rather than the African markets.

Ghana's garment industry recorded a peak growth rate of 15.1 percent in 2008, but this has since dropped to 0.8 and 0.3 percent in 2014 and 2015 respectively. Subsequently, the sector actually recorded a contraction of 1.4 percent in 2016. What this means is that Ghana's garment industry has been declining in what is proving to be a sustained recession and the recent export data released by GEPA still depicts that Ghana's textile industry has been underperforming.

India's overall textile exports from 2017 to 2018 on the other hand stood at US$39.2 billion and is expected to reach US$82.00 billion by 2021. Importantly, the market size of India's textiles industry as a whole is estimated to be US$250 billion.

With an estimated population of more than one billion people and a combined Gross Domestic Product (GDP) of US$3.4 trillion, having a duty free access to the African free trade area by establishing textile manufacturing plants in Ghana as a member of the free trade area and indeed the host of the AfCFTA secretariat would greatly enhance India's textile markets access in a market that rivals India's own in size if not in value.

Speaking with the Goldstreet Business during the official launch of India International Textile Machinery Exhibitions (ITME) Africa 2020 – a global textile business forum to be held in Ethiopia from 14th to 16th February, 2020, the Second Secretary (Commerce) of the High Commission of India in Accra Mr. T. V. Ganesan said the two nations have bilateral relations with economic and commercial ties as its strong pillar.

"Many Ghanaian business firms have established links with Indian textile and clothing industries which we expect would boost trade between the two countries", he said.

Bilateral trade relations between Ghana and India has seen a considerable increase in the last five years from around US$3 billion to an estimated US$4.5 billion between 2018 and 2019.

Currently, the quantum of India's investments in Ghana amounts to over US$510 million as the country occupies the second position in terms of projects being 18.

Source: ghanaweb.com – Sept 10, 2019

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Ashwin Chandran to head SIMA

Ashwin Chandran was on Monday elected chairman of Southern India Mills' Association (SIMA) for 2019-2020.

Ravi Sam will be deputy chairman and Dr SK Sundararaman vice-chairman. The election was held during the 60th general meeting here.

Outgoing chairman P Nataraj said the impact of two major reforms – demonetisation and GST – affected the performance of manufacturing industries. Before the economy could fully recover, the worldwide recession, particularly after the US-China trade war again, affected national growth.

The country's textiles and clothing industry, particularly the capital-intensive spinning sector, was facing yet another major crisis due to volatility in cotton prices and currency values, steep fall in exports, piling-up of stocks, production cut, severe liquidity crunch, significant increase in cheaper imports of MMF spun yarns, synthetic fabrics and ready-made garments huge arrears of government dues.

"We have requested the Government to take appropriate remedial policy measures, clear all the Government dues on a fast track and extend the rebate on State and

Central tax and levy benefits to all manufactured textile goods across the value chain," Nataraj said.

The State Government had announced the Integrated Textile Policy 2019 during March which encourages value addition, strengthening of downstream sectors and modernising spinning, he said, adding the Government was in the process of framing the policy guidelines.

On performance, Nataraj said total yarn production during 2018-19 was 5,862 million kgs, 3.2 per cent higher than the previous year, and on three months up to June stood at 1,591 million kgs, 9.6 per cent higher than during the same period the previous year.

Cotton yarn export declined by over 35 per cent during the first quarter of the current fiscal. It was the lowest in the month of June in the last five years recording only 57 million kg.
Source: covaipost.com – Sept 09, 2019

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Digital transformations will change the way businesses function, says C.K. Ranganathan

He urges CEOs, entrepreneurs to invest in themselves and change the ways of doing business

E-Commerce and Artificial Intelligence (AI) will drastically change the way consumers make purchases in a decade or so, Founder Chairman of Cavinkare C.K. Ranganathan said here on Monday.

Presenting the Techno Facts Awards at the CEO Conference SIMA Texpin 2019, organised by Southern India Mills' Association (SIMA), he said millennials were purchasing more things online and the way commerce played out would change as they grew up. He urged the CEOs and entrepreneurs to invest in themselves, change the approach to and ways of doing business, and be in control of the change they want to bring about in their industries.

"We expect situations to change with government intervention. We can, instead, take decisions and choose our path," he said.

Globally, companies and countries were looking inward. However, Indian textile mills were largely dependent on export and neighbouring countries such as Bangladesh and Vietnam were becoming competitive. In order to overcome these challenges, textile units should focus on four factors: strategy, structure, people, and process.

The more a manufacturing unit was further away from the customers in the value chain, the more pressure would it face to remain efficient and competitive. So, companies should grab opportunities to move closer to customers. The products should also have an edge over others in quality. In the case of HR, "it should be a tight ship," he said. Digital transformation was changing businesses and technologies were taking up several roles globally, he pointed out.

At the annual meeting of the Association on Monday evening, Ashwin Chandran, Chairman and Managing Director of Precot Meridien, was elected chairman of SIMA for 2019-2020. Ravi Sam, Managing Director of Adwaith Textiles, was elected Deputy Chairman, and S.K. Sundararaman, Managing Director of Shiva Texyarn, the Vice Chairman.

The outgoing chairman of SIMA P. Nataraj said at the annual meeting that the textiles and clothing industry had faced numerous challenges in the past. Its inherent strengths have helped it mitigate the challenges and achieve a sustained growth for several decades.

The recent issues that the industry faced was also because of global recession. "Reasonable and timely support from Government coupled with change in the market scenario, both national and international, will help us tide over the current crisis," he said.

Source: thehindu.com – Sept 09, 2019

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