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IBTEX No. 251 of 2018 — December 11, 2018

USD 71.12| EUR 81.99 | GBP 90.71 | JPY 0.64

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
21035	44000	**79.26**

Domestic Futures Price (Ex. Gin), December

Rs./Bale	Rs./Candy	USD Cent/lb
22180	46395	**83.57**

International Futures Price

NY ICE USD Cents/lb (Dec 2018)	79.88
ZCE Cotton: Yuan/MT (Jan 2019)	14,635
ZCE Cotton: USD Cents/lb	**81.64**
Cotlook A Index – Physical	**85.55**

Cotton Guide: The underlying factors are positive for Cotton both in India and global markets. The USDA report is scheduled today at 10:30 PM IST and no surprise that US production will see a sharp cut in the number. This is very well expected as the crop damage in the US due to recent hurricane wasn't factored in the previous month's USDA report. The effect is going to be seen today. We expect the US production should fall below 18 million bales. Meanwhile, India's number is also likely to decline. The details of USDA report can be accessed here: USDA. The recently concluded Cotton Association of India (CAI) meeting suggests the 2018-19 production to be further lowered at 34.25 million bales.

The Indian spot price is trading around Rs. 45,000 per candy. Historically during December the price of cotton tends to decline which isn't the case this year amid expectation of sharp cut in supply, steady domestic mills demand and better prospects of export. We think market may continue to hold a positive outlook in the near term.

On an average the daily arrivals in November stood below 150,000 bales and so far in December the pace is slower and the average is below 140K bales amid state election in the country. We think December will be important to watch for. However, looking at this season we expect cotton price to trade in the range of Rs. 43,500 to Rs. 46000 per candy between December to end of January. However, thereafter market might continue to move higher.

Coming to this week so far one trade day has conclude and mostly it was an inside day trading range. ICE cotton futures prices spent most of the session in negative territory before settling with modest losses. Nearby March settled at 7988, down 35 on the day. The rest of the deliveries settled from 27 to 40 points lower. Most of the commodity complex closed lower Monday.

Macroeconomic and political worries, including the delayed Brexit vote and US-China trade relations, were cited as the key feature. US equity prices were down sharply in early trading, but they recovered to settle mostly higher. Volume was light. Futures volume was 19,884 contracts compared to 32,086 contracts on Friday. Option volume was just 2,708 contracts. Technically, it was an inside day. The trading range of 7650 to 8200 is now in its 12th week. Current levels are in the upper half of that range, and the short term work is mostly positive. Resistance is 8100 and 8200 and 8300 whereas support is 7900, 7700 and 7650.

On the domestic side the MCX December future ended the session higher at Rs. 22,180 up by Rs. 270 from the previous close. This morning ICE cotton for March is seen trading steady at 80.02 up by 0.18% from previous close and the ZCE future is higher by 100 points at 15400 Yuan/MT.

We think the tone is considered positive today and recommend buying on lower level. At the domestic front weakness in Indian rupee might further support price to remain elevated. The MCX said contract might trade in the range of Rs. 22050 to Rs. 22300 per bale.

FX Guide:

Indian rupee has opened weaker by 1.5% to trade near 72.46 levels against the US dollar. Rupee is pressurized by RBI Governor Urijit Patel's surprise resignation which shows increasing discontent between central bank and the government.

Also weighing on rupee is uncertainty ahead of state election results in Madhya Pradesh, Chhattisgarh, Rajasthan, Telangana and Mizoram. Election results will help form outlook for performance of ruling BJP government at the upcoming general elections in 2019.

The US dollar is also supported by uncertainty about Brexit after UK Prime Minister postponed a crucial parliamentary vote, scheduled for Tuesday. However, supporting rupee is weakness in crude oil price and some stability in global equity market.

Global equity markets steadied amid reports that US and China discussed the road map for the next stage of their trade talks. Rupee may remain under pressure amid uncertainty about election results and signs disagreement between RBI and government. USDINR may trade in a range of 71.7-72.8 and bias may be on the upside.

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

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INTERNATIONAL NEWS

USA: Textile and Apparel Imports Jump as Major Shippers See Big Gains

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 6.82 billion square meter equivalents in October, up 9.8 percent from September and 13.3 percent from October 2017.

	SME	Monthly change %	Annual change %	$ Value	Monthly change %	Annual change %
China	3.6 billion	+9.0	+16.6	$4.47 billion	+4.2	+15.1
India	508.7 million	+7.5	+4.6	$697.8 million	+14.1	+7.9
Vietnam	485.3 million	+14.8	+7.2	$1.39 billion	+19.8	+16.0
Mexico	232.3 million	+12.4	+4.4	$414.5 million	+2.4	-5.1
Pakistan	213.6 million	+15.0	+8.6	$266.8 million	+23.9	+14.9
Bangladesh	178.0 million	-7.2	+6.3	$490.0 million	-5.0	+14.0
Korea	171.7 million	+7.2	+26.6	$84.9 million	+10.4	+18.6
Indonesia	150.2 million	+24.0	+5.7	$484.1 million	+25.2	+5.9
Cambodia	125.3 million	+12.6	+30.9	$261.5 million	+7.5	+19.6
Canada	91.0 million	+3.9	-13.0	$125.6 million	+4.9	-1.8
Turkey	91.0 million	n/a	+18.1	$163.4 million	n/a	+11.6
Taiwan	88.3 million	n/a	+23.8	$61.3 million	n/a	+2.8
Honduras	87.8 million	-6.0	+6.5	$230.8 million	-4.7	+18.3

Textile imports totaled 3.96 billion SME, up 13.5 percent for the month and 12.5 from the previous year, while apparel imports of 2.85 billion SME rose 5.2 percent from September and 14.5 percent from a year before.

Overall Imports. Total year-to-date imports were 57.6 billion SME, up 5.8 percent from the previous year, as textile imports gained 7.8 percent to 33.8 billion SME and apparel imports rose 3.1 percent to 23.8 billion SME.

For the year ending in October imports were 68.0 billion SME, up 5.6 percent from a year earlier, as textile imports increased 7.9 percent to 40.2 billion SME and apparel imports rose 2.5 percent to 27.8 billion SME.

Source Countries. OTEXA has reported the following statistics on textile and apparel imports from major source countries for October 2018.

Source: strtrade.com- Dec 11, 2018

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US Gains Help Lift Global Yarn Production, While Fabric Production Slips

Global yarn production increased 5 percent in the second quarter ended June 30 from the first three months of the year, while worldwide fabric production dipped 0.25 percent, a new report from the International Textile Manufacturers Federation (ITMF) showed.

The yarn uptick included a 3.2 percent gain in the U.S., where production is generally for domestic knit production and exports to places such as Central America and Mexico where finished goods exported back to the country must meet yarn-forward rule requirements for duty-free status.

For the 10 months through October, U.S. yarn exports increased 2.2 percent to $3.79 million worth of goods, according to data from the Commerce Department's Office of Textiles & Apparel.

Exports to Mexico rose 24.97 percent to $457,786 and were up 8.97 percent to the Dominican Republic to $260,134, and 30 percent to El Salvador to $232,532.

Asian yarn production was up 5.7 percent, led by an 8.8 percent gain by South Korea and an 8.1 percent increase in Taiwan. Gains were also see in Egypt, up 1.4 percent and South Africa, with a 3.3 hike.

"An opposite trend has been observed in all surveyed European countries, Brazil and Japan. Forecasts for third quarter 2018 are only optimistic in Africa," but the fourth quarter forecast is "positive in all regions except Brazil," ITMF said.

Global yarn stocks decreased 4.75 percent, with declines of 4 percent in Europe, 3 percent in Asia and 18 percent in Africa balanced somewhat by an 18 percent increase in Brazil.

Overall, yarn stocks reached 85 percent of the previous year's level for the same quarter. Global yarn orders fell 6 percent, led by a 28 percent reduction in Brazil. Yarn orders increased 7.5 percent in Africa and 5.7 percent in Europe.

The falloff in global fabric production reflected a 6 percent reduction in Africa and a 0.5 percent decrease in Asia, countered by a 1.6 percent increase in Europe and a 3.7 percent jump in Brazil.

The world output reached 87 percent of its second quarter 2017 level.

"Fabric production in all regions is expected to decrease in third quarter 2018, except in Brazil, where stability is foreseen," ITMF said. The fourth quarter "should see improvements in all regions."

Second quarter global fabric stock level grew almost 2 percent, driven by Brazil's increase of 7 percent, which brought global fabrics stocks 11 percent above their second quarter 2017 level.

Stocks remain stable in Asia, Europe and the U.S., ITMF said. Global fabric orders rose 43 percent at a world level, led by a 65 percent increase in Brazil that followed an unusually low first quarter.

Orders in Asia and Europe have stagnated and contracted in Egypt.

Global fabric orders are now 16 percent above their level second quarter 2017 level.

Source: sourcingjournal.com - Dec 10, 2018

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The Rise of the Second Tier of Jeans-Making Countries Marks a Key Sourcing Shift

The year is shaping up as the decline of the powerhouses denim hubs and the rise of a new tier of major jeans suppliers.

China and Mexico–long the top two manufacturers of denim jeans imported into the U.S., have posted just minor increases so far this year, while Asian countries including Vietnam, Bangladesh, Cambodia and Pakistan have taken up the slack. Western Hemisphere countries like Colombia, Guatemala and Nicaragua have also seen consistent gains.

The thirst for jeans remains strong. U.S. imports of denim apparel—98 percent of which is jeans—increased 7.87 percent for the first 10 months of the year, in value terms, to $3.24 billion compared to the same period in 2017.

But where denim is produced is what's changing.

U.S. jeans imports from China rose just 2.91 percent for the year through October to $790.89 million worth of goods, compared to the year-ago period, while shipments from Mexico inched up 1.61 percent in the same timeframe to $679.41 million.

The common denominator for both countries has been a disruption in U.S. trade policy that created uncertainty among brands and retailers, causing them to shift sourcing plans to limit their risk.

In the case of China, it's been tariff wars with the Trump Administration that has the potential to substantially raise prices if the threat of 25 percent tariffs comes to fruition next year. For Mexico, it was the renegotiations of the North America Free Trade Agreement, which came to a close, and the new U.S.-Mexico-Canada Agreement now awaits Congressional approval.

Bo Dean, senior vice president of sales and marketing at Twin Dragon Denim Mills, said at the recent Kingpins New York trade show, "Tell me what the benefits of a trade war are? At least let us know exactly what to expect so we know the rules we need to operate under. Maybe doesn't cut it for running a business."

Dean and other executives at the show noted that what's happened as a result of the trade war, and actual and threatened tariffs, is that China has lost jeans market share mostly to other Asian nations. However, a lot of Chinese fabrics are now being exported to countries like Vietnam and Cambodia to make apparel, since they don't have a textile base.

China and Mexico are also more mature and, therefore, costly economies than many of the nations competing for denim market share, including Vietnam, which saw shipments to the U.S. rise 46.16 percent in the 10 months to $248.95 million, and Bangladesh, with imports to the U.S. up 12.78 percent to $481.41 million.

Other Asian suppliers seeing gains include Pakistan, with imports rising 12.52 percent to $206.05 million; Cambodia, with shipments up 27.49 percent to $99.08 million; and India, posting a 44.59 percent hike to $31.35 million.

Those Western Hemisphere suppliers able to take market share from Mexico since they have the same attributes of quick shipping times and duty-free trade, include the members of the Central American Free Trade Agreement (CAFTA).

U.S. jeans imports from CAFTA countries rose 7.37 percent in the 10 months to $116.37 million worth of goods. Leading the way were Nicaragua, with shipments to the U.S. increasing 6.97 percent to $87.81 million, and Guatemala, which posted a 16.99 percent gain to $26.9 million.

U.S. jeans imports from Sub-Saharan Africa countries that are part of the African Growth & Opportunity Act (AGOA) preferential trade program increased 12.96 percent in the period to $127.63 million, led by Lesotho's 6.14 percent gain to $67.31 million, Madagascar's 16.55 percent hike to $20 million, Kenya's 67.87 percent increase to $15.73 million and Tanzania's 20.2 percent rise to $9.66 million. Egypt, which is not part of AGOA, but has also grown into a key jeans supplier, saw its shipments increase 2.23 percent to $128.05 million.

Source: sourcingjournal.com- Dec 10, 2018

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Canada will be potential market for Vietnamese export garments

Canada will be a potential market for Việt Nam's export garment products when the Comprehensive Partnership and Trans-Pacific Partnership (CPTPP) takes effect in early 2019, according to Lê Tiến Trường, general director of Việt Nam National Textile and Garment Group (Vinatex).

Trường said although the CPTPP does not include the US - which accounts for nearly half of Việt Nam's annual garment export value, it has other great potential markets such as Australia, New Zealand, Chile and Canada

Canada imports textiles and garments worth of US$13.3 billion per year. However, Việt Nam's textile and garment export value to Canada has reached only about $550 million a year, he said.

Meanwhile, Việt Nam the CPTPP is Việt Nam's first free trade deal including Canada.

To seize this opportunity to access the Canadian market, Vinatex has sought Canadian garment enterprises and provided them information about Vietnamese export textile and garment products.

Specifically, Vinatex sent a delegation of local textile and garment companies to Canada to look for opportunities with textile and garment importers in this market, including Hà Nội Textile and Garment Joint Stock Corporation (Hanosimex), Hòa Thọ Textile and Garment Joint Stock Corporation, Đức Giang Corporation and Phong Phú Corporation.

In Canada, the firms introduced their potential and strong points to potential partners.

Phong Phú's representative said the corporation learned about the demand for textile and garment products of this market via direct contacts with Canadian customers. Next, it will set up production plans to achieve its goals in Canada.

Meanwhile, Hanosimex introduced its production meeting yarn rules of origin for two products. It has met 12 companies and introduced to them 40 kinds of cotton towel and knitwear.

Hanosimex has looked for more input material suppliers in Việt Nam or other member countries of the CPTPP to diversify commodities and build a flexible production model to meet demand from contracts of large volume with medium quality to contracts of small volume with high quality products.

Besides of trade promotion activities held by Vinatex, Hòa Thọ Textile and Garment Joint Stock Corporation has connected with 14 customers to introduce 15 samples of trousers and suits made from Vietnamese, Thai and Indian materials.

Source: vietnamnews.vn- Dec 11, 2018

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USA: Does Free Trade Kill Jobs?

Senator Warren, a Massachusetts Democrat and likely 2020 presidential contender, continued: “Policymakers were willing to sacrifice American jobs — not their own, of course — in return for boosting sales at Walmart and gaining access to consumer markets around the world.”

Troublingly, the political right is moving towards a similar understanding of the economic effects of trade liberalization. Most prominent is President Trump, who has sounded very similar notes on trade. (Read paragraphs five through ten of this speech, for example.) And some conservative writers and analysts are also questioning the benefits of trade to America’s workers.

Of course, global free trade reduces the prices for and increases the variety of consumer goods brought to market, increases the purchasing power of wages through those lower prices, and allows for the U.S. economy as a whole to be more efficient and productive. These are no small things.

But what about jobs? What is the relationship between trade and employment?

As a first pass, the right answer to the question is that trade doesn’t reduce the overall number of jobs in the economy. It doesn’t increase that number, either. It’s largely a wash.

Why? For one, monetary policy attempts to achieve full employment, regardless of the effect of trade on the labor market. So if trade puts a large number of people out of work, the Fed will presumably run the economy hot long enough to allow those workers to find new jobs.

And while trade increases imports — which can negatively affect workers who make similar goods here at home — it also increases exports, which pushes up the demand for workers in export-intensive firms and industries.

That's the theory, anyway. In my column, I highlight some empirical research that shows this view is basically correct. If anything, the evidence shows that free trade in recent decades has increased — not decreased — the overall demand for workers.

In her speech, Senator Warren does not have much to offer that worker. And it would be better if Democrats and Republicans both understood that erecting walls around the United States doesn't offer any real help to American workers, as well.

Source: nationalreview.com- Dec 10, 2018

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U.S. Fashion Industry To Testify on U.S.-Japan Trade Negotiating Objectives

United States Fashion Industry Association (USFIA) President Julia K. Hughes on Monday will testify during the Office of the U.S. Trade Representative's public hearing on the negotiating objectives for a U.S.-Japan Trade Agreement, taking place at the U.S. International Trade Commission.

She will speak in support of a trade agreement with Japan, an important trading partner for retail as the third-largest consumer market in the world, as well as an important sourcing destination for high-quality textiles increasingly demanded by consumers. She calls for the elimination of the very high import duties on fashion products; a flexible, simplified, 21st-century Rule of Origin for apparel; harmonized and streamlined customs procedures; and, harmonized rules and regulations governing issues like product safety and labeling.

"As American fashion brands and retailers—and all companies in the United States—are seeking opportunities to reach new consumers, grow their businesses, and create jobs in the United States, it's important to make it easier to trade and do business with lucrative, growing markets like Japan," she says in her testimony.

"An effective, 21st century U.S.-Japan Trade Agreement would be flexible and would recognize the commercial reality that companies rely on global value chains to produce and sell products. Such an agreement would provide the United States with the best possible economic benefits for U.S. companies, U.S. workers, and U.S. consumers."

Source: sgbonline.com- Dec 10, 2018

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SA textile firm seeks big business opportunities in Egypt

Gauteng-based clothing and textile firm, T-Legacy Components SA, has said that it was determined to explore big business opportunities at the inaugural Intra-African Trade Fair (IATF) this week, starting tomorrow in Cairo, Egypt.

Sithenjiwe Masuku, the managing director of T-Legacy, said it was an enormous opportunity for her emerging export firm to be involved in a trade fair of such magnitude.

"I am hoping to establish some trade leads and also amplify my business brand to North Africa and beyond. I am looking forward to the big opportunities that lie ahead for my company. My priority is to grow as a business and also penetrate new markets," Masuku said.

T-Legacy Components has been in the business for fourteen years manufacturing gumboots, conti-suits, gloves, safety boots and reflective vests for mine workers, construction and industrial workers.

The company received financial backing from the Department of Trade and Industry's (the dti) Export Marketing and Investment Assistance (EMIA) Scheme to participate at the trade fair.

The seven-day trade show provides a platform for sharing trade, investment and market information, as well as enabling buyers and sellers, investors and countries to meet, discuss and conclude business deals. It will encompass trade and investment seminars, business-to-business meetings and site visits.

Masuku said the dti had been instrumental for the growth of her company over the years, adding that the partnership was important to establish South Africa as manufacturing hub that can compete with global brands on the African continent.

"The continuous assistance from the dti with regards to exhibitions and missions is without a doubt important to help us to further increase our footprint in the continent. The trade fair in Egypt will be historical for South Africa and all these efforts from the dti will have a positive impact on business and will help boost our economy," Masuku said.

Source: citizen.co.za- Dec 10, 2018

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Belgium, Alibaba promote inclusive global trade under eWTP

The Belgian Government and China's Alibaba Group recently announced agreeing to promote inclusive trade under the Electronic World Trade Platform (eWTP) initiative.

Both parties will work to build an innovative trade platform to facilitate greater and more equitable access to cross-border trade opportunities, in particular for small and medium enterprises (SMEs).

A memorandum of understanding for the eWTP was signed recently in Liege by Belgium's deputy prime minister and minister of employment, economy and consumer affairs Kris Peeters and senior director of Alibaba Group James Song in the presence of Belgian Prime Minister Charles Michel and Alibaba Group president of global business Angel Zhao.

"This will be a huge opportunity to boost exports and bring wide reaching economic benefits to society, including employment opportunities to Liege....This is an opportunity for not just the small businesses and young people in Belgium but across Europe," said Michel.

The partnership will be Alibaba's initial effort to promote inclusive global trade in Europe, building on the success of similar eWTP partnerships in Asia and Africa over the past two years, said a company press release.

A major element of the agreement is the establishment of a logistics infrastructure to support cross-border trade.

Cainiao Smart Logistics Network Ltd., the logistics arm of group, and the Liege airport authority also signed a contract to lease a total area of 220,000 square meters to build a world-class smart logistics hub at Liege airport.

The initial investment will be €75 million, with the first phase of the facility planned to commence operations in early 2021.

The hub will be the cornerstone of the eWTP infrastructure collaboration, with Alibaba playing a key role in facilitating trade, particularly for accessing the China market, as part of the group's commitment to serve as the 'Gateway to China' and help import $200 billion worth of quality goods from the world to China over the next five years.

In addition, both sides will work together to introduce new technologies to promote digitisation of customs procedures and more efficient clearance of goods that will be crucial for global trade, in particularly for SMEs.

Alibaba will also work closely with the Belgian Government to promote Belgium as an attractive tourist destination for Chinese tourists, the press release added.

Source: fibre2fashion.com - Dec 11, 2018

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Pakistan: Government to restart 200 textile mills

The government in Pakistan is planning to help restart 200 textile mills in Pakistan that were closed for the last three years due to financial crunch and other factors.

The government is planning to take concrete steps for the rehabilitation of the textile industry and restore round-the-clock gas supply to the industrial units, enabling them to attain manifold increase in the industrial production and ensure maximum jobs for the workers in the Industrial units and thus eliminate unemployment from the country.

The government recently started work on Phase-II, III of Faisalabad Garment City project, which will be accomplished within shortest possible period to make this project fully operational.

Source: fashionatingworld.com- Dec 10, 2018

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Global apparel brands priced double in Pakistan

An internal survey done in Pakistan reveals, prices of international apparel brands in Pakistan are sometimes double the original retail prices. According to the World Bank, Pakistan's adjusted net national income per capita was $1,444 (nearly $120 per month) in 2016 whereas the price of a single top of international apparel brands like Debenhams, Mango, Next and Splash often exceeds a quarter of that income. This implies that these brands are targeting high-end customers unlike global trends.

The difference in pricing is due to additional operational and logistics costs that these brands have to incur. A customer might find the price of a product at Mango's store in Spain very reasonable when compared to the price of the same top of the franchise in Pakistan.

Being among the largest textile manufacturers, Pakistan also has the potential to manufacture these brands locally with some value addition, which could help save some of the operational and logistics costs. However, these franchises are restricted by the brands from manufacturing their products locally.

In some cases, brands like Levi's have set up their manufacturing outlets in Pakistan, making it comparatively more convenient for retail stores and helping the national economy as well.

Source: fashionatingworld.com- Dec 10, 2018

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Uzbekistan reduces cotton production to 2.3 million tons

As many as 2.3 million tons of cotton were produced in Uzbekistan in 2018, Uzbek media reports.

According to the State Statistics Committee, country collected more than 2.9 million tons of raw cotton in 2017.

"Indeed, severe drought, unexpected torrential rains and winds in spring, sultry heat and water scarcity for summer irrigation Autumn rainfall, as well as various pests and plant diseases, became a serious challenge for agricultural workers of the country, " said the President of Uzbekistan congatulating agriculture workers.

In general, for the year of hard work, agricultural products were produced for 58.19 trillion soums ($7 billion).

Traditionally, cotton is Uzbekistan's most important cash crop. One of the policy priorities of Uzbekistan, the world's sixth-largest cotton producer, is further development of its textile industry.

Uzbekistan takes consistent steps to increase the volume of cotton fiber processing.

In particular, it is planned to create 112 modern, high-tech industrial factories, expand, modernize and technologically upgrade 20 operating capacities. All this will increase the export potential of the industry up to $2.5 billion a year and create more than 25,000 jobs.

In the period 2010-2014, the textile industry of Uzbekistan received and spent foreign investments worth $785 million while 147 new textile enterprises with participation of investors from Germany, Switzerland, Japan, South Korea, the U.S., Turkey and other countries were commissioned. Export potential of these enterprises amounted to $670 million.

Currently, Uzbekistan continues to attract foreign investments for the construction of textile enterprises in Uzbekistan.

In late August, another Polish company Polcotton agreed to invest about $60 million in the construction of the textile complex in Uzbekistan.

The future factory is expected to have a capacity of 10,000 tons of finished products per year and to generate as many as 1,200 new jobs.

Source: azernews.az- Dec 10, 2018

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NATIONAL NEWS

India's textile-apparel exports fell slightly in H1 FY19

India's overall textile and apparel exports in H1 FY19 stood at $18.4 billion, showing a decline of 1 per cent from the previous year, according to the latest Wazir Textiles Index (WTI).

During the same period, textile and clothing imports increased by 4 per cent compared to the previous year, said the findings on the market performance of textile sector.

Export of all the categories except apparel have grown in H1 FY19 as compared to H1 FY18. Apparel exports saw a decline of 16 per cent this half year, largely attributed to the decline in apparel exports to the UAE, which have dropped inexplicably by 55 per cent during H1 FY19.

India's overall textile and garment exports to UAE also declined by around 50 per cent during first half of FY19. The EU, US and UAE remained the top export destinations for India's textiles and garment products, WTI said.

On the import front, all categories except fibre saw an increase in H1 FY19. Apparel imports increased sharply by 56 per cent, primarily due to the impact of reduced effective import duties post GST for imports from countries like China and Bangladesh.

China continues to be the largest import partner for India, however, the imports declined marginally by 0.4 per cent in H1 FY19 as compared to the previous year.

Assessing the cumulative financial performance of the top Indian textile companies, the report said that the consolidated sales of the top 10 selected companies were ₹21,272 core in H1 FY19 as compared to ₹19,378 crore in H1 FY18, growing by 10 per cent year-on-year.

As compared to H1 FY18, the average EBITDA margin increased by 1.1 percentage points to reach 13.8 per cent in H1 FY19. "Consolidated raw material cost constituted 52.3 per cent of sales in H1 FY19, while consolidated manpower cost constituted 10.2 per cent of sales.

Raw material and manpower cost as a percentage of sales have remained almost stagnant during H1 FY19 as compared to H1 FY18. This reflects in the growing profitability of the top Indian textile companies," the report said.

Source: fibre2fashion.com- Dec 11, 2018

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India registers double-digit trade growth in Q3 FY19 - Maersk

The upward movement in global commodity prices, depreciation of the Indian rupee ,and the recent shipping-logistics reforms such as liberalised cabotage policy and direct port delivery, have been instrumental for the double-digit trade growth for India during the third quarter of 2018, says Steve Felder, MD , Maersk Line, South Asia.

Commenting on the Q3 trade report released by Maersk, he said: "Increasing competitiveness of Indian exports, coupled with improved demand across destinations has propelled exports, particularly of vehicles, mechanical appliances, and refrigerated cargo such as onion, meat, seafood, and pharmaceuticals.

While exports from India registered a 10 per cent growth, imports too rose nine per cent year-on-year, largely dominated by heavy inflow of paper, metals and white goods. The containerised market displayed strength with far less fluctuation compared to the previous year."

"Investments by Chinese firms in environmental processes has led to an increase in their cost of production. This coupled with appreciating yuan, has reduced their production cost advantage, benefiting India," he added.

Preferred for trade

"India is emerging as a favourable trade destination for both advanced and emerging markets with vehicles, metals, seafood and pharma playing a key role on the export front," said Felder , adding that the US, UAE and Nigeria have become significant export destinations for exporters from West India.

The upswing witnessed by the local manufacturing sector during the last few quarters is reflective of the demand for India-made goods.

Exports from west India witnessed a contraction of 15 per cent in Q3 of 2017, whereas it increased 10 per cent during the corresponding period of 2018.

The rising demand for chemicals, metals and machinery from East India prompted imports to grow by nine per cent from countries like US, Canada, UK and South Korea.

On the outlook for 2019, Felder said "while it looks positive at this juncture, the logistics infrastructure needs strengthening. The Government is working towards this, as is evident from the various initiatives.

Further, the benefits of cabotage relaxation and streamlining of exporters' GST refunds, digitisation and blockchain technology in the supply chain infrastructure is set to transform the logistics industry in the coming years."

Source: thehindubusinessline.com- Dec 11, 2018

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Definition based on turnover will hurt MSMEs

The Karnataka Small Scale Industries Association (Kassia) has said that the proposed definition of MSME (micro, small and medium enterprises) will not help the sector.

Addressing presspersons in Mangaluru on Monday, Basavraj S Javali, Kassia president, said that the Union Cabinet has come up with a draft completely revising the definition of MSME making turnover as the basis. As per the MSME Act 2006, MSMEs in India are defined on the basis of investment in plant and machinery.

Spike in numbers

However, the proposal for the new definition is in the draft stage, and requires amendments to be made to the MSME Act and passed in Parliament.

He said that the proposed definition will bring in large number of firms within the definition of SME. This is a serious worry as such a thing will likely crowd out a large number of small units from the benefits targeted at them as there will be higher demand for such benefits from a greater number of businesses.

The distinction between manufacturing and service has been removed in the new definition. This will add to the numbers and negatively impact on the manufacturing and there-by creation of jobs and enterprise development, Javali said.

“There is a strong feeling among MSMEs that the investment in plant and machinery criteria should be maintained with suitably increased limits,” he said.

Referring to GST on labour charges, he said job works were earlier exempted from payment of tax under the VAT. However with the introduction of GST, labour charge is taxed at 18 per cent, which is causing lot of hardship to the micro and small units who are the main players performing the service for larger units.

Source: thehindubusinessline.com- Dec 11, 2018

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Top container port JNPT cuts cargo export dwell time by 31% to 63 hours

India's largest container port JNPT has significantly cut export dwell time of cargo by 30.7 per cent to 63 hours and is developing an e-market portal for evacuation of import containers within 24 hours from the terminal, a top official said Monday.

JNPT is one of the top 12 major ports in the country under the shipping ministry. It has contributed significantly in improvement of India's rank in World Bank evaluation in the parameter 'Trading Across Border' from 146 to 80.

"Export dwell time at JNPT which was hovering around 91 hours in 2014-15 has been reduced to 63 hours in September 2018. Ministry of Shipping has been continuously striving for faster cargo evacuation and reduced dwell time at the port," Shipping Secretary Gopal Krishna said.

The port has taken a slew of steps to encourage direct port delivery (DPD) through its terminals by simplifying the registration processes, rationalising the handling charges and removing the need for deposits besides creating physical infrastructure to cope with increased DPD clientele.

The port is also working on introducing a transport arrangement to serve the dual purpose of reducing congestion in the port access road as also in operations.

"Studies conducted for improving cost and dwell time at JNPT have indicated that around 2,500 trailers bringing boxes from JNPT's deep hinterland return empty from the port, even when over 3,000 import containers are lined up for evacuation to container freight station (CFS) at any point of time," the secretary said.

He said another 3,000 empty trailers move separately to the terminals to evacuate the imported containers. "The port proposes to avoid the unproductive movement of over 5,000 empty trailers by this new intervention.

The plan is to create an e-market portal which allocates an import container to the trailers once it drops export containers on their return leg," he added. The import containers could be destined to any of the CFSs, he said adding, the transport rates to different CFSs will be pre-decided and notified.

The container vehicle can deposit the import container at the destined CFS and collect the agreed rate, Krishna explained

Source: millenniumpost.in- Dec 11, 2018

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India-Romania bilateral trade could touch $1 billion in FY19

The total bilateral trade currently stands at USD 810 million.

Bilateral trade between India and Romania could touch USD 1 billion in the fiscal 2018-19, a top diplomat of that country said on December 10.

The total bilateral trade currently stands at USD 810 million.

"Trade in the first 10 months has grown in the high double digits. I think in the current fiscal, it will grow to touch USD 1 billion," Ambassador of Romania to India, Radu Octavian Dobre said at an interactive session with the Indian Chamber of Commerce.

He said the European country was looking to boost ties with India on all fronts, including trade and culture.

In November, Romanian Foreign Minister Teodor Melescanu was in India on a four-day visit to bolster relationship between the two countries.

Dobre sought investment in agriculture, tourism and other sectors, and said Romania offers a conducive environment and low taxation without any capital repatriation restrictions.

"There is a lot of scope in the hospitality sector for Indian investors... hotels are running at 95 per cent occupancy," he added.

Source: moneycontrol.com- Dec 10, 2018

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Top bankers say demand for credit rising in corporate India: Report

Top Indian companies have been reluctant to announce new projects over the past few years due to low capacity utilisation

India Inc's demand for credit is rising, with capacity utilisation of manufacturing companies touching 76.1 percent in the September quarter and many companies planning to launch new projects over the next few months, top bankers said at an event.

Rajkiran Rai G, Managing Director and Chief Executive Officer (MD and CEO) of Union Bank of India reportedly said the capex cycle is witnessing traction, citing investment proposals received from firms in the steel, textile, cement, oil and gas sectors.

Capacity utilisation rose from 73.8 percent in Q1 FY19 to 76.1 percent in Q2 FY19, higher than the long-term average of 74.9 percent. Data compiled by the Reserve Bank of India (RBI) suggests that seasonally adjusted capacity utilisation also increased to 76.4 percent.

RBI, in its monetary policy statement on December 5, indicated that industrial activity has been healthy in the ongoing quarter and that core industries' growth has recovered due to double-digit expansion in coal, cement and electricity.

Gross fixed capital formation (GFCF) expanded for the third consecutive quarter on the back of the public sector's push for rural infrastructure and national highway projects. This can be seen in the significant increase in cement production and steel consumption.

"I think we are now the lender of the last resort. The 14 percent year-on-year growth for SBI was a very good number. We are seeing demand from across sectors—government, roads and renewable.

There are proposals from the oil and gas and even non-banking finance companies (NBFCs)," said State Bank of India Chairman Rajnish Kumar.

Top Indian companies have been reluctant to announce new projects over the past few years due to low capacity utilisation. They were exploring the new acquisition opportunities that followed the implementation of the Insolvency and Bankruptcy Code (IBC).

Aditya Birla group took over cement plants of Jaypee group and Binani Cement, Tata Group acquired Bhushan Steel and Usha Martin's steel business and Reliance Industries rolled out its telecom business, all in the past two years.

"It's not brownfield, it's greenfield. Power transmission has taken lot of money. Generally, we are seeing a pull beyond working capital. There is capex which is coming back. We are also seeing expansion in the bankable market as a consequence of events like goods and services tax," Romesh Sobti, MD and CEO of IndusInd Bank, said at the event.

Source: moneycontrol.com- Dec 10, 2018

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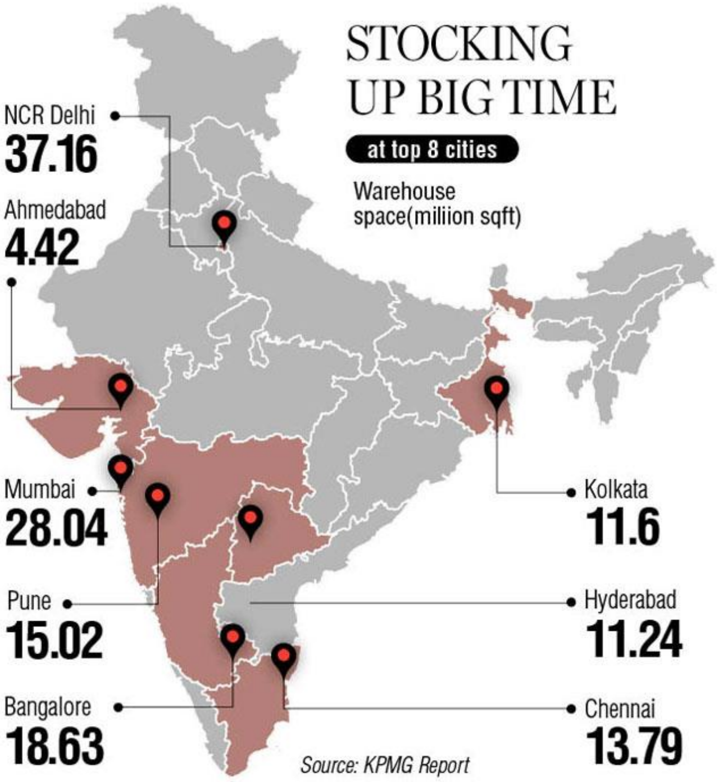
Logistics gets e-commerce, GST boost

Fueled by growth in the e-commerce space and the rollout of the Goods and Services Tax regime, the logistics park sector is witnessing hectic activities with funds from overseas investors flowing in while those already sitting on a large kitty racing against time to complete their projects ahead of time.

Anshul Singhal, chief executive officer of Embassy Industrial Parks is busy these days. As head of a joint initiative between Embassy, one of the country’s largest real estate players, and leading global private equity firm Warburg Pincus, Singhal is overseeing several logistics park projects which he expects to be completed before time.

“We are ahead of our plans and have got so far land of about 10 million sq ft and would have another 20 million sq ft. The development is following right behind that,” Singhal told DNA Money.

As per the earlier plans, a JV between Warburg Pincus and Embassy Group, formed in 2015, was to invest about Rs 1,600 crore as equity to build seven-eight industrial parks across the country.



Till now, the Embassy has three parks ready; one at Chakan in Pune where it invested Rs 350 crore to build a 1.1 million sq ft park spread over 52 acres, Rs 160 crore invested in Bilaspur, Gurugram to build a 6 lakh sq ft park over 24 acres of land, and Rs 650 crore invested in in Farrukhnagar to build a 3 million sq ft park over 108 acres of land.

Additionally, it has 200 acres of land in Sriperumbudur, Chennai and 30 acres in Kolkatta.

Most of these state-of-the-art integrated warehousing facilities are being formed, essentially, to address the challenges faced by the companies in building and managing industrial and warehousing spaces in a large, diverse and geographically distributed market like India. This is at a time when the fast-spreading e-commerce sector is forcing consumer companies to reach out masses across the country with GST bringing down state borders.

“A large part of our planning was designed around the roll-out of the GST regime, as we were quite sure that it would get implemented eventually and successfully. Now that it has actually happened, it is helping us in a big way.

And now with no tax boundaries between the states, my customers are not concerned whether their logistics facilities should be located in Maharashtra or Karnataka. They are now more concerned with factors like the quality of warehouses, whether they are fully compliant with regulations and how big they would be,” Singhal said.

Warehouses and logistics facilities, which are fully GST compliant and also bigger in size that bring down costs of logistics, are being demanded by industries, a perceptible shift from the demand for just a space to store.

And this believes Singhal is the key factor driving the growth and maturity of the sector.

"GST definitely seems to have provided an impetus to the logistics industry. With the introduction of uniform taxation, removal of non-creditable taxes, disbanding of state-barriers, transportation across the nation has become smooth, efficient and seamless," said Harpreet Singh, partner, indirect tax, KPMG India.

"The logistics sector in the erstwhile regime was fragmented and unorganised. Avoidance of taxes by unorganised players disrupted the level playing field for organised players. With GST, such disparity has reduced on account of increasing registration net and uniform tax base. The way GST has blurred the state boundaries, one can easily say that India seems to have signed a Free Trade Agreement with itself." adds Singh.

The rise of e-commerce is another positive development driving a chunk of the demand, says Gaurav Sharma, director, leasing and acquisitions at ESR Advisers.

"While demand is coming from diverse sectors like fast moving consumer goods sector, pharma and others, e-commerce is the key demand driver," Sharma said.

Asian logistics developer e-Shang Redwood or ESR is currently at a final stage of negotiations with one of the e-commerce player for its 1.5 million sq ft upcoming facility near Kolkata.

It recently did ground-breaking for its Chakkan, Pune logistics park and is now close to acquiring over 200 acres of land in Thane for its biggest logistics hub. The company has significantly scaled up its plans with the backing of Allianz, the third largest real estate fund in the world which in November committed to jointly invest $1 billion in India.

Source: dnaindia.com- Dec 11, 2018

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Country's 1st textile university proposed in Harpur

The state government's Cooperation, Marketing and Textile Department has proposed to develop a textile university at Harpur on Umred Road in South Nagpur. If the plan materializes, it will be the nation's first textile university, according to textiles secretary Atul Patne.

The Nagpur Improvement Trust (NIT) has been appointed as nodal agency for planning and construction of the university which is to be developed on the State Handloom Corporation's two-acre land.

The State Handloom Corporation own five acres of land. The administrative building of the corporation will come up on one acre and other related infra on the remaining two.

The NIT board of trustees in the meeting held recently appointed Nela Designers of Harish Chandani as architect and project management consultant of the project.

"A few courses related to textile are available in some colleges. But there is no dedicated university for textiles. We plan to invite an international institution running a textile or related university to set it up," said Patne.

As 80% of powerloom industries of the nation are situated in the state, a "textile university in Maharashtra will encourage the sector to a great extent", according to Patne.

Patne added that new sources of textile will be explored through the proposed university. "Non-conventional yarn is being produced from cotton at present. A high quality non-conventional yarn can be produced from Deccan bull, sheep, banana, bamboo etc. Courses related to these sources will be introduced in this university," he said.

The secretary also said courses related to powerloom, handloom, spinning mills, silk, hosiery etc will also be introduced in this industry. "Interested persons learn these skills by seeing the work of people in these fields. There is no courses available in ITI, polytechnic and engineering colleges to educate the students on these fields. All these will be provided in the Textile University. Also, we can develop new technologies in these fields," he said.

Patne said the textile university was part of the textile policy launched by the government. “Various other types of initiatives have been also taken under the textile policy,” he said.

Source: timesofindia.com- Dec 11, 2018

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Mattress-maker Wakefit raises ₹65 cr from Sequoia

Online mattress start-up Wakefit Innovations Private Ltd has received ₹65 crore, its first external funding, from Sequoia Capital in exchange for 31.9 per cent of equity.

Post the investment, the bootstrapped start-up’s founder and CEO Ankit Garg will hold a little over 50 per cent stake (50.1 per cent) in the company he co-founded in 2015 along with Chaitanya Ramalingegowda, as per RoC filings accessed by BusinessLine.

The investment by Sequoia puts the company’s valuation at about ₹200 crore. In financial year 2017-18, Wakefit’s revenue stood at ₹27.6 crore and net profit at ₹2.2 crore, up from ₹6.7 crore and ₹ 36 lakh the previous year.

The company turned profitable in July 2016, just six months after it started shipping to customers.

Confirming the development, Ankit Garg told BusinessLine that 10-15 per cent of the funds will be invested to automate manufacturing to increase the production capacity from 250 mattresses per day to 700 mattresses per day.

New products such as bedsheets made out of wood pulp thread,comforters, pillows and sleepwear will also be launched. “The bulk of the funding will go into educating customers on what it takes to get a good night’s sleep, which is very important.

Today, visitors to our site spend at least 5 minutes browsing and going through all the content on the site; we want to further improve on the amount of time they spend on our site” he said.

A thriving market

Sunday, another online start-up, is also in talks to raise between ₹40-80 crore from financial investors and strategic investors (mattress brands).

The company had turned profitable in fiscal 2017, just 18 months after it began sales.

The $3 billion Indian mattress market, 30 per cent of which is catered to by the organised players, is growing at 10-15 per cent annually. It is estimated to grow at 20 per cent in the next few years as a whole new generation of millennials get ready to set up their homes.

The market is predominantly offline and dominated by Sheela Foam (Sleepwell) and Kurlon.

Apart from Sunday and Wakefit that dominate the country's online mattress market, at least 25 players have entered the space including Wink Nod, Nubliss, Sleepy Cat, Durfi, Flo and Springtek.

Source: thehindubusinessline.com- Dec 10, 2018

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