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IBTEX No. 137 of 2019 July 15, 2019

SD 68.58| EUR 77.31 | GBP 86.20 | JPY 0.63

Cotton Market

Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
20909	43700	**81.23**
Domestic Futures Price (Ex. Warehouse Rajkot), July		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
21230	44371	**82.47**

International Futures Price	
NY ICE USD Cents/lb (December 2019)	62.68
ZCE Cotton: Yuan/MT (September 2019)	13,055
ZCE Cotton: USD Cents/lb	86.06
Cotlook A Index – Physical	**74.05**

Cotton Guide: The ICE Cotton Futures settled lower as predicted in our previous report. It seems quite obvious about the prices going nowhere, therefore, taking no major leap in either direction. The total volumes were however not so cheerful, with adequate enough figures to bring a downfall. The Volumes amounted to 20,035 contracts. This figure is way below the three month average. Low volumes usually speak about the lack of enthusiasm seen in the whole trade.

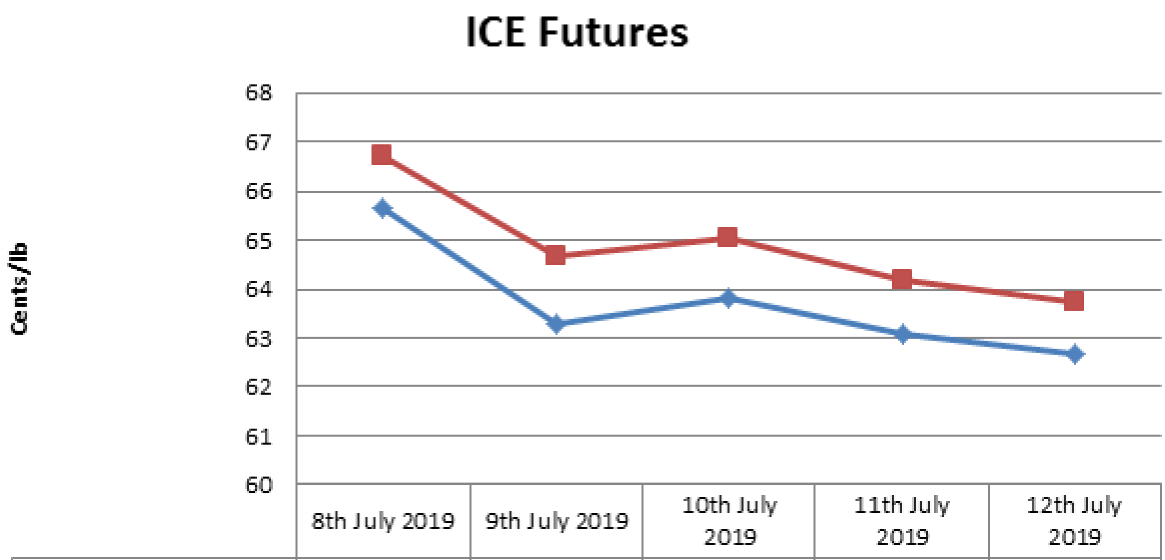
The MCX contracts on the other hand were mixed. A trend cannot be predicted in the MCX contracts with drastically low volumes. The volumes have fallen sharply. The total volumes, usually are always above the 1000 lot mark. On Friday the volumes were seen at 965 lots. The Most active MCX contract-the MCX July contract settled at 21,230 Rs/Bale with a change of +70 Rs, here, the volumes were at 568 lots. The next month contract the MCX August contract settled at 20,670 Rs/Bale with a change of +110 Rs, with tiny volumes of 349 lots. What interests us the most is the spread between the two contract months of July and August. The spread is something to be watched out for. Friday's Spread was 560 Rs, which is still considered higher.

The ZCE futures are also not performing that well. Prices settled low with changes in the range of -105 and -490 Yuan. The most active contract the ZCE September (CF909) contract settled at 13,055 Yuan with a change of -105 Yaun.

The Cotlook Index A is adjusted at 74.05 cents/lb with a change of -0.75 cents/lb. The Cotlook Forward Index A is adjusted at 73.60 with a change of -0.75 cents/lb. The average prices of Shankar 6 are at 43,700 Rs/Bale.

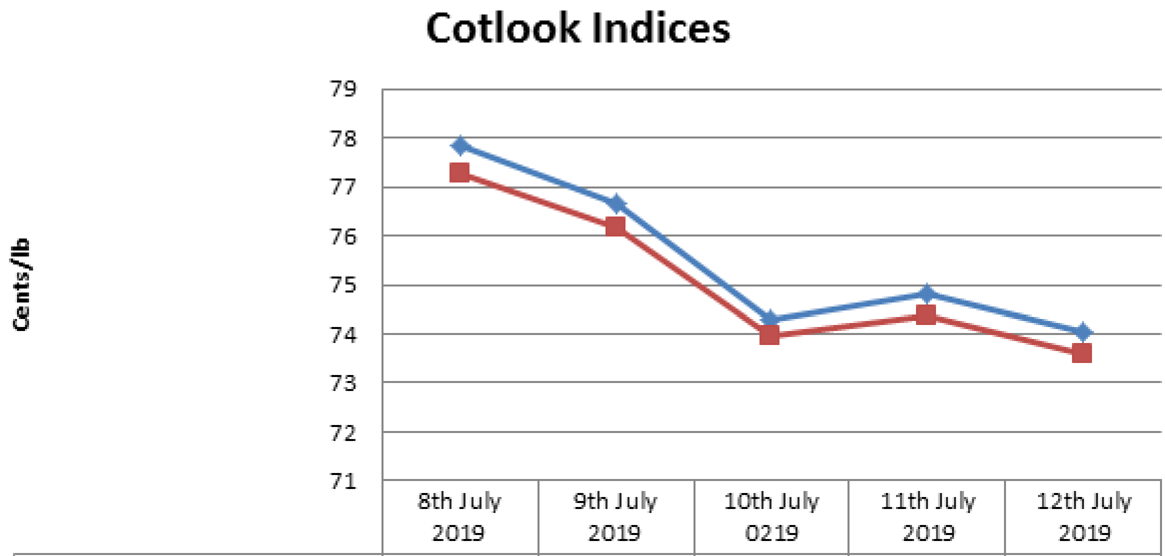
Cotlook 2018/2019 A Index	74.05 (-0.75)
Brazilian	72.75
Memphis/Orleans/Texas	72.75
Memphis/Eastern	74.25
Ivory Coast BEMA	75.25
Burkina faso RUDY	75.25
Cotlook 2019/2020 A Index	73.60 (-0.75)
Table 1 : Cotlook Indices ***Source : Cotton Outlook	

The Yarn mill owners are of the opinion that the prices are still to bottom out as they do not see the US and Chinese counterparts agreeing with each other soon. In-fact, recently trump announced that he is in "no hurry" for a trade deal, which further, brings in more waiting time for the cotton fraternity.



	8th July 2019	9th July 2019	10th July 2019	11th July 2019	12th July 2019
ICE December 2019	65.64	63.28	63.82	63.08	62.68
ICE March 2020	66.7	64.67	65.06	64.2	63.74

For the Short term - fundamentally speaking, for today we still expect both the MCX and ICE contracts to be consolidated in a tight range. Supply overhang with muted demand is keeping cotton price lower almost near a 3 year low. There would be no quick rebound in the price. Market may remain lower or stabilize near 62/64 zone. The only point that could make a turnaround would be the hurricane/storms in the US which could damage a large crop in the US and China, starts buying US Commodities very aggressively at a larger chunk. However, such scenarios are not seen at the moment. Hedge funds might take time to reverse their positions from short side to long. They are having a record high net short position. The trading range for the short term would be 60 to 65 cents for December ICE futures. India's Cotton prices might be subdued.



	8th July 2019	9th July 2019	10th July 0219	11th July 2019	12th July 2019
Cotlook Index A 2018/2019	77.85	76.65	74.3	74.8	74.05
Cotlook Index A 2019/2020	77.25	76.15	73.95	74.35	73.6

On the technical front, ICE Cotton futures failed to sustain above the 5 day EMA and witnessed decline further towards 63.00 levels after breaching the crucial support of 64.50-64.00 during last week. Meanwhile price is trading below the 5 and 9 day EMA, with bearish crossover of short term (5 DEMA) below (9 DEMA) along with weaker RSI which weighed over prices to test levels of 63. RSI in the daily charts is near 34, which may decline further towards the lower end of the range at 30. So in the near term resistance exists around 64.60 (5 DEMA), which may restrict price to move higher. As long as 64.60-65.00 zone resists price is expected to remain weaker till next support at 62.35 followed by 60.90. Only a close above 68.00-68.60 would negate the bearish bias. In the domestic market MCX July future is expected to trade in the range of 20960-21350. Only close below 20960 would decline further towards 20780-20750 zones.

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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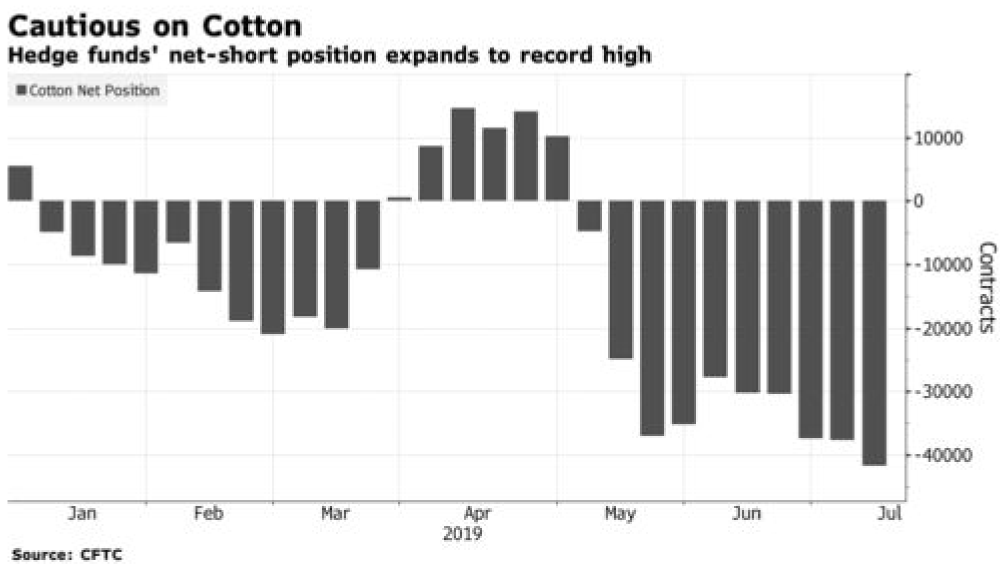
INTERNATIONAL NEWS

Hedge Funds Make Record Bearish Cotton Bet Before Prices Tumble

Hedge funds made a record bearish bet on cotton just before prices extended declines to hit a three-year low.

Futures traded in New York dropped to 62.6 cents a pound on Friday, the lowest since June 2016. Just three days earlier, money managers expanded their net wagers on price declines. It was the third straight week the bearish position reached a fresh record.



The market is suffering from a serious supply overhang. U.S. inventories are projected to reach a 12-year high in the 2019-2020 season. Meanwhile, American shipments are still facing tariffs from China, the world's top consumer. Even big delays for this year's plantings and heavy rains from Barry in the Mississippi Delta, a key growing region, haven't been enough to rescue prices from their doldrums.

"I don't see why the specs would turn around," said Peter Egli, a director of risk management at Plexus Cotton. There are "a lot of strikes against cotton," he said.

Cotton is down almost 30% in the past 12 months and is among the worst performer in the Bloomberg Commodity Index, which tracks returns for 22 components. Slower global economic growth has eroded demand. The U.S. Department of Agriculture on Thursday cut its 2019-2020 projection for world use by 0.8% and boosted its outlook for global inventory by 4.1%.

In the week ended July 9, the investors' net-short position expanded 11% to 41,727 futures and options, according to U.S. Commodity Futures Trading Commission data published Friday. The holding, which measures the difference between bets on a price increase and wagers on a decline, was the most bearish since the data begins in 2006.

The short-only holdings jumped 6.4% to an all-time high of 72,095 contracts. Even as inventories pile up, there's still plenty that can go wrong with this year's crop, and that could quickly undercut the negative sentiment.

Planting delays have stunted normal development. Only 47% of U.S. crops had reached the so-called squaring stage, the growth period prior to blooming, as of July 7, USDA data show. That's down 10 percentage points from last year and trails the five-year average. In Texas, the biggest grower, the figure was 11 percentage points behind last season.

Meanwhile, fields in southern portions of the Mississippi Delta region could be badly affected by Barry. The storm made landfall in Louisiana on Saturday, unleashing a deluge and harsh winds. It could be several days after the rains clear before the extent of the damage to plants is known.

Source: bloomberg.com- July 15, 2019

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China imports from US plunge 31% in June amid tariff war

China's trade with the United States plunged in June amid a tariff war with Washington over Beijing's technology ambitions that has battered exporters on both sides.

Imports of US goods fell 31.4 per cent from a year earlier to $9.4 billion, while exports to the American market declined 7.8 per cent to $39.3 billion, customs data showed on Friday.

China's trade surplus with the United States widened by 3 per cent to $29.9 billion, potentially giving its critics ammunition to demand Washington take a hard line with Beijing.

Presidents Donald Trump and Xi Jinping agreed in June to resume talks on the fight over US complaints about Beijing's trade surplus and plans for government-led development of technology industries.

That helped to calm financial markets but economists say the truce is fragile because the conflicts that caused talks to break down in May persist.

Trade has weakened since Trump started hiking tariffs on Chinese goods last June. Beijing retaliated with its own penalties and ordered importers to find non-US suppliers.

Envoys talked by phone on Tuesday in their first contact since Trump and Xi met in Japan, the Chinese Commerce Ministry said. It gave no details or a date for more contacts.

"Our base case remains that trade talks will break down again before long," said Julian Evans-Pritchard of Capital Economics in a report.

China's global trade

China's global exports sank 1.3 per cent to $212.8 billion, while imports fell 7.3 per cent to $161.9 billion.

Trade weakness has added to pressure on Xi's government to shore up economic growth and avoid politically dangerous job losses.

Washington is pressing Beijing to roll back plans for government-led creation of Chinese global competitors in robotics, electric cars and other technologies. The United States also wants other changes including cuts in subsidies to Chinese industry.

Beijing agreed last year to narrow its trade surplus with the United States by buying more American natural gas and other exports but scrapped that plan after one of Trump's tariff hikes.

The Chinese government said in June that any purchases must be at a reasonable level, suggested Beijing was becoming more cautious about making big commitments before it sees what Washington offers in exchange.

Trump accused Beijing on Thursday of backsliding on promises to buy more American farm goods. He said on Twitter that "China is letting us down."

Trump's statement "highlighted how more speed bumps may remain in the road ahead," said Craig Orlam of OANDA in a report. "While a deal makes sense for both sides this year, it's far from guaranteed and could hit many more snags."

Chinese leaders express confidence their economy can survive the tariff fight.

Importers of American soyabean and other goods are trying to switch to Brazilian, Russian and other sources, but supplies are limited and costs are higher. Farmers who use soybeans as animal feed have been told to switch to other grains.

While American exporters have been hit hardest, Chinese industries including electronics that Beijing sees as its economic future have suffered double-digit declines in sales to the United States, their biggest market.

Source: thehindubusinessline.com- July 13, 2019

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Bangladesh: Apparel exports to non-traditional markets post 21.77% growth

Of the $34.13 billion, $5.68 billion came from non-traditional export markets and the rest $28.44 billion from traditional markets, mainly the USA and the Europe


BANGLADESH RMG EXPORTS TO NEW MARKETS

Earnings in $mn in FY18	Country	Earnings in $mn in FY19
634.01	Australia	719.78
158.38	Brazil	160.51
78.95	Chile	111.36
391.64	China	506.51
278.68	India	499.09
846.74	Japan	1091.43
191.97	Korea	279.20
148.35	Mexico	203.73
427.93	Russia	488.58
73.27	South Africa	102.58
260.16	Turkey	189.86
1180.44	Others	1334.53

Source: EPB

Apparel exports to non-traditional markets have posted a sharp growth by 21.77% to $5.68 billion in the just concluded fiscal year, with the clothing business to both traditional and non-traditional destinations hitting $34.13 billion during the period.

Of the $34.13 billion, $5.68 billion came from non-traditional export markets and the rest $28.44 billion from traditional markets, mainly the USA and the Europe, according to the latest data of Export Promotion Bureau (EPB).

Woven products earned $2.79 billion, which was 22.91% higher than $2.27 billion fetched in the previous fiscal year. Knitwear items raked in $2.88 billion, up by 20.68% from a year ago.

Earnings from apparel items saw a 14.49% growth to $34.13 billion in the last fiscal year.

Australia, Brazil, Chile, China, India, Japan, Korea, Mexico, Russia, South Africa, and Turkey are considered as the major non-traditional export destinations for Bangladeshi products.

As per the data, Japan imported apparel goods worth $1.09 billion, which was 28.90% higher from the previous year.

China, the second largest non-traditional market for the country's RMG, imported products worth $506.51 million, up by 29.33% from the previous year.

In addition, exports to India rose by 79.09% to $499.09 million during the period, the highest growth of apparel registered in the just concluded fiscal year.

Only export to Turkey posted a negative growth by 27% to $190 million, which was $260 million a year earlier.

Talking to Dhaka Tribune stakeholders have attributed the cash incentive and initiatives to explore new markets to the sharp and continued rise in export earnings from the new destinations.

"Bangladesh's export earnings from new markets are increasing faster due to market diversification initiatives from the government and the apparel manufacturers," former BGMEA senior vice president Faruque Hassan has told Dhaka Tribune.

In the last couple of years, BGMEA in collaboration with the government created opportunities for the manufacturers to participate in the global expositions to connect new buyers, which contributed a lot to enhanced exports to new markets, adds Hassan, also managing director of Giant Group.

Besides, safety improvement in the apparel sector expedited the export growth as it boosted investors' confidence, leading to more work orders, sector people say.

As a part of the government's market diversification step, the government increased cash incentive from 3% to 4% for the last fiscal year, which encouraged exporters to go for new destinations, former commerce minister Tofail Ahmed has told Dhaka Tribune.

Currently, apparel exporters enjoy 4% cash incentive for exports to non-traditional markets, while 1% incentive for traditional markets for the current fiscal year.

Economists also think incentive played an important role in the sharp growth.

Cash incentive for non-traditional export markets yielded good result for apparel business, which needs to be continued, Centre for Policy Dialogue (CPD) research director Khondaker Golam Moazzem says.

Source: dhakatribune.com- July 14, 2019

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S Korea keen to boost investment in Bangladesh

South Korean Prime Minister Lee Nak-yon today expressed his government's interest to invest in some emerging sectors of Bangladesh like infrastructure, power, information and communication technology, construction, ship building and energy for boosting business volume of the two countries.

The trade between Bangladesh and Korea needs to be increased beyond textile and garment sectors, Nak-yon said the Korea - Bangladesh Business Forum.

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) and Korea International Trade Association (KITA) jointly organised the forum on the occasion of the three days' visit of Nak-yon in Bangladesh at a hotel in Dhaka.

Businesses from both the countries, ministers, diplomats, exporters, importers and trade body leaders attended the forum to explore the business opportunities between the two countries.

The visiting prime minister also said some big Korean companies have already invested in Bangladesh, but there is a scope for further business expansion here.

Apart from textile and garment sectors, he particularly expressed interest in helping construction of 10,000 ICT centres across Bangladesh, in energy and construction.

Claiming that some Korean companies have been working in the construction sector, he said there is a lot of opportunity to invest in the only private Korean Export Processing Zone in Chittagong.

The Korean Daewoo Company helped a lot to train up manpower in the garment sector in Bangladesh in 1979.

Later, the Korean multinational company YoungOne invested in garment sector in Bangladesh and employed thousands of workers in the sector.

Currently, the size of the total investment by Korean companies in Bangladesh is $1.12billion mainly in textiles, leather and banking sectors, he said.

While addressing the businesses of the both countries, Sheikh Fazle Fahim, FBCCI president said, as an important trade partner the bilateral trade between Bangladesh and Korea stood at $1.5 billion in the last fiscal year with export from Bangladesh worth $0.25billion and imports worth $ 1.27billion.

“With duty free market access to 90.4 percent of our tariff line to Korea, bilateral trade prospects are promising,” Fahim said.

The FBCCI chief mentioned that to attract foreign direct investment (FDI), Bangladesh has one of the most liberal flexible investment regimes in South Asia and Ease of Doing business measures is being addressed at the highest policy level.

Recently, the South Korean Super Petrochemical has proposed investments worth $2.38billion in petrochemicals, which will positively contribute towards the bilateral investment relations, he said.

Fahim proposed Korean investment through the mergers and acquisition in electronics, automobiles, telecommunications, shipbuilding, chemicals and steel.

He also proposed investment in, development and innovation joint venture on light, medium and heavy industries, knowledge transfer to transition from 3rd IR to 4th industrial revolution including service sector cooperation in ICT, nanotechnology, robotics, IOT, cyber security, AI, quantum computing, quantum internet among others.

Source: thedailystar.net- July 14, 2019

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Sri Lanka apparel exports sees highest growth in five years from Jan to May

Apparel exports from Sri Lanka grew 6.38 per cent in May 2019 . From January to May apparel exports grew 8.7 per cent against the same period last year. This has been the highest growth rate recorded in the past five years.

Sri Lanka's apparel exports have made a significant impact on American, European and other major export markets around the globe. The country's target is to reach $ 8 billion in exports by 2025.

However, the EU and the US may withdraw GSP Plus concessions for Sri Lanka. And if this happens, it will automatically reduce the country's export earnings and the competitiveness of its products in EU markets vis-à-vis several Asian countries enjoying such concessions. If the US too withdraws its GSP concessions, it will be a double whammy for Sri Lanka.

About 57 per cent of Sri Lanka's total exports go to these two markets. Apparels are Sri Lanka's biggest exports to the EU. Almost 90 per cent of Sri Lankan exports to the EU are exported under GSP Plus or with zero duty.

The GSP Plus scheme encourages increased value addition within Sri Lanka and thereby promotes backward integration, resulting in the setting up of new industries, and creating new employment opportunities in the country.

Source: fashionatingworld.com- July 13, 2019

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Nike Supplier Pivots Away From Vietnam After Exiting China

The new normal of global trade is that there are few safe harbors.

That's the lesson Eclat Textile Co. is learning. The sportswear supplier to Nike Inc. and Lululemon Athletica Inc. exited China in 2016 as conditions weren't ideal for manufacturing, deciding instead to bulk up in Vietnam. Now, as the global trade war heats up, Eclat finds itself vulnerable again and needs to move beyond Vietnam.

"Judging from the global situation, the most important thing now is diversification," Chairman Hung Cheng-hai said in an interview. "Clients also want us to diversify risks and don't want production bases to be in one country. Now 50% of our garments are made in Vietnam, so we are not diversified enough."

Heightened trade tensions between the U.S. and China have disrupted global supply lines, forcing companies to pivot production out of the Asian nation and into other countries such as Taiwan, Vietnam and Bangladesh. But with Donald Trump hardening his stance on Vietnam, calling it the biggest trade abuser and slapping higher import duties on steel, firms are realizing that no nation is tariff-proof enough to serve as a global supply hub.

Eclat is now looking to set up multiple, smaller regional manufacturing hubs that can be nimble in servicing clients. The textile maker won't consider adding plants or expanding in Vietnam in the next three years, Hung says.

The company instead will invest in new facilities in Southeast Asian nations such as Indonesia or Cambodia. It expects to invest $80 million in setting up 120 production lines in the region, with the board deciding specific locations later this year, Hung says.

Eclat shares rose as much as 3.1% in Monday morning trading, their first increase in three sessions.

Plan B

Although the U.S. and China have resumed talks on a deal, there are growing signs that the global supply chain -- long reliant on China as the workshop to

the world -- is being permanently transformed. Intel Corp. has said it's reviewing its global supply chain, while Apple Inc. and Amazon.com Inc. are among those reportedly working on a Plan B.
Li & Fung Ltd. CEO Spencer Fung Interview

Spencer Fung

But the rush to nearby Asian nations is also reaching a saturation point. "Vietnam, for example, is full, completely full," Spencer Fung, chief executive officer of Li & Fung Ltd., the world's largest supplier of consumer goods, told Bloomberg earlier this month.

Eclat escaped the hit of higher U.S. tariffs because it shut its Chinese facility in 2016 due to a shortage of local manpower. "The era of 'Made in China' was over five years back," because the young Chinese workers -- products of the 'One Child Policy' -- no longer like working in a factory, according to Hung. "We will be cautious about investing in China and won't invest in labor-intensive businesses."

A dispersed supply chain will lower any potential tariff risks for Eclat and may even help lower costs in the long term, according to Rae Hsing, an analyst at Cathay Securities in Taipei who has a neutral rating on the textile firm.

Eclat's strategy seems to be working, with the company reporting a 44% rise in profit for 2018 compared with a year earlier. Its stock has gained 13% this year.

Hung sees flexibility as key. For example, tariff-related uncertainty has made it difficult for clients to plan their supply-chain requirements, causing them to be more conservative in placing orders. Eclat has adapted by moving faster to deliver orders. That willingness to be flexible will help the company take any further surprises in stride.

"If this is worrisome, then we need to worry about investing in India or Mexico as well," he said. "Then, there is no end of worrying."

Source: bloomberg.com- July 14, 2019

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Cambodia's new trade strategy

Trade sector reform has gained new momentum after a bold reform agenda announced by Prime Minister Hun Sen at the Government-Private Sector Forum in March this year- including the withdrawal of the inspection of the Cambodia Import-Export and Fraud Repression Directorate General (Camcontrol) at the international gateways and the abolishment of the state-owned Kampuchea Shipping Agency and Brokers (Kamsab).

The ongoing trade war between the US and China has forced Cambodian policy makers to accelerate trade and investment policy reforms in order to maintain the competitiveness of the country's economy.

The current bottlenecks of Cambodia's trade strategy are the narrow export market, complex regulations and informal fees, and high trade logistics cost. According the Cambodia Trade Integration Strategy 2019-2023 by the Ministry of Commerce, around 80% of Cambodia's exports are sold to just 8 partner countries, mostly to the EU and US.

Textiles, clothing, footwear and travel goods exports to Europe and the USA (markets that import 70% of total Cambodian exports of goods) are reliant on preferential treatment. The threat to remove the Everything but Arms (EBA) by the EU and the Generalised System of Preferences (GSP) by the US will adversely affect Cambodia's export to these two main markets.

Trade diversification strategy has been promoted recently, especially to explore and expand export markets to Asia. ASEAN is regarded as the key driver of regional integration and trade facilitation. Sanitary and Phyto-Sanitary (SPS) measures, complying with agricultural and food standards and adhering to preferential origin rules, have been identified as a key constraint for Cambodia's export to ASEAN.

Currently only around one fifth of Cambodia's exports are sold to ASEAN Member States. The use of tariff preferences among Cambodian businesses is low and only relatively few Cambodian companies apply for preferential certificates of origin under ASEAN related Free Trade Agreements.

Cambodia's trade logistics costs are high compared that neighbouring countries. The contribution of transport and logistics to the total exported value added reached 14 percent, double the corresponding number in Thailand and 3.5 times that of Malaysia or Vietnam.

The report by the Ministry of Commerce also highlights that the supply chain links between foreign and domestic firms are weak. Cambodian Small and Medium-sized Enterprises are facing with complex regulations and standards (including export processes, technical measures, and registration).

In order to facilitate trade, effective cooperation between customs, other line agencies, appropriate authorities on trade facilitation and customs compliance issues needs to be promoted. In terms of trade facilitation measures, Cambodia has introduced many measures to facilitate areas such as customs automation, national single window, one stop border posts, customs risk measures, E-permit and customs, phytosanitary certificates, certificates of Cambodian origin, and trade registration.

The report suggests that, in the short term, Cambodia needs to reduce trade logistics costs to remain competitive. Since informal costs appear to be included in the current value of logistics costs, it is urgent for the government to design and adopt a comprehensive integrity strategy considering international good practices for border management operations and to implement modern automation systems for border management and port operations by digitalizing/automating processes entailing cross- border trade to the extent technologically feasible will reduce face-to-face interaction and remove informal payments.

The Cambodian government has also recognized the important linkage between trade facilitation and digital economy development strategy which include closing the digital gap by enhancing spectrum reallocation and mandating passive infrastructure sharing among telecom operators; elaborating a Digital Skills Readiness Strategy; adopting laws in e-commerce, cybersecurity, and data protection and privacy; and aligning e orts toward implementation of the Digital Government Strategy.

It seems there is a strong political will to reform the trade sector, driven by both external and internal factors. Next steps would be to carry out the trade strategy 2019-2023 prepared by the Ministry of Commerce. Leadership, institutional capacity, integrated coordination mechanism among the line ministries, technical support from development partners, and the participation from the private sector are critical to concretise the trade strategy.

Reducing informal fees is one of the top priorities to improve business climate and trade performance of the Kingdom.

Source: khmertimeskh.com- July 14, 2019

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Bangladesh: Big boost in apparel exports

Bangladesh has enjoyed a big boost in apparel shipments in the US market last fiscal year even if RMG products of the country face a high tariff there. Industry insiders attributed the buoyant export performance to the ongoing Sino-American trade war.

Bangladesh earned US$6.13 billion from exports of apparels in the US last fiscal year, posting a 14.60 per cent growth over the corresponding period of previous year, according to Export Promotion Bureau's (EPB) latest export figure.

Traditionally, the US is the single largest export destinations for Bangladeshi goods. But the US authorities impose average 15.2 per cent tariffs of the value of all Bangladeshi shipments.

"Apparel exports to US market rose sharply due to US-China trade war," Mohammad Hatem, Vice-President of the Exporters Association of Bangladesh (EAB) told The New Nation.

He said, imposition of high tariff on Chinese goods by the US prompted global buyers to shift work orders from China to Bangladesh leading to rise in Bangladesh's garments export to the American market.

A data of the Office of Textiles and Apparel (OTEXA) of the US shows that apparel import by the US from Bangladesh stood at $2.55 billion during January-May of this year as compared to $2.21 billion during the corresponding period of last year, posting a 15.48 per cent year-on-year growth.

"The trade war opened a new horizon for the local garment industry though the local exporters are subjected to pay 15 per cent tariff on an average on their garment shipments to the US market," said Hatem.

He cited the rise of tariff on almost all Chinese products from 10 per cent to 25 per cent makes their apparels expensive in the US market, while it gives local exporters a comparative advantage over Chinese products creating an opportunity for them.

"We are receiving plenty of work orders from American buyers as they now prefer to buy more Bangladeshi apparels than the Chinese ones due to cost competitiveness."

Bangladesh is the world's second biggest apparel exporter after China and its apparel shipments totalled at $34.13 billion in the immediate past fiscal year (2018-19).

The country's export earnings in the just concluded fiscal year stood at record $40.53 billion and the apparel shipments accounted for 84 per cent of its total export income.

Source: thedailynewnation.com- July 14, 2019

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Pakistan-Turkey trade drops due to protective duties

The volume of bilateral trade between Pakistan and Turkey has dropped drastically from $1.08 billion to $792 million after the imposition of protective duty on textile by the latter.

Previously, textile exports to Turkey were based on normal tariffs, but later Turkey imposed a protective duty of 18%, which was very high, leading to a decline in textile exports to Turkey, said Federation of Pakistan Chambers of Commerce and Industry (FPCCI) President Daroo Khan Achakzai.

"Turkey should remove local preventive duties in the preferential trade agreement (PTA) and prospective free trade agreement (FTA) with Pakistan," Achakzai suggested.

He said he appreciated efforts of the government of Pakistan and Turkey to enter into a strategic economic framework (SEF) for enhancement of bilateral relations in trade, tourism, health care, hospitality, industry, education, housing, agriculture, aviation and banking.

Pakistan and Turkey had concluded nine rounds of negotiations, including the SEF, but so far the outcome of talks had not been shared with the stakeholders concerned, he pointed out, adding that the government needed to consult the stakeholders for formulating a list of concessionary items to be included in the FTA with Turkey.

Pakistan expected Turkey, being part of customs union with the European Union, to provide access to the Turkish market under a status similar to the GSP+. This assumption was, however, dashed due to the refusal of Turkey to extend the GSP+ status to Pakistan. Instead, Turkey conducted negotiations on the FTA between the two countries.

The FPCCI president urged the government to help remove all anti-dumping and non-tariff barriers before entering into SEF.

He also underlined the need for activating a train service with Turkey in order to reduce trade cost and transit time as trade through sea was not cost-effective for both nations.

He added that Turkey should promote direct trade with Pakistan, instead of third countries like import of surgical items from Germany, which were originally manufactured in Pakistan.

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

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Vietnam: Garment and footwear firms will have to wait for EVFTA benefits

Textile, garment and footwear products made in Việt Nam will not enjoy immediate tariff cuts after the EU-Việt Nam Free Trade Agreement (EVFTA) comes into effect, according to a report from Bảo Việt Securities Joint Stock Company (BVSC).

After the EVFTA comes into effect, Most Favoured Nation (MFN) tariffs will automatically replace the Generalised System of Preferences (GSP) rates which the EU has applied for developing and underdeveloped countries.

This means for the first few years of EVFTA's implementation, most local garment and footwear products will not benefit from the EVFTA because MFN rates for those products are higher than GSP rates of 9 per cent for garment products and 3-4 per cent for footwear products at present.

Specifically, most apparel products that Việt Nam has been exporting to the EU will see export tariffs eliminated gradually from the MFN tariffs of 12 per cent to zero in 3-7 years after the EVFTA comes into effect. Similarly, footwear products will be exempt from MFN tariffs of 12.4 per cent in 3-7 years.

Those that will enjoy the immediate tariff cut are products which are not Việt Nam's major exports to the EU such as fibre to make clothes and other materials to produce footwear.

In the footwear sector, the EU has pledged to eliminate 37 per cent of tariff lines for local footwear products exported to the EU as soon as the FTA enters into force. They include rubber/plastic waterproof shoes, slippers, raw materials and accessories.

However, when the tax cuts take effect, Vietnamese footwear, textile and apparel enterprises will benefit significantly from EVFTA because the tariff preferences under the EVFTA are stable, while GSP tariffs are volatile and can be changed annually, according to the BVSC report.

Besides, most countries that export textile and garments to the EU don't have FTAs with the EU, so if Vietnamese enterprises meet origin requirements, the EVFTA will open a great opportunity for Việt Nam’s footwear, textile and garment exports.

Rules of origin

Under the deal, Việt Nam's footwear, textile and garment industries will have to make changes to meet origin conditions and take advantages of preferential tariffs.

For the textile and garment industry, fabrics used to make the products must originate from Việt Nam or the EU, and the cutting and sewing stages must be performed in either the bloc or Việt Nam.

Despite this, the EVFTA has some flexibility on product origin. For instance, local garment firms can use fabric imported from countries that have signed FTAs with the EU and Việt Nam, like the Republic of Korea (RoK).

Although the rules of origin in the EVFTA are not as strict as in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), Vietnamese firms still face several challenges because most of them have just engaged in cutting and sewing steps while not producing fabric and yarn.

In addition, main production materials (fabrics) that most Vietnamese textile enterprises use originate from mainland China and Taiwan, which do not have trade deals with the EU.

Therefore, according to BVSC, to gain full benefits from the EVFTA, Việt Nam must focus on developing the textile industry and the support industry for the textile and garment sector to supply enough materials for it.

Otherwise, Việt Nam will have to increase more fabric imports from the RoK to make use of the trade pact with the country, pending the supporting industry’s development. Under the EVFTA, companies can also import materials from Europe to improve their products’ quality and value.

Vũ Đức Giang, chairman of Việt Nam Textile and Apparel Association, said Việt Nam had signed 16 FTAs with many countries and territories. Of which, 12 have come into effect and have boosted import-export turnover, with textile and garment a sector that takes full advantage of FTAs.

According to the EVFTA, industries such as textile, garment and footwear will benefit most with export revenue increasing by 13.49 billion euros (US$15.23 billion) by 2035.

Giang said the EVFTA promised apparel export potential of more than $100 billion annually.

The association believes the export target of $40 billion for 2019 is achievable, thanks in part to FTAs, including the one with the EU - the second biggest market for Vietnamese textile and garment products.

Source: vietnamnews.vn- July 15, 2019

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Nepal: Export revenues from listed products inch up 2.7 percent

Earnings from the export of products identified by the Nepal Trade Integration Strategy inched up 2.7 percent in the first 11 months of the current fiscal year, largely due to a rise in demand for medicinal herbs, woollen carpets, yarns and textiles.

According to the Trade and Export Promotion Centre, revenues from the export of nine Nepal Trade Integration Strategy products between mid-July and mid-June, reached Rs33.94 billion, up from Rs33.06 billion during the same period last year. The growth rate slowed compared to the previous year when export earnings increased by 10 percent.

Suyash Khanal, deputy executive director of the Trade and Export Promotion Centre, said the rise in exports was due to an improvement in the quality of the products and increased diversification of the market for items such as yarns and medicinal herbs.

Based on the country’s comparative advantage, the Nepal Trade Integration Strategy has identified nine goods—woollen carpet, cardamom, ginger, tea, medicinal herbs, hides and skins, footwear, pashmina and yarn and textile—

as the main exportable items. Among them, export revenues from four items have swelled.

Earnings from medicinal and aromatic plants soared by 27.6 percent to Rs1.36 billion. Turmeric, Nepal pepper, asparagus, cinnamon and spikenard, among others, are the country's main exportable herbs. Khanal said Nepali herbs were finding a better market in Europe than in India due to Indian non-tariff barriers. "Mostly fragrant herbs are in great demand in third countries to manufacture cosmetics," said Khanal.

The value of yarn and textile shipments surged 13 percent to Rs14.87 billion. According to Khanal, exports of Nepali acrylic yarn increased after Bangladesh lifted a ban on the import of acrylic yarn from Nepal through the Banglabandha land port.

According to the Trade and Export Promotion Centre, yarn shipments accounted for 10 percent of the total export revenues during the review period. Half of the shipments went to Turkey. Bangladesh was the second largest importer of Nepali yarn. India, Hong Kong and a number of Southeast Asian countries including Vietnam are the other major importers of Nepali yarn.

Export earnings from woollen carpets increased 5.6 percent to Rs6.85 billion while earnings from pashmina rose 1.6 percent to Rs2.23 billion.

Among Nepal Trade Integration Strategy products, exports of leather goods plunged 40 percent while ginger also saw a steep drop of 38 percent. Shipments of footwear and cardamom also fell sharply by 27.9 percent and 13.2 percent respectively.

The government gives a cash incentive of 3-5 percent for the export of Nepal Trade Integration Strategy products. Traders get a 5 percent cash incentive for exporting processed tea, large cardamom, ginger, leather goods and processed herbs and oil products with a value addition of at least 50 percent.

Traders get a 3 percent cash incentive for exporting pashmina products under the Chyangra Pashmina brand, textiles, woollen carpets, and yarn made of polyester, viscose, acrylic and cotton.

The government revised the list of Nepal Trade Integration Strategy products in 2016. It aims to bring up the export value of merchandise goods listed under the Nepal Trade Integration Strategy to 4 percent of the gross domestic product by 2020. The export value of some of the products added to the list such as leather goods and footwear has been dropping constantly.

Source: kathmandupost.ekantipur.com- July 14, 2019

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Pakistan: Cotton prices hit 3-year low as higher supply projections weigh

ICE cotton futures hit fresh three-year lows on Friday in low volume trading on projections for higher output even as the natural fiber battled demand woes.

The most-active cotton contract on ICE Futures US, the second-month December contract hit a low of 62.65, levels not seen since May 2016.

Prices fell 0.16 cent, or 0.25pc, to 62.92 cents per lb as of 01:52 p.m EDT (1753 GMT).

The monthly World Agriculture Supply and Demand Estimates (WASDE) report on Thursday projected higher global ending stocks for 2019/20 crop year.

“There is basically lack of interest in cotton as there is nothing compelling from what we saw from WASDE. There doesn’t seem to be a problem with the crop,” said Sid Love, commodity trading adviser at Kansas-based Sid Love Consulting, adding that the production projection was high.

“There were expectations that we could bounce back but we didn’t.

There is no compelling news for anything … you don’t get an awful lot of interest in selling market short.

If you got a bullish story going, it’s easier for managed money positions to come in and get going. An upward trend usually attracts speculators,” Love said.

Total futures market volume fell by 6,429 to 13,634 lots.

The December contract was down 5.6pc so far this week, registering its biggest weekly loss since week-ending May 10.

“The trade remains severely under-hedged and it therefore can’t afford to buy the market at this point. Index funds are already long and their position only changes because of money flowing in and out of commodity baskets or because of rebalancing,” British merchant Plexus Cotton said in a research note.

“This leaves only speculators as a potential source of buying, but with the market resuming its downtrend this week after a two-month break, there is currently no reason for speculators to cover their shorts and to go long.”

Lack of domestic demand as well as a long-drawn trade war between the United States and China has pushed cotton prices down over 14pc so far this year.

Certificated cotton stocks deliverable as of July 19 totaled 63,568 480-lb bales, down from 64,028 in the previous session.

Source: brecorder.com- July 14, 2019

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Pakistan needs to diversify exports to US

The United States has been one of Pakistan’s major trading partners. For the past several years, the trade volume between the two countries has been stagnant, hovering around $5.5 billion. However, in calendar year 2017, the Pakistan-US bilateral trade crossed $6-billion mark for the first time.

Given the product mix of Pakistan’s exports, its major and closest competitors in the US market are China, India, Vietnam and Bangladesh. In the past five years, apart from 2017, Pakistan’s share in the US market has been stagnant but its competitors have increased their share both generally and in textile. The current PTI government is focusing on import compression and boosting exports. So, the time is ripe for Pakistan to diversify its exports to the US.

At the same time, Pakistan is entering the second phase of industrialisation under CPEC. In this phase, Chinese industrial units will be relocated to Pakistan for manufacturing different products. Pakistan believes it will help step up exports from the country.

However, on the other hand, a major threat is the trade war between China and the US, which may hamper the plan of raising exports to the US market.

Calculated at $6.38 billion in 2017, the trade between Pakistan and the US recorded an increase of 15% over calendar year 2016. In 2017, Pakistan's exports to the US rose 4% year-on-year at $3.57 billion with a trade surplus of $765 million.

Bilateral trade volume in July-April 2018-19 stood at $5.5 billion against $5.3 billion in the same period of previous fiscal year.

Pakistan is comparatively a small trading partner of the US. Its exports had a mere 0.16% share in total US imports of around $2.34 trillion in 2017. Top five exporting countries to the US last year were China ($505 billion), Mexico ($314 billion), Canada ($300 billion), Japan ($136 billion) and Germany ($118 billion). Pakistan ranks at 59th place in this list. Pakistan's main export goods include articles of apparel and home textile, leather, surgical instruments, cotton fabrics and yarn, plastic, carpets, sugar confectionery and rice.

Pakistan's main imports from the US include machinery and electrical equipment, soybean, milk powder, maize, peas, cotton, iron and steel, rail locomotives, chemicals and pharmaceuticals.

In case of textile and apparel, Pakistan has a share of around 3% in total US imports of $99 billion, which is smaller compared to 36% for China, 12% for Vietnam, 7% for India and 5% for Bangladesh.

Vietnam and India have both increased their share in the US textile market since 2012 while China's share has shrunk. The US has an elaborate regulatory mechanism governing imports. As of July 2018, the harmonised tariff schedule (HTS) of the US had 105,168 tariff lines, of which 36.8% were duty-free tariff lines, 1.9% were subject to tariff quotas and the dutiable tariff lines had average rate of 7.6%.

At present, the US has free trade agreements with 20 countries including South Korea, Mexico, Morocco, Oman, Bahrain and Jordan. Because of the free trade agreements, Bahrain and Jordan have developed their textile sector and have begun to compete with other countries in the US textile market. The US has also bilateral investment treaties with 42 countries and trade and investment framework agreements (TIFA) with 52 countries. Pakistan also has TIFA with the US and the TIFA council is a formal bilateral forum where the two countries discuss issues governing trade and investment.

TIFA with the US

TIFA between Pakistan and the US was signed on June 25, 2003 in Washington DC. Wide-ranging initiatives are covered under the agreement which include enhancement of bilateral trade in goods and services and securing favourable conditions for long-term development and diversification of bilateral trade.

Under the agreement, a council has been constituted comprising representatives of both countries and co-chaired by Pakistan's minister of commerce and the US trade representative. The TIFA council aims to monitor trade and investment relations, identify opportunities for expanding trade and investment, and identify issues relevant to trade and investment that may be appropriate for negotiations at an appropriate forum.

Both countries have an understanding that the TIFA council will meet once at least in a year.

The TIFA council has met eight times since its inception. The eighth meeting was held on October 18, 2016 in Islamabad. Its meetings have not been held annually and the ninth meeting was scheduled for 2017 in Pakistan, but it has been put off to date.

In a meeting, the US authorities had stressed the need for value addition. Bilateral trade was more than $6 billion in 2017 and the target was $8 billion for 2018. However, the goal could not be met. Both sides had developed consensus for increasing trade by searching for new market avenues.

Recently, the US has withdrawn some tariff concessions for India, Bangladesh and Turkey. Pakistan comes under the GSP scheme of the US, which provides an opportunity to the country to grab a larger slice of the US textile market.

However, the textile sector of Pakistan has become uncompetitive and the textile ministry should work on turning the sector more competitive in the international arena.

Source: tribune.com.pk- July 15, 2019

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NATIONAL NEWS

India-US trade talks end without major progress; all eyes on Piyush Goyal's US visit next month

US and Indian trade negotiators ended talks on Friday without making major progress on a range of disputes over tariffs and other protectionist measures imposed by both sides that are straining bilateral ties, according to officials with knowledge of the discussions.

Many tough questions on agricultural commodities, e-commerce, and steel and aluminum, have been put off until Indian Commerce and Industry Minister Piyush Goyal goes to Washington for talks with United States Trade Representative Robert Lighthizer next month. The dates for that trip are yet to be settled.

"No breakthrough," said one of the senior Indian officials involved in the talks in New Delhi, which lasted a little over three hours. He declined to make any further comment.

Two other Indian officials said they hoped that some of the issues will be resolved when Goyal goes to Washington.

Friday's talks were more about understanding each other's positions in various disputes, they said.

In a short statement issued late on Friday, the Indian government said the countries agreed to continue their discussions for "addressing mutual trade concerns".

The two sides resumed talks after US President Donald Trump and Prime Minister Narendra Modi met on the sidelines of the G20 summit in June and agreed to seek to deepen the two countries' relationship.

Trump said at that summit that there would be a "very big trade deal" with India, though he set no timeline, and has only this week used Twitter to attack what he calls high Indian tariffs on American goods as "no longer acceptable".

TIT-FOR-TAT MOVES

The US sought the rollback of Indian tariffs imposed on some agricultural products, such as almonds, when the two sides met on Friday, said one of the Indian government sources.

Those tariffs were imposed in response to the Trump administration's decision to remove trade privileges from Indian products under the Generalized System of Preferences. India has asked for those privileges, effectively zero tariffs on a range of Indian products entering the United States, to be reinstated.

India did not commit to any changes to foreign investment rules for foreign e-commerce firms such as Walmart's Flipkart and Amazon, one of the Indian sources said. The rules have forced the two American companies to rework their business strategies for India.

Walmart told the US government privately in January that India's new investment rules for e-commerce were regressive and had the potential to hurt trade ties, Reuters reported on Thursday.

One concern now among Indian policymakers is that the Trump administration may push for a free trade agreement with India that could dent India's competitiveness, lead to a flurry of imports and hurt Modi's "Make in India" plan.

In a recent meeting, Foreign Minister Subrahmanyam Jaishankar told trade ministry officials that "Trump is clearly preparing for a larger game, a larger opening", according to one of the officials aware of the discussions.

Source: businesstoday.in- July 13, 2019

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Cotton futures price may rally up to Rs 24,500 level

The commodity price on the MCX is trading around Rs 21,200 level.

Cotton prices in the domestic market have risen sharply on the MCX in the last few days. Here is how you trade in the commodity over the next few months?

Delay in the onset of monsoon has decreased sowing of cotton seeds, says Ajay Kedia, MD of Kedia Commodity. The poor sowing and huge drop in the prices last year have led to the farmers sowing more remunerative crops such as oilseeds and soybean. Owing to delay in monsoon rains in the sowing current season, till July 5, the cotton sowing decreased up to 8 per cent.

Kedia adds that cotton futures price can go up to Rs 21,600-21750 in 10-15 sessions and it is likely that cotton prices at MCX can reach Rs 23,000-23,500 in 2-3 months.

The commodity price on the MCX is trading around Rs 21,200 level.

Farmers preferred oilseed-pulse crops to cotton crops after getting higher returns for the crop, says Bairan lawyer, CEO of Paradise Commodity.

"The farmers have reduced the cotton acreage due to delayed monsoon. The government has increased the minimum support price for the current Kharif season by 2 per cent. Meanwhile, the MSP of groundnut and soyabean has been increased by 5 to 9 per cent.

The change in MSP as led the farmers to perceive that they shall be able to get high rate of return from crops like soyabean. However, in the long term the price of cotton on MCX can go up to Rs 24,500," he added.

Harish Gallipelli, Research Head (Commodities and Currency) of Inditated Derivatives and Commodities, said that during the next season, there shall be an estimated decline in the production of the commodity.

"If there is some decline in the cotton prices from the existing level, then make a purchase,"Gallipelli said, adding that shopping in cotton contracts of MCX on June 21, around Rs 21,000 can be favourable. In the next 8-10 sessions, Cotton July futures can show a surge in the bracket of Rs 21,500-21,650.

The Cotton Advisory Board (CAB), which is under the Ministry of Textiles, has projected the decline in cotton production in India. In 2018-19, there was a production of 27 million bales. CAB has projected production of 3.61 million bales for 2019-20. A lump of cotton is 170 kg.

Source: economictimes.com- July 13, 2019

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Govt policy initiatives to promote textile industry

India captures 5% global textile trade

The Government is implementing various schemes/programmes and has taken several policy initiatives to promote textiles industry and become globally competitive.

The various steps/initiatives taken have helped Indian Textile Industry become the 2nd largest manufacturer and exporter in the world, after China. India has a share of 5% of the global trade in textiles and apparel.

Textiles Minister Smriti Zubin Irani said in a written reply in the Lok Sabha 12 July 2019.

She also gave update on the industry.

Rebate of State and Central Taxes and Levies (ROSCTL) With effect from 7 March 2019, the Central Government has launched a new scheme viz. Rebate of State and Central Taxes and Levies (ROSCTL) on Export of Garments/Madeups.

The ROSCTL Scheme provides rebate of State and Central Taxes and Levies in addition to the Duty Drawback Scheme, through the Scheme on Export of Garments/Madeups at notified rates and value caps and will remain in force up to 31 January 2020.

Enhanced Customs Duty to boost domestic manufacturing to boost indigenous production and Make in India, Government has increased Basic Customs Duty from 10% to 20% on 501 textile products.

Special Package for Textile and Apparel sectors Rs.6,000 crores package was launched in June 2016 to boost employment and export potential in the apparel and made up segments. This package consists of Remission of State Levies for garmenting and made-ups; additional production and employment linked subsidy of 10% under ATUFS for garmenting; assistance for the entire 12% employers' contribution towards EPF; fixed term employment in garmenting, increasing overtime caps; and income tax concessions under section 80JJAA for the garmenting sector.

Enhanced Duty Drawback Coverage/Rebate of State Levies (ROSL) on Export of Garments/Made-ups: This scheme is in operation from 20 September 2016 for a period of three years. In accordance with the recognized economic principle of zero rating of export products and in recognition of the fact that only Central Levies are rebated by way of the drawback scheme, the Central Government has decided to provide remission of State Levies in addition to the Duty Drawback Scheme through the Scheme for Rebate of State Levies on Export of Garments on an average basis only.

Amended Technology Up-gradation Fund Scheme (ATUFS): The amended Scheme was launched in January 2016 with an outlay of Rs.17,822 crores for technology upgradation of textiles industry with one-time capital subsidy for eligible machinery. The scheme has been designed to mobilize new investment of about Rs.95,000 crore and employment for 35 lakh persons by the year 2022.

SAMARTH: The Scheme for Capacity Building in Textile Sector (SCBTS) for the entire value chain of textile sector, excluding Spinning and Weaving in the organized sector, for a period of three years from 2017-18 to 2019-20 with an outlay of Rs.1,300 crore to provide skilling and skill-upgradation in the traditional sectors. Ten lakh persons will be trained under the scheme by March 2020.

PowerTex India: A comprehensive scheme for development of Powerloom sector has been launched with effect from 1 April 2017 to 31 March 2020 with components like Insitu-upgradation of plain Powerlooms, Group Work Shed

Scheme, Yarn Bank Scheme, Common Facility Centre (CFC), Solar Energy Scheme, Pradhan Mantri Credit Scheme, etc.

National Handloom Development Programme and National Handicrafts Development Programme: These programmes aim at holistic development of handloom and handicrafts clusters through integrated approach. The strategic interventions under the programme include financial assistance for new upgraded looms and accessories, design innovation, product and infrastructure development, skill upgradation, training, setting up of Mega clusters for increasing manufacturing and exports, easy access to working capital through customized Mudra loans for weavers and artisans and direct marketing support to weavers and artisans.

India Handloom Brand Scheme has been launched by the Government in 2015 to enhance the quality in weaving, designing and defect free handloom products for safeguarding the interest of the buyers in the domestic and international markets. It will promote production of niche handloom products with high quality, authentic traditional designs with zero defect and zero effect on environment. Since its launch, 1,232 registrations have been issued under 122 product categories and sale of Rs.689.72 crore as reported on 31 March 2019.

Silk Samagra: The Government has been implementing a Central Sector Scheme “Silk Samagra” for development of sericulture in the country with components such as Research & Development, Training, Transfer of Technology and I.T Initiatives, support to seed organisations, coordination and market development and, quality certification Systems (QCS)/Export Brand Promotion and Technology Upgradation. R&D efforts have also been initiated to evolve new products by blending silk with other fibres such as wool, coir, cotton etc., which have demand in international markets.

Scheme for Integrated Textile Park (SITP)This scheme is implemented in Public Private Partnership mode to attract private investments in developing new clusters of textiles manufacturing. Government of India provides financial assistance up to 40% of the project within a ceiling of Rs.40 crores.

Integrated Wool Development Programme (IWDP): The Government has recently approved IWDP for implementation during 2017-18 to 2019-20 after integrating and rationalization of various schemes for holistic growth of wool sector by providing support to entire chain of wool sector from wool rearer to end consumer to increase the wool production as well as its quality.

Jute (ICARE) A project Jute ICARE (Improved Cultivation and Advanced Retting Exercise) was introduced in 2015 for improving productivity and quality of raw jute through carefully designed interventions. The project has benefitted more than 1.9 lakhs farmers in various states in the country.

Enhancement of rates under Merchandise Exports from India Scheme (MEIS): To further boost exports of apparel & made-up sectors, interest rates under Merchandise Exports from India Scheme (MEIS) has been enhanced from 2% to 4% for apparel, 5% to 7% for made-ups, handloom and handicrafts with effective from 1 November 2017.

Source: fiinews.com- July 13, 2019

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Dubai chamber plans to boost India-UAE trade by 60% in five years

Dubai and India plan to expand economic cooperation in the future, in fields such as IT, manufacturing, infrastructure and finance.

Led by non-oil trade, India and the UAE aim to boost bilateral trade by 60% in the next five years, Hamad Buamim, President & CEO, Dubai Chamber has said.

“Plans are currently in place to boost UAE-India trade by 60% over the next five years. There are several strategic bilateral agreements that have been signed in recent years which aim to boost cooperation between the two countries in several economic sectors and fields such as manufacturing, IT, renewable energy, infrastructure and finance,” Buamim said.

Going forward, bilateral trade and investment in other key sectors and areas such as healthcare, electronics and electrical, real estate, technology and gems and jewellery, will be the focus areas.

He further said that as Dubai and India expand economic cooperation in the future, this trend will result in boosting bilateral non-oil trade beyond the $31.4 billion accounted for in 2018.

“In addition, Expo 2020 will provide Indian companies with an ideal platform to boost their global profile and showcase their capabilities on the world stage,” he said.

The expo will be held between October 20, 2020 and April 10, 2021.

The two sides are also actively exploring partnerships on the startups front.

“More recently, we have seen growing interest from Indian startups that are keen to enter the Dubai market and expand their presence in the GCC region,” Buamim said, adding that there is a surge in Indian startups applying to the UAE’s various programmes and competitions offered through Dubai Startup Hub.

The Hub offers a wide range of programmes, support, resources and tools to familiarise entrepreneurs and businesses with Dubai’s fast-growing startup ecosystem.

Earlier this year, it was announced that the Annual Investment Meeting, one of the region’s most important investment-focused events, opened the door for Indian startups to participate and pitch their ventures to international investors. This is a very positive step forward which will create new areas of synergy and cooperation between UAE and Indian startups.

Source: economictimes.com- July 13, 2019

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IIP dips to 3.1% in May on slowdown

Growth in industrial activity slowed in May to 3.1% driven by an across-the-board deceleration, especially in the consumer durables sector, according to official data released on Friday.

Retail inflation in June quickened marginally to 3.18% due to a rise in food price inflation, a separate release showed.

Growth in the Index of Industrial Production slowed in May from 4.32% in April. Within the index, the mining sector slowed to 3.16% in May from 5.07% in April. The manufacturing sector saw growth slowing to 2.46% from 3.98% over the same period.

Driven by increased demand during the summer months, the electricity sector saw growth accelerating in May., one of the only sectors to do so, to 7.41% from 5.99% in the previous month.

“The fact that IIP has come down and that the effect is rather pronounced in the case of durable goods is indicative of the continuing slowdown in the first quarter of the fiscal year,” DK Srivastava, Chief Policy Advisor at EY India said. “High frequency data shows there is a continuing slowdown in demand, so IIP will be subdued for a few more months.”

The consumer durables sector contracted 0.7% in May compared with a growth of 2.17% in April. The overall consumer goods sector, however, was buoyed by stronger growth in the consumer non-durables sector, which registered 7.72% growth in May compared with 5.87% in the previous month.

The capital goods sector saw growth slowing to 0.75% in May from 1.23% in the previous month. The infrastructure and construction sector also saw growth slow significantly, to 5.54% from 7.21% over the same period.

Retail inflation, as measured by the Consumer Price Index, accelerated somewhat in June to 3.18% from 3.05% in May.

The CPI trend of marginally going up is because it follows the movement of food prices with a lag,” Mr Srivastava explained. “In the previous months, food prices had gone up and even though they are now falling, that rise is only now registering in CPI. The important thing is that core inflation is stable so there doesn't seem to be any real inflationary pressures."

Inflation in the food and beverages category quickened to 2.37% in June from 2.03% in May. The pan, tobacco and other intoxicants category saw inflation accelerating to 4.11% from 3.93% over the same period.

Inflation in the clothing and footwear segment eased to 1.52% in June from 1.82% in the previous month. The fuel and light segment saw inflation slowing to 2.32% in June from 2.48% in May.

Source: thehindu.com- July 13, 2019

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Opting out of e-comm talks, a good idea

India must focus on owning and processing its own data. It must not give in to the West's pressure tactics

The plurilateral negotiations on e-commerce among 76 countries (EU and 43 other countries), which were launched in the beginning of this year, has raised concerns and anxiety amongst industry and policymakers in India. The fear of losing out by not participating in the ongoing negotiations is primarily based on two arguments.

First, India will lose out on the opportunity to shape the on-going negotiations in e-commerce, especially around the rules governing data, and second, if India decides to join later it will have to pay the cost, mainly by accepting the negotiated outcomes.

These arguments have been reinforced by the recent retaliation from the US in terms of removal of India from its GSP beneficiary list as well as threats over H1-B visas and a frontal attack on India's tariff and subsidies by advanced countries.

Experts and policymakers are jittery and wonder whether India can afford to take the stand of not engaging in the e-commerce negotiations. What is intriguing here is the pressure put on India to join the negotiations by the western powers.

The centrality of data

The reason for this is simple. Data is the heart of the digital revolution, the key resource which can make or break a country in the digital era. All digital technologies like Big data analytics, artificial intelligence, IoT, Robotics, etc need data for them to become more efficient and intelligent.

But who generates data? The larger the population of a country the larger will be the amount of data generated and younger the population the more will be the data generated. India's 1.3-billion population is bigger than the population of OECD members (36 countries) taken together! Sixty six per cent of its population falls in the age group of 15-64, which is around 18 per cent of the world's young population.

This amounts to huge data being generated every second in India, which is extremely valuable for the West for making efficient digital products and services in the future. This is the root cause for the pressure being applied on India to join the plurilateral e-commerce negotiations.

Beyond e-comm

Does India really need to fear being left out of the e-commerce negotiations? The term 'e-commerce rules' is misleading as the rules that are being negotiated go much beyond e-commerce and encompass all digital rules which are required by the developed world to make sure that they have free access to data of the world in future as well.

The current status in terms of ownership of data is that whoever has the capacity to collect and process data becomes its owner. Therefore, data collected by Google, Amazon, Facebook, Apple, Alibaba, etc are owned by these super platforms, irrespective of where the data is generated. Bulk of these platforms are concentrated in the US.

However, countries are waking up to the importance of data in the digital world, especially countries like China, India and continents like Africa, which are the data mines of the future. There are many emerging initiatives by the developing countries to establish their ownership over their data.

China's Cyber Security Law is an exemplary law which includes provisions around data not leaving the country, storing data locally, having joint venture partners, and source code sharing provisions.

Many countries in Africa have started 'owning' their data. For example, Rwanda's Data Revolution Policy is based on the principle of national data sovereignty whereby Rwanda retains exclusive sovereign rights and power on its national data. It has decided to be open to host its sovereign data in a cloud or co-located environment in data centres within national premises or outside of Rwanda under agreed terms and governed by Rwandan laws.

It has also decided to put in place adequate legal, policy, infrastructure and privacy environment conducive for offering data hosting services to other external governments or private data owners. South Africa is also working on its Digital Industrial Policy.

India has come out with its Draft National E-Commerce Policy which will allow it to own its data and steer the country into processing its own data and develop the much-needed digital capacities.

However, if countries like China and India and continents like Africa decide to own their data and locally process it, the advanced countries will lose out on the bulk of data generated in the world and consequently on its competitive advantage of processing data and building digital software and technologies.

This is why the developed world is under tremendous pressure to move quickly and bind the hands of the developing world in agreements which will never allow them to own and process their own data. The chapters negotiated in some of the trade agreements like The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) provide enough insights to what these plurilateral e-commerce negotiations are aiming at.

It is often said that 'data is the new oil' but never really been understood.

What this really means is that as during the first industrial revolution, countries which produced oil were not the ones that developed; countries which processed oil and used it in their factories were the ones to develop. Similarly countries which generate huge data are not the ones which will digitally develop in the digital revolution but the countries which process data in their data centres and use data to develop software for digital technologies will be the ones to digitally develop.

Fears overblown

Are India's fears of losing out on binding its hands in terms of never owning and processing its own data justified? The answer is clearly 'no'. India has nothing to fear and lose by remaining out of these e-commerce negotiations. It has a comparative advantage of large population, growing young population and strong IT skills.

India should therefore concentrate on owning its data and developing its own data centres and data processing capabilities, especially in terms of developing high-end software which can help India to build its own digital technologies like artificial intelligence, IoT, etc.

Big Data analytical skills need to be encouraged so that the country's key policies like industrial and foreign trade policies can be better digitally informed. In future, the country's national security will also need to rely heavily on the digital technologies and software developed within India using its own data. China has secured the use of its data and so has the EU through its General Data Protection Regulation (GDPR).

India should fear being left behind in the digital race and not fear losing out by remaining out of the negotiating room which intends to bind its hands with agreements forcing free flow of cross-border data and discouraging data localisation, which will disincentivise building of data centres and data processing skills in the country.

Source: thehindubusinessline.com- July 14, 2019

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Apparel exports rise 16 pc: Minister

Union Minister of Textiles, Smriti Zubin Irani, said on Friday that export of apparel has shown an increase of 16% from 116 million units in 2016-17 to 157 million units in 2018-19. Export of total textiles and clothing has shown an increase of 2.7% from 35,666 US million dollars in 2017-18 to 36, 627 US million dollars in 2018-19.

In a written reply to the Lok Sabha, the minister said the government has been taking multi-pronged efforts through various schemes/programmes for expansion of textile manufacturing, infrastructure development, upgradation of technology, supporting innovation, enhancing skills and traditional strengths in the textile sector that lead to improvement in textile sector in the country including in Tiruppur.

A separate scheme for development of Knitting and Knitwear Sector was launched in January 2019 with an outlay of Rs.47.72 crore for a period up to 31.3.2020to boost production in knitting and knitwear clusters at Ludhiana, Kolkata and Tiruppur, she added.

Government launched a Special Package of Rs.6000 crore in 2016 for garments and made-ups sectors, she added.

Amended Technology Upgradation Fund Scheme is being implemented to upgrade technology/machinaries of textile industry with an outlay of Rs. 17,822crore during 2016-2022 which will attract investment of Rs.1 lakh crore and generate employment in the textile sector by 2022, she said.

Under the Scheme of Integrated Textile Park (SITP), Government provides 40% subsidy with a ceiling of Rs.40 crore to set up Textile Parks for infrastructure creation and employment generation, the minister added.

As a part of Government's focus on skill development and employment generation in the textile sector, Government is implementing the 'Samarth – Scheme for Capacity Building', to train 10 lakh youth for a period of three years from 2017-18 to 2019-20, at an estimated cost of Rs.1300 crore, Irani informed.

Source: smetimes.in- July 13, 2019

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Interest equalization rate for pre & post shipment credit for MSME Textile exporters enhanced: Irani

Government has enhanced interest equalization rate for pre and post shipment credit for exports done by Micro, Small and Medium Enterprises (MSMEs) of textile sector from 3% to 5% from November 2, 2018, said Smriti Zubin Irani, Union Minister of Textiles.

In a written reply to Lok Sabha, she said "Benefits of Interest Equalization Scheme has been extended to merchant exporters from 2.01.2019 which was earlier limited to only manufacturer exporters."

To reduce the cost of garment industry, GST rate on manmade fibre yarns has been reduced from 18% to 12%, Irani added.

GST rates for garments and made up articles is 5% of sale value not exceeding Rs 1000 per piece and 12% for articles of sale value exceeding Rs 1000 per piece. The GST rates are lesser than the pre-GST incidence of taxes on these goods, Irani informed Lok Sabha.

Further, she added that the refund of accumulated input tax credit on fabrics has also been allowed to reduce cost of fabrics which is a major input for garments.

As per the data of Directorate General of Commercial Intelligence and Statistics, export of textile and apparel including handicrafts has increased by 0.2% from USD 40.1 billion in 2014-15 to USD 40.4 billion in 2018-19. Increase in imports is primarily due to increase in imports of MMF and cotton textiles, said Irani.

In addition, she mentioned that to increase competitiveness of textile industry, Government announced a Special Package for garments and made-ups sectors.

The package offers Rebate of State Levies (RoSL), labour law reforms, additional incentives under Amended Technology Upgradation Fund Scheme (ATUFS) and relaxation of Section 80JJAA of Income Tax Act. The RoSL scheme has been replaced by the new RoSCTL (Rebate of State and Central Taxes and Levies) scheme from 7th March 2019 and will remain in force up to March 31, 2020.

Source: knnindia.co.in- July 13, 2019

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Small traders to get DPIIT's spotlight in draft national retail policy

India's 65 million small traders will be the centre of the upcoming draft national retail policy prepared by the Department for Promotion of Industry and Internal Trade (DPIIT). The policy draft according to a government official will be 'soon' out for review and comments by stakeholders and the public.

The draft currently in being formulated will "support the development of the (retail) sector that would benefit 65 million small traders," PTI reported citing the official. The document would focus on enhancing the ease of doing business, licensing, access to funds, direct selling, digital payments and hyper-market related matters in the retail sector.

The comments come less than three weeks after the DPIIT secretary Ramesh Abhishek had held a meeting with trade associations and said that the draft will be released in the following 10 days, according to traders' body The Confederation of All India Traders' (CAIT) that was part of the meeting.

Retail trade in India is about $650 billion and is the lifeline of the economy, therefore a national retail policy is all the more necessary for smooth business activities in the country, according to Ramesh Abhishek.

The government has tried its best at all levels to understand the ground realities of retail trade and accordingly the policy is being designed to relieve traders from hardships, he had said.

CAIT had suggested the upgradation and modernisation of the existing format of retail trade. "While the government has moved to e-system (of doing business) but only 35 per cent of 7 crore traders so far have been able to computerise their business. The government should give 50 per cent subsidy for the remaining traders to go digital," its secretary general Praveen Khandelwal had told Financial Express Online.

In its election manifesto, the incumbent Ruling party BJP had proposed establishing National Traders' Welfare Board and a National Policy for Retail Trade for the growth of retail businesses.

Following the review from the stakeholders, the draft "will go to the Cabinet approval in July itself and we expect the final policy to be released by the first week of September," Khandelwal had said.

Source: financialexpress.com- July 14, 2019

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Anglo-French Textiles mills yet to come out of severe crisis

It was in 2013 that the management of the government-run Anglo French Textiles (AFT) mills declared a 45-day layoff causing concern among its hundreds of labourers. More than five-and-a-half years after the mill stopped operations in its A, B and C units except spinning unit, more than a century-old textile mill is now in the throes of a severe crisis with its net worth on the downward spiral.

Two expert committees constituted by the Puducherry Government in 2017 and 2018 to go into the causes of sickness of the mill and to look into its rehabilitation had submitted their recommendations. However, the government had not taken steps to modernise the mill, offer jobs to the workers and revamp the undertaking, which is in a critical condition, said a trade union leader.

One of the few surviving industrial vestiges from the colonial era, the Anglo-French Textiles, once known as Rodier Mill, was established in 1898 by a firm with its headquarters in London. In 1899, the mill was even provided with a railway branch line connecting the Puducherry-Villupuram railway mainline to facilitate freight movement and went on to become a major exporter of cotton fabrics to the U.S., the U.K., France, Italy, Germany, Australia and Belgium.

The government of Puducherry took over the company in 1986. However, in recent years, it had been downhill journey for the company, thanks to huge losses.

Its negative net worth had aggregated to ₹207.13 crore and funds were not available to meet even the day-to-day expenses.

Sale of land

The mill has remained closed since 2013 following mounting losses, rapid erosion of net worth of the company, and prevailing labour unrest because of non-payment of statutory dues to employees.

A top government official said while the Madras High Court had allowed the sale of land to help the management pay gratuity to the workers, the Union Home Ministry had not given its clearance. As against the strength of 4,000 employees in the past, the manpower had been reduced to 700 workers.

An employee of AFT said the cost of production had increased manifold and was now six times that of competition.

“Most machineries in the AFT Mill are outdated and the newest machine was 20 years old.

Most buildings situated in ‘A’ unit have been declared unsafe by the Inspector of Factories for employees to work. Although the government decided to sell the timber and other material in the dilapidated buildings, the move was dropped following strong resistance from the workers,” he said.

From 1985-86 to 1992-93, the Pondicherry Textile Corporation had earned marginal profits. Subsequently, it had started incurring losses.

The government had released ₹367.35 crore as share capital and ₹275.60 crore as grant-in-aid till September 30, 2018.

The public sector undertaking, which earned marginal profits from 1985-86 to 1992-93, started incurring heavy losses over the years.

This resulted in drastic reduction of grant-in-aid and share capital and the present assistance was used for payment of compensation for lay-off only and not adequate to run the mill.

The machineries were old and without modernisation, it was very difficult to run the mill effectively.

Blatant administrative transgressions committed by non-political chairmen and senior IAS officers who had held the reigns of the mill in the past had led to its present status, sources added.

"Around 55 acres of land in Pattanur in Villupuram district, quarter of an acre in Thengaithittu and 1.5 acres of land at Thirubhuvanai in Puducherry were all estimated at ₹73.38 crore. The total liability to be settled by the mill is ₹166 crore. But the move to dispose of over 55 acres of land belonging to the mill in Puducherry and neighbouring Tamil Nadu by way of public auction would only fetch ₹80 crore which will be insufficient to settle all the dues," said an official.

According to R. Viswanathan, former MLA of the Communist Party of India, "decades of mismanagement and poor policy of successive governments had led to the present condition. AFT is a composite mill and the machines including copper bearings which are in perfect working condition were sold for a meagre price and are now being used by textile manufacturers in Tirupur and Coimbatore in Tamil Nadu.

"The government should take steps on a war footing to sell 59 acres of land at Pattanur, which was bought with the profit earned by the mill in 1990. The unions had already submitted in writing to sell the land to settle VRS dues, pending salary and others," he said.

Deep financial crisis

The mill suffered serious damages following the Thane cyclone in 2011. Despite steps taken to renovate the mill, the management had to face continuous loss and financial crunch.

The Employment Provident Fund Organisation classified the bank accounts of the mill as non-performing accounts as the mill failed to pay the provident fund of workers.

The management had not settled the gratuity with interest to the tune of ₹43.83 crore for 990 employees as on June 30, 2018.

Source: thehindu.com- July 14, 2019

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