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IBTEX No. 220 of 2019 November 14, 2019

US 71.68 | EUR 78.96 | GBP 92.10| JPY 0.66

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19282	40300	**71.24**

Domestic Futures Price (Ex. Warehouse Rajkot), November

Rs./Bale	Rs./Candy	USD Cent/lb
19200	40128	**70.93**

International Futures Price

NY ICE USD Cents/lb (December 2019)	64.22
ZCE Cotton: Yuan/MT (January 2020)	12,940
ZCE Cotton: USD Cents/lb	83.57
Cotlook A Index – Physical	**75.40**

Cotton Guide: The ICE contracts are going nowhere. The sideways trend still continues. The ICE December contract settled at 64.22 cents per pound with a change of -52 points, similarly the March ICE contract settled at 66.05 cents per pound with a change of -45 points. This sideways movement has been continuing despite volumes being excellent.

The main reason why the International cotton prices were seen slightly down was – a strengthening USD. A stronger greenback makes commodities prices in USD, like cotton, expensive for holders of other currencies.

On the MCX front, as predicted yesterday, the upward movement of prices have started. As expected, prices had hit the ultimate bottom. The MCX November contract was seen to settle at 19,200 Rs per Bale with a change of +140 Rs. The MCX December contract settled at 19,120 Rs per Bale with a change of +170 Rs. Volumes were healthy at 1,380 lots.

The Cotlook Index A has been seen at 75.40 cents per pound with a change of +40 points. The CAI prices for Shankar 6 are seen at 40,300 Rs per Candy. However, varieties of S6 are even available at 38,500 Rs per Candy.

On the geopolitical front, the US President on Tuesday mentioned about the prospects of having an initial trade deal with China but gave forward no details on the negotiations between the Two economies. This has again brought forth mixed perceptions.

On the fundamental front, the sideways movement of ICE contracts is perceived to continue. On the other hand, the MCX contracts are seen to be positive.

On the technical front, In daily chart, ICE Cotton after giving an Inverse Head & shoulder pattern breakout, is trading within an upward sloping channel. However, price is trading within a range of 63.40-65.00 after retracing back from the support of lower end of the channel around 63.40, which coincides around 50% Fibonacci extension level (62.98).

Meanwhile, price have moved above the daily EMA (5, 9) at 64.41, 64.38, along with the momentum indicator RSI is at 54, implying sideways to positive bias for the price. The immediate resistance for the price would be at 65.00-65.70. Thus for the day we expect price to trade in the range of 65.70-63.80 with sideways to positive bias. In MCX Nov Cotton, we expect the price to trade within the range of 19050-19300 with a sideways to bullish bias.

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

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INTERNATIONAL NEWS

Trump Threatens Higher Tariffs if No China Deal

President Trump said Nov. 12 that if the U.S. and China are unable to finalize the "phase one" trade agreement they are currently negotiating he will "substantially raise" existing import tariffs on Chinese goods. He also warned of similar measures against "other countries that mistreat us."

In mid-October Trump postponed a planned increase in the Section 301 additional tariff on $250 billion worth of Chinese goods from 25 percent to 30 percent after announcing an agreement in principle on the first phase of a broader trade deal with China.

Both sides have reported progress in recent weeks toward finalizing that agreement, and both U.S. and Chinese officials said recently that the U.S. had agreed to roll back some of its existing tariffs as part of a phase one deal.

Trump subsequently downplayed those reports, saying "I haven't agreed to anything" but suggesting that "somewhat of a rollback" could be on the table. According to a Reuters article, White House economic adviser Larry Kudlow gave further credence to that idea when he "told CNBC that the phase one agreement could include some adjustments to tariffs already in place."

In a Nov. 12 speech to the Economic Club of New York, Trump said a "significant phase one trade deal with China … could happen soon." But he also sought to increase pressure on China by holding out the threat of more tariffs. "If we don't make a deal, we're going to substantially raise" tariffs on List 1, 2, and 3 goods, he said. A Chinese government-controlled media outlet responded that "if there's no rollback of tariffs, there will be no phase 1 deal."

Trump also used the speech to threaten a substantial tariff increase on "other countries that mistreat us." While he did not name specific potential targets, elsewhere in his speech he called out the European Union for trade barriers he called "terrible" and "in many ways, worse than China."

However, he also suggested that a potential tariff increase would be imposed through the United States Reciprocal Trade Act, a bill introduced earlier this year that he said would likely only pass Congress if Republicans regain control of the House in the 2020 elections.

Source: strtrade.com- Nov 14, 2019

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Los Angeles Port Study Claims Tariff War Threatens $186B in Economic Output, 1.5M Jobs

A new study conducted for the Port of Los Angeles concludes that tariffs threaten nearly 1.5 million U.S. jobs and more than $186 billion in economic activity nationwide.

The potential risks are based on the impact of tariffs levied on cargo handled by the Sand Pedro twin Ports of Los Angeles and Long Beach, the nation's busiest container port complex. BST Associates, an independent economic consulting firm, conducted the study for the Port of Los Angeles.

The study, "By the Numbers: Jeopardizing the National Benefits of Trade through America's Busiest Port Complex," also uses a digital map that shows sales, income and taxes at risk for every state due to tariffs, based on international trade through ports.

The study also shows the economic benefits of these imports and exports to each congressional district and identifies the percentage burdened by tariffs.

"Every urban, suburban and rural community across our nation benefits from imports and exports moving through the San Pedro Bay ports, and ongoing tariffs are putting those benefits at risk," Port of Los Angeles executive director Gene Seroka said. "Some regions and industries are already feeling the pain, and the damage to jobs, income and tax revenue could be crippling down the road."

The study shows that tariffs imposed over the trade war of the past two years could add additional costs of $31 billion to $35 billion to consumers at the retail level and to the operations of American manufacturers who rely on imported raw materials and components to produce American-made products.

“The study focuses on the impacts of tariffs based on trade through the San Pedro Bay ports,” Seroka said. “The implications are much bigger when you consider all U.S. ports, so the effects that the Port of Los Angeles is seeing should concern all U.S. ports of entry.”

Cargo moving through the nation’s largest container port complex is valued at more than $380 billion and the economic activity it generates–including more than 3 million jobs nationwide—is a bellwether for the health of the overall U.S. economy, the study noted. Imports through the ports of Los Angeles and Long Beach flow to every state in the nation, and goods grown or manufactured in every state flow through these ports to reach global markets, predominantly Asia.

The vast majority of U.S. tariffs target trade with China, the world’s second-largest economy and America’s largest source of imported products, accounting for 54 percent of imports and 29 percent of U.S. exports moving through the San Pedro Bay ports, based on value.

The study noted that tariffs imposed by the U.S. on China resulted in retaliatory duties on American exports. As a result, it said the effect of these tariffs present a threefold disadvantage for U.S. businesses and workers. Five countries or trading blocs have imposed retaliatory tariffs on exports from the U.S.–China, the European Union, India, Russia and Turkey. For all but China, these are in retaliation for the Section 232 tariffs on aluminum and steel. For China, they are in retaliation for both the Section 232 and Section 301 tariffs.

First, import tariffs increase costs for U.S. consumers and producers. Second, tariffs make foreign products cheaper to manufacture, putting U.S. manufacturers at a cost disadvantage in the marketplace. Third, retaliatory tariffs reduce the demand for U.S. exports, putting U.S. companies and jobs at risk as foreign consumer markets look elsewhere for goods and products.

Cargo volumes at the Port of Los Angeles for October reflect these trends, the study said, marking 12 consecutive months of declining U.S. exports, 25 percent fewer ship calls and a 19.1 percent decrease in volume compared with October 2018.

The U.S. agricultural sector has paid a heavy toll, with 26 percent to 51 percent of exports from all 50 states hit by tariffs, based on trade through the San Pedro Bay ports, according to the study.

Source: sourcingjournal.com- Nov 13, 2019

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USA: Retail Apparel Prices Drop in October as Supply Chain Issues Converge

As promotional fourth quarter selling kicked in, retail apparel prices fell a seasonally adjusted 1.8 percent in October compared to the previous month, with declines across categories, the U.S. Bureau of Labor Statistics (BLS) reported Wednesday in the Consumer Price Index (CPI).

This followed a 0.4 percent decline in retail apparel prices September, after a 0.2 percent increase in August. Apparel prices were also down an unadjusted 2.3 percent from October 2018, reflecting the cycle of soft fiber and fabric prices in the last year and likely before merchandise that was subject to fresh tariffs hit the pipeline.

U.S. spot cotton averaged 61.09 cents per pound for the week ended Nov. 7, down from 62.05 cents last week and from 74.83 cents a year earlier, according to the Department of Agriculture.

The Producer Price Index for synthetic fibers was down 0.4 percent in September for the month and the year, according to the U.S. Bureau of Labor Statistics.

“Weakness in domestic markets has led to a drop in [fiber] prices during the third and fourth quarters, much more than the raw materials would indicate for most of the fiber types,” Laura Murphy, research director for PCI Fibers/Wood Mackenzie Chemicals, said. “Initial indications for 2020 show continued weakness many of the fiber types, and prices continue to erode.”

However, coming months could see prices inflated from tariffs and concurrent price increase strategies from brands trying to remain profitable.

Women's apparel prices were down 3.3 percent in October, with declines of 5.7 percent for suits and separates, 1.2 percent for outerwear and 0.6 percent in the underwear, nightwear, swimwear and accessories group. Dresses bucked the trend, with prices up 1.9 percent.

Men's apparel cost 1.1 percent less to purchase in October, with declines in every category. Prices fell 2.7 percent for shirts and sweaters; 1.1 percent for pants and shorts; 0.4 percent for suits, sport coats and outerwear, and 1.3 percent for the underwear, nightwear, swimwear and accessories group.

Girls' apparel prices fell 2.9 percent in the month and boys' were down 3.9 percent, while the cost of infants' and toddlers' clothes decreased 1.9 percent.

Retail footwear prices were down 0.5 percent for the month. Women's footwear cost 0.9 percent less, and men's fell 0.6 percent, while boys' and girls' shoe prices were up 0.4 percent.

The overall CPI rose 0.4 percent in October on a seasonally adjusted basis after going unchanged in September, BLS reported. Over the past year, the CPI increased a non-adjusted 1.8 percent, a slightly larger rise than the 1.7-percent increase for the period ending September.

The core CPI, excluding the volatile food and energy sectors, increased 0.2 percent in October. The core index rose 2.3 percent over the past 12 months.

Indexes for medical care, recreation, used cars and trucks, shelter and personal care all rose in October, though the increase in the shelter index was the smallest since October 2013. In addition to apparel, indexes for household furnishings and operations, new vehicles and airline fares all declined.

The energy index, important for business operations and logistics, increased 2.7 percent in October after recent monthly declines, and accounted for more than half of the increase in the CPI, while increases in the indexes for medical care, recreation and food also contributed.

The energy index declined 4.2 percent over the past 12 months. The gasoline index fell 7.3 percent and the fuel oil index decreased 10.6 percent over the year. In contrast, the index for electricity rose 0.4 percent and the index for natural gas advanced 0.2 percent.

Source: sourcingjournal.com - Nov 13, 2019

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Brazil Taking Cotton Exports Away from U.S. Producers

While soybeans have gotten a lot of attention during the U.S. trade war with China, U.S. cotton is one of the lesser-known victims of the trade dispute.

Just 14 million acres of the crop were planted this year across states like Texas, Georgia, and Mississippi. That's compared with 76.5 million acres of soybeans and almost 90 million corn acres.

The U.S. is the world's top exporter of cotton and over 75 percent of the crop is sent overseas. The U.S. cotton industry depends heavily on Chinese purchases.

Bloomberg says even if the U.S. and China were to strike a trade deal, the global demand outlook isn't solid and industry experts say harvest doesn't look encouraging, due in large part to a hot and dry summer in many key cotton regions.

The global customers that are out there are currently looking to Brazil for cotton. The lagging Brazil economy is making its supply of cotton more affordable for other countries when compared to U.S. cotton.

The forecast supply from this season's crop will likely boost domestic supplies to their highest point since 2009. This will bring down cotton futures, which dropped over eight percent last year and are down another 10 percent this year.

Source: kticradio.com- Nov 12, 2019

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EU-Singapore FTA to enter into force from Nov 21

The council of the European Union (EU) has approved the EU-Singapore free trade agreement (FTA) that will remove almost all customs duties between both sides from November 21, Singaporean minister for trade relations S Iswaran and EU trade commissioner-designate Phil Hogan announced in Singapore recently.

It is the first such agreement between the EU and a member state of the Association of Southeast Asian Nations (ASEAN), Iswaran said.

This is an excellent opportunity for companies on both sides, in particular small and medium enterprises (SMEs), Singaporean media reports quoted Iswaran as saying.

An FTA symposium was organised in Singapore last month to understand specific aspects of such trade agreements, he said.

Enterprise Singapore has also set up a website where SMEs can access a tariff calculator that will tell them what their preferential margins are for particular products or markets based on Singapore's 24 existing FTAs, he said.

The EU-Singapore FTA will allow 84 per cent of Singaporean exports to enter the EU duty-free, with the rest to follow in the next three to five years.

It also contains strong rules on trade and sustainable development, including the protection of labour rights and the environment, Iswaran added.

Hogan said a 'European Green Deal' will be a priority for the next European Commission, the executive arm of the EU, which will take office next month.

Source: fibre2fashion. com - Nov 13, 2019

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USA: Crop Progress Notes for Cotton – November 12

The 2019 harvest season progressed nicely in the past week, based on numbers from USDA's Crop Progress report for the week ending November 10.

Once again, cotton harvest is the only report for cotton. It showed that 62% of the U.S. crop has now been harvested – a 9% increase in the past week and 3% of the 5-year average for this date.

All cotton producing states showed strong progress leading into the current cold weather pattern, with increases of 5% or more in all states – led by Oklahoma (up 17%), North Carolina (up 15%) and Missouri and Virginia (both up 11%).

In all, nine states are either on or above their 5-year average.

Source: cottongrower.com - Nov 12, 2019

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Sri Lanka focuses on recycling fabrics

Sri Lanka is recycling 30 per cent of its waste into fabric and brushes. Trischel Fabric, a subsidiary of MAS Holdings, has produced 4500 meters of fabric with yarn made of waste plastic bottles, including those collected from Sri Lanka's beaches.

MAS Holdings, a maker of intimate, sports and swimwear, has launched an initiative to collect beach plastic. Most of the brands MAS works with are expected to stop using virgin polyester raw materials by 2025.

Sri Lanka cricket team's World Cup jersey in May 2019 was made with recycled yarn. It takes about ten PET bottles to produce enough yarn to make a jersey.

Companies around the world are implementing recycling solutions that are sustainable and business friendly. American start-up AlgiKnit makes fibers from kelp that can be spun into yarn. AlgiKnit offers a solution that can transform the highly polluting textile industry into a circular economy by using biomaterials.

After having been used, this seaweed textile can serve as compost or animal feed. It also reduces the carbon footprint of the clothing industry, because no harmful fiber particles are lost during washing, such as is the case with polyester. The company is working on a prototype of a T-shirt and sneakers will be next.

Source: fashionatingworld.com - Nov 13, 2019

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Peru Reports Uptick In Exports To United States And Inbound U.S. Travelers — Textiles Exports Grow 1.3% Between 2009 And 2018

Peru's Export and Tourism Promotion agency (PROMPERÚ) reports the Peruvian economy has strengthened at a rapid pace over the past several years, with exports and international tourism leading the way. Driving that growth is an increasingly stronger trade relationship with the United States, with Americans purchasing more and more products from Peru – leading to an 8.9% increase in the value of exports from 2009 to 2018 – and also choosing travel to the country more often – with a 7.1% increase in American visitors from 2014 to 2018.

"We are proud to see the demand for Peruvian products continue to increase and achieve a high demand within the U.S. market," said Edgar Vasquez Vela, Peru's Minister of Trade and Tourism. "Not only do we see that Americans are buying more of our products, but they are also coming to visit Peru in record numbers on vacation and to see family members throughout many regions of the country."

High Export Growth:

Export numbers from Peru to the United States have shown a dramatic upswing in the past 10 years, as the two economies have become more closely integrated. Two of the most important growth sectors are agricultural products and textiles.

Agricultural products, including fish, grew 13.9% from 2009 to 2018. This sector alone represented US $1.87 billion. Textiles exports present a similar upward movement, growing 1.3% between 2009 and 2018. Combined growth within both sectors averages a healthy 8.9%, representing a total US $2.55 billion in exports from Peru to the United States.

Many of these agricultural and manufactured products represent trade that did not exist between the two countries even a few years ago, helping employ people throughout several sectors of the Peruvian economy. In 2018, this consisted of exports of blueberries, which reached a total value of US $289 million; calcium phosphate, which reached a total of US $145 million; and windshield glass production, which reached a total of US $46 million. None of these products had been exported to the United States in 2009, demonstrating the creation of completely new markets for Peruvian goods and the opportunity to further tie the two economies together.

Minister Vasquez visited the United Nations General Assembly this September in New York, discussing many of the increases in trade from Peru to other nations as the South American country continues to expand into the global economy. For example, during the last two decades, Peru's trade with the world, including both goods and services, registered a near sixfold increase, reaching a total US $108 billion in 2018. During that period, Peru performed above average for Latin America and was, in fact, the region's fourth fastest-growing economy during the last decade. This had tangible benefits for the entire nation: Peru's poverty and extreme poverty rates went down significantly in the last two decades and are currently 20.5% and 2.8% of the country's total population.

Peru has long had a proven comparative advantage over other countries in the mining sector and has been able to diversify this export base by expanding the agricultural, fisheries, chemical, textile and metallics manufacturing sectors. Currently, 89% of Peru's merchandise exports reach economies with which it has trade agreements.

The success of these trade agreements has been demonstrated over the last two decades as agricultural exports grew at average rates nearing 15% annually. In the agricultural export sector, Peru registered the highest growth rates in Latin America. Globally, Peru is the largest asparagus exporter, the second largest exporter of blueberries, avocados, mangoes and Brazil nuts, and the largest exporter of grapes.

Successfully Increasing International Tourism:

In 2018, nearly 4.4 million international visitors arrived in Peru, an increase of 9.6% over 2017. In the first half of 2019, inbound tourism generated US $2.51 billion, an increase of 7.1% compared to the same period in 2018, making tourism the 3rd most important international currency source, representing 2.2% of GDP. According to the latest Ranking of Travel and Tourism Competitiveness Index 2019, Peru ranked fifth in Latin America for international tourism.

Travelers from the United States numbered 641,280, or 14.5%, of the international total, an increase of 7.1% over 2017. This year's data shows tourism will be even stronger in 2019, with 458,012 Americans entering Peru through August, representing 15.4% of total international visitors.

American visitors also spend significant time and money in Peru, averaging 10-night stays and per person expenditures of approximately US $1,500, with 40% of travelers booking through agencies.

The capital city of Lima, historic Cusco and Puno on Lake Titicaca are primary destinations for American visitors, 59% of whom come on vacation and 18% to visit friends and family, with 38% staying in a 4- or 5-star hotel. The average American visitor in 2018 was also very young, as 50% were millennials and 18% were Gen Z.

The Peruvian economy has become more globally connected within the last two decades, as agricultural, mineral and manufactured exports have increased through highly successful international trade agreements. The United States represents an important part of this trend which has helped to lift many in the country out of poverty.

Importantly, in addition to buying Peruvian products, rising numbers of Americans are visiting this South American nation. Current data predict these trends will continue even more strongly through 2019 and beyond.

Source: textileworld.com- Nov 11, 2019

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Bangladesh can boost exports with better logistics: World Bank

To meet the needs of its growing economy and boost export growth, Bangladesh needs to improve its transport and logistics systems, the World Bank said in a latest report today.

The report Moving Forward: Connectivity and Logistics to Sustain Bangladesh's Success finds that by making logistics more efficient, Bangladesh can significantly boost export growth, maintain its position as a leading ready-made-garments and textile producer, and create more jobs.

The report which was launched today, notes that congestion on roads and in seaports, high logistics costs, inadequate infrastructure, distorted logistics service markets, and fragmented governance hamper manufacturing and freight, further eroding Bangladesh's competitive edge and putting its robust growth path at risk.

"Bangladesh's congested transportation and often unsophisticated logistics systems impose high costs to the economy," said Mercy Tembon, World Bank Country Director for Bangladesh and Bhutan.

"By making its logistics more efficient, Bangladesh can significantly optimise its connectivity, business environment, and competitiveness, putting the country on the right path to become a dynamic upper middle-income country."

Efficient logistics, the report argues, has become one of the main drivers for global trade competitiveness and export growth and diversification.

For Bangladesh, improving its logistics performance provides an opportunity to increase its world market share in garments and textiles, which account for 84 percent of its total exports, expand into new markets, and diversify its manufacturing and agriculture into high-value products.

The report notes that improving Bangladesh's logistics requires a system-wide approach based on greater coordination among all public institutions involved in logistics and with the private sector, increasing the effective capacity of core infrastructure, and removing distortions in logistics service markets to reduce costs and improve quality.

At a regional level, harmonising its logistics systems and aligning its customs with that of its neighbours could turn Bangladesh into an important node for regional freight flows and further boost its trade.

"There's no doubt that reforms and investments for better transport and logistics will yield Bangladesh substantial economic benefits and strengthen its competitive advantage," said Matías Herrera Dappe, senior economist at the World Bank and author of the report.

"But the solution to logistics is not just to invest more but to invest better, by focusing on the service gap, and creating the incentives for high quality and competitive logistics services."

Source: thedailystar.net- Nov 13, 2019

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Pakistani products expected to get tax-free access to massive Chinese market

Islamabad is expected to get tax-free access for the entry of 313 Pakistani products into the Chinese market from next month, under an upgraded free trade agreement with Beijing, the commerce adviser said on Tuesday.

Adviser to PM Razak Dawood said the second phase of the free trade agreement (FTA) with China was going to be operational from December 1.

"The phase-II is going to facilitate the access of 313 top export items into Chinese market," Dawood said, addressing a world fashion convention. "After this agreement, all the major exports of the country especially value-added textile items would have better excess into Chinese market."

The commerce adviser said this would help Pakistan come at par with the south east Asian economies in Chinese market, providing a huge opportunity of tariff relaxation to the manufacturers especially the garment sector to enhance their export volume with growth potential of 20 times.

"Government's major economic agenda is to increase country's exports, which would strengthen the economy by overcoming trade and current account deficits," he said.

Dawood said China has provided Pakistan with an opportunity to export chemicals and engineering goods as well, as the government wants to take export to the highest level ever through business-friendly policies. The government is taking different measures for export enhancement, including reclaiming traditional markets besides getting access to the new markets.

"Garment exports are on upward trajectory due to additional market access secured by the current government."

Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) hosted the convention in collaboration with the International Apparel Federation (IAF). Commerce adviser said the Chinese companies started construction work in Lahore and Faisalabad to explore business in textile sector. These companies have started locating business centres in different parts of the country.

Referring to the lowering exports of yarn and fabrics, he said this is good for Pakistan, as it would provide the opportunity to textile sector for more focus on value addition.

Dawood said after the World Fashion Convention in Pakistan the economy of the country would be more integrated into the global economy and this linkage would bring foreign investment into the country.

"The convention will prove to be an unprecedented positive event in the country's business environment, which would enhance the overall image of the country at the world level and help promote investment to the country," he said.

IAF President Han Bekke said the federation represents apparel associations from 60 countries, having overall membership of more than 150,000 companies. Pakistan is also the member of IAF and its regional office has also been set up in the office of PRGMEA in Sialkot. The theme of the 35th edition of this well-established global apparel convention is collaborative growth with sustainability for all.

Bekke said the IAF is a global platform uniting apparel buyers with manufacturers and this crucial relationship is at the heart of the conference, as "we focus on growing together". The convention has gathered apparel industry leaders from across the world and provides a unique opportunity for Pakistani apparel industry to learn new techniques.

IAF Regional President Ijaz Khokhar said the convention was aimed at opening new avenues for the domestic garment industry to collaborate with the international buyers and leading global brands.

The event has been attended by world class speakers, offering global network opportunities during the conference. The convention is held every year in one of the member countries. Khokhar said Russia and Bangladesh had also applied for the 35th Convention.

Pakistan won the convention bid with full struggle and proper presentation. “In the world class convention, there is a detailed presentation on Pakistan and apparel industry for creating awareness about the potential of Pakistan as production hub of textile items especially garments,” he added.

PRGMEA North Zone Chairman Sohail Afzal Sheikh said the mega convention provides an opportunity to its participants to discuss issues being faced by the global industry and also to network at a global level.

Source: geo.tv- Nov 13, 2019

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Yarn production, innovation centre opens in Philippines

The Department of Science and Technology-Philippine Textile Research Institute (DOST-PTRI) and the Great Women Philippines Inc. (GWPI) along with the Iloilo Science and Technology University and the local government of Miagao, Iloilo, recently inaugurated the Regional Yarn Production and Innovation Centre (RYPIC) to enable local weavers in Miagao to source yarn from the town.

According to DOST-PTRI director Celia Elumba, there is a demand for textile manufactured in the domestic market, especially those made from local raw materials.

Elumba said though the country has a preferential trade agreement with Japan, the lack of materials in producing textiles cannot sustain the partnership. The same is also a challenge for a similar trade agreement with Europe, a news agency report quoted her as saying.

The RYPIC in Miagao town has 300 spindles to process blended yarns. There are total 200,000 spindles in the country, she informed.

GWPI is a project of the Philippine Commission on Women to empower women in the economic environment, provide support to product design and market.

Source: fibre2fashion.com- Nov 14, 2019

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Textile Policy of Pakistan 2018-2023

The inconsistent growth rate in the textile industry is the result of lack of implementation of the preceding two textile policies. Political instability, Cyclical fluctuations in the international market and the inauspiciousness of the government to work out an efficient system that benefits the production process has seized growth and held back the capital influx. This has led to a deficit in the balance of payments. Textile industry being a major player in the exports of Pakistan succumbs and numerous businesses discontinue operations as the textile policies of past fail to get a stable foothold.

The increasing energy crisis, unfavorable business conditions consequential of adverse government policies, up surging inflation lead to a decline in investor's confidence and has sent the entire textile value chain in a state of distress. The SWOT analysis indicates that whilst the textile industry contributes to a substantial portion of the country's economy namely exports, GDP and tax turnover, growth remains stunted due to inferior cotton production, increased cost of doing business and a lack of implementation of governmental policies. This compounding with rigorous foreign competition, Pakistan's share in the foreign market continues to plummet. With the Textile Industry facing such strong headwinds there are segments such as synthetic fibers and the garments industry that can be tapped to improve the overall profitability of the sector and increase export.

The negative effects of the lack of implementation of the previous textile policies can be ameliorated if the Government adopts the following. The declining investment confidence can be lifted by providing sustainable, fair priced, un-hindered energy resources.

The Textile Industry is ready to adopt renewable (solar hybrid) energy solutions to deal with sustainability and competitiveness issues. Such energy resources should be researched upon, funded, explored and their installment incentivized mainly at Industrial zones enabling the producer to be self-sufficient to a degree and decrease dependency over a single source of energy. This is ever so vital because 35% of the total conversion cost in the textile Industry is absorbed as energy cost.

Quality and availability of raw materials can be improved by subsidising the cotton production cycle and enforcing quality control checks. Institutes working in this respect (eg.PCCC) are mere formalities who are ignorant to the Improvement and development of cotton. This is evident given that 90% of their annual expenditure is administrative. Lack of a quality control system over locally produced raw material means that for good quality cotton the Industry is heavily dependent on import channels.

Production of synthetic fibers should be introduced into the textile value chain keeping in mind their popularity and demand in the international market. Pakistan's footprint in such foreign markets can be further broadened by facilitating the entry of new brands by giving them assurance of a healthy business environment, introduction of investment friendly policies and exploration of new potential markets for our exports such an Africa.

The government should introduce positive tax reforms that facilitate entry into the industry. Examples of such are reduced corporate taxes similar, quicker refunds of input sales tax and a revamped minimum tax regime. It is necessary that the sales tax refund system be streamlined and the refund process made more efficient. In addition to this the government should address the issue of DTRE bonds (bonds issued as refunds) not being discounted by the scheduled banks in order to avoid a liquidity crisis and the State Bank of Pakistan needs to address this issue.

This is more crucial now than ever since the Government stripped the textile industry off its zero-rated status. The new government had initially announced that energy, both gas and electricity, will be provided to export oriented industries at regionally competitive prices and refund of taxes and duty drawbacks will be paid on time. Although being a welcoming decision on paper, proper implementation is still awaited.

Numerous Industrial units categorized as sick have seized production all together because given the current situation of up surging costs the continuation of operations no longer stood viable. The government needs to work out a policy paradigm for upward growth of such sick units. Positive steps should be taken regarding business facilitation of these units so they may have a chance to reconnect to their past glory. Implementation of internal reforms such as relief over loan terms from financial institutions, incentivising new entrants and facilitating the current manufacturers of the Textile sector would yield favorable results.

Tariffs on imported textile materials are applied to provide protection to domestic industry which has built inefficiencies in the manufacturing process.

The government should curtail down on customs and duties to facilitate the import of modern, state of the art textile machinery and allow a higher percentage of initial depreciation as deduction while calculating income taxes. Rigorous anti-dumping laws should be adopted which would protect the domestic market and provide a level playing field for the local producer.

Government funded labour training schemes should be put in practice with special focus upon women employment programs, this would increase the skilled labour turnover .

The existing schemes offered require the business to follow a tedious screening process therefore leniency over the terms would be very welcoming . Once implemented these policies would yield a turnover increase of $45 billion, create 3-4 million jobs in the upcoming 5 years and improve the socio-economic profile of Pakistan.

Source: nation.com.pk- Nov 14, 2019

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Vietnam worries despite apparel export growth

Vietnam is the go-to destination amidst of US-China trade war for apparel sourcing. A staggering US$ 27. 4 billion apparel export with an incredible 10.4% growth from January to October of this year.

According to the Vietnam Textile and Apparel Association (VITAS) data in the first of this year, the USA was the largest importer of apparel goods worth US$ 7.22 billion, up 12.84% year-on-year.

Vietnam is also the largest export market of the USA, the EU, Japan, South Korea and China.

Not only has the export to the US increased but imports from the member countries of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and EU also up significantly.

Despite all the ups, there are some opposite downward pulls. The VITAS General Secretary Truong Van Cam said the country has been affected indirectly by the perpetual trade war. The yarn export to china has fallen since the year begin.

There are other key factors like the shrinking of the global fashion industry also playing a critical role in this. And in this FY manufacturers have received less long-term orders.

And like any other apparel sourcing country, Vietnam needs further investment in high-value items.

Truong Van also stressed on commitments to rules of origin under the Free Trade Agreements.

Other concerns like over capacity and labor is also looming once the EVFTA and the CPTPP trade pact come into force.

On top of it around US$13 billion apparel import in the last FY.

Most of imported cloth has yet to satisfy the quality requirements of the country's key garment export markets, said VITAS.

Source: textiletoday.com.bd- Nov 12, 2019

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Bangladesh: High transport cost hurting economy

WB says cost would be 35pc lower if there were no congestion; report says logistics costs too high in Bangladesh

Transportation costs, the largest direct logistic costs in Bangladesh, would be up to 35 percent lower if there were no congestion on roads, said a World Bank report.

Bangladesh needs to improve its transport and logistics systems to meet the needs of its growing economy and to boost export growth, said the report titled “Moving Forward: Connectivity and Logistics to Sustain Bangladesh’s Success” unveiled yesterday.

Congestion on roads and at seaports, high logistics costs, inadequate infrastructure, one-sided logistics service markets, and fragmented governance hamper manufacturing and freight, further eroding Bangladesh’s competitive edge and putting its robust growth path at risk, the report said.

The country could significantly boost export growth, maintain its position as a leading garment and textile manufacturer, and create more jobs by making logistics more efficient, it said.

The carrying costs represent 17 to 56 percent of logistic costs. Inventory affected by inconsistent deliveries and congestion ranges between 53 and 75 percent depending on industries, it said.

Logistics costs in Bangladesh is high for most sectors. It is 4.5 percent of sales for leather footwear and 47.9 percent of sales for horticulture products.

“Bangladesh’s congested transportation and often unsophisticated logistics systems impose high costs to the economy,” said Mercy Tembon, World Bank Country Director for Bangladesh and Bhutan.

By making its logistics more efficient, Bangladesh can significantly optimise its connectivity, business environment and competitiveness, and put the country on the right path to become a dynamic upper middle-income country, she added.

Bangladesh ranked 105th among 141 countries in WEF Global Competitiveness Index 2019 and 100th among 161 countries in the World Bank Logistics Performance Index 2018.

Efficient logistics has become one of the main drivers for global trade competitiveness and export growth and diversification, the report said.

For Bangladesh, improving its logistics performance provides an opportunity to increase its world market share in garment and textile, which accounts for 84 percent of its total exports.

It would allow the country to expand into new markets and diversify its manufacturing and agriculture products.

COSTLY TRANSPORT

Road transport rates in Bangladesh are high, the report said.

The most commonly used truck in Bangladesh is the seven-tonne truck.

The average cost of carrying a tonne a kilometre here is $0.095, which is higher than many developing and developed countries, including the US, France, Australia, India, and Pakistan.

The report on high cost of transport blamed inefficiencies in the system, low truck utilisation (35 percent empty trips), extreme levels of congestion on roads and ports, and limited competition among transport modes.

It mentioned average dwell times at Chattogram Port to be four days for an export container and 11 days for an import container.

Cutting down dwell times would reduce logistic costs significantly, the report said.

The social cost of annual carbon dioxide emission from road freight transport in Bangladesh is equivalent to 1.2 percent of the GDP, with almost 60 percent of the emission caused by congestion, it said.

Transport expert Shamsul Haque said the high dependency on road transport (about 84 percent) should be cut to change the situation. Although multi-modal transport system was in the government's plan, it has not been implemented yet.

The government should put emphasis on railway and riverine transport to change the situation, he added. The WB report said improving logistics requires a system-wide approach. It needs greater coordination among public institutions and private sectors involved in logistics.

It said the one-sided logistics service markets, heavily dependent on roads, need to be addressed to reduce costs and improve quality. At a regional level, harmonising logistics systems and aligning Bangladesh's customs with that of its neighbours could turn Bangladesh into an important node for regional freight flows and further boost its trade, it said.

"There is no doubt that reforms and investments for better transport and logistics will yield Bangladesh substantial economic benefits and strengthen its competitive advantage," said Matías Herrera Dappe, senior economist at the WB and author of the report.

But the solution to logistics is not just to invest more but to invest better, by focusing on the service gap, and creating the incentives for high quality and competitive logistics services, Dappe added.

Mashiur Rahman, economic affairs adviser to the prime minister, said the government has emphasised on infrastructure development, which is now visible, but their effective management is also important.

More practical and optimum solutions to the problems highlighted by the report need to be found.

"The government has to move fast to become a developed country."

Source: thedailystar.net- Nov 14, 2019

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Pakistan: Raw cotton exports increases 53.65pc in three months

Exports of raw cotton from the country during first quarter of current financial year increased by 53.65% as compared the exports of the corresponding period of last year.

During the period form July-September, 2-19-20, about 6,980 metric tons of raw cotton worth $10.828 million exported as compared the exports of 4,619 metric tons valuing $7.043 million of same period of last year, according the data of Pakistan Bureau of Statistics.

However, the exports of cotton yarn and cotton cloth decreased by 6.19% and 5.60% respectively and was recorded at $294.280 million and 499.419 million during the period under review.

On the other hand, over 6.097 million cotton bales had arrived in the local markets by the first week of current months as against the arrival of 7.706 million bales of the corresponding period of last year.

The cotton arrival in the local markets decreased by 20.88% as compared the arrival of the corresponding period of last year, according the consolidate data statement of cotton arrivals in factories, issued by Pakistan Cotton Ginner's Association.

Out of the total arrived cotton bales, about 4.467 million bales were sold as against the selling of 5.80 million bales during the same period of last year, where as unsold stocks were recorded at 596,447 bales by start of current month as against 793,598 bales of same period of last year, it added.

Out of the total arrived cotton bales, 4.425 million bales were sold to local textile mills as compared the selling of 5.720 million bales of same period of last year.

Source: brecorder.com - Nov 13, 2019

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NATIONAL NEWS

Cotton market groping for direction; China holds the key

While global cotton prices have begun to show signs of recovering from multi-year lows seen late August, in recent weeks the rates have improved by close to a fifth to reach about 66 cents a pound. This is the highest level seen in last four months. Earlier, during the third quarter of the year, speculative investors had built short positions on the bourses where they are now seen reducing.

Trigger for the welcome price rise has emanated from the definite signs of easing in the ongoing trade tensions between the US and China. After protracted negotiations between the two warring sides, there are signs of some kind of reconciliation, even if partial. This is seen giving a bit of a boost to all commodities in general.

US price fall

While the US is the world's largest exporter of cotton, the Asian major is the largest importer. The standoff between the two has disrupted the global value chain and impacted prices.

China's imposition of tariffs on the US-origin cotton has pressured down cotton prices within the US. Other markets are experiencing the fallout, given that markets are substantially integrated.

Thankfully, things are changing for the better. As the world's largest consumer, China builds stocks from time to time. In recent years, it has been destocking, and now there is greater conviction in the market that the destocking cycle has ended and restocking will begin. China is reported to have purchased some cotton recently.

The supply-demand fundamentals for 2019-20 too are supportive. According to International Cotton Advisory Committee (ICAC), consumption at 26.2 million tonnes trails the production estimate of 26.7 mt. Of course, the market cannot ignore the fact of burdensome inventory. The year will end with stocks of 18.7 mt, as projected by ICAC.

In other words, a combination of plentiful supplies, modest demand growth and large inventory will not let the market run amok. At the same time, as and when the trade conflict shows more concrete signs of easing, there will be a pickup in export trade which in turn will boost prices.

Once the market begins to move upwards, speculative capital is sure to move in and exert an exaggerated impact. How soon this will happen is of course the multi-billion dollar question.

Market participants are also closely watching developments in India, especially on the production and quality side. Varying estimates are doing the rounds of the market, ranging from a low of 330 lakh bales (170 kg) to a high of 390 lakh bales.

While there is consensus that this year's crop is surely better than last year's (2018-19), damage due to unseasonal rains in October cannot be overlooked. More clarity on crop size and quality may emerge by the end of the month as second picking is under way.

So, the domestic market is still beset with unclear crop size and quality on the one hand, and uncertain demand conditions, especially export, on the other.

With the recent price appreciation in dollar terms and a weakening trend in the rupee, some Indian exporters are reported to have concluded a few export deals with China, apart from regular buyers such as Bangladesh.

On the bourses, notwithstanding recent reductions, short position holders are still large, betting on softer prices. This opens up opportunity for price recovery if a trade deal between USA and China is inked. Because stocks within China stand reduced, purchases by the country will boost prices, but the escalation may be limited by stocks held outside of China.

Source: thehindubusinessline.com- Nov 13, 2019

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Manufacturing MSMEs are in distress

Their miseries range from high cost of capital and higher tax rates to weak demand and delayed payments. The future does not look good

Of late, there's lot of news about micro, small and medium enterprises (MSMEs) across media platforms. Ministers as well as economists and columnists have been highlighting the importance of the MSME sector. However, in spite of all the attention given to MSMEs, there hasn't been any improvement in their condition.

MSMEs are the largest provider of employment after agriculture. Manufacturing MSMEs have witnessed manifold growth over the years, thanks mainly to large OEMs offloading the manufacture of components and sub-assemblies to them. However, over the last one year, the condition of manufacturing MSMEs has been deteriorating . It is time to bring to the notice of all concerned the ground reality and the plight of units in this sector.

Shortage of skilled manpower

MSMEs are established by technicians, technocrats and small entrepreneurs. Their experience and expertise are the main investments. MSMEs employ unskilled and semi-skilled workers. Availability of skilled manpower is limited. Freshers and unskilled people are recruited and trained by MSMEs. So, the labour productivity in MSMEs is very low.

The skill development programme launched by the government has not been able to provide enough skilled manpower to industry. MSMEs can recruit/train freshers and the government has a scheme to reimburse part of the stipend paid to the trainees. Unfortunately, the reimbursements don't reach MSMEs due to bureaucracy and red tape.

Land prices high

State Industrial Area Development Boards develop industrial land and distribute to industries. The land cost fixed by these boards is very high. In addition, a lot of time and money have to be spent in getting the land allotted and registered. Hence, majority of MSMEs continue to operate in rented premises.

Private land is available, but without proper infrastructure and approvals. Running the units in such premises is risky.

Erratic power

The power supply to most MSMEs is erratic, with frequent power shedding and voltage fluctuations. The hi-tech machinery used need well-regulated power supply on a continuous basis. MSMEs are forced to install captive power plants (DG sets), voltage stabilisers and UPS. These are additional investments which add to the costs.

High cost of capital

Getting bank loans for MSMEs is not easy, especially during the starting stage. Government agencies have instructed banks to disburse loans to MSMEs on priority basis, but banks are reluctant to lend and insist on collateral. Hence MSMEs take loan from NBFCs, co-operative banks and borrow from friends/relatives at higher rate of interest. Due to the high cost of capital, exporting products at competitive prices is difficult.

MSMEs are classified based on the investment made on plant and machinery. The present limit fixed for investment on plant and machinery is too low. Banks and government departments take advantage of this definition and deny certain benefits and concessions MSMEs are supposed to get. It is time that the government revised the investment limit upwards. This will help MSMEs install hi-tech, productive machinery and be competitive in the international market.

Tax rates higher

The recent corporate tax reduction is applicable only to companies. Ninety per cent of MSMEs are either partnership firms or proprietorships and are, therefore, not eligible for the reduced corporate tax rate. They have to pay a higher rate of tax (about 35 per cent). Majority of MSMEs cannot convert themselves to companies because of high cost of compliance and less flexibility.

The government should find a way to pass the reduced tax rate benefits to MSMEs as well.

Delayed payments

Payments for supplies from MSMEs are never received in time. The government directive to all corporates to make payment to MSMEs with in 45 days is not followed. There is always a delay in getting the payments. MSMEs do not bring this to the notice of government agencies due to fear of losing the business.

The slowdown in the economy has affected the MSMEs sector badly. A large number of manufacturing MSMEs are suppliers of parts to the automotive sector. These MSMEs have not been getting enough orders for the last one year due to disruptions in the automotive sector. Many MSME units are either closed or working partially, and many of those working in these units have lost their jobs.

The capacity created by MSMEs is underutilised, and capacity expansion and modernisation have come to a halt. The recent loan melas organised by banks may not have had many takers from the MSME sector as the units are struggling even to repay the existing loans.

Exports

The US-China trade war should increase export of goods from countries like India. But Indian MSMEs are not able to match Chinese prices. This is mainly because of lower labour productivity, higher cost of capital, land and power, less productive plant/machinery, and higher taxes and duties. .

The procedures involved in importing of raw materials without customs duty is elaborate and cumbersome. It is not worth spending time and money in getting advance licences for getting duty free raw material in small quantities. Hence MSMEs import the raw materials by paying customs duty. This increases their input costs.

Many foreign customers expect products to be supplied on DDP (delivered duty paid) or DDU (delivered duty unpaid) basis. They like to get the items from warehouses close to them and draw items as and when needed. Logistics, customs clearing and warehousing are bottlenecks for export of goods from MSMEs. An agency should take care of these activities and help MSMEs in this regard.

Most of the MSMEs are engaged in manufacture of components as per customer requirements. They are also engaged in import substitution and providing cost-effective solutions to their customers. But no R&D activity for development of new products has been happening in the MSME sector.

The future for manufacturing MSMEs does not look good. They do not have enough resources to develop their own products or enter into joint ventures with foreign partners and grow big.

Source: thehindubusinessline.com- Nov 13, 2019

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Buy cotton at MSP across India: Smriti Irani to CCI

Union textiles minister Smriti Irani asked the Cotton Corporation of India (CCI) to make minimum support price (MSP) available across the country. She was speaking at the Indian Cotton Conference 2019 organised by Indian Cotton Association Limited (Ical) at Gurugram on Sunday.

Farmers also complained that as CCI is shying away from making bulk purchases, growers are forced to sell cotton at lower rates. Irani, responding to the concern of cotton growers, assured them that the CCI will support farmers by ensuring they get better price and urged the industry as well to support them by providing them cotton plucking machines, which will reduce the input cost considerably.

The Union minister also stressed the need for farmers to ensure contaminationfree cotton, which will earn them more money. "Cotton has played a role in the growth of agriculture sector in India. But it had to be compatible with the times. The industry could support by ensuring seeds and extra long staple of the crop," said the minister.

Source: timesofindia.com- Nov 13, 2019

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Piyush Goyal seeks complete restoration of GSP benefits

India is pushing for a complete restoration of duty-free export benefits under the so-called Generalised System of Preferences (GSP) by the Trump administration, and not just a partial relief as indicated by the US earlier, as the two sides are in an advanced stage of hammering out broad contours of a limited trade deal. Commerce and industry minister Piyush Goyal is in the US to hold talks with US Trade Representative Robert E. Lighthizer later on Wednesday (Washington time).

The limited deal could cover India's willingness to extend greater market access in agriculture and also sweeten its initial offer on easing price caps in medical equipment, especially stents, a source told FE.

India is considering loosening its price control regime for medical devices and applying trade margin on coronary stents and knee implants at the first point of sale (price to stockiest), instead of imposing it on the landed prices, as was planned initially.

For its part, the US is willing to only partially restore the GSP benefits for India — which stood at $240 million in 2018, said the source.

Goyal's visit is aimed at narrowing differences over the deal that is being negotiated by the two sides for months now.

"The two sides are targeting low-hanging fruits first and decisions on the more difficult matters will be taken later, when they will go for a broader deal," said the source. The visit takes place at a time when India has pulled out of the RCEP free trade deal, backed by China, and is toying with the idea of a trade pact with the world's largest economy.

A broader deal with the US could be clinched later when both the sides end differences over the American demand that India scrap or cut duties (20%) on seven ICT products — including high-end cell phones and smart watches, according to the source.

On Thursday, Goyal will be meeting Scott Walker, the president of AdvaMed, the American medical device trade association that has lobbied Washington to impress upon New Delhi to remove its price cap regime for medical devices.

The US also wants India to abolish/cut “not justified” tariff on motorcycles (50%), automobiles (60%) and alcoholic beverages (150%). It is seeking better trade balance with India through greater market access in agriculture and dairy products. Similarly, Washington wants New Delhi to remove price caps on medical devices like stents, a move that will help American companies like Abbott. The US has also expressed concern over what it thinks India’s “frequent changes” to e-commerce FDI rules, and data localisation.

For its part, India is pitching for an exemption from the extra duty imposed by the US on steel and aluminium, resumption of the GSP benefits and greater market access for its products in sectors ranging from agriculture, automobile and auto components to engineering goods.

The “limited deal” was earlier expected to be announced after Prime Minister Narendra Modi’s meeting with American President Donald Trump in New York on September 24.

While the US has been seeking greater concessions from India, it’s reluctant to respond commensurately with its offers and address India’s concerns; instead, it’s still using the issue of its trade deficit with India to extract more from New Delhi, a source had told FE earlier.

US President Donald Trump has already indicated that the two countries will announce a “limited trade” deal soon before sealing a broader trade deal (perhaps a free trade agreement).

India fears that it could lose as much as $3.2 billion a year in customs revenue if it scraps duties on the seven ICT products to accede to US demand.

India’s trade surplus with the US has been shrinking in the past two years, as it has stated importing oil and gas from the largest economy, something that India has been highlighting.

According to the US government data, New Delhi's trade surplus with Washington eased to $21.3 billion in 2018 from $22.9 billion in 2017. In contrast, China's trade surplus with the US widened further to a record $419.2 billion last year from $375.6 billion in 2017, despite the tariff war between the top two economies.

The drop in India's trade surplus is important, given that the US' overall goods trade deficit zoomed further in 2018 to $878.7 billion from $795.7 billion a year before. India's surplus with the world's largest economy stood at $24.4 billion in 2016.

Source: financialexpress.com- Nov 14, 2019

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Budget 2020: FinMin seeks industry inputs on direct, indirect tax changes

The finance ministry for the first time has sought suggestions on changes in direct and indirect tax rates from the industry. This comes at a time when a revenue shortfall and consumption slowdown are threatening to upset the government's finances.

In a letter to industry associations, the department of revenue has sought suggestions for "changes in the duty structure, rates and broadening of tax base on both direct and indirect taxes".

Finance Minister Nirmala Sitharaman announced tax cuts for the corporate sector besides other sops after the Budget in July as urgent measures to arrest economic slowdown.

Sitharaman will be presenting her second Union Budget on February 1. The comments need to be sent to the department by November 21. The finance ministry will begin its pre-Budget consultations with representatives of different sectors and stakeholders.

"Your suggestions and views may be supplemented and justified by relevant statistical information about the production, prices, revenue implication of the changes suggested and any other information to support your proposal," the ministry said.

Sitharaman in September announced steep cuts in corporation tax, effective April 1 this fiscal year.

The corporation tax rate was cut to 22 per cent from 30 per cent for existing companies that do not enjoy any exemptions, and to 15 per cent from 25 per cent for new manufacturing companies.

With surcharge and cess, the effective tax rate for the existing companies has come down to 25.17 per cent from 35 per cent.

As against initial estimates of a revenue outgo of Rs 1.45 trillion, the income tax department is estimating a reduction of around Rs 1 trillion.

The corporation tax rate cut has triggered a demand for a reduction in personal income tax rates as well.

However, revenue collections have emerged as a big concern for the government with the corporation tax mop-up at 0.5 per cent in the first seven months as against a target growth rate of 15.4 per cent.

Similarly, personal income tax has shown a growth rate of just 5 per cent so far, against a target of 22 per cent for FY20.

As for indirect taxes, goods and services tax collection has been much below expectations.

India’s growth fell to a six-year low of 5 per cent in the April-June quarter and is estimated to slump to around 4 per cent in the second quarter. The official data on Q2 gross domestic product will be released on November 30.

“As regards direct taxes, while forwarding your proposals, please take into consideration the recent initiatives of the government to reduce corporate tax rates applicable to domestic companies” provided they do not avail of any other tax rebate or concession, the letter said.

The panel to overhaul the Income-Tax Act, headed by Central Board of Direct Taxes member Akhilesh Ranjan, has suggested an increase in the threshold for exemption from income tax to Rs 5 lakh a year from the current Rs 2.5 lakh. Besides, a new slab of 35 per cent for those earning Rs 2 crore and more has been recommended.

It has also recommended retaining the long-term capital gains tax and the securities transaction tax while abolishing the dividend distribution tax. The panel has instead suggested imposing tax on the person receiving dividend, sources in the know said.

“The government policy with reference to direct taxes in the medium term is to phase out tax incentives, deductions, and exemptions while simultaneously rationalising the rates of tax. It would be also desirable that while forwarding the suggestions/recommendations, positive externalities arising out of the said recommendations and their quantification are also indicated,” it said.

It has also sought suggestions related to central excise duty and Customs duty.

Source: business-standard.com- Nov 14, 2019

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Facing loss, textile units want Rs 2 per unit power incentive

The textile industries have slashed output and keeping units shut for 5-6 days in a week due to escalated cost of operations after upward revision in power tariffs.

After raw material, power is the next major expense for textile mills. Electricity forms about 15 per cent of the production cost in industry.

Madhya Pradesh Textile Mills Association has demanded power at Rs 2 per unit incentive to existing textile units to aid them operate and compete in global market.

The association has claimed that the upward revision has escalated cost of operations in existing textile mills by around 7 per cent.

“Unlike new industries and those in Special Economic Zone that get subsidies on power, existing textile mills should also get incentives on power tariff. Despite being an electricity surplus state, power tariff is higher in state,” the association chairman Akhilesh Rathi said.

According to the textile association for existing textile mills with high load factor electricity tariff is Rs 7.30 per unit, while for units with low load factor electricity is expensive by another 5 per cent.

The association in a letter to state government has demanded that like other states including Maharashtra, Telangana and Andhra Pradesh, which have allowed reduction of Rs 2 per unit to 3 per unit to existing textile mills, Madhya Pradesh should also give power subsidies to existing units to protect employment in the textile sector, which is the largest employer in the country after agriculture.

Rathi said, “Regional textile mills are failing to compete in the global market due to high cost of operations.”

“To manage the situation mills are shutting down operations for a few days in a week. This has affected both production and employment,” the association secretary MC Rawat said.

Source: timesofindia.com- Nov 14, 2019

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Governments cannot sit on new farm technologies indefinitely: Maharashtra cotton farmers

Maharashtra farmers seek time-bound approval for transgenic crops

Some Maharashtra cotton farmers who defied the official diktat and grew herbicide-tolerant (HT) cotton in their fields said they stood for technology freedom, and insisted that governments cannot prevaricate on technologies when farmers are looking for better options.

“At least 15 per cent of the cotton farmers in Maharashtra have grown HT cotton this season, even though the government has banned its cultivation. This would be around 5-6 lakh hectares.

A large number of farmers in Gujarat and Andhra Pradesh are also growing HT cotton,” said Ajit Narde of Shetkari Sanghatana.

Benefits of the variety

Narde, who hails from Maharashtra's Kolhapur district, is essentially a sugarcane farmer, not a cotton grower. But, he said, he stands by farmers who grow HT cotton against the government orders. He said that the HT variety offers many benefits.

"The increase in yield over Bt cotton varieties may not be much, but HT cotton cuts the cost of weeding substantially," said Sudhir Bindu, another farmer affiliated to the Shetkari Sanghatana, who owns a seven7-hectare cotton farm in Parbani district of Maharashtra. "The government has filed cases against them for cultivating the HT cotton variety, but this does not deter us," said the farmer, who was in Delhi this week.

Cotton is grown in 20 districts in the Vidarbha, Marathwada regions and the northern parts of Maharashtrs. While the HT variety occupies 10-15 per cent of the cotton fields in most of these districts, its use is almost 100 per cent in Gadchiroli and Chandrapur districts.

"Growing cotton was almost impossible in these districts as they get intermittent rain, leading to huge weed problem. Glyphosate-resistant HT cotton, however, solved the problem as it allows spraying of herbicide, unlike other transgenic varieties," Narde said. "This helped farmers save up to ₹15,000 per acre," added Bindu.

Banning onion exports

They said governments have always worked against the interest of farmers and favoured consumers. They cited the current case of onion shortage as an example.

"The first thing that the government did when it sensed that there could be a shortfall in onion production this year was to ban exports. Otherwise, exports would have helped farmers make up for the losses they more often than not incur," said Narde.

According to Bindu, many farmers use this increase in earnings to raise investments in agriculture. He cited reports of farmers in Nashik buying 122 tractors on a single day when onion prices surged.

They said governments have to take decisions on transgenic crops in a time-bound manner, and cannot sit on approvals perceptually. “Most of the snacks we consume in the country are fried in cottonseed oil, which is mostly derived from Bt cotton. Have we come across any health impact so far,” Narde asked.

Source: thehindubusinessline.com- Nov 13, 2019

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Punjab exporters yet to get benefits of RoSCTL scheme

Seek PM’s intervention for early release of pending dues

Highlight: The RoSCTL rebate is paid to reimburse embedded taxes, including Central excise duty on fuel used in transportation, embedded CGST paid on inputs, purchases from unregistered dealers, inputs for transport sector and embedded CGST and compensation cess on coal used in the production of electricity.

It’s been over eight months now when the Central government introduced Rebate of State and Central Taxes and Levies Scheme (RoSCTL) to refund all embedded State and Central Taxes meant for exports of made-up articles and garments, but eligible industrialists from Punjab are yet to get their pending dues.

There are around 900 exporters in Punjab which are affected by this delay. Though the scheme got notified on March 7, 2019, no exporter could get any benefit to date. As per the directions issued, the scheme was to remain in force up to March 31, 2020.

Talking to The Tribune, Narinder Chugh of Million Exporter Pvt Ltd said no exporter had received any reimbursement from the Ministry of Commerce to date under this scheme. “Several representations have been made to different departments by the Apparel Export Promotion Council but to no avail. If they were not in mood to provide relief to exporters, they should not have announced it,” he said.

Chugh said this scheme was likely to be extended to other products as well but it had failed to provide any relief to garment exporters whose huge amount of working capital was blocked due to taxes.

Meanwhile, the Home Textile Exporters' Welfare Association (HEWA) has sought Prime Minister Narendra Modi's intervention for release of pending dues under the RoSCTL.

The HEWA claims exporters are yet to receive the refunds from this scheme which are pending since last eight months.

According to HEWA Director Anant Srivastava, if the pending RoSCTL amount is released at the earliest it will be feasible for Indian exporters to ship their consignments on time.

According to Srivastava, a delegation from the HEWA met Union Textiles Minister Smriti Irani in September and had detailed discussion on pending RoSCTL dues.

Under the scheme, maximum rate of rebate for apparel is 6.05% while for made-ups, this goes up to 8.2%. The made-ups segment comprises home textiles products such as bed linen, pillows and carpets.

Another exporter Pawan Garg from Worldwide Textiles said exporters play on a margin of just 2-3% but 5-6% of embedded taxes get blocked when these are not reimbursed. He said in the wake of complaints filed by the USA against India to discontinue export incentive scheme (like MEIS), which was not in compliance with WTO guidelines, the Commerce Ministry had proposed the RoSCTL scheme.

The RoSCTL rebate is paid to reimburse embedded taxes, including Central excise duty on fuel used in transportation, embedded CGST paid on inputs, purchases from unregistered dealers, inputs for transport sector and embedded CGST and compensation cess on coal used in the production of electricity.

Source: tribuneindia.com- Nov 13, 2019

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Trident secures patent for treatment of industrial effluent in textile dyeing process

Trident has been granted a patent for 'Apparatus and Method for treating an Industrial Effluent containing Sodium Sulphate' by Indian Patent Office, Government of India.

The present invention relates to treatment of industrial effluents.

The invention provides an apparatus and method for treatment of Industrial effluents that contain a plurality of soluble or insoluble contaminants including sodium sulphate which may be discharged from textile dyeing process.

The grant of this patent provides recognition to Trident in making its surroundings Environment friendly by conserving water and reusing the same for its textile dyeing process.

Source: business-standard.com - Nov 13, 2019

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Textile and Knitwear Association seeks extension of deadline

The Bahadurke Textile and Knitwear Association here has sought the extension of deadline for starting a new Common Effluent Treatment Plant (CETP) till December 31, 2019, as last-minute preparations are still going on. Association members who were recently issued notices regarding disconnection of sewer lines by the Municipal Corporation (MC) have asked the authorities to accommodate for about a month-and-a-half so that the new CETP was fully operational and all sewer lines were laid.

About 26 owners of dyeing units at Bahadurke Road were served notices of disconnection by November 15, if they failed to disconnect their own lines from the MC's sewer. Through a representation, the association has requested to extend the deadline so that the 15 MLD CEPT was fully operational.

The association members told The Tribune that the notices had not been sent individually by the MC, but in the name of the Bahadurke Textile and Knitwear Association, which comprises of approximately 26 dyeing units.

Rajnish Gupta, one of the directors of the association, told The Tribune that the civil, electrical and mechanical work of the CETP was 100 per cent complete. “At present, testing is going on. The laying of sewer lines from dyeing units to the CETP is approximately 490 m, out of which 360 m are already laid.

Remaining work will be done in the next few days. The date though was September 30, but for the CETP to become fully operational, we need some more time. We have started the testing work already. And everything will be completed by December 31, 2019. We have requested the MC and administration to kindly extend the date till December 31,” said Gupta.

A dyeing unit owner said if the sewer lines were disconnected, it would be uncalled for on the part of authorities. “The government has cooperated with us till recently and a few more days should be given to us to complete the CETP and make it operational so that there was no problem once it starts,” said another dyeing unit owner.

Source: tribuneindia.com- Nov 12, 2019

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