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IBTEX No. 76 of 2018 April 12, 2018

USD 65.39 EUR 80.81 | GBP 92.68 | JPY 0.61

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19386	40550	**79.60**

Domestic Futures Price (Ex. Gin), April

Rs./Bale	Rs./Candy	USD Cent/lb
20770	43446	**85.29**

International Futures Price

NY ICE USD Cents/lb (May 2018)	83.83
ZCE Cotton: Yuan/MT (Jan 2018)	14,800
ZCE Cotton: USD Cents/lb	**90.47**
Cotlook A Index – Physical	**92.05**

Cotton guide: Our study on Cotton at the ICE platform would now focus on July future contract. The May is approaching to meet its 1st notice period on 24th of April. The both trading volumes and open interests are now relatively higher in July.

On Wednesday the ICE July future ended at 83.41 cents per pound highest price in this week and for record it has gained 6% in 2018 YTD.

The broad reasons that have been pushing price higher is the robust US exports reaching to almost 15 million bales and major buyers have been Asians, cut in the US ending stocks as reported by USDA in its April report this week. Further global ending stocks and productions were kept stable. On the Chinese front acreage under cotton is expected to be lower this year by around 4% reported by Cotton Association of China.

In addition, robust open interest at ICE cotton derivative contracts suggest funds buying is also a key reason for cotton price to trade higher. Lastly ever since it has managed to break and hold above 80 cents the scenario has turned positive. We have been seeing cotton hovering between 78 to 84 cents for the past few months and mostly trading onto the higher trajectory. We feel overall price trend may remain supportive.

An interesting fact to notice ahead May intension period the spread between May and July has been quite volatile. Earlier in the last week the spread was trading in a contango by 40 cents which has now moved into backwardation by 45 cents. This indicates that the rise in spot price in the US, India and other markets supporting near month May future to gain. Also a good amount of short covering of positions From May also kept it to trade higher. We think the current backwardation of 40 cents might gradually move back to normal or may be to contango again in next few trading sessions meaning the underlying trend may continue to hold positive.

From the technical perspective we believe the July future may remain positive in the very near term while the trading range for the day should be between 83 to 84 cents per pound. However, we would like caution our reader that on the technical front the chart pattern and the indicators both are suggesting market is moving closer to its overbought phase and by which it may witness 84.50/85 as key resistance zone. On the lower side 81.50 should be considered as key support level for the near term.

Coming to domestic front, spot price in India for Shankar-6 has rebounded from Rs. 40700-40750 to Rs. 41,250 per candy ex-gin and in parity term the same has moved from 80 to 80.80 cents per pound amid lower all India arrivals of 104K bales. This has supported futures contract to also trade higher. The April MCX future contract has posted a positive close at Rs. 20770 up by only Rs. 40 from previous close. There has been gain in the price but the relativity is very low because the future contract is still trading at a premium over Rs. 2000 per bale compared to physical spot price. We think the spread may remain intact for some time unless until a major change in Indian spot price or ICE future takes place.

For the day we expect MCX cotton future for April to trade in the same range as indicated in our previous day's report and the band would be Rs. 20600 to Rs. 20900 per bale.

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

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INTERNATIONAL NEWS

US-China Trade Tension Appears Softened as China's President Vows to Reduce Tariffs

China seems to have softened its position on the trade practices that have been largely to blame for recent tensions with the U.S., and as such, President Trump seems to have softened his position on things too. He's gone from calling current relations with the country "stupid trade" to thanking China's president for his "kind words" on tariffs.

Speaking at the Boao Forum for Asia Tuesday, Chinese President Xi Jingping said that China is entering into a new phase of "opening up." Xi's plans for China now include broadening market access, raising foreign equity caps and creating a more attractive investment environment.

"China relied mainly on providing favorable policies for foreign investors in the past, but now we will have to rely more on improving the investment environment," Xi said according to a translation of the speech on CNBC TV. For the U.S.—and Trump in particular—what Xi said next was perhaps the most poignant.

"We will strengthen protection of intellectual property rights, or IPR. This is the centerpiece of the system for improving property rights protection, and it will also provide the biggest boost to enhancing the competitiveness of the Chinese economy," Xi said.

Concerns over China's intellectual property practices have been largely the focus for Trump's tariff targets, and as such, the U.S. president appeared pleased to hear the news.

"Very thankful for President Xi of China's kind words on tariffs and automobile barriers…also, his enlightenment on intellectual property and technology transfers. We will make great progress together!" Trump tweeted Tuesday.

The tweet was a departure from one posted a day prior: "When a car is sent to the United States from China, there is a tariff to be paid of 2 ½%. When a car is sent to China from the United States, there is a Tariff to be paid of 25%.

Does that sound like free or fair trade. No, it sounds like STUPID TRADE – going on for years!" Trump said Monday.

Xi's seemingly reconsidered stance comes amid escalating tensions between the two nations, which have been locked in a tariff standoff. The latest occurrence in the battle was Trump's suggestion of another $100 billion in tariffs against China tied to its "illicit" practices of forcing U.S. companies looking to do business there to transfer sensitive data and intellectual property.

Before that, China outlined $50 billion worth of tariffs on U.S. goods including cotton. Before that, the U.S. detailed 1,300 products from China that would face new tariffs. Before that, China levied tariffs on 128 U.S. products including apparel manufacturing machinery in response to U.S. steel tariffs. Before that, the U.S. instituted steel tariffs that would see imports from China facing a new 25 percent charge.

The back-and-forth has sent markets roiling, sent stocks into a tizzy and kept apparel brands and manufacturers on edge as they wait to see how things will take shape.

Things may be set to quiet down, however, as Xi seemed firm about China's plans, promising to take action in short order.

"This year, we are reinstituting the State Intellectual Property Office to strengthen the ranks of its officers, step up law enforcement, significantly raise the cost for offenders and fully unlock the deterrent effect of relevant laws," Xi said on CNBC. "We encourage normal technological exchanges under cooperation between Chinese and foreign enterprises and protect the lawful IPR owned by foreign enterprises in China."

Though Xi didn't specifically address the two recent lists of tariffs on U.S. goods and what would become of those, he did say rates for autos would be cut, which could signal more reductions to come.

"China does not seek trade surplus. We have a genuine desire to increase imports and achieve greater balance of international payments under the current account," Xi said. "This year we will significantly lower the import tariff for vehicles and also reduce import tariffs for some other products."

Source: sourcingjournalonline.com- Apr 11, 2018

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USA: Retail Apparel Prices Fall in March as Stores Look to Lure Shoppers Back

Retail apparel prices fell 0.6% in March after rising in the first two months of the year, with declines in women's and men's prices, the U.S. Bureau of Labor Statistics (BLS) reported Wednesday in its Consumer Price Index.

The lower prices do follow a longer-term deflationary pattern for apparel prices, but also could be an indication of stores trying to lure shoppers with lower-priced merchandise in a generally soft retail environment.

The apparel CPI decline was also in line with the overall CPI, which decreased 0.1% in March on a seasonally adjusted basis after rising 0.2% in February. The all items index rose 2.4% from a year earlier–the largest 12-month increase since the period ending March 2017 and higher than the 1.6% average annual rate over the past 10 years, BLS noted. Apparel prices were 0.3% higher than a year ago on a non-adjusted basis.

The core index, minus the volatile food and energy sectors, rose 0.2% in March, matching February's increase, the BLS said. Economists noted this as a sign of inflation brought on by a weak dollar and increased government spending that will likely lead to interest rate hikes.

"The details in this report were broadly consistent with our estimates, implying no revision to our estimate that personal consumption expenditures rose at a 1.1% annual rate in the first quarter," Ken Matheny, executive director of U.S. economics at Macroeconomic Advisers by IHS Markit, said.

Noting the swing in apparel prices, Matheny said, "Contributing to the increase in the core CPI in March were large price increases for hospital services and airline fares."

In apparel, women's wear prices fell 2.5% last month, led by declines of 4 percent in suits and separates; 2.5% in the underwear, nightwear, sportswear and accessories group; 1.7% in dresses and 0.9% in outerwear.

Men's wear prices declined 1 percent, with decreases of 2.7% in shirts and sweaters, 2.5% in suits, sport coats and outerwear, and 2.1% in pants and shorts. Furnishings was the only category with an increase in prices, rising 1.2% in the month.

Boys' apparel prices fell 1.2%, while girls' apparel prices were up 0.3% in the month.

Retail footwear prices increased 1.2% in March, with women's footwear prices up 0.8%, men's rising 2.1% and boys' and girls' increasing 2.8%.

In the overall economy, a decline in the gasoline index more than outweighed increases in the indexes for shelter, medical care and food to result in the slight seasonally adjusted decline in the all items index, the BLS said.

The energy index fell sharply due mainly to a 4.9% decrease in the gasoline index. The index for food rose 0.1 percent over the month, with the indexes for food at home and food away from home both increasing.

The energy index increased 7 percent over the past 12 months and the food index advanced 1.3%, cutting into discretionary spending on areas like clothing and footwear.

Along with shelter and medical care, the indexes for personal care, motor vehicle insurance and airline fares all rose. The apparel index decline was joined by decreases in communication, and used cars and trucks.

Matheny said based on the report, IHS Markit left its first quarter gross domestic product (GDP) tracking at 1.6% and second quarter GDP tracking at 3 percent.

Source: sourcingjournalonline.com- Apr 11, 2018

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US jeans retailers revamping their denim business

America's biggest fashion retailers including Ralph Lauren, Calvin Klein are now looking at a revival of blue jeans while losing out to athleisure wear which has overpowered jeans in recent times.

The US Census Bureau recently pointed out last year, imports of elastic knit pants surpassed those of jeans for the first time ever. To bring back the vigour, these companies have renewed their thrust on denim manufacturing lately.

The biggest reason for such a deterring performance is stagnant designs or lack of uniqueness. While microtrends such as cropped flares and '80s throwbacks pop up here and there but the skinny jean has remained the dominant style for more than a decade.

Levi Strauss & Co. too struggled for years to attain profit amid performance wear growth. With the company posting an 8 per cent increase in revenue in 2017, here's some good news for fellow jeans manufacturers to buck up their performance.

In line with this, Downtown streetwear brand Off White's washed jeans drew a lot of interest for reworked denim, just as the patchwork jean styles from Vetements led the trendy label to collaborate with Levi's. Brands are utilising technology to lure shoppers who demand more stretch and moisture-wicking, integrating fibres such as elastane and lyocell.

Emanuel Chirico, CEO, PVH Corp., which owns Tommy Hilfiger and Calvin Klein, points out an 'incredible improvement' in its jeans businesses worldwide. Chirico believes the revival is due to the popularity of '90s style, and PVH putting its marketing dollars behind it. As far as Calvin Klein is concerned, he says the limited jeans product that the company has focussed on rolling out is paying huge dividends for them.

Meanwhile, Ralph Lauren Corp., also plans to catch the bandwagon and will refocus on jeans wear. Denim represents just 2 or 3 per cent of the company's total revenue, and the management intends to increase the numbers. Beyond big ticket brands, mass-market labels such as American Eagle Outfitters Inc., are also gearing up for the good times with their volumes registering an uptick.

At J Crew, denim led its sister brand Madewell to record sales both in stores and online last quarter. Madewell continues to report double-digit increases in comparative store sales, thanks to jeans. Art Peck, CEO, Gap Inc., also reported good performance of the women's denim. Gap even conducts internal 'denim summits' to improve its jeans across all its brands.

Source: fashionatingworld.com- Apr 11, 2018

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US-China investment hampered amid trade war concerns

Bilateral investment between the US-China has taken a hit in the new atmosphere of uncertainty, according to a new report by consultancy Rhodium Group, with investors thinking twice about pipeline deals.

FDI between the two countries came to $43 billion in 2017, the report said, a drop of around a third. This trend has spilled over into 2018, with total Chinese investment into the US only $1.2 billion in January and February and the number of potential deals also flagging, the Financial Times reports.

Thilo Hanemann, one of the reports of the study, said that "companies are putting their deals on ice and taking a wait-and-see approach...The policy environment is just too risky."

However, the report later pointed out that last year's drop in FDI was driven by China, whose investment into the US fell to $29 billion from $46 billion in 2016 largely due to Beijing's tightening of outward capital flows. US investment into China was almost unchanged.

Source: chinaeconomicreview.com - Apr 11, 2018

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Is Singapore Sri Lanka's door to East Asia?

In a bid to strengthen economic relations, Sri Lanka and Singapore signed a bilateral free trade agreement on 23 January 2018. In spite of the two islands' decades of warm diplomatic relations, Singapore comprised only 1.1 per cent of Sri Lanka's exports and 5.3 per cent of imports in 2016.

The agreement underlines Singapore's serious search for trade and investment partners beyond East Asia, and it shows Singapore's recognition of Sri Lanka's potential as a trading hub in the fast-growing Indian Ocean region. The agreement is also an outcome of Sri Lanka's post-conflict trade policy to boost flagging growth and to strengthen ties with East Asia.

This is Sri Lanka's first free trade agreement since 2005 and the most comprehensive among its handful thereof. It covers goods, services, investments, trade facilitation, intellectual property rights and government procurement.

Market access to Singapore was not a problem for Sri Lanka even before the agreement. Singapore is one of the world's most open economies: 99 per cent of all imported goods enter duty-free and there are few banned imports.

Meanwhile Sri Lanka will eliminate tariffs on 80 per cent of goods over 15 years under the agreement, which is a relatively long adjustment period. The free trade agreement will likely benefit Sri Lanka through cheaper consumer goods and inputs, foreign direct investment (FDI) and competition. But the two countries should address a number of crucial areas in order to maximise the benefits flowing to Sri Lanka.

Singapore, who [is] the 2018 ASEAN chair, should support Sri Lanka's eventual participation in the Regional Comprehensive Economic Partnership (RCEP). RCEP promises to be the world's largest free trade agreement: the 16 participating countries represent 31 per cent of global GDP, and among their numbers are the 10 ASEAN nations, China, India and Japan.

Joining RCEP offers Sri Lanka the prize of simultaneous access to an enormous regional market and dynamic Asian FDI. Participating in RCEP is also arguably simpler for and less draining on Sri Lanka's scarce negotiating capacity than separately negotiating 16 bilateral free trade agreements.

Sri Lanka is already a member of the ASEAN Regional Forum, but the Forum's main purpose is discussion on security issues, not on economic ones. Attaining ASEAN observer status is an imperative next step to Sri Lanka's joining RCEP.

Increasing Singaporean FDI to Sri Lanka is also a priority: only 5.3 per cent of Sri Lanka's FDI during 2014–17 came from Singapore. The investment climate has improved for Singaporean firms: the free trade agreement rightly includes safeguards against expropriation of and discrimination against Singaporean investments, Singaporean firms can bid for large government procurement projects in Sri Lanka and Sri Lanka's Board of Investment is targeting Singaporean FDI in infrastructure, IT services, tourism and education.

Despite these improvements, Sri Lanka's investment climate remains challenging. Opening a business in Sri Lanka in 2017 takes an average of nine days, compared to 2.5 days in Singapore. Streamlining redundant colonial-era business regulations and demonstrating consistency in economic policy would help gain the confidence of risk-averse Singaporean investors.

Sri Lanka should additionally seek Singaporean expertise on sustainable FDI-led development. Singapore's Economic Development Board (EDB) is famous for its network of well-staffed overseas offices of which the sole aim is to market Singapore as an investment destination. Tapping into its expertise to restructure Sri Lanka's Board of Investment is vital.

The EDB could assist the Board of Investment to establish its first overseas office in Singapore, which would help the Board of Investment to step away from managing export-processing zones and instead to refocus its capacity on investment promotion.

Sri Lanka could also harness the 'know-how' of Singaporean firms in climate-friendly urban planning and transport, export-processing zones and logistics services.

Sri Lanka should also use this opportunity to address its substantial trade deficit with Singapore.

Sri Lanka's exports to Singapore are concentrated in gems, refined petroleum, textiles and boats; agriculture, fisheries and services exports are lagging.

Sri Lankan business is concerned that the free trade agreement will lead to 'round-tripping' of state-subsidised imports from ASEAN and China via Singapore. They hope that the agreement's rules of origin, which require at least 35 per cent of value added to occur in Singapore, will be sufficient.

In order to alleviate these and other concerns, Sri Lanka plans to strengthen temporary trade remedies like WTO-compatible safeguards and anti-dumping policies. But rather than lobby for protection, Sri Lankan firms should improve their knowledge of standards and quality such that they can export to Singapore's high-income market.

The Sri Lanka–Singapore free trade agreement will undoubtedly bring economic benefits for Singapore. It could also be beneficial for Sri Lanka and act as a welcome step in improving the country's outward orientation and ties with East Asia — but the benefits will not automatically flow.

Sri Lanka should take advantage of Singapore's influence to gain ASEAN observer status and eventual RCEP membership.

Additionally, Sri Lanka should seek Singaporean expertise on investment promotion and sustainable development. This will ensure that the free trade agreement delivers substantial long-term dividends for Sri Lanka's growth.

Source: theindependent.sg - Apr 11, 2018

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Exports fuel yarn production in Bangladesh

Bangladesh's yarn production is set to expand 2.67 per cent this fiscal year on the back of rising garment exports. Cotton imports have been on the rise over the last several years thanks to higher demand from garment manufacturers.

Cotton imports in Bangladesh have been increasing between 20 per cent and 25 per cent over the last few years. This year, Bangladesh's cotton imports will increase by 25 per cent.

Of the total demand for yarn, Bangladesh imports nearly 30 per cent. These are mainly from India, China, Vietnam and Pakistan. However, garment makers use more local yarn mainly to reduce the longer lead-time.

Bangladesh's 430 spinners can supply nearly 90 per cent of the demand for yarn from the knitwear sector and 35 per cent from the woven sector.

Bangladesh woven garment manufacturers import fabrics from countries like China, India, Vietnam and Pakistan.

The market for clothing retail in Bangladesh is nearly $8 billion a year.

Gradual development of the upstream supply chain, including spinning, dyeing, finishing, weaving and printing, creates more demand for cotton to meet the required supply to the garment industry.

Yarn consumption in the local markets has increased due to higher consumption of clothing by people in the country.

Source: fashionatingworld.com- Apr 11, 2018

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Pakistan: Why we don't need an FTA with China

Pakistan has missed a self-imposed deadline for deepening trade liberalisation with China in April because of stiff resistance from the business community.

The PML-N constituency consists mostly of businessmen from urban areas of Punjab. Therefore, the incumbent government cannot afford to take a decision to further liberalise 67 per cent of Chinese trade volume under the second phase, a move that may have send a negative message to voters.

The deferment is the outcome of both business pressure and economic justification.

At the conclusion of the 9th round, under the second phase of the free trade agreement (FTA), Pakistan was expecting unilateral concessions on priority items. "We have listed several items, mostly agriculture products, to get market access for under the second phase of the FTA", a senior commerce ministry official had said.

While the Chinese sides has initially hinted at concessions on these items, in the 10th round held last week in Islamabad, the Chinese delegation declined Pakistan's request. This was also one of the reasons for delaying the second phase.

The only agreement that reached during the last round was willingness from China to restore the eroded margin of preference on Pakistan's top 57 priority export items immediately upon entry into the second phase.

Pakistan and China started negotiations on the second phase of the Pak-China FTA in 2011. So far, 10th meetings have been held in this regard. China was not willing to offer Pakistan substantial market access on items of Islamabad's interest.

An official analysis of the commerce division shows that while Pakistan's exports to China increased from nearly \$575 million in 2006-07 to around \$2.6bn in 2012-13, they have since then experienced a decline.

One of the main factors for the decline was China's subsequent FTAs with other countries/regions, especially with ASEAN in 2010-11, allowing Pakistan's competitor Vietnam and India much deeper concessions thereby eroding the country's margin of preference.

While it is possible that changes in tariff are solely responsible for the decline in exports to China, an oft ignored factor is the overall decline in cotton yarn production that the country faces, since Pakistan's major export item to China was cotton yarn/fabric. The unpredictability in supply from Pakistan seems to have been filled-in by Vietnam and India.

Secondly, the main export basket reveals that Pakistan was a major exporter of raw materials and semi-finished products to China as, in the first phase of FTA, China did not help to encourage or accelerate export of value added products from Pakistan.

Thirdly, the Pak-China FTA also did not help to enhance domestic production. Instead exports of these products were diverted from other countries to China because of preferential duties. And the products identified for the second-phase will also discourage the re-location of industries in the special economic zones.

On the other hand, imports from China increased from around $3.5bn in 2006-07 to nearly $14bn in 2016-17, exhibiting an increase of almost $10.5bn. The commerce division analysis reveals that around 40pc ($5.6bn) of this increase was registered in those products which had little or no concessions and hence cannot be attributed to the FTA.

The remaining 60pc constitute capitals goods and intermediate/raw materials which attract the zero per cent duty. "We cannot stop the surge in imports from China despite slapping regulatory duties", a tax official said, adding the major threat to Pakistan's economy is from under-invoicing from Chinese exporters.

The trade deficit with China will go up whether Pakistan opts for the second phase or not. The analysis reveals that the surge in imports was witnessed in mostly those products which are not under the first FTA.

It is therefore not imperative that Pakistan push further to deepen concessions for the Chinese as it will be at the cost of local industries.

While the commerce division states that the country shall regain market access for its raw materials, especially cotton yarn/fabric, the changing realities must not be ignored. Tariffs are no longer the main tool to increase exports. Product sophistication, innovation, and predictability in supply are essential to achieve the fact.

The China-Pakistan FTA on trade in goods was signed in November 24, 2006 and implemented from July 1, 2007. The FTA covers nearly 7,000 tariff lines at the 8-digit level of the HS code.

During the first three years of implementation of Phase-I, both sides reduced tariffs on almost 36pc tariff lines to zero per cent duty. The second phase was supposed to commence from 2013.

Currently, Pakistan's major exports to China include raw materials and semi-finished textile goods like cotton yarn, rice, raw hides and skins, crude vegetable materials, chemical materials, crude minerals, fish and fish preparations.

Source: dawn.com- Apr 09, 2018

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Gulf Capital invests in Classic Fashion Apparel Industry

Gulf Capital in association with NBK Capital Partners has announced strategic investment in Classic Fashion Apparel Industry, a garment manufacturer in Jordan with more than 24,000 employees. The investment will enable Classic Fashion Apparel Industry to expand its production facilities and increase annual exports beyond 60 million garments.

Founded in 2003, Classic Fashion Apparel has achieved significant growth and is now a recognised global industry player, with an annual turnover of over $450 million.

The company has longstanding relationships with global retail giants such as Walmart, Under Armour, Adidas, American Eagle, JC Penney, Hanes and GAP. Producing over 60 million apparel pieces annually and accounting for a 27 per cent share of Jordan's apparel exports, the company is making a considerable contribution to Jordan's economy.

"We launched 15 years ago with 300 staff and 130 machines and our annual turnover was just $2 million.

It gives me great pride that we now have a thriving workforce manning 10,000 machines and, through our partnership with regional institutional investors NBK Capital Partners and Gulf Capital, we are now in a position to enter the next phase of our long-term growth trajectory," KS Sanal Kumar, chairman and managing director, Classic Fashion Apparel Industry, said.

"This investment highlights the robust market conditions for flexible capital in the MENA region. The strength of Classic Fashion Apparel's business – and both Gulf Capital and NBK Capital Partners' track record of deploying capital into industry-leading companies – highlights our commitment to generating superior opportunities and returns for investors," Walid Cherif, senior managing director and head of the private debt business at Gulf Capital, one of the largest and most active alternative asset managers in the Middle East.

"We are delighted to be making our first investment in Jordan with a company that not only has an impressive growth story, but whose commitment to excellence has earned it the trust of some of the world's most popular brands.

Its highly experienced executive team has built a world-class operation, and we are excited to be partnering with Gulf Capital to support Classic Fashion Apparel's next chapter," Yaser Moustafa, senior managing director at NBK Capital Partners, an alternative investment firm that advises on providing flexible growth capital to mid-sized companies in the Middle East, North Africa and Turkey, said.

Source: fibre2fashion.com - Apr 11, 2018

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Garments sector able to face challenges in developing Bangladesh: DBCCI

The country's apparel sector has reached a state where it is to cope with the probable challenges that Bangladesh may face as a developing nation, said Dutch-Bangla Chamber of Commerce & Industries President Faruk Hasan.

"Likewise in the past, newer challenges will arise in the sector, and we will successfully handle those," he said while replying to reporters at a press briefing on sending high profile Bangladeshi delegates to the Netherlands at BEZA headquarters in Karwan Bazar.

Addressing the program Executive Chairman of Bangladesh Investment Development Authority (BIDA) Kazi M Aminul Islam said, BIDA has undertaken several initiatives to attract foreign investments here. "The One-Stop-Service is set to tentatively launch within June-July this year to that end."

Bangladesh Economic Zone Authority (BEZA) Executive Chairman Paban Chowdhury, BEZA Executive Member Admin Mohammed Ayub, Payra Port Authority Chairman Commodor M Jahangir Alam and Deputy Head of Mission Embassy of the Kingdom of the Netherlands in Dhaka Jeroen Steeghs were, among others, present.

Source: unb.com.bd- Apr 11, 2018

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Vietnam: Garment-textile sector targets green production

Green, clean, energy-saving production is urgent to improve competitiveness of Vietnam's garment-textile enterprises as each year the sector spends up to 3 billion USD on production energy, heard a workshop in Ho Chi Minh City on April 11.

Vu Duc Giang, Chairman of the Vietnam Textile and Apparel Association, said Vietnam's garments-textiles are under the pressure of price, production cost, environmental safety and labourers' health.

Commitments to corporate social responsibility have been also mentioned in articles of free trade agreements to which Vietnam is a signatory, he stressed.

Joerg Bauersachs, general director of Tal Apparel Limited's dyeing factory, said since 2009, his factory has applied energy-saving solutions, helping cut 26 percent of emissions and 36 percent of water used in production.

Nguyen Thanh Ha, a representative of the State administration for comprehensive growth project of the US Agency for International Development (USAID), said the problem lies with how to reduce emissions and waste water.

He also underlined the need for enterprises to revamp their production processes towards international standards for emissions, waste and waste administration.

The USADI has partnered with the Vietnamese Ministry of Industry and Trade (MoIT) to improve garment-textile firms' energy-saving capacity, while helping them access loans to carry out energy-saving projects, he said.

According to Hoang Van Tam from the MoIT said an alliance of sustainable garment-textile firms is expected to officially make its debut in Vietnam in June 2018, assisting the businesses in improving production environment and cutting pollutants.

Source: vietnamnet.vn- Apr 11, 2018

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Pakistan: Pulling the plug on parasite sectors' support to push exports

The recent upswell in exports is primarily an outcome of downward adjustment of rupee against the US dollar and other major currencies and interestingly the overhyped exports' incentive package, announced in January 2017, did not come into play until the devaluation.

In our culture the credit of an economic uptrend is happily soaked up by the policymakers, while the criticism is sadly slapped on the past rulers or the circumstances that led to a downtrend.

We mostly mindlessly dole out concessions under pressure or withhold them if it hurts the vested interests. It is worth noting exports were slowly moving up when the export package for five exporting sectors was announced.

However, exports of those sectors increased at a much higher rate than textiles, leather, sports goods, or surgical instruments, but still the functionaries attributed this surge to the export package.

There is no explaining as to why the exports of items without any concession increased twice as fast compared to traditional concession-provided sectors. Another point worth noting is that exports were increasing at modest rates at the start of this fiscal but accelerated as soon as the government allowed the rupee to lose its value in the currency market.

During the last three months when the rupee started taking hefty plunges the exports increased by 12, 13 and 24 percent per month respectively. Again the increase in exports is all around except for cotton fabric and cotton yarn.

In February 2018 the yarn exports declined to $98,86,300 against yarn exports of $11,55,04,000. The export package was there and the rupee was also sliding but it did not impact the yarn exports. The sector-wise figures for March would be released by 20th of this month. In the same way the exports of fabric declined from $21,22,525 in February 2017 to $2,02,406 in February 2018.

The export package impacted only the value-added exports. The details of sector wise increase in exports during March are expected to reveal the same story.

If any export sector, despite getting devaluation advantage of 11 percent and 1.5 to 3.5 percent rebate under export package, has failed to perform then there is a need to review the export package and replace the lagging sectors with the promising ones.

Our planners should stop living in a mirage. They should act on the basis of ground realities and support enterprising sectors while pulling the plug on support for those that perform only on government dole-outs.

One such example is sugar sector that overproduces by twisting the arms of farmers using tactics like delaying crushing and withholding growers' payments and on top of all demands subsidy for exports.

The sugar exporters get sales tax refund on exports and then demand 30 percent subsidy. They don't deserve any subsidy at all. The planners have put on the backburner many sectors having potential to match the textile exports. Halal meat for instance is one sector that does not need subsidies, only government facilitation.

Pakistan could export unlimited quantities of poultry meat if the duties on spices/chemicals used by the processors are abolished. These processors anyway have to import these items to compete with zero-rated processed poultry imported from some Asia Pacific countries.

There is no mechanism of duty refund on the duty paid on the imported spices. Is it not ironical the imported poultry meat, processed using the same spices as used by local processors, is allowed duty free, while domestic players have to pay duty on those spices.

There are oodles of such examples, where employment of common sense alone can help open new export avenues for the country. The choice lies with the policymakers.

Source: thenews.com.pk- Apr 12, 2018

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Donald Trump's other trade war—with Rwanda—over used clothes

East Africans seek to defend their garment-makers from American cast-offs

The second-hand clothes trade often starts with a gift: an old dress or unwanted shirt, passed on for another to use. Along the way it becomes a multi-billion-dollar industry spanning several continents. It ends at a market stall, usually in Africa. And now it is the cause of President Donald Trump's unlikeliest trade war.

Economist.com

Private companies in America and Europe buy up surplus donations from charities and export them to the developing world. In 2016 east African countries resolved to phase out the trade, complaining that cheap cast-offs hurt their own nascent garment industries. America responded by threatening to impose tariffs on east African goods. Kenya, Uganda and Tanzania backed down. But Rwanda has stood fast. So on March 29th Mr Trump said he would suspend duty-free access for Rwandan apparel in 60 days.

Technically, Rwanda has no grounds for complaint. Like 39 other African countries, it enjoys access to American markets under the African Growth and Opportunity Act (AGOA), enacted in 2000.

One of the eligibility criteria is that countries progressively eliminate barriers to American goods. Rwanda has done the opposite, hiking duties on second-hand clothes 12-fold. "That is almost a de facto ban on these products," complains an American official.

East Africa accounts for over a fifth of the used-clothes market. Rwanda is only a small part of that. Its stand-off with America is not very costly for either side.

In 2016, according to official statistics, Rwanda's total used-clothes imports were only $18m (against $274m for east Africa as a whole). Its exports under AGOA were just $2m.

But the case has wider resonance. African countries once nurtured their industries behind protective barriers. From the early 1980s they reluctantly opened their markets as a condition of foreign loans. Ghana lost four-fifths of its textile and clothing jobs.

In Kenya, the number of big garment manufacturers fell by half. Garth Frazer of the University of Toronto estimates that second-hand imports account for 40% of the collapse in African apparel production from 1981 to 2000 (though the underlying data are fuzzy).

Slapping tariffs on used clothes is unlikely to help. Several countries have already tried import bans; smugglers just carry clothes across the border in a suitcase, passing them off as their own. Most local manufacturers, burdened with patchy power and costly credit, cannot produce clothes cheaply enough for domestic consumers. Rwanda's biggest textiles firm churns out uniforms, but not the trendy T-shirts worn by young men in Kigali.

The gap in the Rwandan market will probably be filled by imports from China, already worth $12m in 2016. The immediate losers will be consumers, who will pay more. A survey by the American government finds that 95% of used-clothing imports in east Africa are bought by the poorest 40% of the population.

Still, Rwanda seems determined to push on. A special economic zone in Kigali hopes to attract garment-makers. Reducing imports is part of a broader industrial strategy. In economic policy, too, Rwanda is pursuing its own style.

Source: economist.com - Apr 12, 2018

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NATIONAL NEWS

India, EU try to revive free trade talks as US shadow looms over world trade

Progress will depend on the flexibility shown by both sides

India is looking for greater market access in the European Union for items such as textiles and leather and seeking 'data secure' status to the country at the ongoing bilateral trade talks in Brussels where negotiators from both sides are making a last-ditch effort to re-start the stalled Free Trade Agreement (FTA) negotiations.

"With the US adopting an aggressive posture against its trade partners, including the EU, the bloc may be in a more flexible mood this time round. It could be a last political effort by both sides to save the free trade talks," a government official told BusinessLine.

The India-EU FTA talks, formally called the Broad-based Trade and Investment Agreement (BTIA), were officially kicked off in 2007, but saw several ups and downs with disagreements over market access issues.

What India wants

In 2013, the BTIA talks reached a complete standstill as the EU was unhappy with India's offers for items such as wines and spirits and automobiles as well as financial services and retail. India, on its part, wanted more market access for key manufacturing items, grant of 'data secure' status that would bring more off-shore business to its companies and greater flexibility in H1-B visa rules.

"There were at least five stock-taking meetings of relative positions of both sides since 2013, but so far differences could not be narrowed enough for talks to re-start," the official said.

However, this time things could be a little different. "The EU, and also to some extent India, have been on the receiving side of the abrasive trade measures of the Donald Trump-regime in the US. Hard positions may see some softening," the official said.

The Indian industry, especially the textiles and garments sector, is eager that India formalises the BTIA with the EU soon as its competitors such as Bangladesh and Vietnam enjoy preferential tariffs in the region.

Two-way trade between India and the EU is well balanced with India's exports to the region in 2016-17 at $47 billion and imports at $42 billion. The EU accounts for about 17 per cent of India's total exports.

When the talks broke-off, India had agreed to bring about significant cuts in tariffs for automobiles and wines and spirits, but it was not enough for the EU which argued that it had got a much better deal in its free trade pacts with other nations.

The EU also wanted India to take commitments on market openings in financial services and retail, but New Delhi had its doubts.

Source: thehindubusinessline.com- Apr 11, 2018

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Merchant trade transaction not liable to GST: Kerala AAR

The Authority for Advance Ruling (AAR) under the GST in Kerala held that merchant trade transactions, in which traded commodities never enter the country's tax jurisdiction, are not liable to the GST as goods are never imported to India.

In merchant trade transactions, a supplier is India procures goods from an overseas supplier and supplies directly to its overseas customer. In such transactions, goods do not come to the country.

Goods are liable to integrated GST (IGST) when they are imported to India and the IGST is payable at the time of import of goods into India, the authority said in its ruling.

"The applicant is neither liable to GST on the sale of goods procured from China and directly supplied to the US, nor on sale of goods stored in the warehouse in the Netherlands, after being procured from China, to customers, in and around the Netherlands, as the goods are not imported into India at any point," the order said.

According to the GST Act, an advance ruling pronounced by AAR is binding only on applicant who has sought the advance ruling and on the officer concerned or the jurisdictional officer in respect of the applicant. This means that an advance ruling is not applicable to similarly placed other taxable persons in the state. It is only limited to the person who has applied for an advance ruling.

“While earlier, such transactions were not subject to VAT or service tax, there was an ambiguity under GST laws. Therefore, this AAR provides relief to industry, particularly in commodity trading where such transactions are quite common,” Pratik Jain, leader – indirect tax at PwC, said.

Jain said while it has been held that the GST is not required to be paid on such transactions, another important question which has not been asked in the application filed for this ruling is as to whether there is requirement for reversal of input credit of taxes paid on expenses attributable to such non-taxable income.

Source: financialexpress.com- Apr 11, 2018

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Cotton positive on export demand, reduce acreage: Angel Commodities Broking

"MCX Cotton futures is trading on positive note since the start of April and jumped almost 2.2% or Rs. 440 per bale on reports of lower acreage, increase in export demand from China and increase in mill consumption.

Prices have been supportive as Cotton production for the country revised downwards for the fourth consecutive month by Cotton Association of India (CAI) to 360 lakh bales from 375 lakh bales estimated in December last year.

Since the start of the season cotton futures surged more than 11% from Rs. 18,530 per bales to Rs. 20,630 levels. However, cotton futures falls more than 6.2% from its high in January on higher arrivals in the physical market coupled with reports that cotton yarn exports may remained under pressure due to sluggish demand from China.

However, in February, cotton futures surged 3.6% on reports that the cotton production in Maharashtra and Telangana may be lower due to pest infestations and exports from the country improved due to weak rupee and good demand from the Asian countries.

Last year, cotton prices were higher during February and March compared to this year on restricted arrivals from the Farmers due to demonetization but this year the arrivals have been good. In the current season 2017-18, the arrivals have been 287 lakh bales, up by 4.5% as on 31st March compared to 275 lakh bales last year.

Cotton arrivals in Gujarat recorded highest at 76 lakh bales (Vs 64 lakh bales last year) followed by Maharashtra at 66.75 lakh bales (Vs 74 lakh bales) and Telangana at 46 lakh bales (Vs 43 lakh bales). In North India, cotton arrivals increase to 47.8 lakh bales compared to 43 lakh bales last year.

Due to vulnerability of cotton to pink boll worm and spurious cotton seeds sold in the market, traders are expecting a reduction in acreage under cotton by 10-15% in the coming kharif season.

Cotton farmers are likely to shifting towards oilseed and pulses in hope of better returns. Last year, Pink Bollworm infestation damage crops in in Maharashtra and Telangana had dent farmer incomes.

Moreover, CAI in its latest press release has raised its estimate for India's export for cotton to 65 lakh tonnes in 2017-18 (Oct-Sep) from 55 lakh tonnes projected in start of the season. Last year, country exported about 58.2 lakh bales of cotton.

For CY2017/18 (Oct-Sep) consumption is forecast at 324 lakh bales, up by 5.5% from last year's consumption of 307 lakh bales. Cotton consumption is expected to improve over last year due to various government schemes and incentives to boost garment and apparel exports will renew mill activity.

Outlook: We expect cotton to trade on positive note towards Rs. 21,500 per bale (CMP: 20,620) in next one month on expectation of improved exports demand and reports of reduction in cotton acreage in coming kharif season.

However, if India's exports during the recent month surge due trade war between the US and China, cotton acreage may increase, supported by near normal monsoon forecast by private weather forecasting company - Skymet. During current season, China is the fourth largest market for Indian cotton after Bangladesh, Vietnam and Pakistan.

However, India is hoping to export three times more cotton ie. About 27-30 lakh bales to China next year as it looks to restock cotton and also going to impose a 25% import tax on US cotton. Moreover, cotton prices may also increase if government declare Minimum Support price (MSP) 1.5 times the cost of cultivation."

Source: business-standard.com- Apr 11, 2018

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Delhi HC dismisses Monsanto plea to enforce BT cotton seed patent

The Delhi High Court today dismissed US-based agro major Monsanto Technology's plea to enforce the patent for its BT cotton seeds in India.

A bench of Justices S Ravindra Bhat and Yogesh Khanna partially allowed the counter-claims of three Indian seed companies that Monsanto does not have a patent for its BT cotton seeds, a genetically modified variant which resists bollworms.

The court also upheld the decision of a single judge on the issue of trait fee payable to Monsanto by the three Indian companies -- Nuziveedu Seeds Ltd, Prabhat Agri Biotech Ltd and Pravardhan Seeds Private Ltd -- under the sub-licence with them.

The single judge had said that the Indian companies would pay trait fees to Monsanto according to government-set rates.

Monsanto wanted to charge a higher rate of trait fee under the sub-licence given to Indian companies to use its seed technology.

Both sides had challenged the single judge's order before the division bench.

Monsanto had challenged the single judge's decision reinstating a sub-licence between it and the three Indian seed companies, which the foreign entity had terminated.

The Indian companies in their appeal had challenged the rejection of their claim by the single judge that the US-based agro major Monsanto was incorrectly granted patent for BT cotton seeds.

After the verdict was pronounced, Monsanto sought that the decision be kept in abeyance for a few weeks so that it can file an appeal in the Supreme Court.

The high court declined to keep the operation of its decision in bench, but granted the US company a certificate of fitness to file an appeal in the apex court.

Source: businesstoday.in- Apr 11, 2018

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After e-way bill, govt eyes tools to check GST evasion

After deciding to mandate the use of electronic way (e-way) bill to track movement of goods within five states from next week, the government is working to introduce other anti-evasion tools to shore up the collection of GST, where it suspects massive leakage is taking place.

On Tuesday, the finance ministry said that intra-state movement of goods in Gujarat, Uttar Pradesh, Telangana, Andhra Pradesh and Kerala — which account for 61% of the inter-state e-way bill generation — will require the electronic tool from April 15 as part of the planned expansion. E-way bill had become mandatory for movement of goods valued over Rs 50,000 from one state to another at the start of the month.

Sources said in the coming days, the states are planning to step up checking of e-way bills as they suspect that they are losing large amount of revenue.

On April 16, a committee headed by Bihar deputy CM Sushil Kumar Modi will deliberate on ways to reintroduce the reverse charge mechanism, a key anti-evasion tool that was suspended in the wake of protest from traders.

Reverse charge is to be paid by registered GST payers on behalf of small suppliers, who are exempted. The registered dealer or the buyer, who has to pay GST under reverse charge, has to undertake self-invoicing for purchases.

While it keeps small businesses out of the tax ambit, SMEs complain that the cost is borne by them and this makes their businesses unviable, although officers believe that the motive behind resistance to block reverse charge mechanism is to evade taxes. Government will pay credit to traders against the reverse charge.

"Even under VAT many states had the tool. But given the concerns we will look at options to ensure that businesses are not impacted and remain viable," said an official. One option is to increase the threshold of daily transactions to keep several small businesses out.

Source: nagalandpost.com- Apr 12, 2018

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India losing 14% GDP due to inefficient logistics

Minister of State for Commerce & Industry C R Chaudhary recently said that India is losing 14% of GDP due to inefficient logistics which impacts the competitiveness of Indian products.

Chaudhary outlined various initiatives taken by the government to develop the Transport & Logistics sector in the country.

He was delivering the valedictory address at Global Logistics Summit jointly organised by FICCI; Ministry of Commerce, Govt. of India and World Bank Group.

"Logistics is an important sector and it is clear that the government is giving importance to the development of better connectivity with projects like Bharatmala Pariyojana, Sagar Mala project and UDAN scheme which will boost the logistics system in the country," he said.

Ramesh Abhishek, Secretary, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry said, to achieve high economic growth, India needs to make the industry competitive.

He further added that cost of various other things also need to be competitive and logistics contributes majorly to the cost of manufacturing and services and is now getting the long due importance.

"Much needed capital investments are being made, infrastructure development is taking place and thrust is on timely completion of projects. GST is playing an important role in the logistics sector and ease of doing business scenario is also improving, said Mr. Ramesh Abhishek.

Jun Zhang, Country Manager, International Finance Corporation said that a comprehensive regulatory framework is required for the logistics sector in India.

Sanjaya Baru, Secretary General, FICCI, said that efficient logistics will play a vital role in India's Make in India program.

Source: smetimes.in- Apr 12, 2018

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