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USD 68.96| EUR 78.24 | GBP 91.84 | JPY 0.62

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20478	42800	**78.71**

Domestic Futures Price (Ex. Warehouse Rajkot), March

Rs./Bale	Rs./Candy	USD Cent/lb
21020	43932	**80.80**

International Futures Price

NY ICE USD Cents/lb (May 2019)	74.30
ZCE Cotton: Yuan/MT (May 2019)	15,310
ZCE Cotton: USD Cents/lb	103.30
Cotlook A Index – Physical	**84.30**

Cotton Guide: A complete change was seen yesterday. Markets turned bearish yesterday on the news that President Trump and President Xi would not be meeting soon but would be delaying their meeting. Also, another factor that brought the bullish sentiments down was that the trade deal would not happen sometime soon but would take some more time, coupled with the statements of President Trump that he wants the trade deal to be beneficial to the US. If the deal does not benefit the US, then the deal will not happen, he asserted.

The ICE futures settled with triple digit losses. The most active ICE May contract settled at 74.30 after crossing the 75 mark yesterday. The change was seen to be at -142 points. It settled near its low figure of 74.02 after touching a high of 75.88 cents/lb yesterday. The ICE July contract also settled at 75.45 emanating a change of -136 points. The other contracts also settled with considerable losses.

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The total volumes reported yesterday were lower considerably as compared to the volumes of Wednesday. The Total volumes stood at 31,168 contracts as compared to the previous figure of 41,593 contracts thus showing a change figure of -10,425 contracts. The total Open Interest was slightly higher at 221,665 contracts. The MCX contracts on the other hand followed the trend of MCX. The MCX contracts also displayed losses in triple digits. The declines varied from -170 Rs to -200 Rs. The MCX March contract settled at 21,020 Rs/Bale with a decline of -200 Rs. The MCX April and MCX May contract settled at 21,320 Rs/Bale and 21,600 Rs/Bale respectively at -190 Rs and -170 Rs.

The Export sale commitments for 2018/2019 rose by 166,100 RB for Upland Cotton, with cancellations of 27,100 RB. Increases were reported for China: 49,300 RB with cancellations of 11,000. Increases were then reported for Turkey, Indonesia, Vietnam and Bangladesh with figures of 35,400 RB, 20,800 RB, 14,000 RB and 11,000 RB respectively. Export shipments were reported to be 287,000 RB. Net sales of Pima for 2018/2019 amounted to 29,300 running bales. The estimated arrival figures in India are registered to be 96,500 lint equivalent bales (source cotlook) including 32,000 registered in Gujarat, 30,000 in Maharashtra, 16,500 in Andhra Pradesh. The average price of Shankar 6 are steady at 42,800 Rs/Candy. Cotlook Index A was adjusted at 84.30 cents/lb with a positive change of +0.95 cents/lb.

On the technical front, ICE Cotton May future failed to sustain above the psychological levels of 76.00 and slid towards the strong support at 13 day EMA at 74. Meanwhile the strength in the rally was supported by positive cross over in the momentum indicator MACD, accompanied by channel breakout. Meanwhile crucial resistance is at 76.14. Only a move above would bring further buying in Cotton future.

Currency Guide

Indian rupee may note some gains against the US dollar however upside is limited. Indian rupee appreciated 0.26% yesterday and has tested the highest level since early January. Rupee has rallied sharply in last few days supported by investor inflows, easing tensions with Pakistan and market expectations that ruling BJP government may get another tenure. As per Bloomberg reports, global funds bought a net 8.2 billion rupees of stocks Thursday, they bought 13.8 billion rupees of government bonds and bought 2.6 billion rupees of corporate debt. The general weakness in US dollar amid mixed economic data and Fed's patient rate hike stance has also boosted rupee. However, rupee's rally will be challenged by continued strength in crude oil price and increasing global economic uncertainty. Brent crude has tested $68 per barrel amid tightness concerns as OPEC's intends to extend production cuts while US sanctions hurt supply from Iran and Venezuela. Concerns about US-China trade deal rose as reports noted that that US President Donald Trump and China President Xi Jinping were likely to delay a meeting until at least April. UK leaders on Thursday voted for delay in Brexit and while this has given some breathing space uncertainty will persist unless a deal is finalized. Rupee has rallied sharply in last few days and could see some extended gains however there are signs of deviation from general market development and we do not expect the gains to sustain. USDINR may trade in a range of 69.15-69.65 with limited downside.

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INTERNATIONAL NEWS

China Struggles to Reassure Foreign Firms With New Regulations

The Chinese government wraps up its annual policy conference this week with the passage of a new foreign investment law that it hopes will keep global companies enthusiastic about the world's second largest economy—a group it's never had trouble courting before.

But with its once white-hot growth decelerating, tit-for-tat tariffs in the ongoing trade war with the U.S. hitting consumer demand, and tense political relations with key trading partners like Canada and Australia, some foreign firms are finding the lure of China not what it once was.

The new foreign investment law, passed by Beijing's rubber-stamp legislative chamber on Friday to take effect on Jan. 1, 2020, is designed to keep their ardor burning by addressing a longstanding source of resentment: that vast swathes of China's economy remain closed off to foreign capital.

Where foreign businesses are allowed to enter, a dense web of regulations forces them to not just partner with local companies but to sometimes share technology, a practice that critics say amounts to a forced transfer of crucial know-how to eventual competitors.

The updated law treats all companies registered in China equally, as opposed to the current division between local and foreign businesses, according to lawmakers. Government support will apply equally to foreign firms, and their applications for operating licenses won't be treated differently from domestic rivals, Beijing promises. Forced technology transfer will be banned.

Drafts of the law distributed to lawmakers last week also included the ability for companies to appeal government decisions and apply for settlement through a complaint mechanism.

But crucial questions remain on how the lofty language will be executed, and whether the shift will create another hurdle by forcing companies from General Motors Co. to BASF SE to hammer out new contracts with their current local partners.

And the current set of promises is only the latest. “Our member companies no longer take at face value commitments made by the Chinese government on potential economic reforms,” said Jake Parker, the vice president for China operations at the U.S.-China Business Council in Beijing. “I think they want to see specific implementation of specific policies, not promises of future action.”

Shifting Sands

One immediate impact of the new foreign investment law will be to shake up the country’s 300,000-plus foreign-local joint ventures, created under the old regime that forced foreign capital to find local partners to enter China’s vast market.

Companies may be forced to draw up new contracts with their existing joint venture partners within five years to comply with the more general company law. In principle, it creates a more level playing field. But the need to amend existing contracts to comply will shake up fundamental agreements that the world’s largest automobile makers and chemical companies have in place, said Paul McKenzie, managing partner at law firm Morrison Foerster.

The legislation’s lack of detail also gives rise to concern that its broad protections may be over-ridden by industry-specific regulations that continue to disadvantage foreign firms, the American Chamber of Commerce in China said in a statement. The broad scope of a proposed “National Security Review” — a mechanism for the government to exclude foreign businesses in certain sectors for security reasons — is also concerning, the business group said.

Chinese media on Friday reported that the final law would contain last-minute changes to allay business criticism, including a prohibition on government officials leaking confidential corporate information. Those changes, however, only address “a small slice of the overall set of concerns our members have about the uneven playing field,” Chamber Chairman Tim Stratford said.

The shifting legal environment adds to the impression that the game remains at the very best complicated and at the worst rigged against non-Chinese companies.

China has always been a complex operating environment for global businesses — but that mattered less when astronomic growth and access to its vast consumer pool were the trophies for those who endured. Now, Chinese consumers' financial health is not just a widespread concern, but a factor dragging down the overall performance of companies from Walmart Inc. to Apple Inc. and Tupperware Brands Corp., all of whom have recently reported sluggish sales on the mainland.

While global giants from Starbucks Corp. to BMW AG are continuing to expand, companies that haven't started in China yet are now hesitant about entering the market, said Iris Pang, an economist at ING Bank NV in Hong Kong.

And entrenched businesses are finding themselves trying to put their best spin on things. Asked about the weakness in its Chinese sales on an earnings call in February, Walmart chief executive officer Doug McMillon said: "Considering all the things that are happening in China, we're in pretty good shape."

Collateral Damage

It could be worse: they could be Canadian. Beijing and Ottawa have been at odds since December, when Canadian police arrested Meng Wanzhou, the chief financial officer of Huawei Technologies Co., in response to a U.S. extradition request. China subsequently detained two Canadians on ill-defined spying allegations, prompting firms including Royal Bank of Canada to ask employees to avoid traveling there.

Canada Goose Holdings Inc. still managed to open a store in Beijing last December after a slight delay, but the perennial prospect of being ensnared as collateral damage in a geopolitical dispute looms over foreign companies. Korean firms learned this the hard way in 2017, after their government agreed to deploy the Thaad missile-defense system, intended to safeguard against attacks by North Korea, over Chinese objections.

Brands from Hyundai Motor Co. to Amorepacific Corp. saw sales plunge from a boycott, K-pop performances were canceled and retail conglomerate Lotte was so harassed by officials for allowing one of its golf courses to be used for a Thaad battery that it's largely wound down its Chinese operations.

"Just because you're a good company with a good brand and know how to operate, it doesn't mean you can come into China and gain ground, because the deck is so stacked against you," said Leland Miller, CEO of China Beige Book, an economics consultancy.

"The ebullience you heard in the past is gone."

Source: sourcingjournal.com - Mar 15, 2019

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No question of giving up special privileges at WTO, say larger developing countries

'In overall terms, the development divide remains firmly entrenched'

Larger developing countries, including India, China and Brazil, have taken on developed countries that are demanding discontinuation of the special and differential treatment extended to them at the World Trade Organization. They argued that economic indicators such as per capita economic output and poverty levels clearly point out the glaring disparity that still exists between the developing and the developed world.

For Brazil, China, India and Indonesia, the gap in GDP per capita with the US increased by at least 71 per cent and with the UK by 63 per cent between 1994-96 and 2014-16, according to a joint paper by a number of developing countries, including India, submitted to the WTO General Council recently.

"Recent attempts by some members to selectively employ certain economic and trade data to deny the persistence of the divide between developing and developed members, and to demand the former to abide by absolute "reciprocity" in the interest of "fairness" are profoundly disingenuous," the paper stated.

It is important for developing countries to defend the special & differential treatment allowed to them by the WTO as in the on-going areas of negotiations such as disciplines for fisheries subsidies, they can protect some of their subsidies for their poor fishers through this special dispensation.

“The world has indeed changed in many ways since the GATT and the establishment of the WTO, but in overall terms the development divide remains firmly entrenched,” the submission said.

It is therefore of greater concern that some members would attempt to ignore this reality in an effort to deprive developing members of their right to develop, it added.

GDP per capita

The submission put forward a number of facts and figures to substantiate its argument. In 2017, the GDP per capita of the US, Canada, Australia, New Zealand and the EU was $59,531, $45,032, $53,800, $42,941, and $33,715, respectively, while the GDP per capita of developing Members, including China, India, South Africa and Brazil, were all below $10,000, it said.

According to the UN Food and Agriculture Organization, 10 countries with the largest number of the world's under-nourished people are: India (195.9 million), China (124.5 million), Pakistan (39.5 million), Bangladesh (24.8 million), Ethiopia (21.9 million), Nigeria (21.5 million), Indonesia (20.2 million), Tanzania (17.8 million), Uganda (17.2 million) and Philippines (14.2 million).

The submission also focussed on the necessity to recognise the differing capabilities of developed and developing countries in the area of agriculture. “In many developing members, despite agriculture being the largest source of employment, this sector remains characterised by small farm size, but with large number of farmers dependent on it. In contrast, in the US, agriculture is characterised by extremely large farm size with few farmers dependent on agriculture for their livelihood,” it said.

Source: thehindubusinessline.com- Mar 15, 2019

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Why bananas could be the fabric of the future

Cotton is the king of natural fibres, but its large water footprint can create problems in areas where it's grown. Can Swiss experiments with fibres from banana stem, nettle, wood or flax offer better alternatives?

India is one of the world's largest cotton producers and exporters. However, the Cotton Association of India has been in a bit of a bind this year. It has already had to lower its cotton yield estimate for the 2018-2019 season three times external link, always because of lack of water. Drought-like conditions in parts of India have even forced farmers to uproot their crops to preserve what little moisture remains in the soil.

"The water consumed to grow India's cotton exports in 2013 would be enough to supply 85% of the country's 1.24 billion people with 100 litres of water every day for a year. Meanwhile, more than 100 million people in India do not have access to safe water," states an article in The Guardian newspaper external link.

Bananas also present a dilemma for Indian farmers, but for a different reason. The part of the plant that bears the fruit, known as the pseudostem, has to be removed after each harvest. The removal process that costs farmers around INR8,000-10,000 (CHF112-140) per hectare. India is the world's largest banana producer, but most of the fruits are consumed domestically.

Swiss innovation

A project external link at the Lucerne University of Applied Sciences in Switzerland is researching ways to convert the banana pseudostem into yarn that can be used in clothing, aiming to make a more sustainable material.

"The main selling point is that unlike cotton, banana fibre is a waste product," says project leader Tina Moor. "The objective of our project is to make prototype textiles to show companies and generate interest."

Textile designers normally start with yarn, but in this case it was up to them to produce it. When the Lucerne team visited India, they found that the Navsari Agricultural University in the state of Gujarat was experimenting with making fibres but did not have any yarn available. Moor tried to get jute mills in India to make yarn from the fibre, but they were not interested.

"I took 40 kilos of banana fibres from India to Switzerland and tried to work with it," says Moor.

After much trial and error, Moor managed to develop a spinning process from the core of the banana stem that yielded a fine and beautiful yarn. She then made fabric samples from the yarn and hopes to show them off to retailers at a textile expo in March.

"There is interest, but people want large quantities of yarn," she says, arguing that it is better for the entire process to take place in India where there is an abundant supply of raw material.

Her vision involves a two-tier banana production set up for India to profit from its banana waste. The coarser parts of the pseudostem could be used to make fibres that would be spun into yarn at existing jute mills and used to make carpets or upholstery fabric. The core of the pseudostem could be spun by farming families on a handloom and used to make luxury fabric for the apparel industry.

Exotic options

Banana is not the only cotton alternative the Swiss textile industry is testing. Swicofil, a fibre and yarn company based near Lucerne, offers nettle yarn to clothing companies looking for something different.

"It is not sold on every street corner," says company CEO Beda Ricklin. "Nettle is a sustainable natural fibre as no fertilisers or pesticides are used."

The company has temporarily stopped production as its supplier in Nepal was affected by the earthquake of 2015. But it continues to offer other exotic cotton alternatives like fibres and yarn made of banana, hemp, bamboo and chitosan (shells of crabs and shellfish).

But few of the recently developed cotton alternatives have been incorporated into large clothing lines. One of the more successful fibres is Tencel, a material made from wood that was developed in Austria. Swiss clothing company Calida has incorporated it into its collection.

“Tencel as a material is very sustainable, which was the main reason why we started working with it. In addition, it has an extremely pleasant texture, so that clothing made from it is extremely comfortable to wear,” a spokesperson for Calida told swissinfo.ch.

It took the company almost a year to develop their first products with Tencel when it began the process around eight years ago. Getting the texture right is not the only challenge. Trained sales staff, blogs and social media had to introduce customers to the idea of wearing a new type of fabric.

King cotton

Despite their potential, exotic natural fibres will not be replacing cotton anytime soon. Around 40% of the textile market share is occupied by natural fibres. Cotton alone accounts for 30% of the total market share. Therefore, sustainability in the textile business hinges on producing cotton in an environmentally-friendly manner. Organic cotton is one option, since the dilution volume (the volume of water required to assimilate the harmful effect of pesticides and fertilisers) is believed to account for almost 20% of cotton’s water consumptionexternal link.

“Organic soils have a higher carbon content in general, which increases the water capacity of the soil and therefore helps in drought resistance,” says Claudia Keller of Swiss-based Remei, which helps companies source organic cotton.

The Swiss supermarket chain Coop is one of their clients and the second-largest seller of organic fair-trade cotton garments worldwide by volume. Remei is also commercialising the cultivation of native breeds like Arboreum or Desi cotton in India that offer a respectable yield under drier conditions.
But to make a difference for the world’s textile producers and consumers, Switzerland must go beyond ensuring best practices are implemented.

“We are too small as a country and industry to reform the global textile business,” says Nina Bachmann of Swiss Textiles, the umbrella organisation of the country’s textile companies. “That’s why international cooperation with research institutes and EU companies is crucial for our companies.”

Source: swissinfo.ch - Mar 15, 2019

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Uzbekistan increases its presence in Chinese market

Today, the textile industry of Uzbekistan is part of the intangible cultural heritage, which has preserved the traditions of ancestors in the production of textile products - the manufacture of fabrics, clothing, carpet weaving.

Uzbekistan attaches priority importance to further strengthening the strategic partnership with China. Expanding cooperation between the two countries in all areas is based on the principles of mutual benefit, consideration of interests and equality.

The delegation of the Association "Uztextileprom" and domestic manufacturers of the textile, garment and knitwear industry take part in the International Exhibition of Textile Fiber, Yarn Expo Spring 2019 in Shanghai (China), the press service of the Association Uztextileprom reports.

The Uzbek delegation visited an exhibition in order to expand export deliveries to the countries of Southeast Asia, as well as to establish direct contacts with potential consumers and to conclude export contracts with them, on March 12-14.

Yarn Expo is an important sourcing platform where suppliers from Asian and European countries showcase their latest collections of fiber and yarn, including natural (cotton, wool, silk, linen, ramie), artificial, blended, reconstituted, as well as speciality products.

For foreign suppliers, it is an opportunity to strengthen trade relations in the region and increase its presence in the Chinese market.

Such companies as Textile Technologies Group Surxon Teks and Global Textile Solutions, as well as a number of domestic companies in the industry, took part in the exhibition.

During the exhibition, meetings and negotiations with potential investors were organized and the parties discussed issues of further expanding cooperation in the textile and garment and knitwear industry.

In parallel with Yarn Expo Spring 2019, four more exhibitions will take place: the leading exhibition of apparel fabrics and accessories Intertextile Shanghai Apparel Fabrics," the exhibition of home textiles InterTextile

Shanghai Home Textiles," the exhibition of knitted clothing and knitwear PH Value" and the fashion exhibition CHIC, in which delegation of the Association Uztextileprom will participate.

These exhibitions are an ideal opportunity to gain access to the leading suppliers of textile raw materials in China. They help to strengthen the trade relations of domestic manufacturers of the textile and garment and knitwear industry in the region and increase their presence in the Chinese market.

Diplomatic relations between Uzbekistan and China were established on January 2, 1992.

The trade turnover between the two countries totalled $ 6.43 billion in 2018. Of this amount, $ 2.869 billion is Uzbek exports, as many as $ 3.559 billion is imports.

China received $ 2.1 billion due to an increase in construction in Uzbekistan. With this money, Uzbekistan has acquired special construction equipment from China.

Source: azernews.az- Mar 15, 2019

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Malaysia’s exports develop 3.1 pct in January

Malaysia’s exports grew 3.1 percent year-on-year to 85.41 billion ringgit (20.97 billion U.S. dollars) in January as exports to China remained steady, official data showed Monday.

The Malaysian International Trade and Industry Ministry said in a statement that Malaysia’s trade in January expanded by 2.1 percent year-on-year to 159.3 billion ringgit, underpinned by the expansion in trade with China, Saudi Arabia, South Korea, Thailand, the United Arab Emirates and the United States.

Its imports increased by 1 percent to 73.89 billion ringgit, resulting in a trade surplus of 11.52 billion ringgit.

Export expansion for the month was driven mainly by growth in manufacturing and mining sectors, according to the statement.

Exports of manufactured goods rose 2.9 percent year-on-year, mainly driven by electrical and electronic products exports which expanded 8.2 percent.

This was followed by chemicals and chemical products which was up 16.7 percent; jewelry that surged 90.8 percent; optical and scientific equipment that rose 7.1 percent; textiles, apparels and footwear which jumped 10.7 percent, as well as wood products that rose 5.6 percent.

Mining goods exports surged 23.5 percent year-on-year, supported by higher liquefied natural gas (LNG) shipment. Exports of agriculture goods slumped 13.6 percent, mainly dragged by lower palm oil and palm oil-based agriculture products exports.

In January, Malaysia’s trade with China rose 14.1 percent to 28.92 billion ringgit, with exports growing 9.1 percent to 11.02 billion ringgit, while imports surging 17.5 percent to 17.9 billion ringgit.

The increase in exports was supported by higher exports of LNG, chemicals and chemical products, palm oil and palm oil-based agriculture products, petroleum products, as well as metalliferous ores and metal scrap.

Major imports from China were E&E products, machinery, equipment and parts, petroleum products, as well as chemicals and chemical products.

“As expected, gross exports growth off to a weak start in January, indicating weak global demand. Lower commodity prices, including crude oil prices compared to a year ago also dampened export earnings from palm oil and petroleum products,” the Socio-Economic Research Centre’s executive director Lee Heng Guie told Xinhua.

Overall, he expected Malaysia’s exports to grow by 3 percent to 4 percent this year, as lingering concerns on the world trade conflicts remain, weak global growth and commodity prices would continue to challenge this year’s exports momentum.

Source: infosurhoy.com- Mar 15, 2019

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Yarn production, innovation centre set up in Philippines

A Regional Yarn Production and Innovation Centre (RYPIC) was recently set up in Miagao, Iloilo, in the Philippines at a cost of PHP 41.57 million. Conceptualized in 2015 and funded by the Department of Science and Technology (DOST), it will revive the textile sector in Western Visayas taking into account social, economic, ecological and sustainability considerations.

An agreement was signed by DOST, DOST-Philippine Textile Research Institute (PTRI), Greatwomen Philippines Corporation (GWPhC), and the municipality of Miagao for establishment of the centre.

PTRI will first train people who will operate the facility, which is hosted by the Iloilo Science and Technology University (ISAT U) through its Miagao campus. ISAT U will later partner with the GreatWomen Philippines that will run the operations at the end of the two-year project, according to a news agency report.

A second phase of the project is possible, said DOST-PTRI director Celia Elumba.

The centre now is equipped with 15 machines, nine for spinning and six for pre-treatment.

Source: fibre2fashion.com- Mar 15, 2019

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Pakistan: Textile exports inch up

Pakistan's textile and clothing exports rose by two per cent year-on-year to $8.9 billion in the first eight months of current fiscal year, the Pakistan Bureau of Statistics (PBS) reported on Friday.

One of the reasons for the partial revival in exports is a result of cash subsidy offered under the Prime Minister's Exports Enhancement Package. Moreover, the government has also released the pending refunds to taxpayers.

The government believes that better energy supplies coupled with more than 33pc depreciation of rupee has played its role in promoting exports. In rupee terms, the growth in exports of textile and clothing was reported at nearly 25pc in the period under review.

The government has also announced to clear outstanding refunds and rebate through issuance of bonds. In the first phase, government will issue bonds worth Rs80bn against outstanding refunds.

The primary growth driver was the value-added textile sector as ready-made garments' exports went up 2.72pc during the eight months in value and 27pc in quantity. Similarly, exports of knitwear edged up 11.4pc in value and 18.3pc in quantity during the period under review.

Among primary commodities, cotton yarn exports declined by 13.53pc, yarn other than cotton by 0.79pc whereas made-up articles — excluding towels — increased by 2.12pc, tents, canvas and tarpaulin up by 5.2pc with proceeds from raw cotton dipping by 72.49pc during the period under review.

Contrary to this, exports of non-textile products went up by 3.15pc to $6.21bn in the first eight months of this fiscal year as against $6.02bn over the corresponding months last year.

Last year, the government extended cash support package to non-textile products: leather manufacturers, footwear, sports goods, surgical, engineering goods, furniture, meat and meat products, fish products and cutlery.

Data shows an increase of 23.64pc YoY in exports of petroleum products. Petroleum crude and naphtha led the increase in sector's exports.

Exports of carpets and rugs witnessed a negative growth of 12.03pc during July-February from a year ago whereas sports' goods exports dipped by 7.85pc YoY and foreign sales of footballs dipped by 5pc.

Tanned leather exports witnessed a negative growth of 21.73pc in July-Feb from a year ago. The value-added exports of leather products' posed a negative growth of 7.3pc during the period under review. This decline was mainly led by sales of leather garments.

Footwear exports jumped 14.55pc mainly driven by footwear sales. Exports of surgical goods and medical instruments went up by 1.71pc and engineering goods declined by 10.65pc.

YoY exports of gur (jaggery) were up by 6.58pc, cement 37.5pc and gems 10pc during the period under review. However, exports of molasses fell by 39.9pc, handicrafts 100pc, jewellery 22.48pc and furniture 2.1pc during the eight months.

In the food basket, basmati rice exports witnessed a robust growth of 14.8pc, however, non-basmati rice exports dipped by 5.44pc.

Meat and wheat emerged as the other two major exports commodities which recorded growth during the period. Other products which also posted growth include oil, fish, seeds, pulses, spices, fruits, vegetables and tobacco.

Source: knit dawn.com- Mar 16, 2019

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Australian buyers unwilling to pay right price for Bangladesh RMG

Australian brands pay pitiful prices for the garments they source from Bangladesh. They have resisted paying a better price and so raising the wages of the multitudes who paradoxically, make world-class wear for those who can afford to pay more.

Readymade garment workers making clothes that are sold across Australia are trapped in a cycle of poverty, no matter how hard they work. Women in Bangladesh and Vietnam making clothes for the Australian fashion industry go hungry because the wages are as low as 51 cents an hour. Paying better prices for readymade garment products can enable workers to have a better life.

Practices by Australian companies are contributing to driving wages down. They undertake fierce price negotiation, often jump between contracts instead of working with factories over the long term, squeeze lead times for orders and operate with a separation between their ethical and standards staff and their buying teams, who negotiate directly with factories.

On an average, just four per cent of the price of a piece of clothing sold in Australia goes towards workers wages. If brands absorb the cost of paying living wages, it would amount to less than one per cent of the garment price.

Source: fashionatingworld.com- Mar 15, 2019

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Pakistan: Listless trading on cotton market

Rising cotton prices deterred buyers from restocking their inventories and as a result trading activity declined to a very low level on Friday.

However, demand for cotton yarn and fabric remained.

Reports suggest that due to delays in payments there is a financial crunch in markets which in turn is affecting trading activity. Overall, the undertone is firm and outlook bright.

World leading cotton markets gave mixed trend. New York cotton came under profit selling after witnessing big gain during last two sessions while Chinese and Indian cotton markets edged up.

The delay in US-China trade negotiations also dampened world markets sentiment.

The Karachi Cotton Association (KCA) spot rates were firm at overnight level at Rs8,700 per maund.

Trading on ready counter was negligible and officially only one deal from station Daharki was done at Rs9,000.

Source: dawn.com- Mar 15, 2019

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NATIONAL NEWS

Exports up 2.44% in Feb; trade deficit narrows

Marginal 2.44 per cent increase in exports as well as lower imports of gold and petroleum products in February significantly narrowed the country's trade deficit to $9.6 billion, according to data released by the Commerce Ministry on Friday.

India's merchandise exports rose to $26.67 billion in February from $26.03 per cent in the year-ago month mainly on account of higher shipments in sectors such as pharmaceutical, engineering and electronics.

Imports declined by 5.4 per cent to $36.26 billion in the last month, narrowing the trade deficit to $9.6 billion. The gap between imports and exports was $12.3 billion in February 2018, and $14.73 billion in January 2019.

As per the data, the decline in imports was mainly on account of sharp decline in inward shipments of gold and petroleum products.

While the import of gold fell by about 11 per cent to $2.58 billion in February as against $2.89 billion in the corresponding month last fiscal, inward shipments of petroleum products were down by nearly 8 per cent to $9.37 billion.

During the April-February period of the current fiscal year, exports grew 8.85 per cent to $298.47 billion, while imports rose by 9.75 per cent to $464 billion.

The trade deficit has widened to $165.52 billion during the 11 months of the current fiscal from $148.55 billion compared to the year-ago period, the data said.

Source: thehindubusinessline.com- Mar 15, 2019

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By leaps and bounds: India's exports to touch all-time high of $330 billion in FY19

Notwithstanding global challenges like protectionist measures by some countries, India is projected to achieve exports of $330 billion, a record, in 2018-19, with a major contribution coming from the engineering sector, commerce secretary Anup Wadhawan said on Thursday. He inaugurated the 8th International Engineering Sourcing Show (IESS) in Chennai.

"This year has been particularly good for us. We are likely to touch an all-time record and go past our earlier peak of $314 billion in 2013-14 and hope to reach about $325-330 billion this year," Wadhawan said at the IESS-VIII, the annual flagship event of the EEPC India.

Source: financialexpress.com- Mar 15, 2019

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Tariff rate quotas can be a boon for trade deals

They protect domestic producers from competition from large imports. They also allow consumers and producers in the importing country to enjoy benefits of lower priced products

India has a whopping $104 billion trade deficit with the 16-member Regional Comprehensive Economic Partnership (RCEP) grouping, which was 64% of India's total trade deficit of 2017-18.

No wonder, there is a raging debate on opening up a very significant portion of the market, given the sensitivities around agriculture- and labour-intensive domestic industries. Several other trade agreements are also in various stages of negotiations.

Long-term back-ending of tariffs or spreading tariff eliminations over a longer period of time have been our palladium of trade negotiations in the past. However, it need not continue to be so for all lines in which concessions are eliminated.

The introduction of tariff-rate quotas (TRQs) can be a more germane transitional tool, providing a degree of safeguard to the future demand growth in a rapidly expanding market. This is especially true when negotiating with countries which have saturated markets and do not reciprocate such a potential for growth in their markets.

A TRQ allows a set quantity of specific products to be imported at a low or zero rate of duty. TRQs are established under trade agreements between countries.

TRQs do not function as an absolute limit on the quantity of product that may be imported. The “TRQ commitment”, therefore, does not apply any limits on the quantity per se of import of a product, but applies a higher rate of duty for that specific product once imports up to the “TRQ commitment” have been reached.

For example, the US cotton tariff quota protects US cotton growers while allowing textiles manufactures to import some cheaper cotton also.

Another aspect of TRQ is that the quota component works together with a specified tariff level to provide the desired degree of import protection. Essentially, a TRQ is a two-tiered tariff instrument. Imports entering within the quota portion of a TRQ are subject to a lower tariff rate called the tariff quota rate or TRQ rate.

The later Imports that are unable to make it to quota’s quantitative threshold face a much higher tariff rate, which is normally the MFN tariff (MFN tariffs are what countries promise to impose uniformly on imports from other members of the WTO). In other words, Tariff Rate Quota is a limit on the quantity eligible for lower or zero duty.

The use of this instrument is globally quite prevalent. It is estimated that as many as 1,200 TRQs are operated each year by WTO members, including the EU, Japan, Canada and the US. This ensures that limited volumes of these sensitive products can enter their market at a low tariff, whereas the tariff outside the TRQ quantity is kept high to offer a degree of protection to the domestic producers.

Essentially TRQs are a compromise. On one side, they protect domestic producers from having to face competition from large quantities of imports. While on the other, they allow consumers and producers in the importing country to enjoy benefits, albeit a limited one, of lower priced products.

Tariff quotas are used on a wide range of products. Most are in the agriculture sector: cereals, meat, fruit and vegetables, and dairy products. Sugar is not far behind. Sugar is protected in most producing countries with tariff quotas. However, not all TRQs are food: And not all are agricultural.

In fact, most of the current WTO TRQs are in the agricultural sector. The idea behind this arrangement was that even if members were sensitive to lowering tariffs in agriculture, they would be obliged to open up a modicum of access to some of their domestic market demand.

In the larger perspective, the compromise in international trade negotiations, comes from the need to strike a balance between the interests of the consumers and downstream producers and the competing domestic producers of each country. How that balance is struck depends on the country's lobbying forces of the various interest groups.

The TRQ have found a sweet spot in the evolving global trade arrangements. While they were born of a need to ensure that existing market access was maintained, in recent times, they have played vital roles in consuming trade arrangements.

TRQs have now become a way of reaching a consensus with trading partners to sign up trade deals. The EU-Japan bilateral deal was finally unblocked with a TRQ for cheeses including mozzarella, Brie, Camembert and feta. As for the proposed EU-Mercosur deal, EU TRQs for beef and ethanol are the main event as far as Brazil and Argentina are concerned, though they represent a fraction—only 1% for beef—of total EU consumption.

The success notwithstanding, TRQ have their share of criticism.

Trade liberalisation proponents argue that TRQs are a complex, inefficient and perhaps even counter-productive way to conduct trade liberalisation. They go as far as to say that this will do well to feature is the trade policy of the 19th century, but certainly not the 21st.

They certainly do well to argue that while TRQs allow imports, they do so in an inefficient manner. For, they create new distortions and impediments to further liberalisation. They argue that TRQs have as much to do with managing trade as freeing it. Yet, TRQs now appear to be a permanent fixture of global trade.

The reason is not far to see. On the one hand, TRQs are used as sweeteners to help reach a consensus in trade negotiations, on the other, TRQs help overcome traditional domestic opposition to trade deals—they are a trade-off between the broader interests of consumers and the degree of protection afforded to the competing domestic producers.

As a result, it also puts pressure on them to improve their efficiency, while abating the higher production costs on account of market imperfections.

But more importantly, one can ratiocinate its utility as an instrument for stimulating growth in domestic production and investment in manufacturing that is driven by domestic demand.

The challenge, in this context, lies in addressing the concerns of domestic Industry? Their argument cannot be ignored: If duties are zero, who will make in India? Does a reasonable duty wall bring in investments? For example, global car majors invested in India on account of an import duty wall.

A possible clue in addressing this concern lies in surveying the happenings in global trade, especially in regard to China. China has built its global leadership in trade on the strength of its investments.

As per the recent Nomura report on Sino-US trade war, 43 per cent of China's exports are by Foreign owned companies, bringing up the pertinacious need for inducing investments in manufacturing—more so today than ever before, as industries in China are relocating or diversifying their production base.

While it can indisputably be argued that the TRQ administration system should be as conducive to trade as possible and must not 'impair or nullify the market access commitments negotiated', it is also argued that a system of TRQ administration which is 'transparent, predictable and minimises transactional costs for traders, is not a unicorn, and it need not be seen as an insurmountable task.

Historically, the quotas are allocated through a slew of processes. These are: Auction, where importers bid for shares or licences; First-come, first-serve, where physical imports charged in-quota tariffs until the quota is filled; Licence on demand, where allocation is made in relation to quantities demanded, often before the period specified for the quota—first-come, first-served or allocations trimmed proportionately; and finally, import by state trading entities.

While the idealist can propound many arguments on the undesirability of TRQs, the realist must take into account the imperfections in the global trade and the salvific effect of TRQs on fast growing markets where domestic manufacture fills in a sizeable portion of the domestic demand.

One cannot dispute the fact that a tariff arbitrage is an effective tool for inducing local manufacture or at least domestic value addition in the country. It has been a basic tool in the country's Phased Manufacturing Program policy. If we are to induce investments in manufacturing, then the future growth in domestic market, perhaps, need not be committed entirely to a zero tariff regime, however back ended.

A quantity linked tariff elimination could also be considered in the long run, keeping aside our future demand growth as an inducement for investments and expansion of domestic manufacturing.

Source: financialexpress.com- Mar 16, 2019

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India has to send out unequivocal signals that it's a reliable trade partner that wants to become part of global supply chain

The recent decision of the US to give notice of its intention to rescind India's export privileges under the Generalised System of Preferences (GSP) has refocused attention on the state of Indian exports.

Under the GSP programme, the US provides duty-free access to 4,800 different goods from 129 designated countries.

The immediate loss for India is preferential access at zero or minimal tariffs to the US market for around 1,900 products, which is over half of all Indian products.

The ministry of commerce has reacted to the news by asserting that the losses from the GSP withdrawal are going to be minimal. This assertion is based on the fact that the actual tariff advantage that India was getting from the programme was a meagre USD 190 million, which is just 0.4 per cent of the USD 50 billion over all Indian exports to the US.

The government’s argument, unfortunately, misses the point that India is competing for market share in the US with a host of other low-income countries, including Mexico. In industries where margins are small, a very small increase in the market price can cause a large fall in the quantity exported.

A potential fall in quantity exported will, of course, imply a much larger cost of losing GSP access. If exporters absorb the tariff increase, then their profit margins will fall, potentially inducing some of them to exit this market completely. The tariff benefit that India currently enjoys is low simply because average tariffs in the US are low. It cannot be used as an indicator of the potential cost to India of losing its GSP privilege.

The GSP development, though, provides a good opportunity for India to introspect on the general state of Indian exports. The raw fact of the matter is that India’s share of world exports has been stuck at around 2 per cent for some time now.

Essentially, our exports have been growing at the same rate as the rest of the world. For a country that has consistently been one of the fastest growing economies in the world, India’s exports should be growing much faster. This is what one saw with China and the other East Asian economies over the last 30 years, and with Japan earlier. Clearly, something isn’t working in India.

Despite the overwhelming attention that Indian service sector exports receive, around 63 per cent of total Indian exports are still of goods. It is true that the Indian service sector’s share of world services exports rose sharply from 0.5 per cent in 1990 to 3.7 per cent in 2017.

But this performance is hardly earth-shattering. The much less discussed Chinese service sector's share of world service sector exports more than tripled from 0.9 per cent in 1992 to 3.8 per cent in 2017.

The big disparity between China and India is goods exports. India's share of world goods exports rose from 0.5 per cent in 1990 to 1.7 per cent in 2017 while China's rose from 1.8 per cent to 12.8 per cent during the same period. Indeed, this has been one of the key vehicles for the rapid Chinese growth take-off.

Rapid growth of the large-scale, low-tech, labour intensive merchandise goods export sector created a simultaneous increase in demand for relatively unskilled Chinese labour as well as an increase in demand for the rapid infrastructure rollout that China invested in. The labour demand soaked up the labour being released from agriculture while the infrastructure demand implied that the infrastructure investment was cost-effective.

The Indian export portrait, however, looks very different from the Chinese export landscape. Merchandise exports in India are concentrated in eight industries which collectively account for 85 per cent of India's merchandise exports. Amongst these top-8 industries are textiles, chemicals, machinery, vehicles and parts etc.

Factories in these industries are mostly small, employing 100 or fewer workers. The productivity levels in these manufacturing establishments are also low. Though exporters tend to be larger and more productive than non-exporters, these are low by international standards.

The problem with the Indian export sector appears to be two-fold. The first is the general malaise afflicting the manufacturing sector. Existing labour and land laws make growing in scale a difficult proposition for firms. In addition, the infrastructure support that is needed to sustain production and distribution at scale is often missing.

These include transport connectivity and reliable power supply. Firms find it optimal to stay small and operate with old technologies. Fixing this requires concerted action on multiple fronts. Addressing just a subset of these constraints is unlikely to work.

The second important issue is the trade regime. India has to send out unequivocal signals that it is a reliable trade partner that wants to become part of the global supply chain. To achieve this, India has to avoid falling back on discredited policies such as raising import tariffs under various guises like furthering the Make In India initiative or addressing current account imbalances.

The withdrawal of GPS by the US is partly a response to these kinds of protectionist moves that have begun to again rear their heads over the last few years. Bad ideas, like bad smells, tend to hang around long enough to drive away customers. They need to be strenuously kept away from the policy levers.

Lastly, the EU is a bigger entity than even the US. Negotiations on a free trade agreement with the EU have been ongoing since 2007. The textile industry in Bangladesh has benefited at India's expense over the last decade due to the absence of such a trade agreement. It is high time we conclude an agreement with the EU.

Source: indianexpress.com- Mar 16, 2019

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Seal FTA with UK once Brexit is done: Garment exporters

Some UK-based buyers want them to complete the orders in advance as Britain will leave the European Union soon, a group of knitwear exporters said here on Friday.

They urged the Union government to take steps to seal the free trade agreement (FTA) with UK when it would become a non-member of EU.

"The Brexit deal is set to be sealed on March 29. We heard from our member companies that they have been requested by some UK buyers to ship the garments prior to the time scheduled. Once Britain exits the EU, there may be major change in import and export tariff in UK.

So, the buyers from Britain could have requested to avoid loss or ascertain their business," Tirupur Exporters' Association (TEA) president Raja M Shanmugham said.

"But, it is not sure how all exporters would respond to the request, which cannot be mandatory. Because the garments cannot be manufactured overnight."

Britain is one of the major importers of apparel goods from India. In case of Tirupur knitwear industry exports, it accounts for 12-13% of business. As much as Rs 3,000crore worth goods are exported from the cluster a year.

Earlier, trade bodies like TEA and the Apparel Export Promotion Council (AEPC) urged the commerce ministry to take immediate steps to enter FTA with UK once Brexit deal is completed.

"Since there is better preference for Indian apparel goods among buyers and chain stores in Britain, it will be possible to sign FTA with Britain. We have represented the central government to look for initiating talks with UK after it leaves EU," AEPC vice-chairman A Sakthivel said.

Source: timesofindia.com- Mar 16, 2019

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Trade deficit narrows to $9.59 billion in Feb, exports grow by 2.4%

The largest component of the import bill, crude oil, saw inbound shipments declined by 8 per cent, up from the 3.59 per cent fall in the previous month

Exports took a beating for the fourth consecutive month, as growth in February fell to 2.44 per cent, with major foreign exchange earners such as gems and jewellery, engineering goods, and petrochemicals seeing sluggish growth.

Imports also contracted for the second time in the past three months. As a result, the trade deficit figures fell to their lowest level in the current financial year (2018-19 or FY19). The effective trade deficit fell to $9.59 billion in February from $14.73 billion in January.

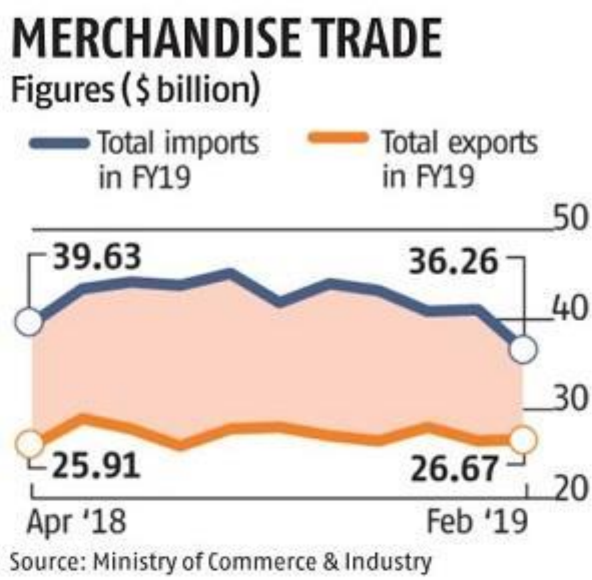
Outbound trade had risen by 3.74 per cent in January, as exports from the same sectors had taken a beating. In February, exports stood at $26.67 billion.

India's performance in the external sector had crashed since November, when growth had reached 0.8 per cent.

Despite contracting only once in FY19, the low growth rates have decimated the government's hope of reaching the $350-billion trade target. Cumulative exports in the first 11 months of the current financial year stand at $ 298.5 billion.

Major exports sputter

In February, 12 of the 30 major product groups were in negative territory. Prime among them was engineering goods. Despite earning one-fourth of foreign exchange through exports, the sector grew at a marginal rate of 1.7 per cent, up from 1 per cent in the previous year.



Another major export earning sector — gems and jewellery — continued to contract.

Periodically falling into the negative zone in November, the $3.72 billion worth of exports in the sector contracted by 2 per cent in February, after a growth of 6.67 per cent in January.

A spin-off effect due to a global trade war between the US and China had also affected India's trade, affecting both imports and exports, Ganesh Kumar Gupta, president, Federation of Indian Export Organisations (FIEO) said. Exporters have reiterated his demand for urgent support, including augmenting the flow of credit and better fiscal support.

However, drugs and pharmaceuticals exports remained steady at 16.11 per cent growth, up from the 15.2 per cent in January.

Receipts from processed petroleum exports also remained muted, declining by 7.7 per cent after a 19 per cent fall in January.

While declining oil prices marred the chances of earning the same dollars through exports, it helped India save foreign exchange through a slowdown in imports.

Imports dive deep

However, the largest component of the import bill, crude oil, saw inbound shipments declined by 8 per cent, up from the 3.59 per cent fall in the previous month.

Global crude prices started reducing from early November and a supply glut is expected to stay as sanctions continue to pump out oil, while the US adds fracking capacity.

Gold, the second-largest component of the import bill, also saw a sharp drop in inbound shipments. Imports of the metal fell by 10.81 per cent in the latest month to $2.58 billion.

The rate of fall has surprised industry watchers as January had seen a 38 per cent jump in inbound shipments. The industry continues to see volatility as imports had risen in July after remaining in negative territory for six months.

Imports of the metal had remained low since the Rs 143-billion Nirav Modi scam earlier this year.

Non-oil, non-gold merchandise imports, showcasing industrial demand saw contraction sharpen in February. It contracted by 3.72 per cent to $ 24.30 billion, as compared to a fall of 0.8 per cent in January.

Source: business-standard.com- Mar 16, 2019

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'India lukewarm to Beijing's suggestions'

Two-day conference on Engaging Rising China begins at MG University

While four decades of reform and opening up catapulted China into the second largest economy and the second largest defence spender , the country's appetite changed from the low profile guidelines of Deng Xiaoping's to that of 'accomplish something' under Xi Jinping, Srikanth Kondapalli, Chairman, Centre for East Asian Studies, Jawaharlal Nehru University (JNU)', has said.

He was delivering the keynote address at the two-day international conference on 'Engaging Rising China: Strategic Options for Emerging India', which began at the Mahatma Gandhi University (MGU) campus here on Friday.

Noting that the rise of China necessitated India to re-adjust its policies with engagement policies as a dominant theme towards China, he also said that India, however, had been lukewarm to Beijing's suggestions for a free trade area or a Regional Comprehensive Economic Partnership in the face of a mounting trade deficit against it.

Speaking on the occasion, Bertel Heurlin, Jean Monnet Professor and Director of China Security Studies, University of Copenhagen, noted that India was also taking serious regional responsibility and increasing global responsibility while being a growing military power.

The event is being organised by the Institute for Contemporary Chinese Studies, MGU in collaboration with the School of International Relations and Politics and the Institute of Parliamentary Affairs, government of Kerala.

Scholars from various international universities, including the Sun Yat-Sen University and Wuhan University in China and Centre for Policy Studies, Nepal, made presentations in different panels. Sabu Thomas, Vice Chancellor in charge of MGU inaugurated the Conference.

Source: thehindu.com- Mar 15, 2019

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A temporary slowdown?

Manufacturing sector in the country is in the grip of a slowdown. Key industries have registered lower growth in recent months. The overall industrial growth declined to 1.7 per cent in January, 2019. It was 2.06 per cent in December and 0.3 per cent in November last year.

Production in twelve of the 23 industrial segments was on decline. Textiles, motor vehicles, leather and allied products, rubber and plastic products, etc recorded lower production. Capital goods, an indicator of business confidence, too contracted.

The latest numbers are provisional, subject to revision afterwards. However, these paint a none-too-happy picture of the industrial sector which remains key to job-creation. With the real estate sector still to recover from the regulatory clamps meant to discipline its wayward behavior and haphazard growth, the employment scene will take time to pick up.

The forthcoming election is further likely to slow down business decisions for growth and investment. Even though the nation-wide elections will inject a lot of money into the economy providing boost to poll-related production and jobs, what follows the elections would hold the key to further direction of the economy. Several sectors require structural changes to get back on the growth path.

For instance, even though consumer price inflation registered a four month high of 2.57 per cent in February, farmers still were denied equitable prices for their produce. Thus, vegetables, fruits and pulses registered negative rates of inflation in the latest survey. This may be good for the consumers but for the farmers it was a cause of concern, who in any case get in hand a small fraction of the retail price at which the farm produce is sold.

Even the overall economic growth has been contracting. In the quarter ending December 2018 GDP grew at 6.6 per cent. The overall growth for 2018-19 is unlikely to be much above seven per cent. The government might blame the legacy issues such as a mountain of bad bank loans and over-capacities in key sectors such as real estate and even power, but after five years the economy should have been back on rails for it to be able to grow at a decent seven-plus percentage.

Unfortunately, the global economy now shows signs of a slowdown while the crude oil prices are moving upwards. This could be worrying for the bounce-back of the Indian economy. In this scenario, after elections it is important to have a stable government led by a known and experienced leader who can steer the economy on the growth path. Urgent steps will be required to boost overall economic growth once the electoral business is behind us.

Source: thehindu.com- Mar 15, 2019

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DGFT extends date for filing receipt of request under EPCG Scheme till Sep 30, 2019

Directorate General of Foreign Trade (DGFT) has further extended the date till September 30, 2019 for filing the receipt of request under Export Promotion Capital Goods (EPCG) Scheme.

The time period for the public notices issued by DGFT with regard to onetime condonation of time period in respect of obtaining block-wise extension in export obligation period under EPCG Scheme, onetime condonation of time period in respect of obtaining extension in export obligation period under EPGG Scheme and acceptance of installation certificate under EPCG scheme by the RAs wherein installation certificate is submitted beyond 18 months has been extended.

EPCG is an export promotion scheme under which an exporter can import certain amount of capital goods at zero duty for upgrading technology related with exports.

Under the EPCG Scheme, the authorization holders are required to submit the installation certificate showing installation of the capital goods to the Regional Authorities (RAs) within the prescribed time period.

Sometimes, the submission of installation certificate to the RAs was not within the time prescribed on account of various reasons, including delay in installation of the machinery/delay in issuance of installation certificate etc.

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

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ICA and CAI reinforce MoU

The International Cotton Association (ICA) and the Cotton Association of India (CAI) have renewed their memorandum of understanding (MoU) to reinforce the alliance and cooperation between the two associations. The alliance was first established when the MoU was created in January 2014 to formally acknowledge the relationship between the associations.

The association was renewed by ICA president, Bill Ballenden and CAI president Atul Ganatra last week in Mumbai during CAI's international conference.

With the large majority of international raw cotton contracts traded under ICA Bylaws & Rules and India's market position as the world's largest producer of cotton, this renewed alliance is significant for the trade, with both associations confident that it will continue to benefit the entire industry, ICA said in a press release.

"The signing of the new MOU marks an important evolution of the special relationship that exists between the ICA and the CAI. It continues to build on a shared desire to put sanctity of contract at the very heart of our Associations. I look forward to us continuing this evolution in the months and years ahead," Ballenden said.

"This memorandum of understanding marks an important relationship for CAI, which is as significant today as it has ever been during our history as an Association. It takes on added significance as we approach our centenary year in 2021," Ganatra added.

The MoU will help continue to foster greater cooperation between the two associations and enable them to work more closely on a number of shared goals, which include promoting sanctity of contract; training and visit programmes; information exchange and dissemination; diplomatic initiatives; testing and quality issues.

Source: fibre2fashion.com- Mar 15, 2019

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Many reasons for Trump to ratchet trade tensions with India

While the US and China are trying to end the ongoing trade war, the Trump administration has hardened its trade policy towards India. On March 4, the US announced its intention to terminate India and Turkey's designations as beneficiary developing countries under the Generalized System of Preferences (GSP) programme, because they no longer comply with the statutory eligibility criteria.

The Trump administration's move against India is not isolated. Since the beginning of the Trump Presidency, US has focused on addressing the increasing trade deficit with countries like China, Mexico, Canada and others.

In doing so, the one major bone of contention between India and the US is the Trump administration's efforts to tighten access to the H1B visa regime. The US Department of Homeland and Security has announced that this visa process will favour master's or advanced degree holders from US universities.

This move eventually reduces the possibility of Indian engineers' getting the US visa because Indian software firms normally hire workers with bachelor's degree, most of them acquired at Indian universities.

At the same time, the US Citizenship and Immigration Services has also put on hold the special scheme of getting the H1B visa in 15 days by paying a fee of $1,225.

To be sure, the Trump administration has expressed disappointment with its $27.3 billion trade deficit with India in goods and services. Consequently, US efforts to raise tariffs on imported items from other countries have alarmed India, as well. All this began in early 2018 when the Trump administration imposed a 25 per cent tariff on the import of steel and 10 per cent tariff on the import of aluminum from other countries.

In June, Trump raked up the issue of India imposing high import duties on Harley-Davidson motorcycles and warned of a similar response on Indian motorcycles.

In October 2018, Trump even described India as a 'tariff king'. In November last year, the US revoked duty-free concessions on import of at least 50 Indian products, mostly from handloom and agriculture sectors. Now comes the exclusion from the GSP list. One of arguments used by the Trump administration is that India has not made efforts to provide an equal competitive market. In particular, American dairy farmers have complained that they do not have fair access to India's market due to high tariffs, with Gilbert B. Kaplan, the American under secretary of commerce for international trade, saying that "We need to reciprocate trade."

The US is also disturbed by the fact that India has increased tariffs on products, including mobile phones and shoes, among others items this year. With the US presidential election a year away, Trump's domestic compulsion to realise his promise of bringing back jobs to the US, as well as India's decision to sign an agreement with Russia to buy S-400 missiles, may have prompted the American President to heighten trade tension with India.

Be that as it may, there is no denying that these US moves would have serious ramifications for the import of Indian products to the US. This can be gauged from the fact that India has been one of the major beneficiaries of the GSP.

In 2017, India's duty-free export to the US under the GSP was to the tune of more than $5.6 billion. At the same time, it is estimated that this move would severely impact a large number of small and medium size business in India, especially in the agricultural and handloom sectors.
While India has not yet imposed its proposed high tariffs against US products and has in fact, reduced 50 percent tariff on the import of Harley-Davidson motorcycles, New Delhi has clearly indicated its desire to adequately address US trade concerns.

At the same time, it would be unreasonable for US to expect India to reciprocate similar trade benefits that Washington provides New Delhi, especially when there is no comparison between the economic sizes of the two countries, with India still being an emerging country. But, Trump's action should be viewed as an opportunity to develop a robust plan to effectively deal with any adverse situation.

Source: dnaindia.com- Mar 15, 2019

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E-comm players, online brands launch trade association TECI

E-commerce companies such as Snapdeal, ShopClues, UrbanClap, Shop101, Flyrobe, Fynd and scores of others have come together to establish a trade association, The E-Commerce Council of India (TECI).

Online brands such as Mamaearth, Superbottoms and Azah, which focus on specific segments such as baby care products and women's hygiene products, are also part of the group that has collaborated to launch TECI.

Kunal Bahl, CEO and co-founder of Snapdeal, said the e-commerce sector in India is an increasingly important part of the economy, unlocking tremendous value for buyers and sellers. "It is catalysing growth opportunities for allied businesses, and MSMEs and has the potential to create large scale employment across the country," he added.

TECI's vision is to help and guide the growth of the e-commerce ecosystem in India. It also seeks to engage closely with private and public stakeholders with the aim to help develop a robust digital commerce sector.

TECI members account for more than 7.5 lakh online sellers and service providers. Every month, more than 100 million users interact with the online businesses operated by members of TECI.

More than 30 global and domestic institutional investors have invested more than $2.25 billion in the enterprises founded by TECI members.

"The e-commerce sector adds to the nation's growth and help small businesses reach nationwide," said Siddharth Munot, co-founder of Bewakoof.com.

Source: thehindubusinessline.com- Mar 15, 2019

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Arvind Envisol to ink joint venture with Chinese textile company

The company has emerged as one of the major focus areas within the group ever since a demerger last year split the parent into four listed companies.

Arvind Envisol, the waste water treatment arm of Rs 6,900 crore textile firm Arvind Ltd, is looking for collaborations across India, Africa, Bangladesh and China for driving growth and is in the final stages of signing a joint venture agreement with a Chinese textile company, said people aware of the matter.

The company has emerged as one of the major focus areas within the group ever since a demerger last year split the parent into four listed companies.

“We are looking at collaborations either in the form of joint ventures or working with renowned financial institutions with water as one of their focus areas,” said Arvind Envisol CEO Ashish Kumar.

While the JV with the Chinese company is expected to be announced in the next three months, Arvind Envisol is also in talks with the World Bank and International Finance Corporation (IFC) among others to execute water treatment projects in Bangladesh, whose economy depends heavily on the heavily polluting textile and clothing industry.

In India, it expects to accelerate growth by launching its components business, Kaigo. It expects this unit to contribute 25% to its overall revenue in the next three years and establish the company’s presence in the consumer sector by supplying directly to original equipment manufacturers (OEMs) and end users.

Source: economictimes.com- Mar 15, 2019

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WPI inflation for apparel down 0.7% in February 2019

India's annual rate of inflation, based on monthly wholesale price index (WPI), stood at 2.93 per cent for the month of February 2019. The index for textiles rose by 0.2 per cent while for apparel it declined by 0.7 per cent in February, according to the provisional data released by the Office of the Economic Adviser, ministry of commerce and industry.

The official WPI for all commodities (Base: 2011-12 = 100) for the month of February 2019 rose by 0.3 per cent to 119.5 from the previous month's level of 119.2, the data showed.

The index for manufactured products (weight 64.23 per cent) for February 2019 rose by 0.2 per cent to 118.1 from the previous month's level of 117.9. The index for 'Manufacture of Wearing Apparel' sub-group declined by 0.7 per cent to 139.2 from 140.2 for the previous month due to lower price of knitted and crocheted apparel (2 per cent).

The index for 'Manufacture of Textiles' sub-group rose by 0.2 per cent to 119.0 from 118.8 for the previous month due to higher price of weaving and finishing of textiles (1 per cent). However, the price of texturised and twisted yarn, cordage, rope, twine and netting, and other textiles (1 per cent each) declined.

The index for primary articles (weight 22.62 per cent) declined by 0.2 per cent to 134.2 from 134.5 for the previous month. The index for fuel and power (weight 13.15 per cent) rose by 1.7 per cent to 101.0 from 99.3 for the previous month due to higher price of furnace oil, naphtha, HSD, petroleum coke, petrol and kerosene.

Meanwhile, the all-India consumer price index (CPI) on base 2012=100 stood at 2.57 (provisional) in February 2019 compared to 1.97 (final) in January, 2019 and 4.44 in February, 2018, according to the Central Statistics Office, ministry of statistics and programme implementation.

Source: fibre2fashion.com- Mar 15, 2019

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