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IBTEX No. 51 of 2018 March 13, 2018

USD 64.96 | EUR 80.10 | GBP 90.26 | JPY 0.61

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19481	40750	**79.91**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
20640	43174	**84.67**

International Futures Price

NY ICE USD Cents/lb (May 2018)	83.28
ZCE Cotton: Yuan/MT (Jan 2018)	15,155
ZCE Cotton: USD Cents/lb	**92.31**
Cotlook A Index – Physical	**94.40**

Cotton guide: The start of the week cotton price has corrected down. The most active May contract ended the session lower at 83.28 cents per pound down by 128 points from the previous close. Likewise, the July future price has also corrected down to end at 83.21 cents. The both May and July has declined while interestingly December 18 contract managed to hold positive near 78.70+ cents per pound. The entire last week and fresh this week has been quite interesting for cotton because earlier we had witnessed season's new price of 86.60 cents once and since then for the past five consecutive days market is hovering steady near 83 to 84 cents. The overall tone is positive for the market.

From the trading perspective on an average around 30 to 40K contracts are traded on a daily basis. However, the open interests have increased gradually from lower level. The OI that had made a bottom near 0.250 million contracts have increased gradually to 0.271 million contracts. We believe market trading action is healthy and likely that price may continue to observe good volatility in the near term.

On the fundamental front to reiterate the number those were released on last Thursday stood the US production at 21.03 million bales, exports declined a tad to 14.80 while ending stock surged marginally to 5.50 million bales. We believe these numbers may have mixed effect on price but price that made new high of 86.60 may have been influenced with the March number and therefore corrected down in last few days.

Going ahead we shall discuss in detail about the cotton market and possible market direction. Coming to domestic front the Cotton Association of India has reduced its February forecast of output from the 2017-18 cotton crops by 500,000 bales (170 kgs) from the previous month, to 36.2 million. The adjustment comprises a decrease of 200,000 bales in the estimate for both Andhra Pradesh and Karnataka, and a further 100,000 in 'other' states. The downward revision is attributed to the impact of pink bollworm and the scarcity of water in some states. The Association has also increased its projection of domestic consumption by one million bales, to 33 million.

Amongst the factors cited in explanation, CAI mentions the fact that several new textile mills in Gujarat and other states have begun operations, adding an estimated 3.5 million spindles to capacity, as well as a rise of 20 percent in polyester staple prices. Estimated exports during the current season (October to September) are raised on the month by 500,000 bales to six million, based on a 'surge' in demand for Indian cotton and higher futures, while imports are unchanged at two million bales. The result of the foregoing is a reduction in the season's estimated closing stock from the 4.2 million bales estimated in January, to 2.2 million. The season's opening stock is unchanged at three million bales. The Association thus now foresees a net reduction of stocks during the course of the season of 800,000 bales, against the increase of 1.2 million bales implied by the previous supply and demand analysis.

Over the last one week spot price have advanced above Rs. 42000 per candy ex-gin. Therefore, the future contracts have also surged. The most active March future is trading around (Rs. 20680 per bale or Rs. 43K per candy) at MCX platform. The trading range for the day would be Rs. 20500 to Rs. 20800 per bale.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

USA: NRF Warns New Tariffs Will Threaten Import Growth and Jobs at Container Ports

The producers of the Global Port Tracker–the National Retail Federation and Hackett Associates–said Friday that a potential trade war will threaten cargo imports, jobs and the infrastructure at the nation's major container ports.

Imports at the nations' major retail container ports are expected to dip slightly this month, though as a result of annual factory shutdowns in Asia for Lunar New Year, not the new tariffs on steel and aluminum imposed this week by President Trump.

However, NRF and Hackett warned that those metal tariffs, as well as others, could eventually have an impact on the ports.

"With steel and aluminum tariffs already in place, new tariffs on goods from China being threatened and the ongoing threat of NAFTA withdrawal, we could very quickly have a trade war on our hands," Jonathan Gold, the NRF's vice president for supply chain and customs, said.

"The immediate impact would be higher prices for American consumers that would throw away the gains of tax reform and put a roadblock in front of economic growth. But in the long term we could see a loss in cargo volume and all the jobs that depend on it, from dockworkers on down through the supply chain."

On Thursday, Trump ordered a 25 percent tariff on imported steel and a 10 percent tariff on aluminum entering the country, claiming they were hurting those domestic sectors due to "unfair" pricing and trade policies by key foreign suppliers. The European Union has threatened to impose retaliatory tariffs on items like Levi's jeans in response to the metal tariffs.

Canada and Mexico are reportedly exempt from the new tariffs, pending talks to renegotiate the North American Free Trade Agreement. On Friday, there were also reports that South Korea sought and was granted an exemption from the tariffs, possibly over its role in brokering talks between the U.S. and North Korea.

The seventh round of NAFTA renegotiation talks just concluded and only minimal progress has been reported. But tensions are high when it comes to trade with the U.S.

"A potential trade war would have a negative impact on cargo growth to the detriment of both the consumer and U.S. industry," Ben Hackett, founder of consultancy Hackett Associates, said. "The likelihood of an increase in exports evaporates as well, killing off any chance for an improvement in the balance of trade."

Meanwhile, ports covered by Global Port Tracker handled 1.73 million Twenty-Foot Equivalent Units in January, up 0.2% from December and 1.8% from a year ago. A TEU is one 20-foot-long cargo container or its equivalent.

February cargo imports were estimated at 1.66 million TEU, a 13.7% increase year-over-year. March is forecast at 1.53 million TEU, down 1.8% from last year and April at 1.7 million TEU, increasing 4.7 percent. Looking further ahead, May cargo imports are estimated to rise 2.5% to 1.79 million TEU, June shipments are forecast to ne up 4.7% to 1.8 million TEU and July is expected to see a 4 percent gain to 1.88 million TEU.

The February and March numbers are skewed by changes in the calendar for when Lunar New Year falls each year and Asian factories close for periods ranging from a week to a month.

The first half of 2018 is expected to total 10.2 million TEU, an increase of 4.1% over the first half of 2017.

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

Source: sourcingjournalonline.com- Mar 11, 2018

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Europe, U.S. senator push back as Trump seeks lower EU tariffs

U.S. Commerce Secretary Wilbur Ross will urge the European Union to lower its trade barriers, U.S. President Donald Trump said on Monday, calling them unfair to U.S. farmers and industry, a view rejected by the EU and challenged by a Republican senator.

The European Commission accused Trump of“cherry-picking” data to distort the debate in a transatlantic dispute over U.S. metals tariffs that threatens to become a trade war.

The EU is seeking to be exempted from planned U.S. import duties of 25 percent on steel and 10 percent on aluminum, but says Washington has not made clear how the exemption process works.

Trump said in a tweet on Saturday the United States was ready to drop its tariffs if the EU lowered its“horrific” rates on U.S. products. On Monday, he tweeted that Ross would be speaking with EU representatives about eliminating“large tariffs and barriers”.

“Not fair to our farmers and manufacturers,” he wrote.

White House Deputy Press Secretary Lindsay Walters said Ross will work closely with U.S. Trade Representative Robert Lighthizer on determining country exemptions from the steel tariffs, specifically“whether proposed measures between the United States and another country will address the national security threat posed by that country’s export to the United States of steel or aluminum products.”

Ross also has primary responsibility for overseeing a process under which companies can petition to exclude specific steel and aluminum products from the tariffs. A Trump administration official said these procedures are awaiting final clearance and are expected to be published within a week.

PROTEST BILL IN U.S. SENATE

Jeff Flake, a Republican senator from Arizona and vocal Trump critic, on Monday introduced a bill in Congress to nullify the tariffs, though it would be extremely difficult for the measure to achieve a two-thirds majority needed to override an expected Trump veto.

Flake warned on the Senate floor that the tariffs risk a reversal of recent economic gains, adding:“We in Congress simply cannot be complicit as this administration courts economic disaster in this fashion.”

French Finance Minister Bruno Le Maire said he was worried about the possibility of a U.S.-EU trade war, but said Europe had to respond to new U.S. tariffs on Europe. Failure to do so“would give the impression to the European people that we are weak,” Le Maire told reporters European metals industry conference.

The Commission said it expected to be in contact with Washington over the metals tariffs this week, but that no formal talks had been scheduled.

Meanwhile, Canadian Foreign Minister Chrystia Freeland is due to visit Washington this week from Tuesday to meet with Ross, Lighthizer and U.S. lawmakers to senators to“advance Canada’s efforts to keep trade open, fair and barrier-free, to benefit people on both sides of the border,” the ministry said in a statement.

Trump has granted Canada and Mexico a temporary reprieve from the steel and aluminum tariffs, but has linked permanent exemptions to progress in negotiations to update the North American Free Trade Agreement.

Trump spoke to Canadian Prime Minister Justin Trudeau on Monday about the metals tariffs, the White House said in a statement.

Trump also emphasized the importance of quickly concluding negotiations on the North American Free Trade Agreement (NAFTA)“to ensure the vitality of United States and North American manufacturing industries and to protect the economic and national security of the United States,” the statement said.

A European Commission spokesman said Trump was“cherry-picking” particular tariffs to highlight differences, and maintained that average tariffs were very similar on each side of the Atlantic at about 3.0 percent for products into Europe and 2.4 percent into the United States.

The U.S. tariff for cars, at 2.5 percent, was lower than the EU rate of 10 percent, but its rate of up to 25 percent on trucks was higher. The Commission spokesman also pointed to U.S. import duties of up to 48 percent on shoes, 12 percent on textiles and 164 percent on peanuts.

The EU has been talking with partners about a legal challenge at the World Trade Organization to Trump's plan and is considering safeguards to prevent steel and aluminium, diverted from the United States, flooding into Europe.

It has also lined up 2.8 billion euros of U.S. products, from bourbon to motorcycles, on which to impose tariffs so as to"rebalance" trade flows.

Source: reuters.com- Mar 12, 2018

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USA: Export Decline Drives Up Monthly Trade Deficit

The U.S. trade deficit in goods and services increased 6.6 percent in January to $56.6 billion, the largest monthly shortfall in nearly a decade, according to trade statistics released by the Department of Commerce. Exports fell 1.2 percent to $200.9 billion while imports were virtually unchanged at $257.5 billion.

The deficit in goods trade gained 3.8 percent to $76.5 billion in January. Imports of goods slid 0.1 percent to $210.7 billion, including decreases of $1.2 billion in cell phones and other household goods, $900 million in civil aircraft, and $500 million in semiconductors along with a $2.2 billion increase in crude oil.

Exports of goods fell 2.2 percent to $134.2 billion, including decreases of $1.8 billion in civil aircraft, $500 million in fuel oil, and $200 million in crude oil along with increases of $500 million in artwork, antiques, stamps, and other collectibles and $400 million in pharmaceutical preparations.

The services surplus was up 0.5 percent to $19.9 billion. Imports gained 0.4 percent to $46.8 billion and exports gained 0.5 percent to $66.7 billion.

Source: strtrade.com- Mar 13, 2018

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USA: Textile and Apparel Imports Rise as Shipments from Southeast Asia Surge

The Department of Commerce's Office of Textiles and Apparel reports that monthly imports of cotton, wool, manmade fiber, silk blend, and non-cotton vegetable fiber textile and apparel products totalled 5.61 billion square meter equivalents in January, up 12.4 percent from December and 2.6 percent from January 2017.

Textile imports totalled 3.19 billion SME, up 3.6 percent for the month and 4.5 percent from the previous year, while apparel imports of 2.42 billion SME were up 27.9 percent from December and 0.2 percent from a year before.

	SME	Monthly change %	Annual change %	$ Value	Monthly change %	Annual change %
China	2.76 billion	+12.7	+0.9	$3.41 billion	+24.0	+0.7
India	456.0 million	+20.8	+11.4	$649.8 million	+38.5	+2.7
Vietnam	425.6 million	+9.9	+0.6	$1.16 billion	+33.2	+4.2
Pakistan	222.6 million	+9.8	-0.3	$251.1 million	+26.0	+5.5
Bangladesh	214.2 million	+48.9	+1.2	$509.7 million	+45.6	+1.9
Mexico	191.0 million	+3.7	+2.4	$374.5 million	+4.3	+14.2
Indonesia	148.1 million	+31.4	-5.4	$428.5 million	+37.6	-1.7
Korea	115.8 million	-11.5	-9.4	$68.5 million	+2.9	-4.8
Cambodia	112.2 million	+38.2	+27.0	$226.9 million	+37.8	+22.9
Canada	100.2 million	+18.7	+25.0	$107.4 million	+9.9	+14.5
Honduras	68.6 million	+1.8	+12.8	$157.1 million	-2.5	+13.9
Taiwan	66.8 million	+14.8	-17.0	$55.0 million	+12.2	-11.0
Turkey	66.4 million	n/a	+13.3	$132.2 million	n/a	+19.4
El Salvador	54.3 million	-22.6	+8.4	$123.1 million	-24.8	+0.9

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

Source: strtrade.com- Mar 13, 2018

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US: International cotton price movements were mixed past month

Movement in international benchmark prices was mixed over the past month, with NY futures and the A Index increasing, South Asian prices flat to lower, and Chinese prices stable. Indian spot prices (Shankar-6 quality) were flat to higher, holding to levels near Rs 40,000/candy (356 kg) throughout most of February and rose to Rs 41,000/candy in early March.

Prices for the May NY futures contract have trended higher since late February. In the first full week of March, there was a surge that briefly lifted values over 85 cents/lb and new life-of-contract highs. Shortly after, there was a collapse, with values dropping 3-4 cents. In the latest trading, prices have been rising again, with the most recent values 84 cents/lb.

The A Index also increased over the past month. The most recent values, near 92 cents/lb, are about five cents/lb higher than those a month ago, US based Cotton Incorporated said in its latest monthly economic letter 'Cotton Market Fundamentals & Price Outlook'.

Meanwhile, the China Cotton Index (CC Index, base grade 3128B) was stable in both international and domestic terms over the past month. In international terms, the CC Index held near 113 cents/lb. In domestic terms, prices held near 15,000 RMB/ton.

In Pakistan, in international terms, cotton prices decreased from 80 cents/lb to 76 cents/lb in February. In March, prices moved slightly higher, with the latest levels near 78 cents/lb. In domestic terms, prices ranged between Pk Rs 7,300/maund and Rs 6,900/maund, with the latest levels near Rs 7,100/maund.

Source: fibre2fashion.com- Mar 12, 2018

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World cotton stocks may decline

For 2018-19 global cotton stocks are projected to decline by six million bales, the lowest level since 2011-12.

Stocks in China are expected to fall significantly as consumption continues to rise at a rate faster than the world average, production declines slightly, and imports will be limited, thus allowing continued reductions in the State Reserve.

Outside China, despite a forecast of lower production, rest-of-world stocks are expected to rise for the third consecutive year as an expected modest growth in consumption and relative weak import demand by China leave supply higher than demand.

US cotton exports are projected at a 13-year high of 16 million bales in 2018-19, due to expectations of a large exportable surplus. The US share of world trade is projected to rise. Ending stocks are projected little changed at six million bales, but would be the highest level since 2008-09.

Greater supplies outside of China are expected to pressure cotton prices in 2018-19 with the average price received by producers falling within the range of 58 to 68 cents per pound, compared with the 2017-18 current forecast of 69 cents.

For 2017-18, global production and trade are both raised. Production is raised due to expected higher production in Australia and Sudan, partially offset by lower production in Uzbekistan and the United States.

Source: fashionatingworld.com- Mar 12, 2018

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Nepali garment exports up 11 per cent this fiscal

Nepal's readymade garments exports in the first half of the current fiscal increased 11 per cent compared to the corresponding period of the previous fiscal.

However, the expiry of the multi fiber agreement in 2005 has hit the industry hard. The agreement provided duty-free access for Nepali garments to the US. Since then, over 85 per cent of garment factories have pulled their shutters.

Nepali readymade garment producers feel if they are given facilities they can be more competitive in the global market.

As of now the high cost involved in importing raw materials and exporting finished products is the major reason for Nepali garments being less competitive in the international market.

Incentives to the sector can have a significant impact on the growth of small and medium enterprises, ancillary industries and also generate jobs. A garment processing zone is being developed to promote the export of readymade garments.

The aim is to revitalize the garment sector by providing low-cost financing for investment in the latest machines and kick start the economy.

The industry has asked for tax incentives and export incentives.

Major export destinations for Nepali garment products are the European Union, India and the US, among others.

Source: fashionatingworld.com- Mar 12, 2018

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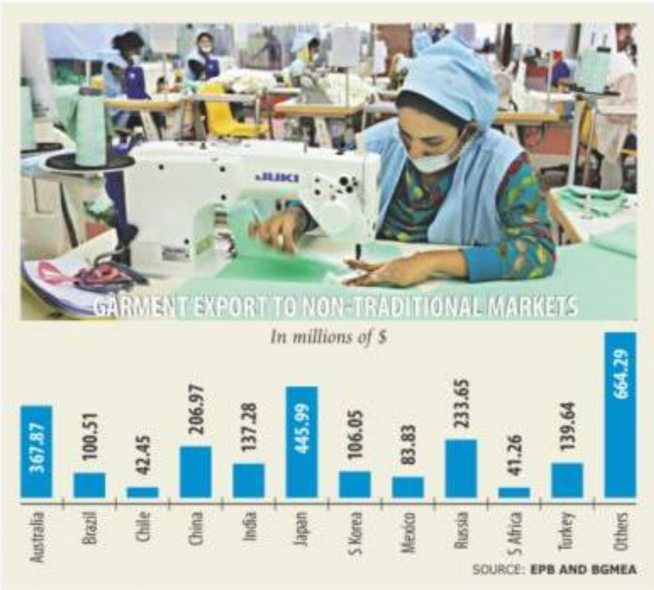
Bangladesh: Apparel exports to new markets on the rise

Garment exports to non-traditional markets rose 3.77 percent year-on-year to $2.56 billion in the July-January period of the current fiscal year thanks to preferential trade benefit and fiscal incentive.

Apparel shipments fetched $2.47 billion in the same period last fiscal year, according to data from the Export Promotion Bureau.



In 2008, garment exports to the emerging markets stood at only $800 million. Since then it started climbing and rose five times to $3.90 billion in 2015-16.

Bangladesh considers all countries as non-traditional markets except for its key destinations such as the European Union, the US, and Canada.

India, China, Russia, Japan, South Africa, Turkey, Brazil, Chile, Mexico, South Korea, Malaysia, Australia, and New Zealand are among the major non-traditional markets for the garment sector.

Shipments to the emerging markets are rising on the back of zero-duty benefit granted to Bangladesh, opening of retail stores by global brands, market diversification by local exporters, and the government's fiscal incentives. Bangladesh receives the zero-duty benefit to markets such as Japan, India, and China. As a result, shipments to the markets are rising at a faster rate.

Riding on the relaxed rules of origin, garment export to Japan grew 1.94 percent to $445.99 million in July-January and is expected to cross $1-billion mark at the end of the year.

“Japan is a very promising market for us. Japan is the second largest export destination after the EU for our company,” said Balaram Roy Chowdhury, general manager of Narayanganj-based Metro Knitting & Dyeing Mills Ltd.

Chowdhury expects his company to send $45 million worth garment items to Japan in 2018, up from $40 million last year.

In 2011, China granted duty-free export facility to Bangladesh for nearly 5,000 items, mostly garments.

Local garment exporters also enjoy duty-free export benefit to India, although they are facing 12.5 percent countervailing duty at present.

Fazlul Hoque, managing director of Plummy Fashions Ltd, said the opening of retail stores by western major brands and retailers in the non-traditional markets such as India and South America has boosted garment exports from Bangladesh.

Exports to Brazil, Chile and Mexico are growing at a faster rate, said Hoque, who supplies apparel items to Falabella, the biggest brand in Latin America.

China has also established its own brands and retailers to cater to local customers and these brands buy apparel items from Bangladesh in bulk amid Chinese manufacturers' growing reluctance to produce basic garments.

Hoque said the market diversification initiatives undertaken by both the government and the exporters were paying off.

The government began giving cash incentives on garment exports to emerging markets to help exporters weather the impact of the global economic crisis of 2007-08.

Source: thedailystar.net - Mar 13, 2018

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Pakistan is About to Get a $7 Billion Infusion and 1,000 New Garment Plants to Revive its Textile Industry

Pakistan and its textile sector have been facing challenging times in recent years, owed in part to costs of production increasing at a pace faster than its neighboring competitors, but a new infusion of funds could help get the country back on better footing.

The All Pakistan Textile Mills Association (APTMA) announced that its members have a plan to increase investment in Pakistan's textile industry by establishing 1,000 garment manufacturing plants with a total of $7 billion in investments, according to Pakistan's The Express Tribune.

The plan is to set up garment plants near major textile producing cities like Lahore, Sheikhupura, Faisalabad, Kasur, Multan, Sialkot, Rawalpindi, Karachi and Peshawar, with the plants installing half a million stitching machines, which will boost annual production to 3 billion pieces.

Pakistan's textile industry has experienced decreasing investments over the last decade, as potential investors have been hesitant to make new investment due to high business costs. This has caused the sector to miss out on technological advantages to its competitors.

New investments dropped to more than half a billion rupees ($4.52 million) in 2016-17, compared to 1 billion rupees ($9 million) in 2005-06, the Tribune said citing APTMA. Further, currently about 35 percent of the textile industry's production capacity was damaged, causing loss of approximately $4.14 billion worth of potential exports.

Once the proposal is implemented, the industry will need an additional 10.3 million bales of raw cotton, 345 million kilograms of manmade fiber, 1.98 billion kilograms of additional yarn and an additional 7.93 billion square meters of processed fiber.

However, cotton-producing area and cotton production have decreased 30 percent and 38 percent, respectively, in Punjab since 2011.

Although the textile sector performed poorly overall, readymade garments did show reasonable growth.

According to the Pakistan Bureau of Statistics, exports of readymade garments registered 5.55% year-on-year growth against the overall flat growth of the textile sector, which stood at $12.45 billion in 2016-17.

APTMA members has reportedly provided the government with a long list of corrective and conducive policy measure demands in return for their investments, including implementation of long-term policies, like consistent nationwide energy prices, removal of 3.50 rupees (3 cents) per kilowatt hour surcharge on electricity tariff, an extension of the duty drawback scheme for five years and drawbacks to be increased every year by 1 percent for garments (up to 12 percent) and made-ups (up to 10 percent) against realization of export proceeds.

The proposal also suggested the government allow LTFF (long-term financing facility) to indirect exports, Islamic financing and building of infrastructure for garment plants.

Source: sourcingjournalonline.com - Mar 12, 2018

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Jordan suspends free trade agreement with Turkey

Jordan suspends a free trade agreement with Turkey as the deal negatively affected local industries, the state-run Petra news agency reported on Monday.

Jordan decided to suspend the deal upon a recommendation by Minister of Industry and Trade Yarub Qudah with a view to support local industries and the agricultural sector and boost their competitiveness.

The cabinet's decision seeks to curb any further negative impacts on the industrial sector in Jordan in light of the imbalanced competition with Turkish products that are supported by the Turkish government.

The decision is part of the government's efforts to review all free trade agreements and study their benefit to the economy.

The cabinet added that the deal, which went into effect in 2011, did not achieve the expected results as the trade balance sharply increased in favor of Turkey and Turkish investment did not significantly increase in Jordan as stipulated by the deal.

Representatives of the industrial sector in Jordan have repeatedly complained about the deal and called for revising it, while several others called for revoking the deal.

Source: xinhuanet.com- Mar 12, 2018

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EU and UK prepare to open talks on post-Brexit trade ties

An FTA is expected to increase barriers between Britain and its largest market

In just a few weeks, Britain will begin what could be the country's most momentous negotiations since joining the EU in the 1970s: talks on how it will trade with Europe for decades to come.

Both sides agree that the outcome is likely to be very different from Britain's current EU membership, which will be replaced by some kind of free-trade agreement — unless the UK changes course and opts to stay in the customs union.

What would an FTA change from the status quo? Ahead of the likely start of negotiations next month, the Financial Times looks at the economics of such a deal — and who might be the winners and losers.

How is an FTA fundamentally different from the EU status quo?

Experts say a post-Brexit free-trade agreement would fall far short of Britain's present-day integration in the EU, in which goods seamlessly pass through borders and most services are freely traded.

Most economists agree that such an accord would increase barriers between Britain and its largest market — because of the nature of an FTA.

Hosuk Lee-Makiyama, a former EU trade representative who is now director of the European Centre for International Political Economy, a think-tank, says: “People grossly overestimate what FTAs can do legally.”

At the most basic, such agreements ensure that goods are not subjected to tariffs or quotas, although agriculture and food are sometimes omitted. (Services are generally only superficially covered).

Regulations, frequently the cause of non-tariffs barriers to trade, still often differ. It is also much more difficult than within the EU to ensure that both sides still stick to the deal.

“The fundamental difference is that FTAs are agreements between autonomous regulatory jurisdictions that want to stay autonomous,” says Stephen Adams, a former trade adviser to the European Commission.

If both sides insist on such autonomy in an EU-UK deal, it would limit the scope for Britain’s request for mutual recognition in goods and financial services.

FTAs tend to have an arbitration mechanism that allows sanctions to be applied if one side breaks the rules. But there is no power to force the other side to stick to the agreement. By contrast, the European Court of Justice has the power to force an EU member to stick to common rules.

What an FTA could mean for sectors and regions in the UK

Recent British government impact papers set out the UK sectors that would be hit hardest by shifting to an FTA: the country’s chemicals producers, the automotive sector and retail and wholesale services.

The greatest economic impact would be on those areas of the UK where such businesses are most heavily concentrated, such as the north-east of England. Other studies come to different conclusions, because of subtly different assumptions.

The UK Trade Policy Observatory has produced a model for the British manufacturing sector based on increased non-tariff barriers under an FTA.

Businesses with few exports to the EU, for example cheese and pasta producers, are likely to gain from additional protection. But export-intensive high tech businesses, such as the car industry and aerospace, are expected to lose.

A London School of Economics study also emphasises that parts of London and the UK south-east "specialise in [the] financial and business services that are predicted to be hardest hit by the increase in tariff and non-tariff barriers that Brexit could bring".

And the impact in the EU

Because of its close integration with the British economy, Ireland would be the most affected EU member if trade barriers with the UK increased.

The CPB Netherlands Bureau for Policy Analysis, a Dutch think-tank, estimated that the hit to the Irish economy would be as large as that to the UK.

The CPB analysis also indicated that Malta, Cyprus and Luxembourg would be relatively heavily affected because of the importance of financial services trade for the countries' economies.

In Germany, the EU's biggest economy, the automotive sector is predicted to be the most adversely affected because of its reliance on UK suppliers, according to an analysis from Bertelsmann Stiftung.

The macroeconomic effect

With two exceptions, all publicly available forecasts suggest that UK economic output will be lower under an FTA than if Britain continued as a member of the EU. The estimated cumulative loss of gross domestic product ranges from a relatively low 0.6 per cent by 2030 to up to 7.8 per cent.

The evidence shows that removing trade barriers generally results in increased trade flows. That leads most economists to conclude that entering into an FTA with the EU will reduce the UK's trade with the bloc.

"The reduction in trade with the EU . . . is by far the most quantitatively important channel by which leaving the EU affects the UK economy," said researchers at the National Institute for Economic and Social Research (NIESR). It estimated that, with an FTA, UK GDP would be 1.9 to 2.3 per cent lower by 2030.

Since trade with the UK is a smaller share of EU national income than vice versa, the economic effects of moving to an FTA are predicted to be smaller for the EU.

The CPB estimates that EU GDP could be about 0.6 per cent lower by 2030 under an FTA than if the UK remained a member of the bloc. This compares to their estimate of a 3.4 per cent loss of GDP for the UK.

Why do some studies predict larger or smaller negative effects?

The NIESR estimated that the UK GDP loss could more than double if lower trade and foreign investment had a knock-on effect on productivity growth.

Some published studies suggest that such negative effects could be partially offset by changes to UK regulations or through new free-trade agreements with non-EU countries.

Open Europe, a think-tank, estimated that GDP could be boosted by about 1.3 percentage point by 2030 if swaths of labour, product standard, consumer protection and environmental regulations were repealed. The UK government denies that it seeks such a bonfire of regulation.

However, the latest British government modelling suggests that new FTAs with non-EU countries could boost GDP by up to 0.7 per cent after 15 years.

Why do some economists think Britain would gain?

The Brexit-supporting group, Economists for Free Trade, estimates that an FTA with the EU could contribute to an increase to British GDP of 2 to 4 per cent over the next 15 years.

But this forecast assumes that the UK government removes all tariffs and non-tariff restrictions on imports, whatever their origin, suggesting that the UK would accept any goods of any standard, as well as zero border costs with the EU.

Alasdair Smith, a fellow of the UKTPO says the modelling is "unrealistic". "The simple arithmetic is that the reduction in costs on non-EU imports does not compensate for losing the easy access to EU imports that results from the customs union and single market," he says.

Source: ft.com- Mar 12, 2018

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Pakistan, Iran agree to conclude FTA on priority

Foreign Minister Khawaja Muhammad Asif and his Iranian counterpart Dr. Javad Zarif on Monday agreed to continue engagement for enhancing economic cooperation including bilateral trade, investments, and commercial interaction to promote shared prosperity.

They reiterated their resolve to achieve the target of $5 billion by 2021 through regular exchange of trade delegations, establishing banking channels, holding trade exhibitions and addressing tariff and non-tariff barriers.

They further resolved to conclude the FTA on priority.

The foreign ministers underlined that as two brotherly neighbouring countries Iran and Pakistan would deepen connectivity between the two sister ports of Gawadar and Chahbahar to benefit from their complementarities.

The two sides also exchanged views on important developments on regional and international peace and security. They supported political resolution of the Afghan conflict for durable peace and stability in Afghanistan, and the region.

Expressing concerns about growing presence of Daesh in Afghanistan and its implications for regional security, the two sides underlined the need for further cooperation against trans-national terrorist groups.

Pakistan and Iran reiterated support for the peaceful struggle of the peoples of Palestine and Kashmir for their right to self-determination.

The two countries also emphasized the need for honouring of the JCPOA commitments by all parties.

To commemorate the 70 years of establishment of diplomatic relations between Iran and Pakistan, Foreign Minister Javad Zarif delivered a talk at the Institute of Strategic Studies, Islamabad this afternoon.

Source: samaa.tv- Mar 12, 2018

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Cambodia: Early data show decline in garment sector growth

The labour minister said on Monday that Cambodia's garment sector grew by 4 percent last year to reach $7.6 billion, which would mark a slowdown in the growth rate compared to previous years.

Ith Sam Heng made the remarks at the ministry's annual meeting, noting that the $7.6 billion amount was up from $7.3 billion in 2016. According to previously reported government data, the sector grew by 7.2 percent in 2016, up from $6.8 billion the year before.

It's the first official reporting of 2017 export data for the sector. Export data are traditionally released by the Customs Department at the Ministry of Economy and Finance, however government officials have reported that the department has not released data from the second half of 2017.

Both academics and business insiders have said the lack of accurate data harms research and business in the Kingdom.

The "trade statistics" section of the Customs Department's website yesterday was displaying Lorem Ipsum text, often used by web developers as a placeholder and intended to be replaced with actual content before the site's launch.

Slowdown was expected

The slower growth rate was anticipated by industry representatives.

Ken Loo, secretary-general of the Garment Manufacturers Association in Cambodia, said in October that the sector would likely see slower growth than in 2016, which he attributed to the larger base-size for the industry and said was not related to the political situation.

Source: phnompenhpost.com- Mar 13, 2018

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Centre taking steps to push textiles, apparel exports: Minister

Minister of State for Textiles, Ajay Tamta, Monday said that the Centre has taken several steps to improve textile and apparel exports.

In a written reply in the Rajya Sabha Ajay Tamta said the government has enhanced rates of Merchandise Exports from India Scheme (MEIS) from 2 per cent to 4 per cent for apparel and made-ups with effect from 1st November 2017.

He added that the government has also revised post-GST rates of Rebate of State Levies (RoSL) Scheme implemented from 1st October 2017 and exempted IGST on import under Advance Authorization and Export Promotion Capital Goods Scheme.

The Minister further said that the Finance Ministry has been requested for allocation of appropriate funds under RoSL for one time settlement of exporters' claim and faster and complete refund of Input Tax Credit.

In Reply to another question, the MoS Textiles said major issues raised by apparel industry include delay in Input Tax Credit (ITC) refunds, reduction in rates of Rebate for State Levies (RoSL) Scheme, appreciation of Indian Rupee, high Interest Rate and lack of Preferential Market Access as compared to competing nations.

He said, the Government has constituted a Committee on Exports under the Revenue Secretary of Ministry of Finance for evolving a suitable strategy for promoting exports post implementation of GST.

Source: smetimes.in- Mar 12, 2018

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Cotton production estimate slides to 362 bales for 2017-18: CAI

The Cotton Association of India (CAI) has lowered its estimated cotton production for the 2017-18 crop year to 362 lakh bales of 170 kg each from 367 lakh bales estimated in February. The lower production outlook is due to lower estimate of 2 lakh bales each for Andhra Pradesh and Karnataka, while production in other states is estimated to be lower by 1 lakh bales of 170 kg each.

The CAI has lowered its estimate mainly due to the crop damage triggered by severe pink bollworm infestation and the scarcity of water in some states. The projected balance sheet drawn by the CAI has estimated total cotton supply for the season at 412 lakh bales, which includes the opening stock of 30 lakh bales at the beginning of the season. CAI has retained estimated imports at 20 lakh bales as in the previous month. The CAI has estimated domestic consumption at 330 lakh bales, which is 10 lakh bales higher than that estimated in February.

The increase in consumption estimate is on account of the fact that several new textile mills in Gujarat and other states have already started operations resulting in 35 lakh new spindles, Atul Ganatra, president, CAI said. The CAI has also estimated an increase in exports for the season from 55 lakh bales to 60 lakh bales because of surge in demand for Indian cotton and increase in ICE futures prices.

The carry-over stock at the end of this season on September 30, 2018 is estimated to be 22 lakh bales which is lower by 20 lakh bales than the previous closing stock of 42 lakh bales estimated in the previous month. As per the data received from various trade sources, the CAI estimates cotton arrivals upto February 28, 2018 at 247.10 lakh bales. Indian cotton has gained support from the weakening of the rupee against the US dollar as this has accelerated its export demand, the CAI said on Thursday.

India has shipped around 30 lakh bales of cotton as of now while contracts for exports have been signed for 35 lakh bales in the current season. Indian cotton is the cheapest in the international market. The CAI has pegged India's cotton exports at 55 lakh bales in the ongoing 2017-18 cotton year (October-September) as against 63 lakh bales a year ago. The cotton year in India begins in October and continues till September next year.

Source: financialexpress.com- Mar 13, 2018

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Smriti Irani assures Textile Park for Karnataka

Union Textiles Minister Smriti Irani has assured a Rs. 100 crore Textile Park for Karnataka. Speaking at the inauguration of Textile sector Buyer-Seller meet and launch of Power Tex portal and mobile app in Bengaluru, Mrs Irani asked the State Government to provide land for the textile park.

As an assistance to silk weavers, she informed that her ministry is prepared to sanction five crore rupees for setting up of Yarn bank in the state.

Mrs Irani said, powerloom owners can upgrade their plain powerlooms to semi-automatic looms by availing Rs. 20,000 per loom incentive from the ministry.

For those adopting solar power, the ministry will provide 50 to 90 percent subsidy and for the future of Man-made fibre a road map is ready in collaboration with the textile industry.

The ministry has announced a package of Rs. 1300 crore for the skill development in the apparel industry.

After inaugurating the power tex portal and mobile app that provides information about various schemes and incentives of the textile ministry, Union Chemicals and Fertilisers Minister Ananth Kumar assured the silk growing farmers that their request to increase import duty on silk from 20 to 35 percent will be looked into under consultations with the Prime Minister.

The silk farmers have been demanding for duty increase but silk fabric manufacturers are seeking its reduction.Hence Union Minister Ananth Kumar has asked both to come to a consensus and approach the Government.

The announcement of Textile park by the textile minister was welcomed by the textile industry in Bengaluru on Sunday.

Those finding it hard to buy silk yarns will benefit from the proposal to set up yarn bank. The minister has said her ministry will support any number of yarn banks proposed by the Industry.

Powerloom owners, she pointed out can upgrade their plain power looms to semi-automatic looms by availing 20,000 rupees per loom incentive from the ministry.

For those adopting solar power, the ministry will provide 50 to 90 percent subsidy.

Source: theindianawaaz.com- Mar 12, 2018

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Tough global competition awaits Indian apparel exports: ICRA

The growth rate of India's apparel exports will depend on the industry's ability to stride across the new taxation and export incentive regime and severe global competition, says a recent report by rating agency ICRA. Uncertainty looms on the apparel exports to the United Arab Emirates (UAE) due to unfathomable trends in the past few months, says the report.

India's apparel industry faces liquidity challenges from the transition to the new regime and additional challenges from intense competitive pressures in the global market, mainly because of impending trade agreements and foreign currency movements, a news agency reported citing the ICRA document.

Following upward revision in export incentives, India reported a 6-20 per cent growth in apparel exports to key nations like the United States, the United Kingdom, Germany, France and Spain during November-December 2017, it said.

However, overall apparel exports were down by 1 per cent in the first month of fiscal 2017-18, it added, saying the decline has been primarily driven by the sharp dip in exports to the UAE market.

UAE had emerged as one of the prominent apparel export destinations for India, with its share increasing to 23 per cent in fiscal 2016-17 from 12 per cent in fiscal 2013-14, according to the report.

For the 10-month period ending June 2017, the country's apparel exports to the UAE grew at a sharp pace of 56 per cent, but declined fast by 45 per cent since then.

Globally, apparel trade has stayed subdued for the third consecutive year, expanding by just 1 per cent in calendar year 2017 on a low base, following a 2 per cent and 5 per cent decline witnessed in 2016 and 2015, respectively.

Source: fibre2fashion.com- Mar 13, 2018

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Govt forms panel to probe illegal cultivation of HT Cotton

The government has constituted a committee to investigate into illegal cultivation of HT cotton in four states, a Union minister said today.

Replying to a question in the Rajya Sabha, Minister of State for Textiles Ajay Tamta said the government has received several representations for ban of illegal cultivation of Herbicide Tolerant (HT) or BG-III cotton in the country.

There are several media reports and complaints regarding the illegal or unauthorised cultivation of HT cotton in Andhra Pradesh, Telangana, Gujarat and Maharashtra, he informed the House.

"Department of Biotechnology in the Ministry of Science and Technology has constituted a Field Inspection and Scientific Evaluation Committee (FISEC) to investigate the matter of illegal cultivation of HT cotton," Tamta said.

The minister also said that the cultivation of BG-III or HT cotton has not been approved by Genetic Engineering Approval Committee (GEAC) of the Ministry of Environment.

In a separate reply, Tamta said that the Finance Ministry has been requested for allocation of appropriate funds under Rebate for State Levies (RoSL) Scheme for one time settlement of exporters claim and faster and complete refund of Input Tax Credit.

He said major issues raised by apparel industry include delay in Input Tax Credit (ITC) refunds, reduction in rates of RoSL, appreciation of Indian Rupee, high interest rate and lack of preferential market access as compared to competing nations.

He said the government has constituted a committee on exports under the revenue secretary for evolving a suitable strategy for promoting exports post implementation of GST.

Source: indiatoday.in- Mar 11, 2018

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VOC Port achieves container traffic target 24 days ahead of end of fiscal year

V O Chidambaranar Port in Tirunelveli made an achievement in container traffic by handling 6,43,720 TEUs on March 7 surpassing the previous financial year record traffic of 6,42,103 TEUs (twenty foot equivalent units), 24 days ahead during the current financial year.

The fourth largest container handling major port in the country had handled 6,52,168 lakh TEUs of containers till March 11, according to statement from Port.

The container handing through VOC Port has witnessed steady growth over the years and has seen 8.63% growth as compared with the same period of last financial year.

PSA SICAL Container Terminal and Dakshin Bharat Gateway Terminal, the two container terminals in VOC Port, have combined capacity of 1.17 million TEUs. The port also offers the fastest transhipment time to Colombo among all Indian ports.

Commodities like cotton yarn, handlooms, machinery, sea food, paper and granite are exported using containers to Europe, North America and almost all Asian Countries.

Cotton, metal scrap, waste paper, cotton fiber, chemicals and metal products are imported predominantly from Europe and East Asian Countries. One Inland Container Depot and 14 Container Freight Stations located in the vicinity the Port ensure seamless flow of containers to and from the Port.

Port Trust chairman I Jeyakumar thanked the stakeholders, officers and the employees of the port who have contributed to achieve this record conveyed that this Port is continuously striving to achieve improvement in performance and productivity to attract more volume of traffic through the port. The chairman requested all the concerned to continue to improve the performance in future also.

Source: timesofindia.com- Mar 12, 2018

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Textile ministry launches study on MMF sector

The ministry of textile and the textile commissioner's office have launched a study to promote growth of man-made fibre (MMF) textile in India and to identify the gaps and suggest measures during the mega event 'Textile in Karnataka' on Monday.

The Synthetic and Rayon Export Promotion Council (SRTEPC) has stated that the study on the MMF sector is aimed at demystifying the factors responsible for the stagnation of the MMF textile segment in India. The study will give a road map to identify gaps and suggest measures. It is going to be a benchmark study in shaping the MMF textile segment in India.

SRTEPC chairman Narain Aggarwal said, "A document seeking the expression of interest (EOI) was handed over to the SRTEPC by minister of textiles Smriti Irani during the event in Karnataka. The study will be to understand the successful strategies of the countries such as China, Indonesia, Vietnam, Bangladesh and Cambodia in order to enhance production and consumption of MMF textiles."

Aggarwal stated that the study will suggest measures and innovative ideas to cater to the consumer requirements and improve competitiveness of Indian MMF textile both in domestic and export markets and help India emerge as the leading country in MMF textile production and exports.

Today, Indian MMF textiles industry produces almost everything that is of good international standard and quality and is one of the leading exporter to EU and America. India is the second largest world producer of polyester and viscose, but when it comes to export in MMF textile, India is ranked 6th in the world. Despite having enormous potential, strong fundamentals and raw material base, the MMF textile export has been stagnant at around $6 billion only during the last couple of years.

Source: timesofindia.com- Mar 13, 2018

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CEPC holds 35th India Carpet Expo to showcase carpet industry around the globe

Carpet Export Promotion Council (CEPC) which has been set up with an objective to promote and develop exports of hand carpets organized the 35th India Carpet Expo in NSIC Exhibition ground.

In an attempt to boost carpet industry CEPC organized this expo to create exclusive business environment for both importers and exporters of carpet industry which going to benefit about 2 million weavers and artisans employed in this highly labor intensive rural based MSME cottage industry.

This four day event held in New Delhi, between 8-11 March and was inaugurated by Minister of State for Textiles Ajay Tamta.

The prime focus of this expo was to promote the cultural heritage of India and to present the weaving skills of Indian hand knotted carpet artisan as well as their fine craftsmanship in handmade carpets amongst the overseas buyers.

This event was attended by 300 overseas carpet buyers from 60 countries and 200 buying representatives/buying houses to generate business for this rural cottage sector.

Stating handmade carpet industry as No.1 in terms of value and quantity in export of handmade carpets, he shared his feeling of joy and happiness as CEPC organizes this expo twice every year to promote Indian weavers worldwide.

He said “every year expo generates huge amount of business.”

He assured the carpet industry to lend complete support for the betterment and welfare of small manufacturers and artisans. Speaking at the 2nd day of the fair, Minister of Textiles, Information and Broadcasting, Smriti Zubin Irani, appreciated the efforts of CEPC.

Speaking on the occasion, Chairman of CEPC, Mahavir Pratap Sharma said that during the event Rs 306.00 crores of business has already been booked and 2408 enquires were received which will further generate business of approximately Rs 100 crore in the coming months.

On highlighting the importance of organizing this expo, he said that this expo will open new path of opportunities for the industry and small and medium Indian carpet exporters and will take the Indian exports of hand-made carpets to much greater heights.

On a broader scale, this whole event is instrumental in projecting ‘Make in India Brand’ in overseas markets, he added.

He said “India carpet expo is an ideal platform for international carpet buyers, buying houses, buying agents, architects and Indian carpet manufacturers and exporters to meet and establish long term business relationship.”

More than 260 products of reputed small, medium and large manufacturer exporters from U.P., Rajasthan, Haryana, Jammu and Kashmir, Punjab, Madhya Pradesh, Himachal Pradesh, Andhra Pradesh, etc. has been showcased by the CEPC.

Source: knnindia.co.in - Mar 12, 2018

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