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IBTEX No. 78 of 2019 April 16, 2019

USD 69.50| EUR 78.57 | GBP 90.99 | JPY 0.62

Cotton Market		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22201	46400	**85.03**
Domestic Futures Price (Ex. Warehouse Rajkot), April		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22080	46147	**84.56**

International Futures Price	
NY ICE USD Cents/lb (July 2019)	77.04
ZCE Cotton: Yuan/MT (September 2019)	16,065
ZCE Cotton: USD Cents/lb	108.62
Cotlook A Index – Physical	**87.70**

Cotton Guide: The ICE future contracts were seen to spiral downwards. It is said to be a dramatic correction with overbought conditions, however, it was not just one factor but a combination of them were responsible for this price drop. On the other hand news of favorable weather in cotton growing regions has thus pushed the prices further down. The analysts were initially of the opinion that the weather would have an adverse impact on the prices which might pull the prices higher. However now with new set of data the weather seems to be favorable which has turned the markets bearish. Also in India, the IMD has predicted near to normal monsoon conditions. However, we feel that the bears would not be able to sustain their strength in the long term due to an increasing demand and tight supply situation in the near future. The sentiments are still sideways with a positive bias.

Other markets did not follow cotton's path. Grains ended mixed and US equities were subtle, but values were near unchanged.

The ICE July contract settled at 77.04 cents/lb with a change of -182 points. The ICE October saw a drastic change of -259 points therefore settling at 76.09 cents/lb however with miniscule volumes. This is the most intense decline in prices we have seen this year.

The previous low for ICE October was recorded at 78.77 cents/lb, whereas the Low figure that it recorded yesterday was 75.80 cents/lb which is almost a difference of 3 cents. The ICE December contract retracted substantially. The total volume was also seen to be pretty decent at 63,109 contracts with July registering 31,404 contract and the next important contract the ICE December at 14,382 contracts.

Certified stocks were reported to be at 52,374 bales, which included new certs for 4,094 bales.

The MCX contract on the other hand followed the footsteps of ICE. The MCX April contract settled at 22080 Rs/Bale with a negative change of -180 Rs. The MCX May and MCX June contract settled at 22390 Rs/Bale and 22630 Rs/Bale with a change of -170 Rs and -180 Rs. The domestic markets are said to be steady to firm. The volumes were on the higher side at MCX with figures of 8692 lots as compared to the previous 7906 lots. The Open Interest also was a bit higher at 21625 lots as compared to the last figure of 21146 lots.

The Cotlook Index A is updated to 87.70 cents/lb with a change of +1.00. The arrival figures in India are estimated to be 67,700 lint equivalent bales (source cotlook) including 25,000 registered in Gujarat and 22,000 in Maharashtra. The prices of Shankar 6 are averaged at 46,400 Rs per candy. We expect the prices to be sideways to positive both for the international and domestic markets.

ICE Cotton futures witnessed sharp decline towards the 13 day EMA at 75.90 after rallying almost levels of 78 during the week. Prices are trading in a upward sloping channel, along with the support of 38.2% retracement level (75.52) & lower band of the channel around 75.30.

Prices have recently dropped below the DEMA (13, 26), for a while the recent support for the prices is at 75.52 & the resistance around the levels of 78. The momentum indicator RSI has dipped towards the mean level near 52 suggesting a phase of correction. From the above analysis we expect ICE Cotton to trade in the range of 78-75.30 with a sideways bias, until either levels are broken. In the domestic market April futures is expected to trade in the range of 21850-22450.

WTI crude is seen to trade mixed. Currently it is trading at 63.30 $ per barrel. On the US-China front, US Treasury Secretary mentioned at IMF that the most important issue has been resolved. However we still do not have a clear picture.

Currency Guide

Yesterday, Rupee was the weakest currency in Asia due to corporate outflows. Today, we can see some kneejerk depreciation on the back of IMD forecast. However, upside in USDINR appears capped closer to 69.60/70 zone on spot reference. Support between 69.00/69.20 levels on spot reference.

Intra-day movements are random and expected to be so for the next two trading sessions. On the Technical front, USD INR is drifting lower within a downward sloping channel.

An upward corrective bounce is underway. As long as the recent low of 68.84 is intact, scope for the test of the resistance around cloud remains at 70.30/40 levels on spot.

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

Global Trade Talks: US, Japan, China, EU and Where They Stand on Tariffs

Diplomatic efforts to end a global trade war are expanding to multiple fronts as the European Union and Japan begin talks soon with President Donald Trump's administration just as the U.S. looks to seal a deal with China.

As negotiations between Beijing and Washington press ahead, Japan this week steps into a fight it had managed to dodge for more than two years: bilateral trade talks with Trump.

On Monday, EU ministers gave the green light to start negotiations with the U.S. as both sides seek to mend frayed relations a week after threatening each other with billions of dollars in new tariffs over a 14-year-old aviation dispute.

With the world's four biggest economies haggling over the rules of cross-border commerce, the stakes for growth are high. At its spring meeting in Washington last week, the International Monetary Fund cut its outlook for the global expansion to the weakest since a worldwide recession in 2009.

The wild card in all the talks is Trump's looming threat to impose tariffs on imports of automobiles and parts. Here's an update on where the talks stand:

Japan-U.S.

For Japan, the world's third-largest economy, there's a lot at stake in the talks that take place this week in Washington. Prime Minister Shinzo Abe is desperate to avoid tariffs or quotas on auto exports, as Trump wants to crack open Japan's agricultural market and reduce a $60 billion trade deficit.

Abe has poured energy into courting Trump to maintain a strategic relationship that secures his country against potential threats from North Korea and China.

But that doesn't mean Japan will roll over on trade: Abe's government is determined to avoid giving the U.S. a better two-way deal than the multilateral pacts he's negotiated with Europe and Pacific Rim nations.

China-U.S.

By several accounts, the world's two biggest economies are getting close to resolving their differences and announcing a deal. The latest wrinkle that Bloomberg News is reporting on Monday: China is considering a U.S. request to shift some tariffs on key agricultural goods to other products. That would help Trump sell any eventual deal as a win for farmers ahead of his 2020 re-election bid, people familiar with the situation said.

Over the weekend, Treasury Secretary Steven Mnuchin said the U.S. and China were "hopefully getting very close to the final round" and discussing whether to hold more in-person trade talks. He also said the U.S. is open to facing "repercussions" if it doesn't live up to its commitments in a potential trade deal, a sign that the two sides are edging closer to an accord.

EU-U.S.

The EU is trying to do its own limited deal with the U.S. president to address tariffs on industrial goods, in part to avoid levies Trump threatened on foreign automobiles and car parts. Negotiations expected to start in coming weeks would come amid escalating transatlantic tensions, with the U.S. having accused the EU of not acting in good faith and delaying the start of talks.

Trump's car-tariff warning, which would be based on the same national-security grounds used for controversial duties last year on foreign steel and aluminum, will weigh heavily on discussions, with the EU bristling over the idea that it poses a threat to the U.S.

The tone of the talks hasn't been great. Last week the U.S. threatened to seek $11 billion in damages through duties on European goods to counter European government aid to Airbus SE. In retaliation, the EU is considering hitting U.S. goods ranging from handbags to helicopters with retaliatory tariffs to the tune of 10.2 billion euros ($11.5 billion).

Source: sourcingjournal.com- Apr 15, 2019

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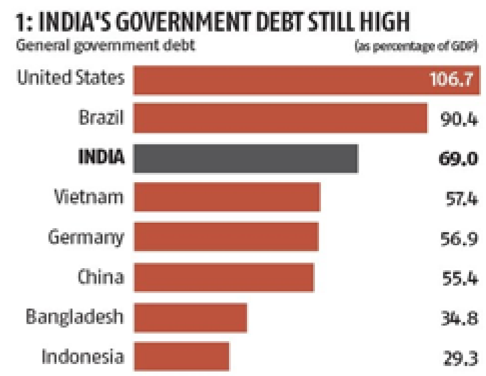
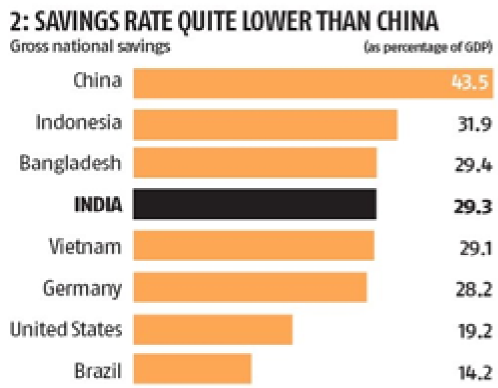
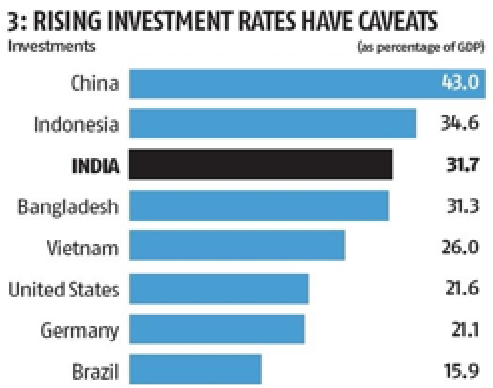
IMF predicts 'delicate year' for world economy, warns India about inflation

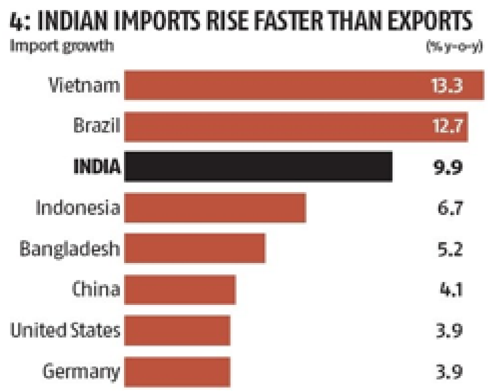
Rising oil prices and relatively higher trade costs would hamper oil importing emerging markets

Calling it a "delicate year" for the global economy, the International Monetary Fund (IMF), in its 'World Economic Outlook', has warned against three key risks — growing inequality, weak investment, and rising protectionism in trade.



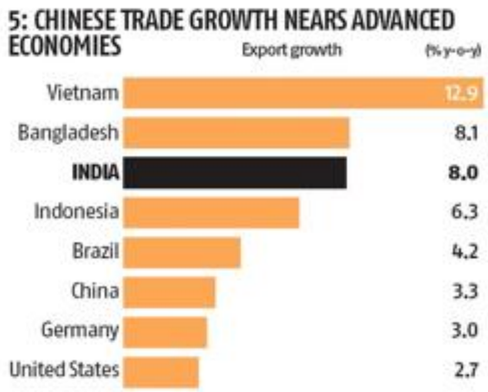


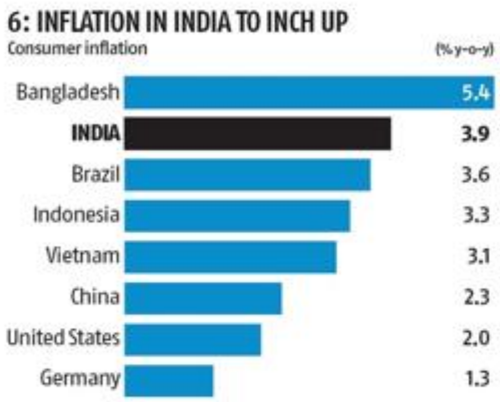


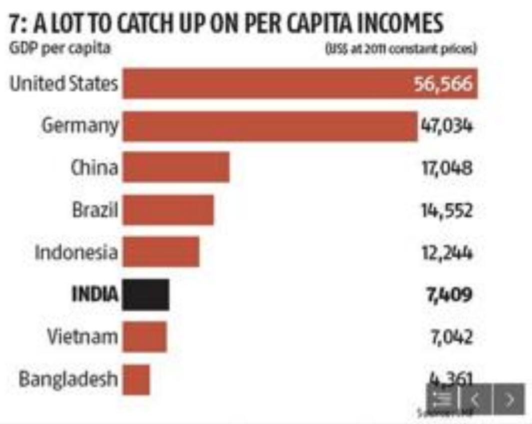


A look at a group of countries across key macroeconomic indicators such as debt, savings and investments, inflation, income and trade shows India falls almost in the middle of this mix in nearly all parameters in the IMF estimates for 2019.

While the US and Brazil lead in debt as a percentage of gross domestic product (GDP) (Chart 1), China continues to reign in terms of savings and investment rates among the mix, Charts 2 and 3 show. Brazil falls to the bottom in this respect.







For developing countries, though investment rates are rising, capital stocks per capita are still low, and are a cause of concern, the report notes.

In terms of trade growth, China has seen a relative slowdown in recent years, taking it nearer to the developed countries' indicators. Vietnam and Bangladesh are seen clearly maintaining a stronger focus on exports vis-a-vis India (Chart 4 and 5).

Rising oil prices and relatively higher trade costs would hamper oil importing emerging markets (EMs) such as India, the IMF says.

After riding through a phase of low prices, especially in the rural areas, consumer inflation in India is inching up, higher than developing peers, shows Chart 6. Finally, Chart 7 demonstrates India has a lot to catch up among leading EMs in terms of per capita incomes (represented by GDP).

Source: business-standard.com- Apr 15, 2019

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U.S./China Trade: Deal or No Deal

When it comes to forces impacting the cotton market, one glaring factor overshadows all the rest. The ongoing trade dispute between the United States and China is the single most important variable in determining what cotton prices will do in 2019.

Unfortunately for American cotton producers, there is no crystal ball able to predict when, if, or to what extent a trade deal will be struck between the two nations. But we can speculate about the results of a worst-case scenario – extended, ongoing trade wars. And we can speculate about the results of a best-case scenario – a timely trade agreement that benefits both sides. That's just what commodity expert Joe Nicosia of Louis Dreyfus tried to lay out during his Ag Update seminar address, delivered to an audience of hundreds at the Mid-South Farm and Gin Show in early March.

The situation is best understood, he said, by examining where we currently stand.

"Who is feeling the pain from this?" Nicosia asked. "There's plenty of it to go around. A little bit everywhere."

Last June, just before the trade dispute broke out, cotton prices in the United States were hovering at nearly 95 cents. Then, when trade talks between the two nations ended without a resolution, President Donald Trump ordered a list of Chinese products targeted for $200 billion in tariffs. From there, the two countries have sparred.

"As time went along, things didn't get any better," Nicosia noted, citing charts to highlight the diminishing exports of U.S. cotton into Chinese markets. "If you were in the medical profession you'd say (U.S. cotton exports to China) flatlined. It has essentially gone to almost zero. If you look at it over the years relative for total imports over a period of time, you can see how well we did. We were always the first- or the second-largest importer to China. Now we're headed straight down to the bottom."

Other crops, particularly soybeans, have seen much of the spotlight when it comes to agricultural impacts of the trade dispute. But Nicosia noted that cotton suffered as much or more than any other crop. Price impacts were masked initially due to in-season factors such as drought in the Southwest or hurricanes in the Southeast.

"You don't really hear the same amount of press or the same amount of concern when you're talking about the cotton community," Nicosia said. "We've had just as big of the brunt of it as soybeans or any commodity that's been up there."

Before he examined the two paths American cotton can take from here, Nicosia went into detail to take stock of where the U.S. cotton industry, and the economy at large, currently sit.

The nation's GDP growth is reasonable, but slightly tempered relative to expectations that existed before the trade disruptions. There exists a 1.1 million bale increase in consumption, which again Nicosia noted, was expected to be higher before the trade dispute began.

We have a consumption deficit situation of 5.2 million bales, meaning we are still consuming more than we produce in the current year, and are helping to draw down world stocks – a good thing, to be sure.

The United States finds itself with a reasonable 35% share of global exports, although there is emerging competition from new production markets. In short, Nicosia said, the current situation is perhaps tolerable, but won't have anyone too terribly excited unless things change.

Benefits of a Deal

If there were a path to optimism and price relief for U.S. cotton growers, it begins with the two nations striking a deal. In that scenario, the positive benefits would be quickly evident.

A reduction in tariffs would have obvious benefits for U.S. cotton, but Nicosia points to a reduction in non-tariff barriers, such as bagging issues and quotas.

Those non-tariff barriers are "critically important," says Nicosia, who cites quotas as a perhaps creative way for the Chinese to navigate around WTO regulations. Again, a trade deal would alleviate many of these issues.

The result would be an increase in market share in the United States from Chinese imports, he said, and a temporary bump in demand for U.S. exports, And, importantly, there would be incentive for production in the United States for future years to come because we would secure the world's largest buyer.

"If we get that in the old crop, I think prices move up very quickly," said Nicosia. "They will move to 80 to 95 cents in the old crop, if we can get a deal done with China here fairly soon."

Endless Trade War

Of course, the other possible scenario would be far less beneficial to American cotton. If the U.S. and China continue to engage in a lingering trade dispute for an extended period, the damage could begin to take a toll. In some ways, according to Nicosia, it already has.

"We're going to get higher import tariffs," he said of the possibility of lingering trade disputes. "We're going to get more non-trade barriers – those are real in the cotton industry. Disruption and displacement of trade and goods and services will continue."

That scenario would begin to impact global cotton demand, as higher costs of trade would be passed down through the supply chain to retail. Rising U.S. stocks, resulting from a loss of demand, would be another difficult reality.

"We're going to end up with a price of about 55 cents to 65 cents, and that might be optimistic," Nicosia said. "If that happens with China, they'll get half of nothing, we'll get half of nothing, and as Foghorn Leghorn said, two halves of nothing equals a whole nothing."

Competition Arises

But some of those negative impacts have already begun to shape up. And in the case of a new challenger to U.S. production, they won't be going anywhere soon.

In the absence of U.S. cotton imports, the Chinese have turned in large part to Brazil. The quality of the cotton has made for a tough competitor, said Nicosia.

“We’ve created new foes, new competition. And formidable ones,” he said. “As we look at today, China wasn’t buying from the U.S. today. What do you think they did? They bought something else. They bought Brazilian.”

The Chinese have always had alternative sources for the cotton they’ve imported. Australia and West Africa, among others, have found a home for their cotton in China – the world’s number one cotton importer.

But the pace at which China has begun to engage Brazilian exporters is changing the face of the industry in the large South American country. Booming export sales have increased prices there, leading Brazilian producers to exponentially increase their investments. Across the growing regions, producers have invested in new gins, new production area, and new pickers, according to Nicosia.

One side-effect of the U.S. trade dispute? “It has changed their world,” Nicosia said. “You know they’re serious about production. We’re talking about farms that are miles and miles and miles long.”

This has the potential to be the most lasting effect of this Chinese trade dispute. Brazilian producers are energized and are making investments that will stand to benefit their industry for years to come.

“Brazil is going to increase production,” Nicosia said. “And it’s going to increase a lot, and it’s going to be increased for years to come.

“So, the thing that worries me the most about this is not that they’ve made a sale, but that their excitement level is up, and they’ve made the investment, and those investments are here for years to come.”

In America’s absence, Chinese importers are forging relationships within the Brazilian cotton industry. The export market is zero sum – meaning every bale that the Brazilians sell to the Chinese is one that America does not.

Nicosia noted that eight years ago the Indians emerged as a primary competitor for the Chinese import market.

“The more difficult part here with Brazil is that their cotton is good – it’s very much like the cotton grown here in the Mid-South,” Nicosia said from the Memphis event.

A Wide Trading Window

The pricing possibilities for 2019, then, hinge almost entirely on the ability of the Americans to strike a deal with the Chinese. Absent that, cotton prices could hover at or below loan levels. If a deal were to come along soon, though, current crop prices could shoot skyward.

"If the Chinese were to make substantial current crop U.S. purchases, I think current crop prices could explode," Nicosia said. "Because this crop that we have, it only has so much of that cotton that they want."

Without a deal, however, "we're in trouble," according to Nicosia.

The stage is set, given good weather, for the U.S. to break production records in 2019. Conditions in the Southwest in particular are prime for a strong-yielding crop. As such, the country has the potential to export a record number of bales in the coming year.

But America must compete for export sales like never before. Not only on price, but with "quality, delivery and service."

Nicosia closed his speech with a strong recommendation for the growers in his audience to hedge themselves in options.

"I have never felt stronger, and never could I believe more in this last statement. The risks in prices in front of us right now are huge," he said. "I see where old crop could trade 85 cents to $1.05 if it had to. And I see where new crop could trade in the 50-cent range. And the price of options is relatively cheap."

Source: cottongrower.com- Apr 15, 2019

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Cargo Delays Continue at U.S.- Mexico Border

Imports and exports transiting the U.S.-Mexico border are continuing to see delays as U.S. Customs and Border Protection shifts personnel away from cargo processing operations to deal with what the agency has described as a “dramatic increase” in illegal immigration.

CBP officials said recently that 545 officers have been reassigned from the Laredo (300), El Paso (194), and San Diego (51) field offices (which each cover several ports of entry) to assist the U.S. Border Patrol with processing, transportation, and hospital watch of migrants.

As a result, CBP has had to adjust hours and levels of service at ports in these areas. Examples include shutting down two of the ten truck cargo processing lanes at the Otay Mesa commercial facility in San Diego, closing the port of Mariposa in Arizona on Sundays, and closing El Paso’s Bridge of the Americans on Saturdays.

The result, traders say, has been trucks waiting four to five times longer than usual, as much as seven hours in some cases, to enter the U.S. from Mexico at ports of entry along the entire border. Some facilities have had dozens of trucks still in line at the end of the day that are then required to wait overnight.

The National Foreign Trade Council said these delays “create collateral damage for auto production lines, U.S. manufacturing operations, retailers, and consumers” and are forcing U.S. companies “to reroute cargo through other ports of entry, a costly exercise that may not always be possible.”

With no decrease in border crossings anticipated, CBP is looking at ways to ease delays. Among other things, CBP is working to ensure that shipments by members of the Customs Trade Partnership Against Terrorism cross the border as quickly as possible. While CBP can prioritize these shipments once they arrive at the port of entry, officials said, there are only CTPAT-specific lanes at a few ports and so at the others CTPAT shipments tend to get stuck in the same lines as other vehicles.

Source: strtrade.com- Apr 16, 2019

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Vietnam receives heavy Japanese FDI

Japan is the largest investor in Vietnam. Around 65.3 per cent of the 723 Japanese companies in Vietnam recorded high profits in 2018.

Competitive human resources, economic and market growth, and a dynamic society are factors that make Vietnam an attractive destination for Japanese firms to develop their business in future.

The market scale and growth are the greatest advantages of Vietnam's investment environment.

Other positive factors include low labor cost and political stability.

Given China's goal of moving away from low-end manufacturing, and the rising labor costs in China, this will likely see much of Japanese direct investments shift to countries like Vietnam, which boasts a relatively cheap and educated labor force alongside a large and growing working class population.

China still accounts for 11.6 per cent of Japan's total outbound FDI as compared to just 2.1 per cent for Vietnam.

Japan's initiative to move its investments to the Mekong region nations will likely see Vietnam receiving a significant part of the funds, particularly if these investments are in lower-end manufacturing.

Japanese investment in Vietnam's non-manufacturing industries, such as retail, wholesale, IT, professional support and education, may increase, fuelled by the rising growth of Vietnam's consumption market.

Source: fashionatingworld.com- Apr 15, 2019

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Vietnam plans to increase exports to Australia

Australia is a market with high purchasing power and stability. Vietnam and Australia are both members of CPTPP, which will help promote trade and expand the scale of investment and cooperation between the two sides in the future.

Although each side has its own potential, strengths and a variety of commodities, the value of Vietnam's exports to Australia is still modest. The main products shipped from Vietnam to Australia are footwear and cashew nuts. However Australia is one of the most fastidious importers in the world. The room for exporting Vietnamese products is still vast but not for all types of products.

Consumer numbers are also smaller than other traditional export markets. Vietnamese enterprises needed to study carefully to penetrate the market by focusing on agricultural products such as dragon fruit, mango and key export products such as textiles, computers, wooden furniture and telephones.

There is strong competition in the import and retail areas in Australia. Vietnamese firms need to build long-term business strategies which focus on product introduction and branding, trust creation and relationships to approach Australia's retail system.

Australia is one of the 20 largest economies in the world, with outstanding potential in science and technology, mineral exploitation, high-quality services and agricultural products.

Source: fashionatingworld.com - April 15, 2019

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RCEP may be finalized this year

The Regional Comprehensive Economic Partnership (RCEP) may be finalized within this year.

The RCEP which includes Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam is being negotiated since 2013.

The negotiations on RCEP were last year extended into 2019 as the parties – the ten Asean states and their six partners, India, China, Japan, South Korea, Australia and New Zealand – were unable to reach an agreement on key issues.

India has reservations on joining RCEP, mainly because it will bring the country into a free trade relationship with China and worsen a trade deficit of more than $60 billion.

Despite India's concerns about its trade deficits with Asean countries and China, it would be missing out on a key economic opportunity to establish a presence in the fast-growing Asean region if it did not join the RCEP.

The Asean region, and the Cambodia, Laos, Myanmar, Vietnam and Thailand sub region, in particular, is the geopolitical centre of Asia. The region connects east Asia with south Asia, a link between the two economic powers of China and India.

If negotiations succeed, RCEP will be the largest multilateral trade pact in history. It is important for India to not lose out on this opportunity to further integrate with the Asean region.

Source: fashionatingworld.com - April 15, 2019

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Bangladesh: Safeguarding the textile industry

Textile manufacturers losing domestic market has been a subject of worry for quite some time. Recent reports published in local dailies make it clear that the situation has assumed an alarming proportion due mainly to smuggling and other misdeeds taking too oppressive a toll on the capital-intensive industry.

Some of these reports quoted textile manufacturers as complaining that the sector is losing domestic business worth a whooping $6.0 billion a year because of the government's failure to rein in errant practices such as smuggling of yarns and fabrics, misdeclared imports and abuse of bond facility. A spokesperson of the Bangladesh Textile Mills Association (BTMA) has been quoted as saying that more than 40 per cent of the spinning and weaving mills are now sitting on stockpiles of yarns due to lack of demand.

Domestic market size of textiles, particularly yarns and fabrics, is estimated to be around 8.0 billion meters worth $12 billion annually. According to industry insiders, the share of local textile mills is 3-4 billion meters worth around $6 billion, while the rest is met by smuggled fabrics, illegal imports and misuse of bond facility.

Given the insignificant volume of commercial imports of textile materials, it is clear that nearly half of the local demand is met mainly by smuggled goods. Misuse of bond as alleged by the industry people has also been echoed recently by none other the Chairman of the National Board of Revenue (NBR). Over and above, alleged illegal import through misdeclaration evading taxes also seriously hurts marketing of local produce.

Understandably, had the foreign products been brought into the country through formal import channel, these could not compete with the local products in the mainstream marketplace because of high import duties, particularly supplementary duties meant to protect local textile mills. It has also been alleged that the border haats established to facilitate small-scale trading in the border belts of Bangladesh and India have turned out to be a source of smuggled textile products which, among others, include readymade apparels, especially women's wear, during festival seasons. Misuse of the border haats, as alleged, calls for urgent attention of the authorities concerned.

Textile, being a heavily capital-intensive industry, and a relatively new phenomenon in the country taking off since the nineties in a big way with composite mills coming into operation, deserves to get utmost protection. But repeated alarm blips not just from the industry people but from other quarters as well have done little to underscore the dire consequences of neglect.

Given that Bangladesh is a new entrant in textile manufacturing - that too with its total reliance on imported cotton, the industry is vulnerable to shocks of untoward market behaviour. And if the shocks are manmade and orchestrated to squarely harm the industry, no amount of efficiency or marketing drive is going to bring it good news. It all now rests with the government and all the relevant agencies to ensure that the industry built at high cost keeps going, for the greater benefit of the economy.

Source: thefinancialexpress.com.bd- April 15, 2019

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Vietnam: Textile industry aims for green standards

The textile and garment industry, aiming to take advantage of free trade agreements (FTAs) with a focus on green manufacturing, is upbeat about earning US$60 billion from exports by 2025.

Last year the industry earned $36 billion in exports, up 16 per cent year-on-year, making the country one of the world's three biggest exporters of textiles and apparel, according to the Việt Nam Textile and Apparel Association (VITAS).

Vũ Đức Giang, chairman of VITAS, said the association this year set a target of $40 billion in exports, up 11 per cent year-on-year.

Speaking at the 2019 Global Textile and Apparel Supply Chain Conference held last week in HCM City, Giang said the industry was expected to enjoy a trade surplus of $20 billion, and employ 2.85 million workers.

Textile enterprises have seen positive signs for orders this year, he said. "Many businesses have already received orders for the first six months of 2019 and even for the entire year," he said.

Because of increased capital flow to the industry, the country has gradually completed a textile and apparel supply chain, while the upcoming enforcement of new FTAs will also be a good factor for the industry this year.

This year the Comprehensive and Progressive Agreement for Trans-Pacific Partnership is expected to boost the development of many industries of Việt Nam, including the textile and apparel industry.

The industry is also expecting more orders to shift from China to Việt Nam due to the ongoing US-China trade war.

Challenges

Việt Nam is participating in 16 FTAs. Ten out of 12 signed agreements have been enforced, including the ASEAN Trade in Goods Agreement, the ASEAN-China FTA and the ASEAN-Korea FTA, while the two remaining, the CPTPP and the ASEAN-Hong Kong FTA, have not yet come into force.

Participation in various FTAs could help Vietnamese enterprises have more choices in exporting their products, but it also brings challenges to the industry, according to VITAS.

The FTAs that Việt Nam has signed all have environmental barriers with higher green standards, which require enterprises to improve not only product quality but also production processes. If enterprises fail to do this, they will face a risk of having orders stopped or rejected, especially orders from major international garment brands.

Most Vietnamese textile and apparel enterprises do outsourcing, so they rely heavily on orders from other countries. Customers worldwide are now more environmentally conscious, which has forced global brands to improve operations to include higher environmental and social standards.

Sustainable manufacturing

Giang recommended that Việt Nam should continue its efforts to ensure environmental protection in manufacturing to become a “sustainable supplier of choice” of textile and apparel.

The country has committed to fully implementing 17 goals of the 2030 Agenda for Sustainable Development to ensure economic, social and environmental benefits, according to Giang.

"Implementing a shared responsibility to respond to the 21st century's biggest global challenge, Việt Nam and the international community ratified the Paris Agreement on climate change in 2015. And the textile industry is part of that commitment," he said.

Nguyễn Thị Tuyết Mai, chief representative of VITAS office in HCM City, said that many provinces established their own industrial parks for textile and garment activities.

The industrial zones have invested and put into operation wastewater treatment systems, helping businesses complete their responsibility to protect the environment during production.

VITAS set up an Environment Committee three years ago and has taken part in an action programme for the Green the Textile and Apparel Industry group.

In addition, last year VITAS and the World Wide Fund (WWF) for Nature launched a project to green the textile industry. The project aims to encourage players in the domestic textile sector to promote better river basin governance, water quality improvement and sustainable energy use.

Marc Goichot from WWF-Greater Mekong said that greening the textile sector in Việt Nam would help achieve its wider goal of addressing river governance and energy sustainability, which are top global environmental concerns.

With 6,000 factories nationwide, employing some three million people, the textile and apparel industry contributes 15 per cent of exports. The industry is, however, causing a serious environmental impact.

Intensive water extraction, use and discharge of wastewater, and high-energy consumption for water heating and steam generation caused by the industry can seriously affect water resources and greenhouse gas emissions.

As the industry continues to expand, improvement in practice will be required to reduce the impact.

The UN predicts there will be a 40 per cent water shortage globally by 2030.

Source: vietnamnews.vn- April 16, 2019

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Pakistan: Weekly cotton review trend of increase in prices continues

The upward trend of increase in the prices of cotton continued. The prices of cotton may increase due to the buying of 800,000 ton of cotton by China.

The trend of increase in the prices of cotton yarn and textile products continues. The government departments and government officials are active and trying to increase the production of cotton. The production of cotton in India further decreased.

In the local cotton market during the last week the increase in buying of cotton by textile and spinning mills the upward trend of increase in prices was witnessed. The prices of cotton increased from Rs 100 to 200 per maund.

The prices of cotton in both Sindh and Punjab remained Rs 7300 to Rs 9100 per maund while the price of Seed cotton (Kapas/Phutti) which is available in small quantity is from Rs 3400 to Rs 3600 per 40Kgs in both Sindh and Punjab. In Balochistan cotton for buying and selling is nearly over.

The Karachi Cotton Association (KCA) Spot Rate Committee increased the spot rate price by Rs 100 per maund and closed it at Rs 8800 per maund. Chairman Karachi Cotton Brokers Forum told that ginners had left the stock of 600,000 bales while some mills who were unable to meet their demands were taking interest in the buying of cotton due to which the prices of cotton were increased. On the other hand there is an increase in the demand of cotton yarn and textile products. The financial crunch is increasing in the markets due to the slow process of payments.

The market is stable after fluctuation in international market. After fluctuation in New York Cotton market the news of cotton import quota by China the prices of Rate of Promise (Waday Ka Bhao) increased from 1.50 American cents to 78.50 American Cent. According to National Development and Reform Commission China has announced import quota of 800,000 ton of cotton which is equal to 47 lac bales of 170 kg. The spinning mills having the capacity of 50,000 or more spindles can apply till March 29, 2019. It is obvious that this news will be helpful in increasing the prices of cotton.

The prices of cotton remained stable in China. The prices of cotton in India after increasing in the starting of the week but witnessed some down ward trend at the end of the week. According to experts the prices of cotton will increase in India because Cotton Association of India has estimated the cut of 700,000 bales in production estimate. According to the association 3 crore 21 lac bales will be produced.

The sowing of cotton in Lower Sindh and in Multan started partially for the next season. The agriculture department is actively working for increasing the production of cotton; especially in Punjab the government has given incentives to the farmers of cotton which shows that government is taking interest in increasing the production of cotton.

Few days back a three day meeting was held in Central Cotton Research Institute in Multan. While addressing the meeting Cotton Commissioner Dr Khalid Abdullah said that government is committed for adopting scientific methods in agriculture including biotechnology as well as in the up gradation of cotton seeds for progress in industrialization.

Director Research Pakistan Central Cotton Committee Dr Tasawar Hussain told that 93 new varieties of cotton including BTO 85 and Non BTO 8 were included by National Coordinated variety trial (NCVT) for testing.

Mean while addressing the meeting held for increasing the production of cotton in Multan on April 12 organised by departments related with cotton agriculture minister Punjab Malik Noman Ahmed Langrial said that ginners had promised to pay premium price ie Rs 200 extra per maund for contamination-free or clean cotton.

The Minister, while addressing the meeting of Cotton Crop Management Group (CCMG) at Central Cotton Research Institute (CCRI) Multan further said that government will give incentives for increase in the production of Cotton Crop.

Senior Pakistan Tehreek-e-Insaf (PTI) leader Jahangir Khan Tareen spoke on the occasion and stated that the federal government would play its role in achieving the cotton production target of 15 million bales set by Prime Minister Imran Khan. On the other hand the commerce ministry and textile ministry has announced to give more incentives to the exporters of cotton yarn according to which yarn exporters don't need certification from All Pakistan Textile Mills Association (APTMA) for the export of cotton yarn.

Source: fp.brecorder.com- April 15, 2019

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Pakistan: Industry infighting breaks out as govt relaxes yarn export rules

The value-added textile manufacturers fear that the government decision of abolishing the condition for yarn exporters to obtain Export Price Certificate (EPC) from Aptma for their overseas shipments will encourage yarn exports and push up its domestic prices.

The decision was announced by the Ministry of Commerce through an advertisement taken out in the Sunday editions of some major newspapers as one of its initiatives to improve the ease of doing business for yarn exporters.

However, hosiery manufacturers and bed-sheet producers from Faisalabad told a news conference on Monday, held on the premises of Pakistan Hosiery Manufacturers Association (PHMA), that the “permission” given to export yarn amounted to issuing “death warrants” for the value-added textile industry.

They insisted that the decision would create further shortage of yarn for the local manufacturers, claiming the yarn prices were already substantially rising in the market.

They blamed spinners for the price increase. They demanded a "ban on export of textile raw material in general and cotton yarn in particular" and "free import of cotton yarn and man made fibre" in a joint resolution issued by the various value added textile sector associations and the Faisalabad Chamber of Commerce and Industry (FCCI).

Speaking at the press conference was Kashif Zia, senior vice chairman of PHA as well as Arif Ehsan Malik, chairman of All Pakistan Bedsheet and Upholstery Manufacturers Association, and the President of FCCI Zia Alam Dar.

They demanded that the government should withdraw 10 per cent regulatory duty on cotton yarn and 52pc duty on polyester in view of the shortage of the raw materials for the value-added industry in the country.

Ijaz Khokhar, a major martial arts uniforms exporter from Sialkot and former chairman Pakistan Readymade Garments and Exporters Association, said the yarn producers had raised their prices by Rs2000-2500 per 100kg of course yarn since the publication of the advertisement.

"The domestic yarn prices have been on the increase for some time now and the suppliers are charging higher prices from us based on expectations of further appreciation in the value of the rupee," he said.

"The rising raw material prices, which constitute 70pc of our cost of production, will make us uncompetitive in the world markets."

Gohar Ejaz, an Aptma leader disagreed. He said the abolition of the EPC condition would not make any practical impact on yarn exports or its domestic pricing, ridiculing the ministry's claim that the decision was made to improve ease of doing business for the exporters.

"How obtaining a certificate from Aptma was a bottleneck to yarn exports or made its exports uncompetitive in international markets? I don't understand that," he wondered.

He said the value-added textile manufacturers were getting four per cent rebate on yarn being imported duty-free from India under the manufacturing bond scheme. "Where else does this happen?"

Source: dawn.com- April 16, 2019

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Pakistan: In new FTA, China extends zero rate access to more goods

The Chinese government has finally offered Pakistan market access similar to that offered to countries of Association of South East Asian Nations (Asean) after seven years of negotiations.

According to Secretary Finance Mohammad Younus Dagha, the Chinese government has agreed to immediately reduce duties to zero per cent on 313 tariff lines.

Dagha led the technical team in the negotiations in his previous assignment as commerce secretary, and says he sought to secure market access to China on the pattern of the Asean economies. “We successfully got the best possible gains for Pakistan”, the secretary claimed while talking to Dawn.

Pakistan and China have concluded the second phase of China-Pakistan free trade agreement (FTA) after seven years of talks. The protocol was initialled by current Secretary Commerce Ahmad Nawaz Sukhera and Chinese Vice-Minister on April 13 in Beijing.

The final agreement will be signed by commerce ministers of the two countries during Prime Minister Imran Khan’s visit to China end of the month. Both sides will get approval from their respective cabinets before signing the pact.

An official source in the Commerce Division told Dawn that China’s willingness to finally offer Pakistan market access on Asean-plus model was in the light of understanding reached between PM Khan and Chinese president.

The second phase of FTA was supposed to commence from the sixth year of agreement ie 2013, but was delayed as officials from both countries failed to reach an agreement despite meeting over 12 times. Talks on Phase-II began in 2011.

Sharing the outcome of the negotiations, Dagha said that Islamabad will get market access for 313 tariff lines, which will cover most of its exports and encourage exports to China.

With signing of the agreement, he said the duty structure on these items will come immediately to zero per cent. “The new agreement will have a positive impact on our exports to China,” Dagha said.

“The Chinese government has also agreed to allow us to protect 25pc of our total tariff lines from duty reduction under the second phase” he said, adding “we have included all those tariff lines identified by chambers of commerce and associations for protection.”

As per Chinese FTA with Asean, reduction on tariffs is almost over 90pc of the total tariff lines.

Under the agreement, Pakistan will reduce duty to zero on 75pc of total tariff lines in 15 years, while China will do the same in a period of 10 years. During this period, China will reduce duty to zero per cent on around 2,000 -2,500 tariff lines for Pakistan.

The FTA between China and Pakistan covers nearly 7,000 tariff lines at the eight-digit level of the HS code. Both sides had reduced tariffs on almost 36pc of the tariff lines to zero during first three years of PCFTA’s Phase-1.

Commerce ministry spokesperson was approached but could not provide any details of the agreement. Meanwhile the Commerce Division’s team turned to social media to share photo ops from the ceremonious initialing of the protocol, while they were unable to provide any details of the agreement or answer any questions posed to them.

Source: dawn.com- April 16, 2019

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'Yarn export will benefit Pakistan's competitors'

Despite assurances that the government would not allow export of yarn, the media campaign by the Textile Division has hurt the entire value-added textile sector, said a body of hosiery manufacturers and asked the government to reverse the decision to save national exports from another crisis.

Calling it an anti-industry move, Pakistan Hosiery Manufacturers and Exporters Association (PHMA) Senior Vice Chairman Mian Kashif Zia pointed out that against initial estimates of 15 million bales of cotton, the country harvested only 10 million bales in the current season.

"It has already created a shortage of cotton and yarn in the domestic market, while the export of yarn will aggravate the situation," he said. Zia said it would be tantamount to discouraging the value-added sector as the raw material from Pakistan would be exported to international competitors.

Faisalabad Chamber of Commerce and Industry (FCCI) President Syed Zia Alumdar Hussain recalled that a meeting of the task force for development of textile sector was held on March 30 with Adviser to PM on Commerce and Industry Razak Dawood in the chair. "By exporting yarn, we are only exporting the relief provided in the shape of subsidised electricity and gas, remarked Hussain.

He said though the government had assured businessmen that sales tax refund claims would be released through negotiable promissory notes,no progress had been made so far. "I have requested Zafar Iqbal Sarwar, Coordinator to PM Adviser on Textile, to take their message immediately to the prime minister and ask him to intervene and take immediate action to discourage the export of raw material."

Furthermore, he said, the government should withdraw 10% regulatory duty on yarn and 52% duty on polyester in order to give a boost to manufacturing activities. "There was complete consensus that government will focus on textile sector," said Coordinator to PM Adviser on Textile Zafar Iqbal Sarwar.

Source: dawn.com- April 16, 2019

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India's Cotton Textile Export Contributes to Reduction of Trade Deficit With China: TEXPROCIL

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

Trade balance between the two countries in the year 2017-18 was US$ 63.05 billion in favour of China, which has now shrunk to US$ 50.13 billion (from US$ 57.87 billion for the period April – Feb 2018-19).

In a statement, Dr. K V Srinivasan, Chairman, The Cotton Textile Export Promotion Council (TEXPROCIL) complemented Shri. Suresh Prabhu, Hon'ble Minister of Commerce and Industry & Civil Aviation for this path-breaking achievement in reducing the trade balance.

He pointed out that exports of cotton textiles had contributed to the reduction in trade deficit as export of these items during April-February 2018-19 had increased by 69% (US$ 1,555 million) over the previous year similar period (US$ 919.76 million).

Shri. Srinivasan pointed out that export of cotton textiles can increase further if the tariff disadvantage of 3.5% to 10% suffered by India in comparison to Vietnam, Pakistan, Indonesia etc on textile products are addressed by making further special efforts.

Dr. Srinivasan added that higher exports of cotton textiles including fabrics and made-ups can not only continue to significantly contribute to the reduction of trade imbalance but also lead to attracting investments from the labour intensive industries shifting out of China.

Source: businesswireindia.com- Apr 15, 2019

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India's merchandise exports up 9.1% to US$ 331.02 billion in FY2019

Exports rises 11% to US$ 32.55 billion, trade deficit narrows to US$ 10.89 billion in March 2019

India's merchandise exports increased 11.0% to US$ 32.55 billion in March 2019 over a year ago. Meanwhile, merchandise imports rose 1.4% to US$ 43.44 billion.

The trade deficit declined 19.4% to US$ 10.89 billion in March 2019 from US$ 13.69 billion in March 2018.

Oil imports moved up 5.5% to US$ 11.75 billion, while the non-oil imports were flat at US$ 31.69 billion in March 2019 over March 2018. The share of oil imports in total imports was 27.0% in March 2019, compared with 26.0% in March 2018. The price of India's basket of crude oil increased 4.6% to US$ 66.74 per barrel in March 2019 over March 2018.

Among the non-oil imports, the major contributors to the overall rise in imports were gold imports rising 31.2% to US$ 3.27 billion, iron & steel 16.9% to US$ 1.58 billion, fertilizers, crude & manufactured 69.4% to US$ 0.54 billion and vegetable oil 14.5% to US$ 0.96 billion, while imports of medicinal & pharmaceutical products also moved up 11.6% to US$ 0.55 billion, professional instrument, optical goods etc 8.9% to US$ 0.51 billion and chemical material & products 1.6% to US$ 0.63 billion.

However, the imports have declined for metaliferrous ores & other minerals by 42.9% to US$ 0.49 billion, coal, coke & briquettes etc 14.9% to US$ 2.10 billion, electronic goods 5.7% to US$ 4.68 billion, machinery, electrical & non-electrical 5.7% to US$ 3.21 billion, non-ferrous metals 11.0% to US$ 1.11 billion and organic & inorganic chemicals 6.4% to US$ 1.91 billion.

The imports also fell for artificial resins, plastic materials etc by 4.0% to US$ 1.33 billion, wood & wood products 8.6% to US$ 0.50 billion, transport equipment 2.6% to US$ 1.77 billion and pearls, precious & semi-precious stones 1.0% to US$ 3.01 billion in March 2019.

On exports front, the engineering goods recorded an increase in exports by 16.3% to US$ 9.42 billion, followed by organic & inorganic chemicals 17.0% to US$ 2.33 billion, drugs & pharmaceuticals 13.6% to US$ 2.00 billion, electronic goods 34.6% to US$ 0.93 billion, RMG of all textiles 15.1% to US$ 1.72 billion and petroleum products 6.6% to US$ 3.53 billion. The exports also improved for rice by 16.1% to US$ 0.93 billion, oil meals 174.3% to US$ 0.19 billion, mica, coal & other ores, minerals including processed minerals 13.4% to US$ 0.46 billion, spices 12.1% to US$ 0.39 billion and plastic & linoleum 5.7% to US$ 0.77 billion in March 2019.

Further, the exports gained for ceramic products & glassware by 20.4% to US$ 0.24 billion, cotton yarn/fabrics/made-ups, handloom products etc 2.2% to US$ 1.05 billion and meat, dairy & poultry products 0.2% to US$ 0.41 billion in March 2019.

However, the exports fell for marine products by 6.7% to US$ 0.53 billion, leather & leather products 6.4% to US$ 0.41 billion, fruits & vegetables 4.3% to US$ 0.31 billion, gems & jewellery 0.4% to US$ 3.42 billion and man-made yarn/fabrics/made-ups etc 0.6% to US$ 0.47 billion in March 2019.

Merchandise exports in rupees increased 18.6% to Rs 226139 crore, while imports moved up 8.4% to Rs 301814 crore in March 2019 over March 2018. The trade deficit declined to Rs 75675 crore in March 2019 compared with Rs 89026 crore in March 2018.

India's merchandise exports increased 9.1% to US$ 331.02 billion, while merchandise imports moved up 9.0% to US$ 507.44 billion in April-March 2019. An increase in imports was driven by a 28.7% jump in oil imports to US$ 140.47 billion.

India's merchandise trade deficit rose to US$ 176.42 billion in April-March 2019 from US$ 162.05 billion in April-March 2018.

Source: business-standard.com- Apr 15, 2019

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Exports of goods hit a new high at $331 billion last fiscal

But exporters fear rough road ahead, seek assistance

Exports of goods in 2018-19 registered a 9.06 per cent growth to hit a new high of $331 billion, breaching the previous high of $314 billion clocked in 2013-14.

Exports of goods in March was 11 per cent higher at $32.55 billion (the highest monthly performance) on the back of significant contributions from sectors such as engineering goods, chemicals, pharmaceuticals and petroleum products, according to an official statement.

"Owing to a good catch-up in March, India's exports have crossed $331 billion in 2018-19 with engineering exports registering an all-time monthly figure of $9.4 billion and annual $83 billion. However, 2019-20 appears to be a challenging one.

The global economy and trade seem to be coming under pressure with issues like protectionism refusing to go," Ravi Sehgal, Chairman, EEPC India. Imports in 2018-19 grew 8.99 per cent to $507 billion, but growth in March was 1.44- per cent lower at $43.44 billion with a fall in imports of machinery, transport equipment, electronic goods and coal and coke.

Trade deficit in 2018-19 increased to $176.42 billion, compared to $162.05 billion in the previous year, but deficit in March shrunk to $10.89 billion compared to $13.51 billion in March last year.

The healthy growth in exports came at a time when the World Trade Organization cut global trade forecast to 2.6 per cent for 2019, from 3 per cent in 2018, pointed out Ganesh Gupta, President, FIEO, adding that it was due to the hard work put in by the exporting community.

FIEO reiterated its demand for "urgent and immediate" support, including augmenting the flow of credit, higher tax deduction for R&D, outright exemption from GST, online ITC refund, interest equalisation support to farm exports, benefits on sales to foreign tourists and exemption from IGST under Advance Authorisation Scheme with retrospective effect.

India's exports had taken a hit in 2014-15 due to poor global demand and rising protectionism in buying countries with exports falling sharply for two consecutive years and then recovering slowly.

Oil imports in March 2019 at $11.75 billion were 5.55 per cent higher than the same month last year. Oil imports in April-March 2018-19 were at $140.47 billion, 29 per cent higher than in same period the previous fiscal.

Import of gold in March was 40 per cent higher at $22.74 billion, compared to the same month last year.

Source: thehindubusinessline.com- Apr 15, 2019

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Indian exports touched $540 billion in 2018-19: Suresh Prabhu

India recorded its highest ever exports in the last fiscal accounting for $540 billion trade. This included $330 billion in terms of merchandise export and $210 billion in terms of services, noted union minister for commerce and civil aviation Suresh P Prabhu. India's trade deficit with China that was a staggering $63 billion has come down by $10 billion in the last fiscal resulting in saving of Rs 70,000 crore to the exchequer.

Interacting with reporters on Monday, Prabhu who canvassed support for DK MP Nalin Kumar Kateel through road shows and public meetings, said by paring $10 billion in trade deficit with China, India has saved the amount that would otherwise have to be repatriated to the neighbouring Communist giant. The launch of industrial corridors within too will help the country in perking up its trade volumes, results of which will be visible soon.

Noting that his ministry has finalised the agriculture-export policy, Prabhu said farmers of Karnataka will benefit immensely from it. This will facilitate in the export of agriculture and horticulture products, he said, adding the policy will also benefit fishermen in that fisheries is an integral component of the same. "We are looking at export of value added fisheries product which has potential to be a major foreign exchange earner," Prabhu noted.

Launch of UDAN – rural air connectivity scheme too has brought major benefit to the state, Prabhu said. The commerce ministry has also taken up proactively the issues faced by coffee, tea, rubber and spices growers across India, he said, adding to come to aid of coffee growers who were hit by the deluge last monsoon, the ministry has created a special programme, benefits of which the coffee growers will reap in the near future.

Pointing that the present NDA government has given major thrust to infrastructure –road, railways, airport and seaport – in the last 5-years, Prabhu said the government has been hugely successful with its foreign policy moves. Social harmony has been the hall mark of this government, which has resulted in peace in the society, he said, adding the present conditions are favourable for the return to power of NDA government under PM Modi.

Source: timesofindia.com- Apr 16, 2019

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India's cotton output to decline to 343 lakh bales in FY19: report

Monsoon to determine farmers preference to grow more cotton next year

India's cotton crop production may fall 7.87 per cent to 343 lakh bales (of 170 kg each) in the 2018-19 season, mainly due to drought in many cotton-growing regions, as per estimates released Monday by CITI.

Confederation of Indian Textile Industry (CITI) Chairman Sanjay Jain told PTI the cotton crop output for the previous season ended September 2018 was 370 lakh bales, adding that the worst output in the past 12 years stood at 348 lakh bales, higher than the current season's projection of 343 lakh bales.

The domestic textile industry body based the projections on actual data collected from cotton-growing areas for the October-September 2018 crop season. The Cotton Advisory Board had estimated the cotton crop to be 361 lakh bales on November 22, 2018.

Jain said drought in many cotton-growing regions of Gujarat, a few regions of Maharashtra and a few areas in other cotton growing states has affected the yield. “CITI has revised the cotton crop estimates for 2018-19 based on the actual data collected from the cotton-growing areas in the country to 343 lakh bales of 170 kg,” the body said.

Jain said though we have a smaller crop size this year in comparison to last year, the cotton supply position is comfortable with a big ending stock of 40 lakh bales. “Thanks to a big opening stock, smaller exports and large imports, the production deficit is well covered. CCI (Cotton Corporation of India) has also started selling its stock, which will further increase liquidity in the cotton market,” he said.

Jain said as far as crop situation for the next year is concerned, the highly remunerative kapas (cotton) prices during the current year and the monsoon projection would induce the Indian farmers to prefer to grow more cotton.

The CITI chairman also said the International Cotton Advisory Committee in their report for April 2019 have projected a 6 per cent rise in global production for 2019-20 at 27.6 million tonne and a higher ending stock for 2019-20. “Due to these factors, cotton prices are likely to remain steady and range-bound. Early monsoon and import arrivals in India may create downward pressure on cotton prices from June 2019,” Jain said.

Source: thehindubusinessline.com- Apr 15, 2019

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IACC conference to boost India-US textile partnerships

To create, develop and sustain bilateral partnership in textile between US & India, the Indo-American Chamber of Commerce (IACC) will organise a conference on textiles.

The conference titled 'America First and Make in India: Together Achieving $100 billion Trade in Textiles' will be co-hosted by the US Commercial Service, US Consulate, in Mumbai on April 24.

The one-day conference will promote joint investment and support favourable trade partnership, with representations from the US, North Carolina & South Carolina.

The event will bring together thought leaders, policy makers, textile stalwarts, and academicians to deliberate and create a road map to deepen trade and investments between nations, as well as creating textile ethos and ambience, IACC said in a press release.

The objectives of the conference include developing sustainable bilateral trade partnership between India and US in textiles, identifying key sectors in Indo-American textiles, policy support in making textile industry competitive, understanding global scenarios and its legalities along with cross border investment opportunities and future trends in Indo-American textile trade.

"Indian companies can learn and collaborate with US companies and participate in the US textile manufacturing opportunities involving FDI into the US Similarly, the Indian textile industry exhibits the rich cultural heritage of India and now with its newer modern manufacturing systems, achieving wider variety of fabrics, techniques and innovation in producing qualitative textiles. India's competitive advantage in fibre to fabric, along with its many textile clusters, can meet the ever-growing demand of the American textile industry," the release added.

Source: fibre2fashion.com- Apr 15, 2019

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WPI inflation for apparel down 0.9% in March 2019

India's annual rate of inflation, based on monthly wholesale price index (WPI), stood at 3.18 per cent for the month of March 2019. The index for textiles fell by 0.3 per cent while for apparel it declined by 0.9 per cent in March, 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 March 2019 rose by 0.4 per cent to 120.0 from the previous month's level of 119.5, the data showed.

The index for manufactured products (weight 64.23 per cent) for March 2019 rose by 0.2 per cent to 118.3 from the previous month's level of 118.1. The index for 'Manufacture of Wearing Apparel' sub-group declined by 0.9 per cent to 138.0 from 139.2 for the previous month due to lower price of woven apparel, except fur apparel (1 per cent).

The index for 'Manufacture of Textiles' sub-group declined by 0.3 per cent to 118.7 from 119.0 for the previous month due to lower price of manufacture of cordage, rope, twine and netting (3 per cent each), other textiles (2 per cent) and knitted and crocheted fabrics and cotton yarn (1 per cent each). However, the price of made-up textile articles, except apparel moved up one per cent.

The index for primary articles (weight 22.62 per cent) rose by 0.4 per cent to 134.7 from 134.2 for the previous month. The index for fuel and power (weight 13.15 per cent) rose by 2.3 per cent to 103.3 from 101.0 for the previous month due to higher price of ATF, naphtha, furnace oil, LPG, kerosene, petrol, petroleum coke, HSD and bitumen.

Meanwhile, the all-India consumer price index (CPI) on base 2012=100 stood at 2.86 (provisional) in March 2019 compared to 2.57 (final) in February 2019 and 4.28 in March 2018, according to the Central Statistics Office, ministry of statistics and programme implementation.

Source: fibre2fashion.com- Apr 15, 2019

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Walmart, Amazon are turning small Indian firms into global entrepreneurs

If Walmart is spinning success stories of Indian manufacturers in global markets, Amazon is taking 'Make in India' to the world, bolstered by its 'Global Selling Programme'

Mumbai-based Indo Count Industries is one of the fastest-growing suppliers of home textiles in the US and European markets. The Indian textiles maker has forayed into 49 foreign markets and nurses ambition to become a global leader, thanks to retail major Walmart. A partnership forged with Walmart's home brand Canopy over a decade ago helped the company to expand globally.

Being a Walmart supplier has not only helped the company elevate its position to a trusted supplier but also allowed it to invest smartly in the business to increase its market share globally.

Indo Count Industries is not a case study in isolation. Hordes of home-grown Indian manufacturers and sellers are profiting from the business models and facilitation offered by India-focused multinationals such as Walmart and Amazon. Walmart, with its sourcing model, and Amazon, by offering a Global Selling Programme, are raising the aspirational bar on small Indian businesses, elevating them to earn the coveted tag of 'global entrepreneurs'.

Walmart has set up a global sourcing centre in Bengaluru, which sources an array of India-made products — textiles, apparel, pharmaceuticals, and handicrafts — for catering to 14 foreign markets.

"India is an important sourcing market for Walmart. Not only do we procure over 95 per cent of the goods sold in our Best Price stores from local companies, including SME (small & medium enterprises) and women entrepreneurs but also we have a global sourcing centre in Bengaluru. We work closely with and engage our suppliers to understand and meet our responsible sourcing and compliance standards," said Marilee McInnis, director of corporate affairs, Global Communication, Walmart.

Ashish Kapoor, director at Panipat-based Kapoor Industries, recalls how a partnership with Walmart in 2006 fashioned the growth in the company. He claims the company registered a growth of 33 per cent in 2016 and 50 per cent in 2017. The firm grew from manufacturing 1.2 million pieces per month (600 tonnes) in 2015 to 2.4 million pieces per month (1,200 tonnes) in 2017.

"Our plan is growing the production assets by 33 per cent per year that will expand our business by 100 per cent in less than three years," he says. As the leading producer-cum-exporter of bath, beach, and kitchen towels, Kapoor Industries accomplished annual export (to the US) turnover of $125 million in 2017.

If Walmart is spinning success stories of Indian manufacturers in global markets, Amazon is taking 'Make in India' to the world, bolstered by its Global Selling Programme. Saroj, a global seller on Amazon from Ghaziabad (Uttar Pradesh), started selling copperware online with modest sales of Rs 2,000 per month. He then evaluated the customer feedback and reviews on the global marketplace and repositioned his products. The strategy helped Saroj considerably and his earnings rocketed from Rs 24,000 to Rs 2 crore per year.

Amazon said it is empowering sellers from small towns in India by scaling up their businesses and leveraging the digital economy. “Today, we have over 50,000 Indian sellers as part of the global selling programme, 80 per cent of them are from tier 2 and below cities. Sellers and manufacturers in India are producing great quality products and there is an opportunity to connect this supply to hundreds of millions of loyal customers on Amazon’s various marketplaces. The aim of this programme is to encourage and empower more and more exporters to come online, reach out to a global customer base and grow and scale their business,” said Abhijit Kamra, head, Global Selling Programme, Amazon India.

Rohit Mehrotra, co-founder of California Design Den, credits it to Amazon for launching and building his own brand in the US. “After 10 years of manufacturing and exporting to US retailers, we wanted to launch our own brand there, but it was so competitive that our efforts did not yield good results. Then we got on Amazon platform through the Global Selling Programme, whose continuous support made sure we focused on quality and were giving value to customers. It has also been instrumental in helping us become one of the bestsellers in our category. Another milestone for us has been the participation in various sale events in the US such as Black Friday, Cyber Monday, and Christmas and last year itself we saw a growth of 200 per cent,” he said.

Making ready for world

- Walmart sets up global sourcing centre in Bengaluru that sources India-made products for catering to 14 foreign markets
- It procures over 95 per cent of the goods sold in Best Price stores from local companies
- Amazon takes ‘Make in India’ to the world, bolstered by its Global Selling Programme
- It is empowering sellers from small towns in India by scaling up their businesses and leveraging the digital economy

Source: business-standard.com- Apr 15, 2019

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KVIC created over 20 lakh new jobs in last five years under PMEGP

The Khadi and Village Industries Commission has created over 20 lakh new jobs in the last five fiscals under the ambitious Prime Minister Employment Generation Programme (PMEGP), the commission's top official has said.

KVIC chairman Vinai Kumar Saxena said the Commission has always achieved more than 100 per cent success rate in execution of the PMEGP.

He said that prior to 2014-15, the achievement rate was never over the stipulated target. But in the last five fiscals, due to the push given by Prime Minister Narendra Modi, to digital India, the KVIC succeeded in surpassing the targets.

"Incredible it may sound, amid much debate about job crisis in the nation, the Khadi and Village Industries Commission, leading from the front, has created 20,63,152 new jobs and set up 2,67,226 new projects under its ambitious Prime Minister Employment Generation Programme (PMEGP) in the last five fiscals, i.e. between 2014-15 to 2018-19," Saxena told PTI.

In 2018-19, the KVIC, the nodal agency of PMEGP, had been given a target of setting up 70,386 new PMEGP projects disbursing margin money of Rs 1,968.80 crore for creating 5,62,351 employments, he said.

"Surprisingly, the KVIC achieved 105.05 percent success in this process as it had set up 73,408 new projects, disbursing margin money of Rs 2,068.31 crore and creating 5,87,264 new employments," He said.

"Surpassing the target, however, is not a new phenomenon for KVIC in the last five financial year. Barring 2015-16, it has always achieved more than 100 percent success in execution of PMEGP," He said.

While in the 2014-15 the achievement percent was 102.70 per cent, it was 118.29 and 112.17 per cent in 2016-17 and 2017-18 respectively.

"Success in PMEGP is manifestation of Prime Minister Narendra Modi's vision of Digital India. The KVIC as the nodal agency of the PMEGP scheme, had taken various steps of digitalisation — to increase organisational capacity to meet the various requirements towards implementation of this scheme.

In-house online portal

"Earlier PMEGP was implemented off-line. But from July 1 2016, KVIC launched online portal. The software used for digitalisation of PMEGP was developed in-house by the IT team of the KVIC, saving approximately Rs 20 crore of the government exchequers as some external agency could have charged this for it," Saxena said.

He said The online portal has brought transparency and expedited disbursement of margin money subsidy under the PMEGP.

"The KVIC has introduced online submission of application by the prospective beneficiaries and the payment of Margin Money subsidy is directly made into the beneficiary account through Direct Benefit Transfer (DBT). With the digitalization of the whole process, not only the applicants can now track the status of their applications at any point of time, it had also taken out even the minor chance for middlemen — to bluff the applicants," he said.

Source: thehindubusinessline.com- Apr 14, 2019

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Japan's investments in India have not been without pitfalls

Japan is the 3rd-largest investor in India with a cumulative FDI of $26 billion in the period 2000-2017, constituting 8% of the total FDI in India.

The ongoing contempt case in the Supreme Court by Japanese company Daiichi Sankyo against the former promoters of Ranbaxy has drawn considerable attention in the context of Japanese investment in India. In September 2014, in the first interaction with Prime Minister Narendra Modi, Japan's Prime Minister Shinzo Abe had promised $35 billion in corporate investments and financing for infrastructure development in India. Mr Modi had assured special mechanisms to fast-track approvals for Japanese investors. Mr Abe had also set a target of doubling the Japanese companies operating in India in five years.

The targets were ambitious and Japanese investments did show growth in the first three years after 2014. According to RBI's Annual Report, FDI from Japan was $1.8 billion in 2013-14, $2 billion in 2014-15, $1.8 billion in 2015-16 and $4.2 billion in 2016-17; dropping to $1.3 billion in 2017-18.

In 2018, Japanese portfolio investment was slack as the Indian economy grappled with rising current account as well as budgetary deficits. The net inflow from Japanese funds to Indian equities slipped to about $550 million in 2018 as compared to about $7.5 billion in 2017.

Japanese fund managers felt that Indian firms had high valuations fuelled by large US-based pension and investment funds. The uncertainties of the unpredictable May 2019 parliamentary elections in India added to this caution on the part of Japanese investors.

The number of Japanese companies grew by about 5 per cent per year rising from 1,156 in 2014 to 1,441 in 2018. The total number of all Japanese establishments grew from 3,961 in 2014 to 5,012 in 2018.

Japanese investors and corporates are rather conservative by nature and risk-averse by tradition. In comparison, Korean Chaebol patriarchs are ready to take calculated risks and venture boldly into uncharted waters.

Maruti-Suzuki, the first major Japanese investment in India in the early 1980s continues to be a shining example of successful operations by a large Japanese corporation in India. Toyota Motor Corporation's partnership with the Indian group Kirloskar forged in 1997 has also been hugely profitable. However, some more recent major Japanese investments in India's manufacturing and services sector have failed, making the Japanese boards hesitant.

In 2008, Daiichi-Sankyo had acquired a 63.9 per cent stake in the pharma major Ranbaxy for $4.2 billion. As the company did not succeed in restoring compliance at Ranbaxy facilities as directed by US FDA, by 2015 the value of the Daiichi investments had halved. Daiichi sold its stake in Ranbaxy to Sun Pharmaceuticals in return for an 8.9 per cent stake in Sun Pharma.

Subsequently, it exited from Sun Pharma, also selling its share for about $3.2 billion. The Japanese company incurred a loss of about 30 per cent in dollar terms, thus badly burning its fingers. Allegedly, the Indian owners had concealed critical information regarding the ongoing US FDA investigations in some of its most profitable formulations. The ongoing contempt case involves a payment of Rs 3,500 crores by Ranbaxy's Singh brothers to Daiichi.

In another negative development, the Japanese digital imaging equipment maker RICOH suffered a loss of more than Rs 1,000 crores allegedly due to falsification of accounts by the managers of their Indian branch. Reportedly, RICOH India owes related parties RICOH Japan and RICOH Asia-Pacific over Rs 1,500 crores.

In 2009 the Japanese telecom giant NTT Docomo bought a 26.5 per cent stake in the iconic Tata group company Tata Teleservices with an investment of approximately $2 billion.

The agreement stipulated that if certain performance benchmarks were not met, the Japanese could quit with a minimum recovery of roughly half of their investment. When in 2015, NTT Docomo exercised the option of quitting, it led to a legal battle with Tata Teleservices, ending in international arbitration in London. In 2016 the arbitration tribunal awarded Docomo damages amounting to $1.17 billion.

The enforcement of the arbitration award was initially challenged by Tata Teleservices but following a Delhi high court verdict in favour of Docomo, the Tata group finally settled with their Japanese partners. However, the failure of this large investment and the consequent legal dispute cast a shadow on the sentiments of Japanese investors looking at the Indian market.

Despite these setbacks, Japanese investments in India in 2016-17 rose to $4.7 billion, recording a significant increase from $2.6 billion in the preceding year. Japanese companies are now investing in diverse sectors like retail trade, textiles, consumer durables and credit card services. More investment from Japan is expected as work is on to establish 12 industrial parks dedicated to Japanese companies as part of economic corridors across various states.

It is notable that Japan is the third-largest investor in India with a cumulative FDI of $26 billion in the period 2000-2017 constituting 8 per cent of the total FDI in India. A major Japanese fund Softbank is betting heavily on India's start-up sector and has made significant investments in Flipkart, OYO, Paytm, Ola, Grofers, Snapdeal, etc. Other notable Japanese investor funds are Rebright Partners, Mistletoe and Dentsu Ventures. Of course, the high-speed train between Mumbai and Ahmedabad would be the future flagship of Japanese technical and financial assistance to India.

Japanese corporate investment in India's manufacturing sector is largely driven from strong political support by the two Prime Ministers. Japanese boards however continue to be cautious in opting for major green field projects in India. They are deterred by our work culture, unpredictability of tax and other rules and regulations and long timelines in project implementation.

As the Japanese look for diversifying investment destinations, their choice has fallen on countries like Vietnam. In a recent survey of 630 Japanese firms, 35.7 per cent chose Vietnam as the most promising economy for investment with India at the second place preferred by 17.8 per cent of the respondents. It is sobering to note that Japanese FDI in Vietnam till 2018 was more than $58 billion constituting about 22.4 per cent of total FDI in Vietnam.

Vietnam scores over India because of its high growth, disciplined work force and its emergence as a production hub in global value chains. India's main attractions are its high growth potential and large consumer market.

Japanese investments in India are on the right trajectory but much remains to be done to make India more attractive for higher investments, particularly in the manufacturing sector.

Source: asianage.com - Apr 15, 2019

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The refrain in country's knitwear hub: Few jobs, rising living costs, GST

The shortage of workers in the region, has left leaving medium and larger garment manufacturers dependent on migrant labourers.

Inside a gated complex in Tirupur, knitwear manufacturer and exporter CBC Fashions (Asia)'s one-storey unit is seemingly teeming with employees. Yet, amidst the whirr of sewing machines and the flurry on the expansive shop floor, it is almost easy to miss the lines of unmanned 'Brother' machines.

Some of these machines sit atop tables out of sight in a section where the lights have been switched off, carefully covered up with yellow and pink fabric that looks like it would be soft to the touch. These machines are labelled "idle".

"A few of these machines are only required for specific kinds of stitching, but the rest are idle because we don't have tailors to work them," says the unit's manager, G Manickam.

In another part of the city, a similar scene is on display at an eight-person garment stitching work unit, Kavya Garments. A few 'Juki' machines are stacked against a wall of the one-room unit as if discarded. They are not covered or labelled but the thin layer of dust shows how long they, too, have been idle.

Tirupur, known as one of India's major textile hubs and touted to be the 'knitwear capital' of the country, has a growing labour problem. Yet, there is a disagreement over whether this problem is one of a shortage of workers or a shortage of jobs. As Tirupur gears up to vote Thursday, underemployment and rising living costs, coupled with the continuing impact of policy measures such as the Goods and Services Tax, especially on small-scale manufacturers, is difficult to miss across the city.

Kavya Garments owner Dhandapani, who says he had to lay off nearly half his tailors due to dropping demand from his clients, says there isn't enough work in the city's once vibrant textile industry. A few tailors knock on his doors almost every day looking for work, and the sight is becoming common at job work units like his-a sign that things are getting worse for the city's blue-collar workforce, according to Dhandapani.

“If you want to find out how many people are currently looking for jobs in this industry, all you have to do is put up a vacancy sign with your phone number and you’ll get at least 100 calls by the end of the day,” he says.

And there are two sides to this problem. While some larger garment units, especially those producing for export, say there haven’t been enough workers for jobs like stitching, cutting, checking quality and ironing, several workers claim that there isn’t as much work to do now.

There is a growing shortage of skilled workers in the region, leaving several medium and larger garment manufacturers dependent on people migrating from other states in search of better opportunities, argues CBC’s managing director, TR Vijaya Kumar.

“Two lakh labour can be accommodated in Tirupur at present. We can train them and we can accommodate them,” he says. “I don’t know how they are saying they don’t have work. There is no lack of awareness. Many boards are there. Many wanted advertisements are coming in the paper.”

“Every” export house in Tirupur is facing around 30% shortfall in labour, up from 20% two years ago, he claims.

“We have an overcapacity of investment and we are depending entirely on migrant labour. Nowadays, in every state, industrialisation is happening, so the migrancy coming in is reduced,” says Kumar, who is also the general secretary of the Tirupur Exporter’s Association.

This shortage is among the reasons that several garment companies in the region have shifted their units from Tirupur to other cities, states and even countries, according to him.

Several members of Tirupur’s blue-collar workforce, especially those in job work units, disagree. As several job-work units continue to reel in the aftermath of policy interventions by the centre, fluctuating raw material prices and increasing competition from migrant labourers, finding stable work has become difficult for them, they argue.

The local workforce claims they lose out in jobs to migrant workers who agree to work for less money.

"They charge less than we do, so our company asks us to work at their rates. We can't compete with those wages, because our cost of living is so high," says 40-year-old Brinda, who works for a garment factory in the city.

According to her and her co-workers, most families end up having to take private loans with high interest rates to get their families through the week, because their wages have not increased enough to offset rising rent costs.

A labour contractor for several companies claims the shortage is also a result of companies not willing to increase salaries commensurate with worker's demands after the implementation of GST in 2017.

"Before GST, the companies would pay them a good salary-around Rs 300 per shift. Tailors would get around Rs 350 per shift. But now, with companies facing GST and other problems due to bank procedures, they are not able to give this kind of salary anymore," the person says.

Around 25,000 small-scale companies have been affected, while bigger companies are "wealthier" and more established, so they are able to manage even without as much labour, the person adds.

The managing director of another export house says the shortage became more prominent after demonetisation, which forced several workers to leave the city and go back home.

After GST was implemented, a drawback scheme that such companies used to enjoy was eliminated, employing more people has become difficult as bottom lines have also been affected, said the MD.

"We are expecting the new government to do better things, like giving us some sops package, that would put us in a position to immediately hire these workers. If not, then it will be trouble," said the MD. "Everything is in the hands of the government."

With India facing competition from countries like Bangladesh, Vietnam, Pakistan and Sri Lanka, which have incentives like duty-free access to markets like Europe, textile exports from Tirupur also dropped around 10% in 2017-18, according to CBC's Kumar.

Even with some companies trying to make up this loss by increasing their access to the domestic market, their profit margins would have been impacted, which could be a factor in slower hiring, according to DK Pant, Chief Economist, India Ratings.

“If companies are diversifying from export to domestic, and if the profit margins in domestic are lower, then there is all the more pressure on reducing cost, which means you will continue to see pressure on labour wage and demand,” he told The Indian Express.

Apart from this, factors like Tirupur’s own economic development over the last decade would also have an impact on labour demand for higher wages, because of increase in rental, food and transport costs, he said.

Depending on how specialised the skills involved are, another issue that the labour market in Tirupur would be facing would be the quality of the workforce available, according to him.

“If better quality of labour is not available, you may have this dichotomy where manufacturers may say that labour is not available, because they are looking at a particular skill-set, while labour will say that jobs are not available and whatever is available is at a lower cost,” he said.

Source: indianexpress.com - Apr 16, 2019

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