TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU TEXPROCIL

TEXPROCIL NEWS CLIPPINGS

An ISO 9001:2015 CERTIFIED COMPANY

The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

# IBTEX No. 112 of 2019 June 12, 2019

USD 69.39| EUR 78.66 | GBP 88.27 | JPY 0.64

## Cotton Market

| Spot Price - Shankar 6 ( Ex. Gin), 28.50-29 mm | | |
|---|---|---|
| **Rs./Bale** | **Rs./Candy** | **USD Cent/lb** |
| 21818 | 45600 | **83.72** |

| Domestic Futures Price (Ex. Warehouse Rajkot), June | | |
|---|---|---|
| **Rs./Bale** | **Rs./Candy** | **USD Cent/lb** |
| 21200 | 44308 | **81.35** |

| International Futures Price | |
|---|---|
| NY ICE USD Cents/lb (July 2019) | 65.65 |
| ZCE Cotton: Yuan/MT ( September 2019) | 13,095 |
| ZCE Cotton: USD Cents/lb | 85.94 |
| **Cotlook A Index – Physical** | **76.85** |

**Cotton Guide:** The release of the USDA World Agriculture Supply/Demand Report emanated small changes which are considered not very significant by the market participants. The 2019/20 U.S. cotton supply and demand projections are unchanged from last month, with the exception of a 1-cent decline in the season-average upland farm price, to 64 cents per pound. The 2018/19 U.S. cotton balance sheet is unchanged.

The world 2019/20 cotton projections include higher beginning stocks, slightly lower production, lower consumption and trade, and higher ending stocks. Ending stocks for 2019/20 are projected 1.6 million bales higher than in May, due to a 1.1-million-bale increase in beginning stocks and a 660,000-bale decline in consumption.

Beginning stocks are higher largely due to larger 2018/19 production in India and lower 2018/19 consumption in China. World consumption and imports in 2019/20 are projected lower largely due to a 500,000-bale decline in each variable's forecast for China. Lower exports are expected for Australia due to lower production, but higher expected exports from India are partly offsetting (source USDA).

Hence the prices remained under pressure. All the ICE contracts settled with negative figures. The most prominent ICE July contract settled at 65.65 cents/lb with a change of -34 points. The next important contract the ICE December contract settled at 65.04 cents/lb with a change of -53. Now the focus is shifting towards ICE December slowly, as July 24th will be the first notice day of ICE July contract. The open interest began at 65804 contracts, down 8314 contracts. Tuesday was the 3rd of 5 sessions for cotton's largest spec fund, Goldman Sachs o Buy December contract and sell July contract as they roll their positions. Yesterday's total volume was 52,196 contracts. The earlier volume was at 73,748 contracts.

The MCX contracts were slightly tilted towards the positive side. The most active MCX June contract settled at 21,200 Rs/Bale with a change of +20 Rs. The MCX July contract settled unchanged at 21320 whereas the MCX August contract settled with a change figure of +80 Rs at 21320. We need to notice that MCX July and MCX August contracts are at par with each other.

The Cotlook Index A was at 76.85 cents/lb with a change figure of +0.50. The Prices of Shankar 6 are seen at 45,600 Rs/Candy unchanged from Yesterday. The buying interest by all the Asian mills are seen to dampen. However, Indian mills are continuing to show their interests for African cotton. Import enquiries from the other Far East countries have not surfaced in the recent past. Imports into India were better as compared to the yesteryear, on the other hand the geopolitical tensions have impacted Indian Exports dragging it to unhealthy figures.

Crude oil prices are trading way too low at the moment. While we write this report at 8 am, the prices are at 52.40 $/Barrel - WTI crude. For today as well we presume the international markets will be range bound having a bearish tilt. For MCX we can look at a positive increase by around 80 Rs for the MCX June contract.

On the technical front, after closing below an upward sloping channel, prices have formed a bearish flag formation & recently they have been trading within a range (64.80-66.50). Prices have taken support of 50% Fibonacci extension level (64.80), but are currently trading below the DEMA (5, 9) at (66.27, 66.91). However immediate support for the prices at 64.80 & the resistances would be 66.91 (9 day EMA). Momentum indicator RSI is at 34 suggesting sideways to negative bias for the coming sessions. For the today's session we expect the prices to trade within a range of 64.80-66.90. In the Domestic market MCX Cotton June may trade in the range of 21350-20800.

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

# NEWS CLIPPINGS

| | INTERNATIONAL NEWS |
|---|---|
| **No** | **Topics** |
| 1 | Chinese exporters dodge Trump tariffs with fake made-in-Vietnam labels |
| 2 | US retail imports will continue to grow in summer: NRF |
| 3 | China exporting goods to the US through Vietnam |
| 4 | Pakistan: Rs100mn allocated for Commerce, Rs202.828mn for Textile in PSDP |
| 5 | South Africa revives apparel business |
| 6 | Pakistan: 2nd international conference on functional textiles and clothing |
| 7 | Bangladesh: Future of RMG exports is positive, albeit with a few challenges |
| 8 | Bangladesh: 2nd international conference on functional textiles and clothing |

| | NATIONAL NEWS |
|---|---|
| 1 | Indian, Chinese officials hold dialogue to break deadlock in RCEP trade negotiations |
| 2 | New GST return mechanism will be implemented in phases |
| 3 | India-Colombia set bilateral trade target $ 10 bn by 2030; Indian two-wheelers have a huge presence |
| 4 | India-UK Sports Alliance to encourage greater bilateral trade |
| 5 | 13 RCEP nations oppose India’s strict country of origin norms |
| 6 | Australia urges India to play a greater role in shaping regional trade order |
| 7 | War over HT Bt cotton: Officials collect seed samples from farmers in Akola |
| 8 | New textile processing cluster with zero-discharge units |
| 9 | Textile and technology expo |
| 10 | ITF urges textiles ministry to organise engagement events |

# INTERNATIONAL NEWS

## Chinese exporters dodge Trump tariffs with fake made-in-Vietnam labels

Some Chinese exporters are going to extreme lengths to avoid the hit from President Trump's tariffs.

Vietnam said Sunday that it found dozens of fake product-origin certificates and illegal transfers by companies trying to sidestep U.S. tariffs on agriculture, textiles, steel and other products. It was one of the first times an Asian government had publicly alleged such misbehavior since trade tensions between the world's two biggest economies escalated this year.

The statement from Vietnam, which pledged to increase penalties on trade-related fraud, adds to concerns that some Chinese exporters are illegally rerouting orders after Trump imposed tariffs on $250 billion of Chinese goods and threatened to target an additional $300 billion. U.S. trading partners including Vietnam face growing pressure to stop illicit exports as they seek to avoid being hit by tariffs themselves.

"It's always a cat-and-mouse game," said Fred Burke, managing partner at law firm Baker & McKenzie (Vietnam) Ltd. "As long as people are willing to take risks in search of those arbitrages of say, 25% duties, it's very difficult to enforce."

Vietnam is concerned it may be punished by the U.S. for allowing mislabeled Chinese products to flow to America, Do Van Sinh, a standing member of the National Assembly's economic committee, was quoted as saying in the government's statement.

The Southeast Asian country's reported shipments to the U.S. have jumped this year as China's have slumped. While there's evidence that some of those gains are due to shifting supply chains, analysts have questioned how much of the recent surge is legitimate.

Fraudulent cases discovered by Vietnam's government include packaging on Chinese goods being changed to say "Made in Vietnam" before certificates of origin are processed.

The government cited an example of U.S. customs officials uncovering Chinese plywood being shipped to America through a Vietnamese company.

“A cottage industry for circumventing U.S. tariffs will likely bloom, given the high tariff rates and huge potential profit,” said Chua Hak Bin, a senior economist at Maybank Kim Eng Research Pte. in Singapore. “ASEAN governments will likely crack down on such re-routing for fear of being seen as a back door,” Chua said, referring to the Assn. of Southeast Asian Nations. In Trump’s trade war with China, L.A. ports are ground zero »

Questionable shipments are likely to be a “relatively small” portion of China’s total exports to the U.S., said Rahul Kapoor, a senior analyst at Bloomberg Intelligence in Singapore. “There will always be leakages and work-arounds to avoid tariffs, but we do not see it as a widespread phenomenon,” Kapoor said.

Vietnam already faces scrutiny from the U.S. after the Treasury Department added the country to a watchlist for currency manipulation last month.

Vietnamese authorities have said the exchange rate won’t be used to create an unfair trade advantage, even as they’ve grown concerned that the U.S.-China conflict will hurt economic growth.

Deputy Prime Minister Pham Binh Minh told the National Assembly last week that gross domestic product could drop 6 trillion dong ($256 million) in the next five years because of the trade war.

Source: latimes.com- June 10, 2019

**HOME**

*****************

# US retail imports will continue to grow in summer: NRF

Imports at Unites State's major retail container ports are expected to continue to grow this summer as retailers stock up inventory to get ahead of higher tariffs, according to the monthly Global Port Tracker report released by the National Retail Federation (NRF) and Hackett Associates.NRF is the world's largest retail trade association.

"With a major tariff increase already announced and the possibility that tariffs could be imposed on nearly all goods and inputs from China, retailers are continuing to stock up while they can to protect their customers as much as possible against the price increases that will follow," said NRF vice president for supply chain and customs policy Jonathan Gold in a press release by NRF.

"Tariffs are taxes paid by American businesses and consumers, not foreign governments.

Retailers will continue to do everything they possibly can to mitigate the impact of tariffs on consumers, but if we see further escalation in the trade war, it will be much more difficult to avoid higher price tags on a wide range of products. It's time to stop using American families as pawns in negotiations for better trade deals."

The Trump administration increased 10 per cent tariffs on $200 billion worth of Chinese goods to 25 per cent in May, with the increase applying to imports that arrive in the US after June 15.

The administration has also proposed to implement new 25 per cent tariffs on $300 billion worth of Chinese goods and recently removed India and Turkey from the Generalized System of Preferences programme, which allows certain items to be imported duty-free.

In addition, the administration announced a 5 per cent escalating tariff on all imports from Mexico, but those goods travel by truck or train and don't effect cargo numbers at US seaports.

“One must wonder who the Trump administration is trying to punish with its growing enthusiasm for tariffs,” Hackett Associates founder Ben Hackett said. “The tariffs are offsetting much of the savings from tax cuts, and if this continues there could be tough months ahead.”

US ports covered by Global Port Tracker handled 1.75 million twenty-foot equivalent units in April, the latest month for which after-the-fact numbers are available. That was up 8.4 per cent from March and up 6.9 per cent year-over-year. A TEU is one 20-foot-long cargo container or its equivalent.

May was estimated at 1.88 million TEU, up 3 per cent year-over-year. June is forecast at 1.86 million TEU, up 0.3 per cent; July at 1.93 million TEU, up 1.1 per cent; August at 1.95 million TEU, up 3.3 per cent; September at 1.89 million, up 0.9 per cent, and October at 1.95 million TEU, down 4.4 per cent.

The August and October numbers would be the highest monthly totals since the 2 million TEU record set last October as retailers rushed to bring merchandise into the country ahead of expected tariff increases.

Imports during 2018 set a record of 21.8 million TEU, an increase of 6.2 per cent over 2017’s previous record of 20.5 million TEU. The first half of 2019 is expected to total 10.6 million TEU, up 3 per cent over the first half of 2018.

Global Port Tracker, which is produced for NRF by the consulting firm Hackett Associates, covers the US ports of Los Angeles/Long Beach, Oakland, Seattle and Tacoma on the West Coast; New York/New Jersey, Port of Virginia, Charleston, Savannah, Port Everglades, Miami and Jacksonville on the East Coast, and Houston on the Gulf Coast.

Source: fibre2fashion.com- June 10, 2019

**HOME**

*****************

# China exporting goods to the US through Vietnam

Goods are arriving in the US claiming to be made in Vietnam while they are in fact made by Chinese companies. They are indulging in this practice to avoid high tariffs.

Many of them have shifted production from China to Vietnam to avoid the 25 per cent levy imposed by the US on Chinese goods amid a spiraling trade war.

Dozens of fraudulent product-origin certificates have been discovered on goods including textiles, fisheries, farm products, tiles, honey, iron, steel and plywood. Chinese plywood was discovered being shipped to America through a Vietnamese company.

Vietnam says the trend has affected the reputation of its businesses and goods. The country has threatened to crack down on Chinese companies illegally using made in Vietnam labels on goods shipped to the US to avoid high tariffs.

Vietnam has long been a manufacturing hub for cheaply-made goods from Adidas sneakers and H&M dresses to Samsung smart phones and Intel processors.

Those exports have soared this year as China and the US have escalated tit-for-tat tariffs on billions of dollars worth of goods. In the first three months of this year, US imports from Vietnam rose 40 per cent from the same period last year.

Source: fashionatingworld.com- June 11, 2019

HOME

*****************

## Pakistan: Rs100mn allocated for Commerce, Rs202.828mn for Textile in PSDP

The government has allocated Rs 100 million for one new scheme of the Ministry of Commerce and Rs. 202. 828 million for Textiles Industry Division in one on- going and two new schemes in Public Sector Development Programme (PSDP) 2019-20 for the promotion of trade and commerce in the country.

According to the details, the government has allocated Rs 100 million for re modeling and expansion of Karachi Expo Centre, Component -1 to develop and promote the local industry and to attract the foreign and local investment in the country.

The total estimated cost of the Karachi Expo Centre, Component -1 Rs 2677.430 million. Meanwhile, Rs 2.828 million has been earmarked for Faisalabad garments city training Centre, Faisalabad and also Rs 100 million for 1000 Industrial stitching Units (All over Pakistan) in two on-going schemes in PSDP-2019-20.

The government has also allocated Rs. 202.828 million in PSDP 2019-20 for the establishment of Faisalabad garments city (Phase-II) Faisalabad in one new scheme.

Source: brecorder.com- June 11, 2019

HOME

*****************

## South Africa revives apparel business

South Africa is fighting to revive its frayed clothing industry. It was once a crucial provider of jobs but a flood of cheap imports is forcing factories to lay off workers.

It was once the economic lifeblood of many small regional towns, but the abundance of cheaper products from China has led to the loss of nearly two-thirds of the sector’s jobs over the past two decades.

Fast fashion retailers, which largely source their products from outside South Africa, have aggressively expanded in the country, denting sales of locally-made garments. The key obstacle to this sector is an inability to develop niche markets. South Africa is not a low cost producer.

The main aim of the South African textile and clothing industry is to use all the natural, human and technological resources at its disposal to make it the preferred international supplier of textiles and apparel. Although the industry is small, it is well placed to make this vision a reality.

Tariffs were one of a series of tools used to assist the industry but they don't provide a long-term competitive advantage. South Africa is now exploring options such as technology acquisition and skill development in niche areas as a first response to industry development.

Source: fashionatingworld.com- June 11, 2019

HOME

*****************

## Pakistan: 2nd international conference on functional textiles and clothing

Despite the dismal performance of nearly every major segment in the industrial sector, some areas outshined, posting promising growth in the outgoing fiscal year. Although far from perfect, electricity, gas, electronics, engineering and wood products were among the segments that delivered.

The Pakistan Economic Survey reported depressing growth figures of the industrial sector, which clocked-in at a meagre 1.4% against the whopping target of 7.6%.

"During FY2019, the provisional growth in industrial sector has been estimated at only 1.4% mainly due to decline by 2.06% in large scale manufacturing sector and by 1.96% in mining and quarrying sector," read the economic survey. "The construction activity has declined by 7.57%"

Large Scale Manufacturing (LSM) has 78% share in manufacturing and 10.2% of GDP, whereas small scale manufacturing accounts for 2% of GDP.

Govt has no option but to slap at least 7.5% GST

However, there were three segments which stood out in the category; electronics grew 34.63%, engineering products jumped 8.63% and wood products surged 17.84%.

"Electricity and gas sub sector has grown by 40.54%," it continued.

The growth in electronics was mainly seen on back of phenomenal growth of electric motor, which registered a growth of 37.4% due to its wide usage in washing machines, refrigerator, air conditioners, the survey added.

The demand for these goods rises in summer and manufacturers build up the inventories. Improvement of electricity supplies also contributed to the performance of this sub-sector.

Meanwhile, fertiliser sector also recorded a growth of 4.5% on account of nitrogenous fertilisers which increased 5.7%. The pickup in its growth was due to provision of subsidised RLNG.

The Large Scale Manufacturing (LSM) growth during July-March FY2019 declined to 2.93% as compared to 6.33% in the same period last year. On a year-on-year basis, LSM growth witnessed sharp decline of 10.63% only in March 2019 compared to increase of 4.70% in March 2018.

In 2018-19, the government recorded GDP growth rate at 3.29% against target of 6.2% on the basis of 0.85%, 1.40% and 4.71% growth in agricultural, industrial and services sectors, respectively.

"Cut in Public Sector Development Programme (PSDP) expenditures compared to last year is one of the major reasons behind this slowdown," said Emerging Economics Research Managing Director Muzammil Aslam.
Slowdown in the private sector construction activities and consumer spending on durable goods also played a critical role in the decline in LSM, according to the survey.

This was more noticeable in construction-allied industries, the survey said. Demand for housing moderated as the price of building materials and cost of financing increased. 'No immediate plans to privatise power firms'

Certain sector-specific issues also contributed to the decline in LSM. Automobile prices witnessed multiple upward revisions due to rupee depreciation, which held the potential buyers from making booking and purchases, according to the economic survey. Certain restrictions on non-filers with respect to purchase of cars further dampened the automobile demand. Automobile sector growth declined 7.6% during July-March FY19.

Pharmaceutical also suffered due to a considerable lag in regulatory adjustments in prices, said economic survey. This pricing issue was in addition to weakening of the local currency, which added to the distress of an import dependent sector. Similarly, lower sugarcane production and previous year's inventories further dampened the prospects of the sugar industry.

The performance of textile sector remained under stress during the period as it declined by 0.3% against meagre growth of 0.5% during the same period last year, according to the survey.

The performance of textile sector, which has the highest weight of 20.91 in Quantum Index Manufacturing (QIM) remained subdued on account of lacklustre performance of cotton yarn 0.02% and cotton cloth 0.07%, which have a combined weight of 20.15 in the textile sector, according to the survey.

The food beverages and tobacco sector recorded a decline of 4.7% on account of decline in sugar of 13.3%. During the last few years, sugar industry bounced back with impressive growth on the back of increased sugarcane crop in the country. However, in the outgoing fiscal year the progress stalled in line with reduction in crop, according to the survey.

Source: tribune.com.pk- June 11, 2019

**HOME**

*****************

## Bangladesh: Future of RMG exports is positive, albeit with a few challenges

The RMG sector in Bangladesh has witnessed tremendous growth over the last one decade. The country has emerged as the second largest RMG exporter to the world with around 85 per cent of its export earnings achieved through this sector.

This growth in the country's RMG sector has created many new employment opportunities in the country with around 4 million Bangladeshi people currently being employed in the sector reveals an exclusive study by Wazir Analysis and Textile Magazine.

The textile and apparel exports of Bangladesh increased at a CAGR of 8 per cent from $25 billion in 2012 to $36 billion in 2017. The country, which enjoys preferential access in the European Union (EU) under the 'Everything but Arms' (EBA), gained around 61 per cent market share in the region for textile products.

Other than the EU and US, Japan and Russia are the other flourishing countries with their market share growing at a CAGR of 36 per cent and 28 per cent, respectively.

Through its export competitiveness and duty free access, Bangladesh has attracted many international brands in recent years, reveals the study. The country's apparel exports have grown at a CAGR of 14 per cent since 2005. These are further likely to grow at a CAGR of 12.5 per cent to reach $100 billion by 2025.

### Fragmented textile value chain hampers growth

The Wazir Analysis and Textile Magazine study also reveals, Bangladesh faces many challenges that affect its export growth. Firstly, the country has a fragmented textile value chain which is highly dependent on import of raw material for textile and apparel commodities.

Also, issues like increasing wages, lower output, low product quality, etc plague export growth in the country. To counter these issues and remain competitive in the global market, Bangladesh needs to focus on the following aspects:

## Integration of operations to enhance market power, position

Backward & forward integration could help Bangladesh companies to control not only their buyers but also theirBangladesh Graph 2 suppliers, distributors and customers. It can also enhance their market power and position, reduce import of fabric and yarn and internal consumption of products, increase value-addition at all stages of the textile value chain, reduce in costs, lead times, increase employment avenues for local population and better margins for the manufacturers.
Dealing with quality, design and delivery issues

Another area that Bangladesh needs to focus on is offering superior quality products with innovative designs, customisation, on-time delivery, technology innovations and after-sales service. This can be achieved through major transitions in manufacturing set-up and workforce development. The main components of this transition include Streamlined manufacturing process can help Bangladesh deliver high variety, low volume orders

Reducing mishaps through concepts like Right First Time, Zero Defect, Quality Control can help the country to improve its products and processes Operaters need to take ownership of their equipment and also simply their processes to increase their capacity and also improve the quality of their offerings.

The manufacturing units should adopt information systems like Business Process Management (BPM) to improve their capacity. They should also involve their employees in their production processes

Companies need to adopt market intelligence to keep up with the latest trends and developments along with competitor analysis. They need to introduce low-volume high fashion products. They also need to create a proper work culture in their companies by training their labor as well as middle management.

Lastly, Bangladeshi apparel manufacturers should focus on catering to the demand of Indian market which is expected to grow at 12 per cent CAGR by 2025.

Source: fashionatingworld.com- June 11, 2019

HOME

*****************

# Bangladesh: 2nd international conference on functional textiles and clothing

Functional Clothing comprises clothing that is designed to deliver specific functionalities to users, over and above their usual functions. Functional clothing items can be classified as Protective clothing, Sports clothing, Medical clothing, Vanity clothing and clothing for military applications that perform multiple functions.

Smart clothing items equipped with sensors and processors for monitoring of body parameters are a fast-growing segment of this market. The market for functional clothing is predicted to reach 244.6 billion U.S. dollars by 2025.

Functional clothing is driven by developments in the field of textile materials as well as apparel production processes. Conductive textiles, composites and membranes, new fabrics, surface functionalization techniques, innovative finishes and coatings and nanotechnology are the emerging areas.

CAD CAM technologies including those for 3D and 4D body measurement, pattern design, fit testing and mass customization, clothing comfort, clothing for special groups and innovative fashion design are growing fields. Internet of things, artificial intelligence, deep learning and virtual reality tools are used to design clothing that is smart, responsive and closer to the needs of the user.

India is amongst the largest producers and consumers of clothing in the world. A large population and availability of raw materials are adding fuel to the production of apparel in the country.

Rising aspirations of the middle class, increasing incomes and greater awareness of market trends amongst Indian consumers are providing a strong push to this market segment.

The drivers for growth are employment generation, innovation, product development, entrepreneurship and contemporarisation of traditional textiles and crafts. Sustainability is an important consideration for all sectors of the textile and clothing value chain.

FTC is a biannual international conference that provides a platform for leading academic scientists, researchers, designers and entrepreneurs to have in-depth exchanges on latest scientific developments, cutting edge technologies, innovations, trends, concerns, challenges and opportunities in the field of Functional Textiles and Clothing.

Indian Institute of Technology Delhi, the host institute, is a premier Institute, ranked as number one engineering institute in India. The Department of Textile Technology at IITD is a leader in Textile Education & Research in the country.

This conference is being held in partnership with World University of Design, Haryana- a budding design university of India and PSG Tech. Coimbatore- a leading Textile College in South India.

On behalf of the organizing committee, we extend a warm welcome and invite you to participate in the international conference on Functional Textiles and Clothing FTC 2020 at New Delhi- the vibrant capital city of India.

Click here for more details

Source: textiletoday.com.bd- June 10, 2019

HOME

*****************

# NATIONAL NEWS

## Indian, Chinese officials hold dialogue to break deadlock in RCEP trade negotiations

Member nations keen to conclude parleys by year-end

In a renewed attempt to break the stalemate in the ongoing Regional Comprehensive Economic Partnership (RCEP) negotiations involving 16 countries, senior officials from India and China met in New Delhi this week to try and reach a common ground on market opening commitments.

"We are trying to reduce the gap between the market access being demanded by China and what India has to offer. Till this matter is resolved it will be difficult to make progress in the overall RCEP negotiations," a government official told BusinessLine.

The Indian and Chinese delegations that participated in the meeting on June 10-11 were headed by Commerce Secretary Anup Wadhawan and Chinese Vice-Minister of Commerce Wang Shouwen, respectively.

The RCEP, being negotiated between the 10-member ASEAN, India, China, Japan, South Korea, Australia and New Zealand, once implemented, would result in one of the largest free trade bloc accounting for 45 per cent of the world's population, and a combined GDP of about $21.3 trillion and 40 per cent of world trade.

India, however, is not comfortable with the steep commitments on opening markets in goods being pushed by most members, especially China. New Delhi wants to offer much lower market access in goods to China compared to other members such as the ASEAN, Japan and South Korea, but Beijing is not willing to accept it.

"In the two-day meeting, discussions happened on goods, services as well as investments. While there was some positive movement in services with China paring its demand, a lot more progress needs to be achieved in goods and investments," the official said.

India, which has so far offered to eliminate tariffs for 70-80 per cent of goods for China over an extended period of time, is unwilling to give more as the Indian industry is apprehensive of being adversely hit due to it. “China already runs a trade surplus of over $60 billion with India and the domestic industry is reeling under heavy competition from Chinese goods. The government can't let the situation go out of hand,” the official said.

A decision, however, has to be taken by the new Commerce & Industry Minister Piyush Goyal soon on how much more flexible India could get. China is already hinting at going in for a free trade agreement between the ASEAN, China, Japan and South Korea if the RCEP talks take too long. The ASEAN, too, is putting pressure on India to move fast so that the negotiations could be completed by the year-end.

“There are a number of technical discussions scheduled in Melbourne at the end of the month. By then, India should be clear on its negotiating flexibilities,” the official said.

Source: thehindubusinessline.com- June 11, 2019

HOME

*****************

## New GST return mechanism will be implemented in phases

*Forms available for trial from July to Sept; will become mandatory subsequently*

The Finance Ministry on Tuesday unveiled a roadmap for the implementation of the new GST return mechanism. It has also put in place a transition mechanism.

The new mechanism will be used on a trial basis from July to September. For the large taxpayers (those whose aggregate annual turnover in the previous fiscal was more than ₹5 crore), Form GST ANX will replace GSTR 1 from October. Small taxpayers (with aggregate annual turnover in the previous fiscal up to ₹5 crore) who file on a quarterly basis will have to use this in January for the October-December quarter.

Form GST RET-1 will replace GSTR-3B; it will be mandatory from January for all taxpayers.

The government has released the draft of a new and simplified return form with offline tools. There are three main components to the new return process — the main return form (Form GST RET-1) and two annexures (Form GST ANX-1 and Form GST ANX-2).

From July, users will be able to upload invoices using the GST ANX-1 offline tool on a trial basis. They will also be able to view and download the inward supply invoices using the GST ANX-2 offline tool under the trial. The summary of inward supply invoices will also be available for view on the common online portal.

Additionally, from August, users can import their purchase register in the offline tool and match it with the downloaded inward supply invoices to spot mismatches.

## Trial for familiarisation

The July-September trial is for taxpayers to familiarise themselves with the new return mechanism. It will have no impact at the back end on the tax liability or input tax credit of the taxpayer. In this period, taxpayers will continue to file existing return forms (GSTR-1 and GSTR-3B); failure to do will will attract penalties.

From October, GST ANX-1 will be compulsory, replacing GSTR-1. The large taxpayers will upload their monthly GST ANX-1 from October. However, the first compulsory quarterly GST ANX-1 to be uploaded by small taxpayers will be due only in January 2020, for the October-December 2019 quarter.

Invoices can be uploaded in GST ANX-1 on a continuous basis, both by large and small taxpayers, from October. GST ANX-2 may be viewed simultaneously during this period but no action will be allowed on it.

For October and November, large taxpayers will continue to file GSTR-3B on a monthly basis. They will file their first GST RET-01 for December by January 20, 2020.

Small taxpayers will stop filing GSTR-3B and start filing GST PMT-08 from October. They will file their first GST RET-01 for the quarter October-December from January 20 next year.

## Need for clarity

Some aspects of the transition plan require clarity, observed Archit Gupta, founder & CEO of ClearTax. It's not clear whether ITC credit will be matched with ANX-2 or GSTR-2 in the intervening period between July to September, he pointed out.

Parag Mehta, Partner at NA Shah Associates LLP, felt the forms are not simple enough. User will have to upload GST ANX-1 reflecting their outward liability, imports and inward supplies attracting reverse charge.

"Based on GST ANX-1, filed by all, businesses will be able to download details of auto-drafted inward supplies in GST ANX-2.

"The trade will be required to accept, reject or keep in pending the ITC on inward supplies. After completion of GST ANX-2, an auto populated return in GST RET-1 will be generated. All the activities will have to be done on monthly basis," he said.

Source: thehindubusinessline.com- June 11, 2019

HOME

*****************

## India-Colombia set bilateral trade target $ 10 bn by 2030; Indian two-wheelers have a huge presence

Aiming to increase bilateral trade from the present level of around $1.5 billion to at least $10 billion by 2030, India and South American nation Colombia will soon finalize terms of reference of Partial Scope Agreement.

Talking to Financial Express Online, a top Indian diplomat at the Indian Embassy in Bogota, Colombia said that achieving the target of $ 10 billion by 2030, may seem a herculean task but should not be difficult. "As Colombia continues to improve its trade and investment climate, Indian companies should surely look at expanding and entering this lucrative market."

Colombian economy's growth is set to climb this year on acceleration in exports. The investment should surge on infrastructure and oil sector investments; although the government's fiscal consolidation efforts could cause domestic demand to decelerate slightly.

However, downside risks stem from uncertainties over the pace of fiscal reforms, challenging external environment, the Venezuelan refugee crisis.

**How has India fared in this market?**

This year the two countries are celebrating 60 years of diplomatic relations. “The bilateral trade has now stabilized because in the past it fluctuated at around $ 1.5 -2 billion when Indian exports to Colombia in 2015 were $ 1.19 billion dropped to $ 945 million in 2016. Since then have recovered and maintained over $ 1billion,” the diplomat said.

Adding, a number of Indian companies have made serious efforts in accessing this market. All Indian two-wheeler brands have a presence in Colombia including — Bajaj, Hero, TVS and Royal Enfield which race past Suzuki, Yamaha, AKT, KTM, etc., on the Colombian roads.

“Bajaj and TVS three-wheelers can also be sighted in small towns- this mainly on account of Colombian law which restricts such vehicles to ferry passengers in areas with a population of less than 55,000. This rule has no scientific basis.

Mahindra and Mahindra pickup trucks are popular in “Eje Cafétero” – Coffee producing region- due to their robustness. And, its crossovers and SUVs are attracting attention due to design and price advantage. This is significant as they face stiff competition from the US, European, Japanese, Korean, Chinese automakers.”

India also has a growing share in pharmaceuticals, agrochemicals, textiles – fabrics, accessories to make the Colombia textile sector more attractive and competitive. The Indian IT companies have earned a good name and employ thousands of Colombians in Bogota and Medellin.

According to the diplomat, the new drivers of Indian exports to this market could be e-vehicle, undertake EPCs projects and add financing the incentive to make the bids attractive, biotech, solar energy, the services sector- invest in hospitality and tourism.

**What about the Hydrocarbons sector?**

Colombia is a member of the OECD since June last year. The current regional oil production situation remains uncertain and demands that India scale up existing hydrocarbon investments in Colombia. And the Indian investors will find a welcoming environment.

Source: financialexpress.com- June 11, 2019

HOME

*****************

## India-UK Sports Alliance to encourage greater bilateral trade

The UK government on Tuesday brought together business leaders from high-profile sporting companies based in India and the UK to showcase international trade opportunities in London as part of a new India-UK Sports Alliance.

The UK's Department for International Trade said the India-UK sports delegation will showcase opportunities for British sporting exporters during the ongoing 2019 Cricket World Cup in England.

Latest data released by DIT shows exports of sporting goods to India increased by 30.6 per cent in 2018, with overall exports of British sporting equipment at an all-time high and rising by 10 per cent to 500 million pounds last year.

The UK wants to be India's partner in delivering world class sporting events using our experience and expertise gained from delivering some of the biggest global sports events in the world, UK's Secretary of State for International Trade Liam Fox said.

There are significant benefits of hosting large sporting events to local economies. By showcasing the success of British business at the Cricket World Cup, the UK stands ready and able to help our Indian sporting partners realise their own success, he said.

The DIT noted that India is already the UK's 11th largest export market outside of the EU and accounts for 7.5 billion pounds of existing investment in the UK.

Bilateral trade is valued at more than 20.5 billion pounds per year and estimates show that the Indian sports market can become a USD 10 billion industry by 2026.

This means there is exponential potential for growth in British sports exports to the region, DIT said.

Representatives from Indian commercial giant Reliance Industries, part of the Indian sports delegation, welcomed the India-UK Sports Alliance organised by the DIT in London and said that it would help broaden the scope of our relationships in the UK with both the wider sports sector and policymakers.

Sundar Raman, Chief Executive Officer of Reliance Sports, said: Reliance Sports has had strong connections with the UK since inception particularly the partnership between the Indian Super League and the Premier League, which was renewed again earlier this year.

This is an exciting time of exponential growth in India's sports sector, and I am pleased that the UK government and businesses are engaging with us to strengthen bilateral trading relationships, Raman said. Premier League Interim Chief Executive, Richard Masters, said that the English football league is keen to develop existing relationships in India and identify new ones.

He also highlighted that the Premier League has worked extremely closely with the Indian Super League (ISL) and other organisations for more than a decade to support the growth of football in India.

Earlier this year we brought the first Football Development Week to Mumbai, in conjunction with the ISL, the DIT and Star Sports. This provided a great opportunity for our clubs to share their knowledge with coaches and young players from across India, Masters said.

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

HOME

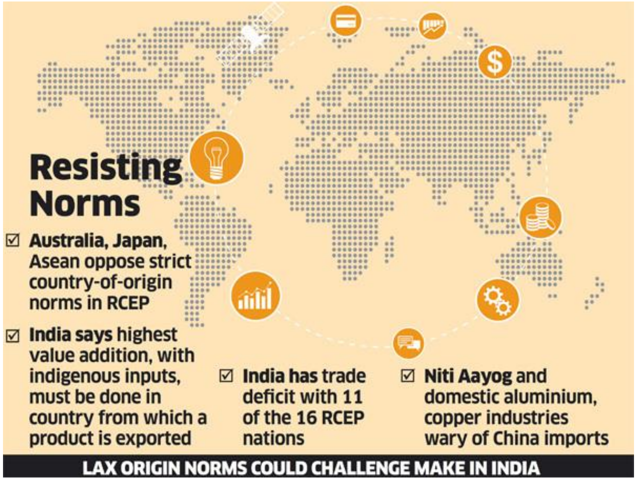
*****************

# 13 RCEP nations oppose India's strict country of origin norms

India wants strict rules of origin to prevent Chinese goods from flooding the country through member countries that may have lower or no duty levels.

At least 13 countries including Australia, Japan and New Zealand have opposed India's proposal for strict criteria to determine the source country of a product, based on which they get tariff concessions or duties, in the 16-nation Regional Comprehensive Economic Partnership (RCEP) trade pact.

The 10-member ASEAN bloc too has opposed India's proposal, an official said.




India wants strict rules of origin to prevent Chinese goods from flooding the country through member countries that may have lower or no duty levels. Chinese garments are making their way into India through the duty-free route under the South Asia Free Trade Pact and the Duty-Free Quota-Free window from Bangladesh.

This was a key issue at the intersessional meeting of RCEP countries in Bangkok last month.

"We want clearly defined rules of origin to ensure integrity and sanctity of tariff differentiation. Led by Australia, most others want liberal rules of origin," said the official familiar with the details.

India has said the highest value addition with the help of indigenous inputs must be done in the country from which a product is exported. Globally, the average threshold for domestic content to get originating status for a product is 40-60%.

"These countries don't have the kind of resources and manufacturing like us except Japan, which is into large-scale value addition and exports. So, they want lenient rules," the official said.

Strict origin norms are crucial for India, which had a trade deficit with 11 RCEP members including China, South Korea and Australia in 2018-19. The gap with China alone was $53.6 billion.

India's aluminium and copper industries are worried about China's presence in the grouping and anticipate widening of the trade deficit due to an "alarming" spike in imports and a potential threat to the Make in India initiative.

Niti Aayog said in a study that "if duty is further cut under RCEP, domestic aluminium industry will be severely hit."

"However, China is conservative and not on either side," the official added.

The issue will be taken up again at a meeting in Australia during June 28-July 3, followed by a meeting in China at the end of July. A ministerial meeting is slated in China in August as members try to conclude the mega-trade agreement this year.

"RCEP will not benefit us vis-a-vis China...We already have a deficit with most of the member-countries," said a New Delhi-based expert on trade issues.

"The Chinese are already taking advantage of our liberal rules of origin with neighbouring least developed countries including Bangladesh," said Biswajit Dhar, professor at the Centre for Economic Studies and Planning in the School of Social Sciences at Jawaharlal Nehru University.

RCEP is a proposed regional economic integration agreement among the 10 Asean countries and its six free-trade agreement partners—Australia, New Zealand, Japan, China, South Korea and India.

Source: economictimes.com- June 11, 2019

HOME

*****************

# Australia urges India to play a greater role in shaping regional trade order

Australia on Tuesday urged India to play a greater role in shaping the economic architecture of the Indo-Pacific region and help successfully conclude talks to forge a new regional trade bloc, the Regional Comprehensive Economic Partnership (RCEP).

India and Australia have developed mutual trust over the past decade to work together on strategic issues in the Indo-Pacific region, Australia's high commissioner to India Harinder Sidhu said on Tuesday. The two countries could now work together to strengthen the economic order in the region, Sidhu told the Indian Association of Foreign Affairs Correspondents.

If India plays its part to successfully conclude the RCEP, it would help New Delhi integrate into the economic landscape of the Indo-Pacific, the high commissioner said.

“India is a leader and an Asian and Indo-Pacific powerhouse. So, for that reason, I think it's important that India plays a greater role in shaping the regional trading order," Sidhu said.

“Successfully concluding the RCEP, which includes India, China, and Asean (Association of Southeast Asian Nations) countries, as well as Australia and New Zealand, will help shape the regional rules and the norms governing trade," she said.

India has been going slow on RCEP negotiations as it is wary of China's presence in the grouping, with which New Delhi already has a massive $60 billion trade deficit. Indian industry apprehends greater market access to China could harm key manufacturing sectors such as steel and textiles. It has also been worried about giving greater market access to other non-free trade area partners, including Australia and New Zealand.

Another area in which Australia and India could work together was financing the infrastructure in the Indo-Pacific region, Sidhu said. The high commissioner did not mention any country by name, but the statement comes against the backdrop of China unveiling its ambitious Belt and Road Initiative, which looks to connect Asia, Europe and Africa through a series of roads, ports and railway lines.

Australia has announced plans to help investment in the Pacific, South-East Asia and South Asia, Sidhu said.

This is the result of India and Australia “shaking off our own hesitations of history" and working together in far more forums at the Indo-Pacific level, she added.

The quadrilateral grouping of the US, Australia, India, and Japan, known as the “Quad", was a manifestation of this cooperation, she said, pointing to other formats of dialogue such as the Australia-India-Japan talks and the Australia-India-Indonesia talks, besides larger fora such as the East Asia Summit.

On the bilateral front, the “tempo" of activity was growing with both countries having concluded a major naval exercise recently, which was the “largest and most complex of its kind". Activities in the defence arena had shown a fourfold rise from 11 events in 2014 to 38 in 2018.

One area that was performing below potential though was bilateral trade, Sidhu said. Australian exports to India had doubled between 2013 and 2018 from 11 billion Australian dollars to 22 billion Australian dollars. India is now Australia’s third largest export market after China and the US, she said, but added that despite all these numbers “our two-way trade with India is the same as our two-way trade with New Zealand". “So, that gives you a sense of the scope for expansion."

The Australian government had commissioned an India Economic Strategy, which looks at ways to improve trade. It had set up a trade target of $100 billion by 2035, Sidhu said.

India, too, on its part, had commissioned an Australia Economic Strategy and this was a welcome move, given that a strong economic relationship forms the “glue" in any relationship, Sidhu said.

Source: livemint.com- June 11, 2019

HOME

*****************

# War over HT Bt cotton: Officials collect seed samples from farmers in Akola

A group of officers from the state agriculture department on Tuesday visited houses of farmers in Maharashtra's Akoli Jahagir village to collect samples of seeds of genetically-modified (GM) HT Bt cotton.

On Monday , around 1,500 farmers led by Shetkari Sanghatana participated in a 'civil disobedience' movement in the village and sowed HT Bt cotton in a symbolic ceremony to protest the Centre's ban on GM crops.

Lalit Bahale, a Shetkari Sanghatana activist and farmer, openly sowed GM herbicidetolerant (HT) cotton seeds on his farm in this village in Akola district of Maharashtra on Monday.

He said some officers had visited his residence on Monday and Tuesday to collect samples but had to go back since they could not find the requisite 50 gm needed for conducting tests. He added they would be coming back again and he had informed that he shall check his house again to see if there were any more seeds.

The officials may visit Bahale's residence in a couple of days to collect samples. If the samples are not available, they may have to wait for the plants to grow up for conducting tests, he said.

HT cotton is not approved for cultivation or sale in India, though it is being grown illegally in many states. A plan to plant Bt brinjal (on which there has been a moratorium since 2010) failed as the seeds were not available.

Bahale said that he was prepared to face any legal action as he was of the view that farmers should have access to technology. Currently, planting HT seeds attracts a five-year sentence and penalty of `1 lakh. He said he had already been issued a notice by the local police. While the police did not stop the planting, the agriculture department has served notice to the farmers, warning against such illegal planting in the future.

Anil Ghanwat, national president, Shetkari Sanghatana, said farmers must be allowed to use GM varieties, particularly as the country already allows the import of certain edibles of the genetically-modified variety. "We are importing Canola oil from Canada, which is being made using GM genes. If that can be consumed, then why not the Bt brinjal? Why can't farmers grow Bt cotton," he asked. Ghanwat said that they would continue to plant these seeds in every district and put out videos on social media to build pressure on the government.

When contacted, senior officials in the quality control of the state agriculture department said the Centre had appointed BioSafety Committees in districts to monitor such happenings and the district collector might have taken action at his end by seeking samples of these seeds.

Senior agriculture department officials in Akola confirmed that officers had visited the residence of the farmer and they would continue the search until they find the samples.

The official who did not wish to be named revealed that after the samples were seized these would be sent for testing. And, they would then have to coordinate with the district collector and police authorities to decide on the further line of action, they said.

Over the past few years, herbicide tolerant Bt cotton has been planted in many cotton-growing areas of India, particularly in Gujarat, Maharashtra, Telangana and Andhra Pradesh.

A government of India field survey in 2017 found that 15% of cotton sampled from these states were the unauthorised HT Bt variety.

Source: financialexpress.com- June 12, 2019

**HOME**

*****************

## New textile processing cluster with zero-discharge units

A textile processing cluster is all set to be established at a private industrial estate at Thamaraipatti in Virudhunagar district to reduce environmental impact of textile processing.

"Everyone loves bright white shirts and coloured fabrics but the environmental impact that comes with the process of manufacturing them is damaging," Project Director of Southern Districts Textile Processing Cluster K. R. Gnanasambandam told The Hindu. To promote more inclusive and eco-friendly garment production, 36 textile processing units had agreed to be part of the cluster that would spread over 104 acres, he added.

The cluster would comprise textile units where 96% of the water used for processing would be recycled. “The remaining water, which is primarily dye-based, will evaporate. Steam will not pollute the environment. Sediments, which contain a large amount of limestone, will be shipped to cement factories,” he said.

Primary operations at the processing units would include bleaching, dyeing and spinning different types of yarn. The units would deal with a variety of fabrics, but primarily focus on cotton, silk and jute, he said.

A sum of ₹ 200 crore had been allocated for the projected under the Ministry of Textile’s Integrated Processing Development Scheme (IPDS). While the Centre would bear 50% of the cost, the State and private industry promoters would contribute 25% each, he added.

Mr. Gnanasambandam said more textile processing industries were moving towards environment-friendly means of conducting business, because the European Union, one of the largest importers of Indian textile, expected a certification stating that the garments were produced without causing environmental damage.

The units’ zero waste design also had the approval of researchers at the Indian Institute of Technology – Madras, he said, adding, “The foundation stone for the cluster will be laid in a month.”

Office-bearers of different organisations, including Madurai District Tiny and Small-Scale Industries Association president K. P. Murugan, welcomed the project and said such initiatives would lead to more job creation.

Source: thehindu.com- June 11, 2019

HOME

*****************

# Textile and technology expo

Madurai District Tiny and Small-Scale Industries Association (MADITSSIA) will be organising its maiden 'Tex Next 2019', a textile and technology-based expo, at MADITSSIA Auditorium on Ambedkar Road here from July 18 to 21.

"Exporters barely know the volume of textile manufacturing in the southern districts of Tamil Nadu. We have several manufacturers primarily producing nighties, in-skirts and undergarments. There are over 200 ready-made garment industries, but we do not market ourselves enough," said MADITSSIA president K. P. Murugan.

Textile industry was the second largest job creator in the country and technological upgradation was necessary for it to flourish, said chairman of 'Tex Next 2019' P. Veerappan. The expo would aim at introducing the public to new machinery used for stitching, spinning and quicker production of handloom, he said.

A total of 104 stalls, including 30 from the Textile Ministry, had already been booked.

Vice-chairman of the expo Karthick Babu said technical seminars would be held to promote better marketing of products, particularly the likes of Sungudi cotton and other distinct products. "Southern Tamil Nadu is a hub of manufacturing garments for medical industry. We are planning to focus on this area through technical sessions," he said.

After the expo, the organisation plans to regularise weekly markets in southern districts to ensure that there are more opportunities and that business is streamlined.

Mr. Murugan said Tamil Nadu Small Industries Development Corporation Limited would be sponsoring stalls to be set up by members of the Scheduled Castes and Scheduled Tribes.

Source: thehindu.com- June 11, 2019

HOME

*****************

# ITF urges textiles ministry to organise engagement events

In view of rising textile imports from Bangladesh, Indian Texpreneurs Federation (ITF) has requested the ministry of textiles to facilitate a meeting of key brands and retailers with selective manufacturing industry stakeholders at clusters like Coimbatore and Tiruppur. ITF said it can act as a platform to bring clusters and brands together in Tamil Nadu.

In fiscal 2018-19, India's textile and garment imports from Bangladesh increased by 53 per cent year-on-year to $1.07 billion (₹7,500 crore). If the products were not imported and produced domestically, the ₹7,500 crore business would have created 1.5 lakh job opportunities within the country, the Coimbatore-based organisation said in a letter sent to textiles minister Smriti Irani.

As per ITF analysis, based on the data sourced form DGCI&S, cotton based readymade garments falling under HS codes 62034200, 62052000, 62046200, and 61091000 are the top four imported items.

"After witnessing a big jump in cotton-based textile product imports, now synthetic-based textile product imports are also catching up with a much faster growth rate. These products (both cotton and synthetic-based textile products) are commonly manufactured in textile clusters like Tiruppur, Chennai, Surat and Ichalkaranji," the letter said.

The letter also mentions that job creation and lower level of participation of women in the workforce are the twin challenges faced by the country. "By developing textile manufacturing sector, we can address these two challenges. For example, ₹500 crore investment in a heavy engineering factory can create 1,000 to 1,500 jobs; whereas textile and apparel sector can create 40,000 jobs for the same investment."

As a starting point, ITF convenor Prabhu Dhamodharan requested the newly formed Narendra Modi-led NDA government and the textiles ministry to facilitate a meeting with the brands and domestic manufacturers so that all clusters can benefit.

Source: fibre2fashion.com- June 11, 2019

HOME

*****************