TEXPROCIL NEWS CLIPPINGS

TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU TEXPROCIL

An ISO 9001:2015 CERTIFIED COMPANY

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

IBTEX No. 77 of 2019 April 15, 2019

USD 69.27| EUR 78.35 | GBP 90.70 | JPY 0.62

Cotton Market		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22057	46100	**84.77**
Domestic Futures Price (Ex. Warehouse Rajkot), April		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22260	46523	**85.55**

International Futures Price

NY ICE USD Cents/lb (July 2019)	78.86
ZCE Cotton: Yuan/MT (September 2019)	15,855
ZCE Cotton: USD Cents/lb	107.27
Cotlook A Index – Physical	**86.70**

Cotton Guide: The ICE futures settled higher on Friday. The reason attributed was to the increasing demand from China and a weaker greenback. The National Development and Reform commission (NDRC) announced that an additional 800,000 tonnes of sliding scale import quota will be allocated to privately owned businesses. Entities with a capacity of 50,000 spindles and above will be able to apply from April 15, 2019 (today) to April 29, 2019.

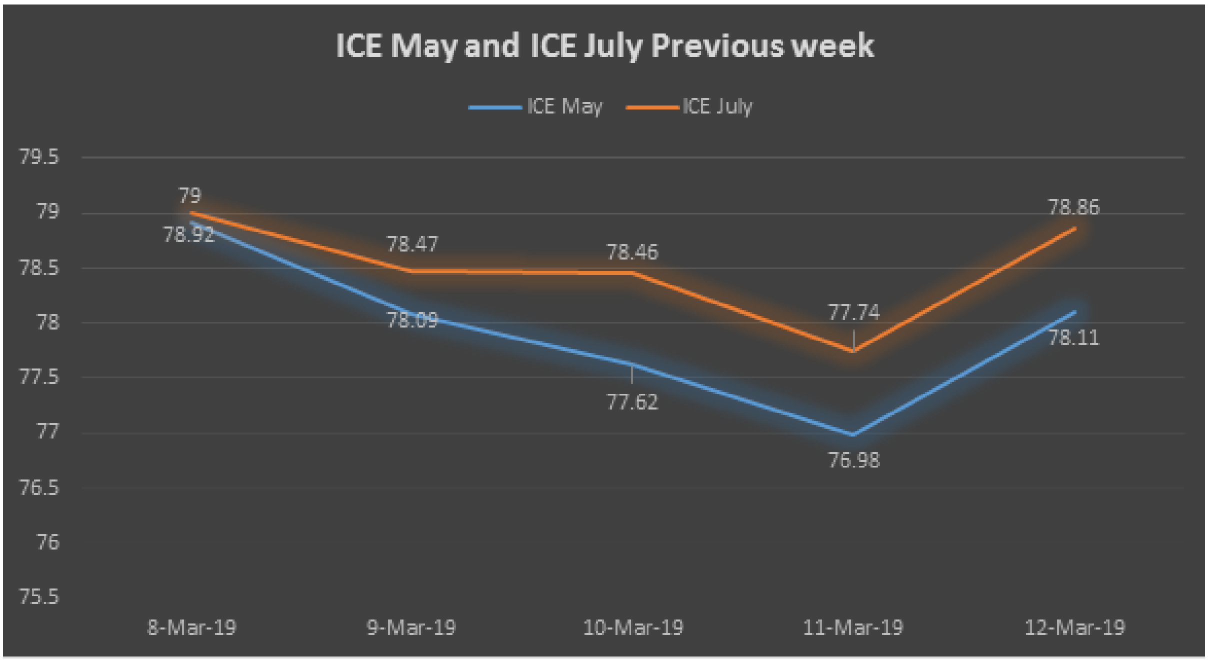
The Ministry of commerce will be receiving all the applications of the entities through the NDRC and subsequently quotas will be issued in a timely manner. We need to note that the extra quotas are on top of annual 894,000 tons of low-tariff-rate quota announced earlier. Internationally the markets for this week should be moving up with the positive data emanated from China.

Therefore the ICE contracts settled higher with the most active ICE July contract settling at 78.86 cents/lb with a change of +112 points. This contract touched a high figure of 79.32 cents/lb and a low figure of 77.56 cents/lb. The near term trend is definitely positive. The ICE October contract settled at 78.68 cents/lb with a change of +174 points. The ICE October contract was at a discount to ICE July contract with 18 points. The December contract is also seen to have gained a considerable amount to settle higher. The December contract made a new high for the year at 77.75 cents/lb.

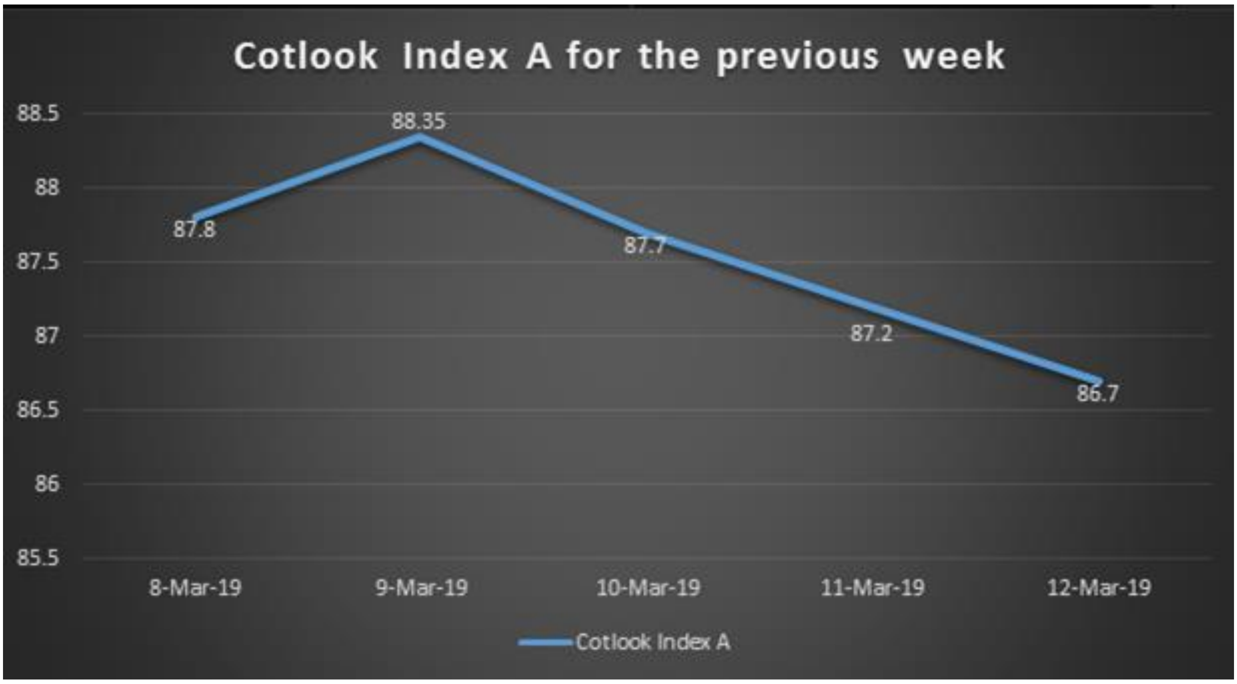
Note, cotton has been rising incessantly for the past eight consecutive weeks from the lows of 72.23 to near 80 cents almost gain of 10%. After ICE July futures the important contract to watch is the ICE December futures which too has surged to end the week at 77.19. However, it is maintaining a backwardation (Invert Trend) phase vis-à-vis the active ICE July contract indicating market as of now is very unsure about the next crop while there may be supply tightness in the next year. Recently the USDA monthly report had projected the same.

The aggregate volume was seen at 65,834 contracts which is much above the average of the 3 month figure. Volumes were pretty heavy as the as the prices were touching new highs and Index funds were rolling their positions from ICE May to ICE July. Friday was the last day for a long only spec fund to roll its positions. The open interest was seen to have dropped to its lowest level this year to 216,476 with a decline of 15,160 contracts.

Since the trading volumes, open interests are more in the next contract, the existing May contract is expecting its 1st notice period on 24th onwards let us shift focus on the JULY future.



The MCX contracts on the other hand ended with good positive figures. The MCX April contract settled at 22260 Rs/Bale with a change of +280 Rs. The MCX MAY and MCX JUNE contract settled at 22,560 and 22810 Rs/bale with a figure of +300 and +290 Rs respectively. The charts for the MCX April contract were all green showing that the sentiments are definitely positive. We expect the domestic prices to head north for this week too. The cotlook Index A was adjusted to 86.70 cents/lb with a change of -0.50 cents/lb. The arrival figures in India are seen with a positive trend amid tight supply into the market at 66,800 lint equivalent bales of 170 kgs (source cotlook) which includes 25,000 registered in Maharashtra and 23,000 in Gujarat. The average prices of Shankar 6 are expected to hold positive and move ahead from 46,100 Rs/Candy.



Predominant downward revision in cotton production is attributed to the water shortage faced by cotton crop in southern states, including Telangana, Andhra Pradesh and Karnataka. As per the Cotton Association of India (CAI), crop estimate for Gujarat has been reduced by 1 lakh bales, Maharashtra by 80,000 bales, Telangana by 4 lakh bales, Andhra Pradesh by 1 lakh bale and Karnataka by 75,000 bales, while there has been a marginal uptick of 50,000 bales in Tamil Nadu and 5,000 bales in Odisha. Further, the price is expected to be supported by weakened rupee and rising consumption in both the domestic and overseas markets. With the cut in overall supply we may see cotton price continue to trade higher in the short term. The Seasonality Index Chart for the last 10 years claims that the price of cotton tends to remain positive in the months of April to June. We assume cotton prices may continue to remain positive this season too.

The three major headlines that are of importance are:

1. The rising domestic cotton price is making it very uncompetitive in the world market.
2. India losing its Cotton Export Market to Brazil.
3. China shifting focus to other markets for Import.

As we indicated cotton price in last 6 weeks have moved up by 10% while the appreciating rupee has made actual realization lower than the depreciating Brazilian real. While the rupee appreciated by 2.27% to close at Rs 69.18 against the dollar last week v/s Rs 70.75 on the previous week. However, in the same time frame the Brazilian real – has depreciated to 3.88 against a dollar from 3.76 against a dollar on February 28. The largest importer, China, has started importing cotton from Brazil as it has become a cheaper substitute. As per secondary source, India's shipment of nearly 400,000 – 500,000 bales of cotton are under serious threat of delivery default as Indian exporters face higher procurement prices than contracted for cotton exports. As per the report India has already exported around 4 million bales while further exports could be under serious threat.

Meanwhile, K V Srinivasan, Chairman, Cotton Textile Export Promotion Council (TEXPROCIL) has urged the government to emphasize the need to boost exports of textile products not only to compensate the decline in cotton exports, but also to narrow the trade deficit with China.

We think although the trend is positive and likely to hold the same in the near term, but the path may not be so simple and straight. Domestic price rise amid tight supply, lower arrivals and good consumption may continue to keep the price higher while it may continue to hurt export which eventually can restrict major gains in the price.

On the technical front, ICE Cotton July futures witnessed strong rebound on Friday after testing the support at 21 day EMA.As shown in the chart price hit the higher end of the upward rising channel and witnessed decline. Meanwhile price is still moving above the short term EMA of 9 days at 78.40. In the daily charts positive crossover of 13 day EMA above the 21 day EMA supported the bullish bias in cotton futures. Moreover, the strength index RSI is holding above 60, which further strengthened rally in price. So for the day price is expected to remain in the range of 78.40 to 79.60 with sideways to positive trend. In the domestic market April future is expected to remain in the range of 22020-22540.

Weather in the US: A storm system this weekend is forecast to bring widespread rain from Okla. and Texas through the Delta. In Texas, the largest U.S. cotton grower, only 9% of the crop had been planted as of April 7, down from 12% a year earlier. This may have planting risk to the US Cotton.

WTI Crude Oil: though has corrected marginally and trading at 63.70, there is yet no sign for price correction nor it is overtly bought price. We think it may continue to witness volatile trend and the price band may be 62.40 to 65.80 per one barrel.

This week will be a holiday shortened week with two national holidays- one, April 17, 2019 Mahavir Jayanti and second, April 19, 2019 Good Friday.

Upcoming Events:

Thursday - April 18 - USDA US Weekly Export Report
Thursday - April 18 - CFTC Cotton On-Call Report
Friday - April 19 - ICE CLOSED -- Good Friday
Monday - April 22 - CFTC Commitment of Traders Report
Wednesday - April 24 -ICE MAY 2019 First Notice Day

Currency Guide:

Indian rupee is expected to remain strong. The trading range for the week may be 68.50 to 69.40.

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

NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	World economic growth to revive later this year: G-20 chiefs
2	China Signaling U.S. Cotton Purchases
3	Peru textile exports on the rise
4	China remains bright spot for Uniqlo
5	World trade order, or US trade order?
6	Levi's to open 100 stores in 2019
7	Vietnam: Garment, textile industry expected to lure much foreign investment this year
8	Bangladesh: Cheap yarn imports make textile millers walk a tightrope
9	Bangladesh takes over global denim markets
10	Bangladesh: RMG value addition rises slightly
11	Myanmar's Economy Poised for Steady Expansion, Needs Quicker Reforms – IMF
12	Pakistan to host World Fashion Convention in November

	NATIONAL NEWS
1	Robust textile exports help India reduce trade deficit with China
2	India losing cotton export market to Brazil as fibre prices head north
3	How China seeks to hide extent of trade surplus with India
4	MSMEs out of the woods? Credit improves, NPAs fall as small businesses turn around
5	Investors meet on technical textiles in Coimbatore on April 24
6	Scrapping India's trade privileges could hit US consumers: Senators
7	India brings down trade deficit with China by $10 billion in 2019
8	Senators urge Trump administration to delay decision on India's GSP review

INTERNATIONAL NEWS

World economic growth to revive later this year: G-20 chiefs

The IMF cut its forecast for global growth from 3.6 per cent last year to 3.3 per cent in 2019

The global economy is likely to pull out of a brief growth slump later this year — with a little help from the world's central banks and from United States (US) and Chinese trade negotiators.

Global finance leaders gathered from the spring meetings of the International Monetary Fund (IMF) and the World Bank agree that the global economy has lost momentum this year. But they expect growth to pick up in the second half of 2019, as central bankers ease up on interest rates.

Still, a trade stand-off between the US and China threatens to dim the economic outlook.

"We must be mindful of an escalation of trade tensions," Japanese Finance Minister Taro Aso told reporters on Friday.

Japan holds the chairmanship of the Group of 20 major economies.

The G-20 on Friday said that world economic growth sputtered late last year and early this year because of heightened trade tensions, turbulent financial markets and rising interest rates.

The IMF cut its forecast for global growth from 3.6 per cent last year to 3.3 per cent in 2019, the slowest since the recession year 2009, but it predicts growth will return to 3.6 per cent in 2020.

Haruhiko Kuroda, head of the Bank of Japan, told reporters on Friday that the G-20 officials saw the IMF's revised forecast as "highly likely" but said all the countries would need to do their part to boost growth.

Forecasters are worried about the US-China trade conflict. The world's two biggest economies have slapped tariffs on $350 billion worth of each other's goods.

They are battling over United States (US) allegations that China deploys predatory tactics — including cyber-theft and forcing foreign firms to hand over trade secrets -- in a sharp-elbowed effort to challenge American technological dominance.

Financial markets have rallied this year on hopes that the two countries will reach a settlement. Changyong Rhee, director of the IMF's Asia and Pacific Department, said at a briefing on Friday that markets could falter if negotiators can't reach a deal after all.

Even a US-China trade deal could create new problems, Rhee said.

If the Chinese agree to take in more imports from the US, as widely expected, those purchases could come at the expense other countries that have been doing business with China. Rhee also expressed concern that China would give American companies "preferential access," undercutting other countries and leading to "broader worries" about the future of free trade.

Rhee also said a US-China trade peace could prove "short-lived" if the two countries can't reach a long-term deal that requires Beijing to improve protection of intellectual-property and make other economic reforms.

Source: thehindubusinessline.com- Apr 14, 2019

HOME

****

China Signaling U.S. Cotton Purchases

China has started showing interest in buying United States cotton, based on discussions during the April 12 meeting of the Plains Cotton Growers (PCG) Advisory Group.

There have been positive signals regarding movement of U.S. cotton to China in anticipation of a trade deal between China and the United States.

"Demand for cotton is there," stated one merchant at the meeting.

The December Futures value for the new crop (77.60 cents) is somewhat high, given the volume of cotton left to sell – about 500,000 to 750,000 bales in the U.S. While China normally wants high quality cotton, they are interested in lower grades (31 and 41 color grade) at a discounted price. A trade deal will enable these cottons to push into the Chinese market.

However, China's buying is currently hampered with the 25% tariff, and the future buying in volumes depends on quickly finalizing a favorable trade deal.

"Everybody is hopeful that a deal can be finalized sooner to clear the way for cotton to move into China," stated Shawn Wade, director of Policy Analysis and Research at PCG.

Cotton industry stakeholders also focused their attention on the planting season ahead. With the ginning process completed this week in the Texas High Plains, it is hoped that the region's cotton production will cross the 4 million bales mark.

Regarding quality, this year's average micronaire for the cotton bales classed at Lubbock USDA classing office has been 4.07 – a good number compared with last year's average of 3.21.

Source: cottongrower.com- Apr 12, 2019

HOME

****

Peru textile exports on the rise

Peru's textile exports are up 10 per cent. Much of the textile exports comprise shirts, T-shirts and cardigans made of cotton or woven of alpaca. Peruvian exports have had a positive record over the past three years, due to the development of a public-private promotion strategy based on the needs of clothing manufacturers.

The idea is to develop a much more intense promotion program in terms of presentations of the Peru Moda format in Asia and Europe, and with more specialized missions in Latin America.

The challenge for the industry is to start with cotton and alpaca, add new fiber blends, step up the technology and come up with value-added products for the market.

One area which Peru's designers are working on, and which buyers from the United States and Europe are interested in, is the development of organic cotton and other sustainable fashion fibers because of their minimum impact on the environment. Peru is trying to get a clearer understanding of international market trends and stimulate networking among Peruvian export firms.

The United States is the biggest market for Peruvian textiles followed by Brazil and Chile. New products have been developed for exports including children's clothes, pajamas, haberdashery and articles for the home. Lines have also been developed for children, teens and adults.

Source: fashionatingworld.com- Apr 13, 2019

HOME

****

China remains bright spot for Uniqlo

Uniqlo is doing well in China. Business remains a bright spot for the retailer despite concerns that a slowdown in growth in the world's second-largest economy would eventually take a toll. For the February quarter, the brand posted a double-digit jump in sales and profit in China.

There was a 19 per cent rise in operating profit. Uniqlo's sales and profit in China rose around 20 per cent year-on-year in the first half. It expanded to 633 locations in the country in the last fiscal year, up 78 stores from a year earlier, while in Japan it went down four stores to 827. Uniqlo is also growing online, with e-commerce sales in Japan growing 30 per cent year-on-year.

However an unseasonably warm weather forced it to slash prices for winter clothes. Amid heavy discounting to offload winter inventory, the retailer now expects an operating profit of 260 billion yen for the financial year through August, versus its previous estimate of 270 billion yen.

That would still be a record high and a ten per cent year-on-year rise. Uniqlo is part of the Japanese group Fast Retailing. Uniqlo is known for its simple and affordable clothes such as lightweight down jackets.

Source: fashionatingworld.com- Apr 3, 2019

HOME

****

World trade order, or US trade order?

India must join hands with other nations to prevent the US from bending the global trading system in its favour

It has been a year since US President Donald Trump roiled international trade by imposing tariffs on steel and aluminum on the dubious ground of protecting security of the US. What has he achieved through this illegal action and other questionable measures? Also, what might be his ultimate aim? Let us examine these questions.

First, President Trump has resorted to the time-tested strategy of the US of erecting barriers to exports from other countries, in order to coax them to come to the negotiating table and accept even the most unreasonable demands of the US business and trade.

The illegal steel and aluminum tariffs, as well as the threatened withdrawal of GSP benefits to India, should be viewed as integral parts of this line of action by the US. The US had unleashed this strategy during 1986-1993 and arm twisted Brazil, India and Thailand to agree to the Agreement on Trade-Related Aspects of Intellectual Property Rights. The ongoing bilateral negotiations between China and the US for addressing the concerns of the latter is a further testimony to the success of this strategy.

Second, by compelling some countries to accept export quotas as a condition for exporting steel to the US, Trump has rendered the WTO prohibition on such quotas as being irrelevant for the US. Through this tactic Trump has pushed countries back to the era of managed trade.

In this framework, the pattern of international trade will be determined unilaterally by the commercial interests of the US and not by multilateral rules. This type of power play, which was evident in the textiles sector during 1960s and up to the early years of the 21st century, has staged a come back with greater force for serving the economic interests of the US.

The message to the world is loud and clear — a country would be permitted to export to the US exclusively on terms and conditions decided by the hegemon.

Third, the US has taken pre-emptive action in order to prevent countries from meaningfully challenging the illegal actions of President Trump under the WTO's dispute resolution mechanism. By refusing to nominate new members to the Appellate Body, the highest judicial body at the WTO for adjudicating trade disputes, the US would have rendered the WTO's dispute resolution mechanism dysfunctional in December 2019.

Blow to DSB

However, the US does not appear to be prepared to wait that long. It has recently dealt a deep blow to multilateral dispute resolution by not allowing the meetings of the Dispute Settlement Body (DSB) to proceed on the pretext that the US does not recognise the diplomats at the WTO appointed by President Nicholas Maduro of Venezuela.

By sabotaging the DSB, the US has ensured that other countries will not have an avenue for seeking redress against its dubious and illegal actions.

This provides the US an unfettered environment for brow beating countries through its illegal actions and pressurising them to meet its ever-growing demands.

The fourth element in the overall strategy of the US is to undermine the concept of special and differential treatment (S&DT) during trade negotiations. By shredding the concept of S&DT, a fundamental pillar of both the GATT and the WTO, the US wants the same rules to apply to the developed countries and to some of the larger developing countries.

This would severely erode the ability of India and similar other countries to protect vulnerable sections — particularly fishermen and farmers — from the market-grabbing designs of the US. India has stood up firmly to the US on this issue and has also succeeded in mobilising about a dozen developing countries to oppose any dilution of S&DT.

However, the US may not hesitate to wield the big stick, yet again, in order to coerce countries such as India to 'voluntarily' renounce any claims to S&DT provisions in the future.

Digital trade, e-commerce

The final element in this grand strategy is to bulldoze negotiations at the WTO on the key issue of its interest — digital trade and electronic commerce. While there is no multilateral consensus on initiating negotiation on this issue, this has not prevented the US from pushing ahead with negotiations with 74 other countries.

It is also using all available platforms, such as the United Nations, to champion the supposed gains for developing countries if they agree to negotiate binding rules at the WTO on digital trade.

Further, strong pointers already exist suggesting that at the forthcoming summit of G20 leaders to be held in June, President Shinzo Abe of Japan will lend a helping hand to the US in nudging India, South Africa and Indonesia to join the bandwagon of negotiation on digital trade. The outcome of these negotiations would be totally asymmetric and skewed.

Developing countries would be compelled to give up the data generated in their country for free to the digital giants in the developed countries. This would fuel the business of the digital giants, without any benefit accruing to the developing countries.

In conclusion, viewed individually, the illegal actions of the US over the past one year may not provide any inkling of an underlying coherent strategy. However, join the dots and it becomes clear that the US is resorting to all tricks, fair and foul, for rewriting trade rules to further bend the international trading system in its favour.

So far, India has firmly resisted the US pressure. In order to further strengthen its hands, India needs to explain the dangers of the US strategy to other developing countries and get them on its side.

This is the only effective way to prevent the US from pushing ahead with its own commercial interest, while totally ignoring the development concerns of other countries, including India.

Source: thehindubusinessline.com- Apr 15, 2019

HOME

****

Levi's to open 100 stores in 2019

Levi Strauss & Co., plans to open 100 stores in fiscal 2019. The company already has 70 more stores than during the same time last year. It also plans to roll out an online shop later this year, and a pickup-in-store feature to help boost sales.

The company reported a 7 per cent increase in its first-quarter revenues to $1.435 billion for 2019 over the same period last year. Its net income, for the first quarter was $147 million compared to the $19 million net loss reported during the first quarter of the last year.

This was the sixth consecutive quarter of double-digit constant-currency revenue growth.

This growth was driven mostly by Levi's women's business, which grew by 18 percent. However men's bottoms, whose sales increased by 6 percent, made up for the largest percentage of revenues.

The wholesale business of the company also increased by 8 percent despite continued door closures.

The region that performed the most for the company included the Americas, which encompasses the United States, Canada and Latin America.

Revenues in those geographic areas were up 9 percent to $717 million while in Asia revenues inched up 8 percent to $253 million, but revenues rose only 3 percent in Europe, to $465 million.

Source: fashionatingworld.com- Apr 12, 2019

HOME

****

Vietnam: Garment, textile industry expected to lure much foreign investment this year

Many economic experts at the global textile and apparel supply chain conference held the first time in Ho Chi Minh City said that Vietnam will be an attractive destination for foreign garment and textile companies this year so the country must be cautious and selective about this capital source so as to avoid being applied trade protectionism measures by import markets.

Analyzing the potential of garment and textile industry of Vietnam, Mr. Vu Duc Giang, chairman of the Vietnam Textile and Apparel Association (VITAS), said that there are 7,000 enterprises in the industry, providing jobs for 3 million workers across the country. The industry maintained unceasing growth from 12 percent in 2010 to 16 percent in 2018.

Vietnam's garment and textile exports exceeded US$36 billion last year and was expected to top $40 billion this year. Globally, the country has been showing a great impact on garment and textile supply chain for being the world's second largest textile and apparel exporter.

Many Vietnamese clothing brands including Phong Phu, Viet Tien and An Phuoc have gained positions in global market. According to economic experts, the garment and textile industry of Vietnam will advance further in global market thanks to several existing advantages such as skilled laborers with sophisticated technique. Especially, with recently-signed free trade agreements, import tariffs will be gradually removed for Vietnamese garment and textile products.

As for domestic market, Vietnam will also be an appealing destination for foreign investors in textile and apparel sectors, especially Chinese firms. Mr. Le Tien Truong, CEO of the Vietnam National Textile and Garment Group, said that China holds the position as a main producer of textile raw materials and is the largest garment and textile exporter in the world.

However, garment and textile export turnover of China posted negative growth with export turnover to the US and the EU market was minus 0.37 percent and minus 2.13 percent respectively. This was caused by trade barriers used by many countries on garment and textile products imported from China.

Meanwhile, garment and textile exports of Vietnam grew robustly, especially at the US and the EU market, soaring 7.57 percent and 8.97 percent in tandem. This will urge Chinese garment and textile companies to shift investments to Vietnam in order to take advantage of the benefits and market gap that free trade agreements brought to Vietnam. It is estimated that Vietnam will receive an investment wave of up to $7 billion from garment and textile companies in China, $2.1 billion from South Korea, $1.6 billion from Taiwan and $0.75 billion from Japan.

Foreign direct investment attraction is necessary but economic experts also warned that Vietnam should calculate to make use of investments. First, the country needs to choose firms investing in high technology and foreign firms investing in segments that the country's supply chain lacks of.

According to Mr. Le Tien Truong, Vietnam's supply chain lacks of manufacturers for fiber, dyeing and raw fabric. However, in order to increase investment effectiveness in Vietnam, foreign firms should actually cooperate with their local partners in sharing and transferring production technology instead of a pure cooperation between buyer and seller. Many enterprises even invested in the last stage, comprising of assembly and packing, only to take advantage of the Vietnamese origin to receive preferential treatment when exporting.

Mr. Nguyen Phuong Dong, deputy director of the Department of Industry and Trade of Ho Chi Minh City, said that the city has been speeding up the progress of investment and construction of fashion design center. At the same time, the department will strengthen connection with firms in neighboring provinces and raw materials producers to help garment and textile companies in the city to complete the supply chain to promote export turnover this year. In addition, a specialized industrial zone should be built to give support to the demand to invest and develop of firms.

As for Vietnamese garment and textile companies, they should refuse flatly cooperation with a nature of commercial transaction only because it will negatively affect development of the industry as well as export market share in the world. At the same time, they should actively form actual alliance, heading to upgrading and improving production, and develop production chain from designing, developing products, producing raw materials, producing finished products, logistics, to developing market, brand and after-sales service.

Mr. Vu Duc Giang added that firms should actively change towards green production. In case that a company fails to pass technical barrier and is found to having caused environmental pollution, it means that that company loses its opportunity to export its products.

Source: sggpnews.org.vn- Apr 14, 2019

HOME

****

Bangladesh: Cheap yarn imports make textile millers walk a tightrope

USDA says, US-China 'trade war' also comes into play as supply of low-price yarn, fabrics gluts Bangladesh

Backward linkage factories – spinning, weaving, and knitting – in Bangladesh are running their businesses at a loss because of yarn dumping from India, and fabrics from China and Pakistan.

Although apparel industries seem to benefit more from dumping, it makes them more dependent and vulnerable as a supplier of low-priced garments for export, states a just published report by the United States Department of Agriculture (USDA).

It says, "Due to the U.S. – China 'trade war,' yarn and fabric from China are exported to Bangladesh at a lower price. Textile industries are facing hard challenges and incurring business losses, as they can't compete with imported yarn and fabric at very low prices."

It also states that China is providing direct cash returns to exporters of about 15 to 20% on their export of fabric to Bangladesh.

In March 2019, the price of cotton yarn reduced due to lower cotton prices in the international market, along with ample supply of yarn and fabric from China, India, and Pakistan.

USDA says, the local textile millers are facing uneven competition due to abundant imports of cheap yarn and fabrics. Some of them are about to leave the market and are facing a challenge dealing with a huge stockpile of unsold fabric, it adds.

The phenomena is attributed to low-priced yarn and fabric imports increased through bonded warehouse import "leakage," improper utilization declaration (UD) certification facilities of readymade garment (RMG) manufacturers, false declaration of product specification, and smuggling through the border with India.

Local RMG manufacturers are importing yarn and fabric from China, India, and Pakistan using a bonded warehouse (zero tariffs on import of raw materials for export value-added product) privilege.

"The imported yarn and fabric with zero tariffs are then illegally sold to the local market which forces down prices in the domestic market and makes local weaving mills and spinners more competitive," states USDA report.

Bangladesh has import duties of 32.4 percent for man-made fiber, 91.37 percent for fabric, 38.47 percent for yarn, and 32.4 percent for textile chemical dyes.

Export-oriented RMG factories can import yarn and fabric under a duty draw back incentive, which reimburses all customs duties paid on imported yarn, and fabric (but not taxes such as the VAT and Advanced Income tax).

Imports of all textile raw materials, including fabrics, have no quotas.

As a result of yarn oversupply in the domestic market, prices fell nearly 15-20 percent, while some textile millers and spinners suffered as a result, the report says also noting that "Some millers planned to cut overseas purchases of cotton for yarn and fabric production as they were struggling in the market due to the flood of imported yarn and fabric from China and India."

Textile millers have urged the government to take necessary action in order to protect the textile industry.

Of 2.1 million metric tons of Bangladesh's yearly yarn demand, 70 percent is met by local millers, while the rest is imported mainly from India, China, Vietnam and Pakistan.

More foreign buyers of value-added apparel are purchasing from Bangladesh due to cheap labor cost, competitive prices, and an appreciated US dollar versus the Bangladesh Taka.

Reportedly, some high-end millers have increased production capacity to satisfy higher domestic and international demand says USDA report.

Bangladesh currently has 430 spinning mills, 802 weaving mills, 244 dyeing and finishing mills, 32 denim fabric mills, 22 home textile mills, and a total of 6,502 registered and 527 un-registered garment factories.

Sixty-five percent of these factories are located in Dhaka district.

Approximately 4,296 Bangladesh Garment Manufacturers and Exporters Association (BGMEA) members employ four million workers, of which 80 percent are women.

In first eight months of the current fiscal, ready-made garment (RMG) exports fetched Bangladesh approximately US$23 billion, up nearly 15 percent from last year.

In previous financial year (2017-18), the country earned US$ 31.6 billion from RMG exports, an increase of 8.77 percent compared to 2016-17 FY, and contributed 83 percent of total export earnings.

Ministry of Textile and Jute has projected that the RMG sector earnings would grow to US$35.62 billion and US$38.73 billion in 2019-20 FY and 2020-21 FY respectively.

The export growth was partially contributed to by improved workers' wages, compliance maintenance investment, workers' skill development, diversified value addition, increased domestic and foreign direct investment, and more international brands involved in the trade.

USDA also predicts, Bangladesh's cotton import to rise from 8 million bales (projected for 2018-19) to 8.5 million bales in 2019-20, on expectations of increased export market demand for value-added apparel products, increased capacities of existing mills, stable international prices of cotton, and favorable weather for world production.

Bangladesh imported cotton from 41 countries around the world in 2017-18. Among them, India (25%) and the U.S. (10%) take the largest share of volume, followed by Australia (9%), Mali (9%), Burkina Faso (8%), Benin (8%), Brazil (7%), Uzbekistan (6%), and others.

Nearly 80 percent of garments made in Bangladesh are sourced from cotton; the rest are made from viscose, polyester and other materials.

Local spinners supply 90 percent of raw materials for knitwear and 40 percent for the woven garments sector.

Source: dhakatribune.com - April 13, 2019

HOME

****

Bangladesh takes over global denim markets

A couple of denim fabric makers have introduced the latest technology mainly to cater to the growing demands and earn more through value addition, industry people said.

Rope dyeing in Denim making.

Rope dyeing is one such technology that local denim fabric makers are installing in their units in recent years, they added.

Moreover, denim makers are now expanding their capacity to sustain in the long run, grab the growing global demand for fashionable denim wear shifting from China following the trade war between China and the USA.

Many of the 32 local denim mills are going for expansion while a couple more will come into operation with fresh investment within the next two or three years, they said.

Syeed Ahmed Chowdhury, General Manager Operation at Square Denim, said the company expanded its denim fabric production capacity to 2.5 million yards last year from 1.2 million yards per month mainly to meet the demand.

32 local denim mills are going for expansion while a couple more will come into operation with fresh investment within the next two or three years.

Work orders from US buyers are increasing here in the country as they are decreasing their sourcing from China due to the trade war between the two countries, Syeed Ahmed said adding at part of buyers' shifting orders from

China, they are relocating their fabric orders first. “Though orders are on an upward trend, US buyers are offering very ‘tougher’ rate for locally produced items,” Chowdhury noted.

India and Pakistan are offering more competitive price than Bangladesh because of their devalued rupees. They have their own raw materials and Bangladesh is facing tough competition with them, he said.

There is no alternative to expansion to sustain the existing business and achieve the $50 billion garment export earnings target by 2021, industry people said. “Denim is a 12-month product for both men and women. Rising cost in China has created an opportunity to grab the increasing demand.”
Abdus Salam Murshedy, Managing Director, Envoy Group

Despite all odds, the country will lead denim garment making across the globe as it has already developed a strong washing capacity, they said China, India and Pakistan are major competitors of Bangladesh in terms of fabric manufacturing as they are cotton-producing countries.

Due to the growing demand, especially for more value-added products, a few denim fabric makers are now introducing the latest technology including rope dyeing. Rope dyeing is considered to be the best possible indigo dyeing method for yarn as short dyeing time that doesn’t allow indigo to fully penetrate the fibers, thus creating ring-dyed yarn that fades better and faster than fully-dyed yarn.

Shade variation is comparatively lower in the rope dyeing process than the most used slashed dyeing, a denim factory official explained. Less water is consumed while chemical use is high, people involved with the process said.

Another aspect of the process is it provides a deep indigo look, the unique look that denim lovers are looking for. Though rope dyeing machinery installation cost is higher than slashed dyeing, buyers offer 10 to 15 cent higher price due to its color and quality, they explained.

World’s first LEED Platinum Certified Denim Manufacturing facility, Envoy Textiles Limited is a manufacturer of 100 export-oriented high-quality denim fabrics. Starting commercial operation in 2007, the company is the very first in Bangladesh to use rope dyeing technology.

It is considered as one of the largest denim manufacturing facilities in Bangladesh with a production capacity of 50 million yards per annum.

Abdus Salam Murshedy, Managing Director of Envoy Group said, “Denim is a 12-month product for both men and women. Rising cost in China has created an opportunity to grab the increasing demand.”

The country is now producing mid-segment of denim products on a small scale following growing demand from upscale customers, he said, adding that due to such demand, one of his units-Envoy Textiles Ltd (ETL)-introduced rope dyeing for the first time in the country.

ETL manufactures high-quality fashion denim and is one of the largest denim fabric makers in Bangladesh, he said. “Some big brands demand for rope-dyed denim products and offer 10 to 15 cent more per yard,” he said.

Partex Group that also makes denim products has recently introduced rope dyeing along with its existing slashed dyeing process mainly to meet the increasing demands made by some buyers. Local entrepreneurs have the capacity to set up industry and bag work orders as they have technical know-how for production.

Some 32 units are involved with denim fabric and product making while the figure was only four to five in 2001. Total investment in the sub-sector stood more than $ 900 million, according to industry people. The sub-sector earns about $ 3.5 billion and plans to increase exports to $ 7.0 billion in the next couple of years, they added.

Bangladesh is now the top denim products supplier to the European Union overtaking China, and third largest to the US after China and Mexico, industry people said.

Bangladesh supplies denim products to major global buyers and retailers including Levi’s, G-Star Raw, H&M, Tesco, Wrangler, Hugo Boss.

Source: dailyindustry.news- April 13, 2019

HOME

****

Bangladesh: RMG value addition rises slightly

Gross value addition from country's readymade garment sector in the first half of current financial year 2018-19 (July-December) increased slightly from that of the financial year 2017-18.

According to the quarterly review of Bangladesh Bank, the gross value addition from the readymade garment sector stood 63.23 per cent in the first half or the current financial year 2018-19. The value addition in FY 19 was 60.94 per cent, the data showed.

Bangladesh Bank calculated the value addition considering the import price of raw materials including cotton, synthetic/viscose fibre, synthetic/mixed yarn, cotton yarn and textile fabrics and accessories. It showed that import price of raw materials in the July-December period of FY 19 stood at $6.28 billion which is 36.77 per cent of total export earnings from RMG sector of $17.08 billion in the period.

Thus, raw materials prices shared 36.77 per cent of the total value of RMG export. It means local value addition is estimated at 63.23 per cent. 'The existing trend of local value addition in RMG sector is satisfactory and we have little scope to increase the value addition more as we have no cotton,' Policy Research Institute executive director Ahsan H Mansur told New Age on Saturday.

He said that the local value addition could reach to 70-75 per cent if the textile sector can produce high quality fabrics. 'To grow more, we have to concentrate to develop fabrics in woven sector as knitwear sector is making more than 80 per cent value addition,' Mansur said.

The BB data showed that the import value of raw materials was $11.95 billion against the total earnings from RMG at $30.61 billion in the FY 18. According to the data, the import value of raw materials in FY 18 was 39.06 per cent of total export earnings from RMG and the local value addition was 60.94 per cent.

The report also showed that the local value addition from RMG sector remained static between 60-63 per cent in the past six years.

The BB data showed that the gross value addition from RMG sector was 61.67 per cent in FY 17, 63.66 per cent in FY 16, 62.37 per cent in FY 15, 60.51 per cent in FY 14 and 61.76 per cent in FY 13.

The quarterly report showed that total export earnings from RMG during October-December of FY19 increased by 8.56 per cent as compared to the previous quarter and 16.58 per cent compared to the corresponding quarter of previous fiscal year.

During October-December of FY19, RMG sector earned 8.89 billion which was 84.22 per cent of total export earnings. This share was 82.44 per cent in the same quarter of the corresponding year, data showed.

The data also showed that, country's RMG sector earned $30.61 billion in the FY 18 with 8.76 per cent growth and the earnings were 83.43 per cent of total export.

Source: newagebd.net- April 13, 2019

HOME

****

Myanmar's Economy Poised for Steady Expansion, Needs Quicker Reforms – IMF

The International Monetary Fund (IMF) has issued its updated GDP forecast for Myanmar, saying the South Asian economy is set to expand steadily this year, but is facing the risks of rising fiscal deficits and an overall slowing growth due to global factors. Among the main risks facing Myanmar, the Fund named is its excessive reliance on agricultural exports, insufficient investment, and a depreciating national currency.

According to the IMF, Myanmar's economy posted a robust 6.8-percent GDP growth last year, driven by a rebound in the agricultural sector, and supported by steady exports. The nation's inflation held firm at 4.0 percent, while its budget deficit rose to 2.7 percent of GDP.

This year, however, Myanmar is facing the risks of the rising fuel costs — driven by an increase in international oil prices — as well as the persistent downward pressure on its national currency, the kyat. A possible devaluation could make imports more expensive, while rendering Myanmar's exports even more competitive on international markets.

However, the IMF's lowered projections of global economic growth suggest international demand for agricultural goods could slow this year, which could negatively affect Myanmar's exports. Last year, the South Asian nation saw a sustainable inflow of foreign investment, mainly from China, however, its trade deficit came in at roughly 5 percent of GDP.

According to the Myanmar Investment Commission, the nation struck $3.4 billion worth of deals with foreign companies between April 2018 and February 2019 — a 35-percent drop from the previous year, and a third consecutive year of declines. Officials say the lack of basic infrastructure — such as electricity, roads, and running water — is making it harder to launch projects in Myanmar.

In a separate report, the Asian Development Bank (ADB) said Myanmar's economy could expand 6.6 percent this year, and hit last year's growth rate of 6.8 percent again in 2020.

ADB economists said Myanmar's ongoing economic reforms — known as the Sustainable Development Plan — could boost development of the country's manufacturing and services sectors, allowing Myanmar to diversify its sources of economic growth.

For its part, the IMF also expressed a modestly positive view of the nation's economy in the medium-term, despite the mounting pressure of overseas risks. The Fund's economists said governmental spending has been subdued over the past few years, but could increase in 2019, contributing to the widening fiscal deficit.

Still, the ongoing reforms could generate additional budget revenues, particularly in the tourism and services sectors. Yet, experts say, these industries require additional investment — and, as private-sector investors have yet to gain appetite for Myanmar's assets, the government could step up its efforts to improve national infrastructure.

European officials, meanwhile, are urging a greater openness of Myanmar to international companies, which they say could boost investment in the country due to its cheap workforce and loose regulations. They say the years of political isolation, along with the 2017 security crisis in Rakhine State, have hindered the nation's economic development.

Lauwerysen said, however, foreign companies that have already established their presence in Myanmar are likely to continue doing business in the country. He stressed Myanmar has a huge potential for industrialisation, and could become a major producer of consumer goods, such as textiles and clothing, for example — just like its neighbour Bangladesh.

Additionally, Myanmar's strategic location between India and China creates additional opportunities for the development of pipeline infrastructure. The main challenge the country is facing is updating its regulatory framework to make it more predictable, efficient, and business-friendly.

Source: sputniknews.com- April 14, 2019

HOME

****

Pakistan to host World Fashion Convention in November

The International Apparel Federation (IAF) has announced that it will organise 35th World Fashion Convention in Pakistan in November 2019, a move which could further place the country’s textile sector in the global limelight.

“Every year we introduce a country to the rest of the world and this year, we will organise IAF convention in Pakistan,” said IAF General Secretary Matthijs Crietee while briefing the media at TEXPO on Friday. “The board of directors chose Pakistan because of its prominent textile and apparel sector, which has considerable potential of growth.”

Reiterating the agenda, Crietee detailed that IAF aimed at building smarter, stronger and sustainable global supply chain of textile products through physical interactions and discussions of IAF members.

The announcement comes at a time when Pakistan is struggling to enhance its export base and Prime Minister Imran Khan is making utmost efforts to attract foreign investments and expertise in the country along with promotion of soft image of Pakistan to the world.

The Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) termed it the biggest achievement for dragging the country out of an economic crisis by boosting exports of value-added textile products while benefiting from GSP plus status.

PRGMEA further recalled its years-long efforts to bring IAF to Pakistan.

IAF is an international trade association whose members comprise national clothing associations and companies having core businesses of sourcing, designing, development, manufacturing, distribution and retail of apparel products.

The federation has presence in 60 countries with more than 150,000 companies on board.

In previous years, the convention has been held in Hong Kong, Netherlands, Brazil, India, US and China.
This year, Pakistan managed to win the bid by defeating Russia and Bangladesh

Speaking on the occasion, PRGMEA Chief Coordinator Ijaz Khokhar termed the convention a unique opportunity for Pakistan’s apparel industry to learn new techniques.

“In the upcoming convention, we will have a detailed presentation on Pakistan and its apparel sector for creating awareness regarding the potential of our country as production hub of textile items especially garments,” Khokhar said.

The convention provides its participants an opportunity to discuss issues faced by the global industry and also to network at a global level.

Khokhar was of the view that the convention was being held in Pakistan at a time when the world’s population was set to cross the next billion.

He added that the provision of clothing to the rising population in a sustainable manner would be a big challenge.

In addition to this, adoption of new materials, technologies and catering to consumer demands would be another challenge in the post fourth industrial revolution era, he highlighted.

"This will be the first time, when all IAF members will visit Pakistan and observe its textile and apparel industry," he stressed. "This will give a boost to local manufacturers in terms of marketing and connections with the rest of the world and create value addition for our products besides offering joint ventures."

He opined that the convention would promote Pakistan's soft image as leading fashion retailers and brands would visit the country and discuss Pakistan on international forums.

Source: tribune.com.pk- April 13, 2019

HOME

****

NATIONAL NEWS

Robust textile exports help India reduce trade deficit with China

Robust export of cotton textiles to China has helped India reduce its trade deficit with that country. The recent government move to reimburse all State and Central levies on textile exports boosted shipments to major consuming countries.

Cotton textile exports to China increased 69 per cent between April 2018 and and February 2019 to $1.55 billion, against $920 million in the previous year period.

KV Srinivasan, Chairman, Cotton Textile Export Promotion Council, said exports can increase further if the Centre addresses the tariff disadvantage of 3.5-10 per cent that the Indian industry suffers vis-a-vis textile exporters in Vietnam, Pakistan and Indonesia.

He added that higher exports of cotton textiles — including fabrics and made-ups — will not only help reduce the trade imbalance but also attract investments from the labour-intensive industries shifting out of China.

China is an important trading partner for India with imports of $65 billion and exports of $15 billion in the period April 2018 to February 2019. This marked an all-time high in exports and a sharp decline in imports from China. The trade balance between the two countries in FY18 was $63 billion in favour of China, which has now shrunk to $50.13 billion.

Textile policy

In January, the Centre had unveiled a new textile policy to include State-level taxes in the computation of duty drawback. It also granted duty drawback for import of fabrics under Advance Authorisation to make exports cost competitive. Last month, it extended the refund of State and Central taxes on shipments of apparels and made-up goods.

Source: thehindubusinessline.com- Apr 15, 2019

HOME

****

India losing cotton export market to Brazil as fibre prices head north

The benchmark Shankar 6 variety of cotton jumped more than 10% to trade at Rs 12,907 a quintal on Friday

India is fast losing its cotton export market to Brazil due to a sharp increase in the fibre prices over the last six weeks which makes Indian shipments uncompetitive in world markets.

The benchmark Shankar 6 variety of cotton jumped more than 10 per cent to trade at Rs 12,907 a quintal on Friday as against Rs 11,698 a quintal on February 28.

With the Cotton Association of India (CAI) forecasting that India's cotton output will remain lower during the current season, its arrivals have started declining gradually.

Cotton harvesting ended early this season due to reports of crop damage in major fibre producing states including drought-hit Maharashtra and Gujarat.

Apart from rising domestic cotton prices, the appreciating rupee has made actual realisation lower than the depreciating Brazilian real. While the rupee appreciated by 2.27 per cent to close at Rs 69.18 against the dollar on Friday compared to Rs 70.75 on February 28.

In the same period, however, the Brazilian real – has depreciated by 3.88 per cent to 3.88 against a dollar from 3.76 against a dollar on February 28.

"Indian cotton has become uncompetitive in the world market.

The largest importer, China, has started importing cotton from Brazil as it has become a cheaper substitute," said M B Lal, former chairman of the Cotton Corporation of India.

India's shipment of nearly 400,000 – 500,000 bales of cotton is under serious threat of delivery default as Indian exporters face higher procurement prices than contracted for cotton exports.

The CAI in its latest report estimated the cotton crop for 2018-19 at 32.1 million bales of 170 kgs each which is lower by 0.7 million bales than its previous estimate of 32.8 million bales made in March.

“Rising cotton prices may restrict India’s exports this year. India has exported around 4 million bales so far this year,” said Arun Sakseria, a veteran cotton exporter.

Meanwhile, K V Srinivasan, Chairman, Cotton Textile Export Promotion Council (Texprocil) has urged the government to emphasise the need to boost exports of textile products not only to compensate the decline in cotton exports, but also to narrow the trade deficit with China.

“Exports of cotton textiles had contributed to the reduction in trade deficit with China, the largest importer of India’s cotton.

India’s exports of textiles and apparel posted an increase of 69 per cent to $1.5 billion between April 2018 and February 2019 compared to $919.76 million in the corresponding period last year.

Export of cotton textiles can be increased further if the tariff disadvantage of 3.5 - 10 per cent suffered by India in comparison to Vietnam, Pakistan and Indonesia on textile products is addressed by making further special efforts,” Srinivasan added.

China is an important trading partner for India with an import of $65.22 billion worth of goods and export of S$ 15.10 billion for the period April – February 2019., recording an all time high in exports and sharp decline in imports from China.

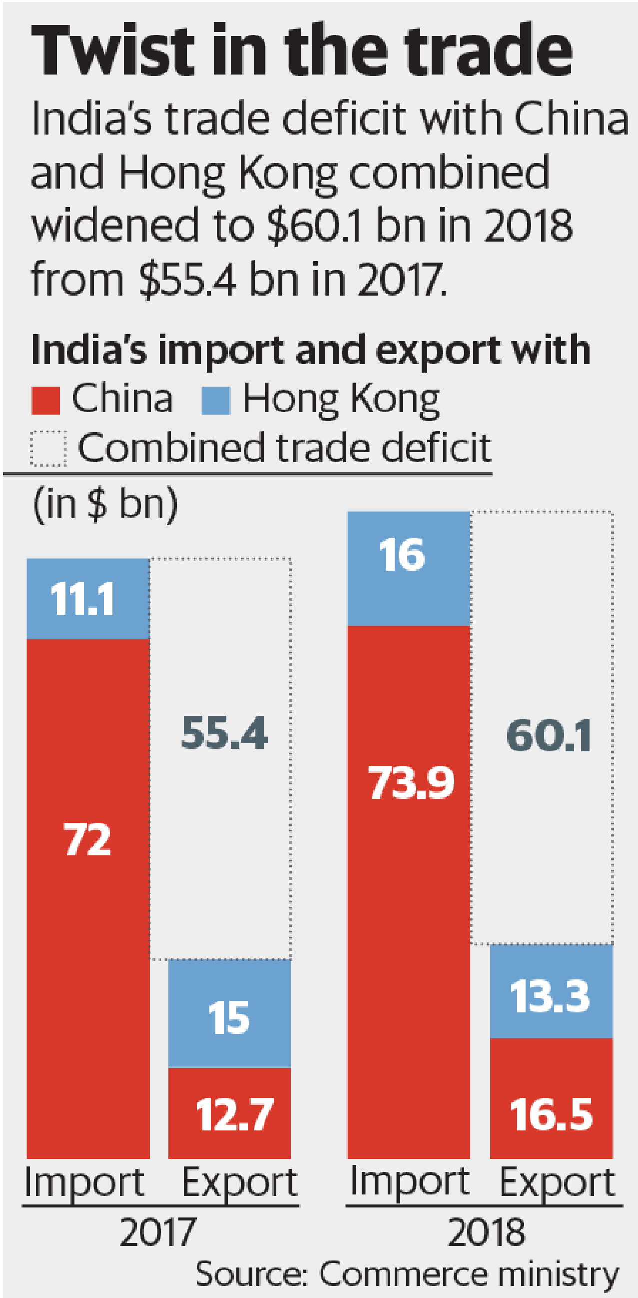
Source: business-standard.com- Apr 13, 2019

HOME

****

How China seeks to hide extent of trade surplus with India

India's ever-rising trade deficit with China fell for the first time in 2018-19, but an analysis of trade data shows the country may be pushing its exports to India through Hong Kong to hide the actual extent of its trade surplus with India.



The commerce ministry on Friday said trade deficit with China narrowed by $10 billion in 2018-19 to $53 billion. Trade minister Suresh Prabhu tweeted: "Whopping reduction (in) trade deficit with China. Unprecedented. Exports increased substantially. Result of high-level engagement, strategic planning, coordination with stakeholders, market research, sustained efforts, constant monitoring, hand holding with exporters."

An analysis of data from the commerce ministry's website shows India's imports from Hong Kong have risen significantly for the same products that India imports from China.

During 2018, India's trade deficit with China narrowed to $57.4 billion from $59.3 billion, while India's trade surplus with Hong Kong valued at $3.9 billion in 2017 turned deficit at $2.7 billion in 2018.

India's trade deficit with China and Hong Kong combined widened to $60.1 billion in 2018 from $55.4 billion in 2017.

Hong Kong is a founding member of the World Trade Organization (WTO) and even after the 1997 transfer of its sovereignty from Britain to China, it has remained a member of WTO as guaranteed under the “one country, two systems" principle. However, in recent years, Hong Kong has been at loggerheads with mainland China to protect its democratic nature as China is seeking greater say in its administrative processes.

The disproportionate rise in trade deficit with China, mainly due to rising import of electronic items, has been threatening India’s trade balance and has remained a key trade policy challenge for the government. With US President Donald Trump launching a trade war with China seeking to cut his country’s $419 billion bilateral trade deficit, China’s restrictive policies on imports have come back into focus. China is under increasing pressure to reduce its surplus with trading partners.

A query sent to a spokesperson of the Chinese embassy in New Delhi on 10 April remained unanswered.

To be sure, India’s exports to China rose 30.4% in 2018 to $16.5 billion. However, India’s exports to Hong Kong dropped from $15 billion to $13.3 billion, a net loss in exports of $900 million when taken together with China.

As complete disaggregated data for fiscal 2018-19 (April-March) is not available yet, calendar year data is used for easier comparison purposes. Fiscal data is likely to present similar trends.

While India’s import of spare parts for making mobile phones—its highest importing item from China by value—contracted 34.1% to $3.9 billion in 2018, import of the same item from Hong Kong rose 728% to $1.3 billion during that period. Similarly, import of LAN adaptor cards from China shrank 32% to $2.4 billion, while its imports from Hong Kong rose 173% to $546 million. Import of digital monolithic integrated circuits from China grew 358% to $1.5 billion, while import of the same item from Hong Kong surged 6017% to $1.4 billion.

A commerce ministry official said on condition of anonymity that China was capable of playing such tricks. “We should always be careful with China and consider China and Hong Kong as one country while calculating trade figures," added the official.

Biswajit Dhar, professor at Jawaharlal Nehru University, said that with instances of protests against China, including burning of Chinese products in India, it is shifting exports to India via Hong Kong to show a lower bilateral trade surplus with India.

“Chinese are doing it very smartly by targeting only those products that attract zero duty such as electronic items, because such products do not attract any scrutiny," he added.

Source: livemint.com- Apr 15, 2019

HOME

****

MSMEs out of the woods? Credit improves, NPAs fall as small businesses turn around

The sector is the backbone of Indian economy, employing around 11 crore people, and contributing more than 45 percent of total manufacturing output, 9 percent to GDP and more than 40 percent of total exports of the country.

Difficult days of MSME sector seem to be coming to an end, with the overall health of the sector seeing speedier improvement in lending intensity, according to a report. Despite its significant importance in economic growth of the country, the micro, small and medium enterprises (MSME) sector in India has faced setbacks in the past due to one reason or the other. However, the situation seems to be improving with regard to credit and NPAs, show recent data.

Total credit disbursement to MSMEs as a proportion of the GDP has increased from 9.6 percent in December 2013 to 13.6 per cent in December 2018, said the latest TransUnion CIBIL-SIDBI report.

India has the second largest base in the MSME sector after China. The sector is the backbone of Indian economy, employing around 11 crore people, and contributing more than 45 percent of total manufacturing output, 9 percent to GDP and more than 40 percent of total exports of the country.

Since 2014, the Modi government has taken many initiatives to give a boost to the sector such as Make in India, relaxation in FDI, incentives of export, easy and low cost credit etc.

There has been an annual growth of 19.3 percent in the total balance outstanding to the MSME — both entities and individuals, over the last five years. Of the total Rs 111.1 lakh crore balance sheet credit exposure in India till December 2018, the MSME credit accounts for Rs 25.2 lakh crore, the report said.

Commercial credit growth has continued to increase at 14.4 percent on a yearly basis in the in the quarter ended December 2018, the report added.

The report also noted a slight reduction in the non-performing asset (NPA) belonging to the large segment declining from 20 percent in June 2018 to 19 percent in December 2018 and those belonging to the mid-segment from 16.5 percent in June 2018 to 16.5 percent in December 2018.

“MSME credit growth acceleration along with a decline in NPAs is a very promising indicator of the prospective development in the segment and thereby economic growth.

It also indicates the growth in new-to-credit MSME borrowers, implying that MSMEs are increasingly seeking access to finance from the credit sector.

These trends bode well for the ‘ease of doing business’ in India as more and more MSMEs seek credit from the regulated market and this also helps foster financial inclusion,” Mohammad Mustafa, Chairman and Managing Director, Small Industries Development Bank of India (SIDBI), told The Indian Express.

However, the increased lending is giving rise to a concern too. The increasing pace of lending needs to be checked if the banks and regulators need to avoid any possibility of stress in the future, MD and CEO of TransUnion CIBIL Satish Pillai told The Indian Express.

While lenders should monitor their portfolios constantly for loan stacking, leverage and debt build-up, the regulators must keep systemic risks in check, he added.

Pillai further suggested to facilitate greater access of trade data to credit information companies through TReDS (Trade Receivables Discounting System) and mandatory reporting by banks of factoring/bill discounting to bureaus.

Source: financialexpress.com- Apr 12, 2019

HOME

****

Investors meet on technical textiles in Coimbatore on April 24

A one-day National Investors' Conclave on Technical Textiles being held here on April 24 will provide inputs to understand the potential areas of investment in technical textile sector.

The conclave would also give necessary inputs to plan for value addition in the existing products apart from planning diversification, the Indian Technical Textile Association (ITTA), the organisers, said in a release Friday.

Technical textiles has been identified as the thrust area for an exponential growth by the Centre and also by all the state governments considering its potential for value addition, exports, domestic demand, it said.

The central government offers 15 per cent credit linked capital investment subsidy for technical textiles machines under Amended Technology Upgradation Fund scheme apart from providing various other benefits.

The governments in Tamil Nadu, Andhra Pradesh, Telangana and Karnataka have also offered special incentives for investments made in technical textiles. The Tamil Nadu government in its recent Integrated Textile Policy has announced 6 per cent interest subsidy for technical textiles products.

The meet is being conducted jointly by Mumbai-based ITTA with SIMA and Indian Texpreneurs Federation. Union Textile Secretary Raghavendra Singh will inaugurate the conclave, the release said.

Source: business-standard.com- Apr 12, 2019

HOME

****

Scrapping India's trade privileges could hit US consumers: Senators

India is the world's largest beneficiary of the GSP

A United States (US) plan to end preferential duty-free imports of up to $5.6 billion from India could raise costs for American consumers, two US senators have told their country's trade office, urging a delay in adopting the plan, and seeking more negotiations.

If President Donald Trump presses ahead with his plan to end the Generalised System of Preferences (GSP) for India, it could lose the status in early May, Indian officials have said, raising the prospect of retaliatory tariffs.

India is the world's largest beneficiary of the GSP, dating from the 1970s, but trade ties with the US have widened over what Trump calls its high tariffs and concerns over New Delhi's e-commerce policies.

“While we agree that there are a number of market access issues that can and should be addressed, we do remain concerned that the withdrawal of duty concessions will make Indian exports of eligible products to the United States costlier. Some of these costs will likely be passed on to American consumers”, the senators, John Cornyn and Mark Warner, wrote.

In their letter written on Friday, the co-chairs of the Senate's India caucus, of more than 30 senators, called for the withdrawal to be delayed until the end of the general elections, which began on Thursday.

Allowing for talks to continue beyond the elections would underscore the importance of the trade ties, presenting an opportunity to resolve market access issues and improve the overall US-India relationship for years to come, they added.

If the US scraps duty-free access for about 2,000 product lines, it will mostly hurt small and medium businesses in India, such as makers of engineering goods.

Despite close political ties, trade between India and the US, which stood at $126 billion in 2017, is widely seen to be performing at nearly a quarter of its potential.

Trade relations suffered in the past few months after India adopted new rules on e-commerce reining in how companies such as Amazon.com Inc and Walmart Inc-backed Flipkart do business.

Last June, India said it would step up import duties varying from 20 per cent to 120 per cent on a slew of US farm, steel and iron products, angered by Washington's refusal to exempt it from new steel and aluminium tariffs. But it has since repeatedly delayed adopting the higher duties.

Source: thehindubusinessline.com - Apr 14, 2019

HOME

****

India brings down trade deficit with China by $10 billion in 2019

Sources said India's exports to China rose to $17 billion during the year from $13 billion during 2017-18, while imports declined to $70 billion from $76 billion

India has managed to bring down its trade deficit with China by $10 billion to $53 billion in 2018-19 year on year, thanks to efforts by New Delhi to get greater market access to the latter's markets and take benefit out of the current Washington-Beijing trade war.

Sources said India's exports to China rose to $17 billion during the year from $13 billion during 2017-18, while imports declined to $70 billion from $76 billion.

India is the seventh largest export destination of China, while China is the fourth largest export destination of India. On the other hand, China is the top import source for India, while the latter is the 25th largest import source for China.

Source: business-standard.com - Apr 12, 2019

HOME

****

Senators urge Trump administration to delay decision on India's GSP review

Two top American Senators have urged the Trump administration to delay until the end of the general elections its decision to terminate India's designation as a beneficiary developing country under the Generalized System of Preference due to a lack of compliance.

The Generalized System of Preference (GSP) is the largest and oldest US trade preference programme and is designed to promote economic development by allowing duty-free entry for thousands of products from designated beneficiary countries. The US Congress in March last year voted to renew the GSP through 2020.

In a letter to US Trade Representative (USTR) Robert Lighthizer, Senators John Cornyn from the Republican party and Mark warner from the Democratic party argued that India-US relationship was too important to rush such an important decision in the middle of an election cycle.

"As you know, India's elections will conclude on May 23, 2019. We believe that the election season may serve as a hindrance for our Indian counterparts in negotiating and concluding a deal on difficult political issues," the two Senators wrote in the letter to Lighthizer on Friday.

It was in April last year that the USTR announced that it planned to review the GSP eligibility of a number of countries, including India.

The USTR's announcement specifically cited "concerns related to its compliance with GSP market access criterion," based on petitions filed from the US medical device and dairy industries.

"If another round of negotiations during the election season does not resolve the outstanding issues, we would ask you to consider delaying the issuance of a Presidential proclamation to withdraw India's GSP benefits by at least 30 days, beyond the 60-day calendar, in order to move the negotiations beyond India's elections," the Senators said.

Allowing for continued negotiations beyond the elections would underscore the importance of this bilateral relationship and provide a real opportunity to resolve these market access issues, potentially improving the overall US-

India relationship for years to come, said Cornyn and Warner, who are co-chairs of the powerful Senate India Caucus.

"We understand that the Trump administration may issue a proclamation withdrawing India's GSP benefits 60 days or later from the congressional notification date," the two Senators wrote.

The letter comes in the middle of an intense Indian election cycle, during which the ruling government cannot take a major policy decision, which holds officials from making substantial progress on the crucial negotiations between India and the United States.

"As Co-Chairs of the United States Senate's India Caucus, we fully appreciate and support your efforts to address a host of market access issues facing American businesses in India.

"Congressional support for the GSP programme was made clear last year when the US Senate and US House of Representatives reauthorised the programme, in nearly unanimous fashion, for three years," they said.

On March 4, 2019, Congress was notified of USTR's intention to terminate India's designation as a beneficiary developing country under GSP due to a lack of compliance.

"While we agree that there are a number of market access issues that can and should be addressed, we do remain concerned that the withdrawal of duty concessions will make Indian exports of eligible products to the United States costlier, as the importer of those products will have to pay a 'Most Favoured Nation' (MFN) duty which is higher than the rate under GSP," the Senators said.

Some of these costs will likely be passed on to American consumers, they told Lighthizer.

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

HOME

****