TEXPROCIL NEWS CLIPPINGS

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IBTEX No. 12 of 2019 January 17, 2019

USD 71.32| EUR 81.18 | GBP 91.78 | JPY 0.65

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20478	42800	**76.58**

Domestic Futures Price (Ex. Warehouse Rajkot), January

Rs./Bale	Rs./Candy	USD Cent/lb
20940	43765	**78.31**

International Futures Price

NY ICE USD Cents/lb (March 2019)	73.27
ZCE Cotton: Yuan/MT (May 2019)	15,050
ZCE Cotton: USD Cents/lb	**101.02**
Cotlook A Index – Physical	**81.90**

Cotton Guide: Yet another day where we saw the prices pushing towards higher settling figures. Yesterday ICE March settled with +91 points at 73.27. Likewise all the other contracts at ICE were in positive figures. One day the settlement figures are positive, the other day the settlement figures are negative. This has been happening since a few days where the prices ultimately are above 70 and below 74 cents/lb. We need to wait and watch to see till how long will this fluctuation persist. Another factor that might have been a reason for the ICE futures to move north can be attributed to the news about USDA reopening FSA offices for limited services during government shutdown. The MCX contracts rallied with January contract showing the highest gains of +200 thus settling at 20940 Rs/Bale.

The February and the March contract both settled with +190 Rs at 21200 and 21440 Rs/Bale respectively. The MCX April contract also showed a gain of +150 thus settling at 21710 RS/Bale. Arrival figures in India are at 119,000 lint equivalent bales (source Cotlook) which is now picking up after the Indian Holidays. The Cotlook Index A has been negatively revised to 81.90 i.e. a -0.55 cent/lb decline. Shankar 6 prices yesterday were lower at 42,900 Rs/Candy. There are a few Bullish and Bearish Factors which are in the position to drive the market.

Bullish – CAI's reduction of crop estimate to 335 Lakh Bales, Weaker US Dollar, Earlier Compromise in Trade Tensions between US and China, Quality concerns of US Crop, US Fed might slow down rate increase. Bearish – Us China unending talks, Tremendous Competition from Synthetic Fibres, Global Economy concerns, Big Crop in Brazil and Egypt, China's shift of importing cotton from USA to Brazil.

On the technical front ICE March cotton is hovering in the band of 71.50-73.80. In the daily charts prices made a bullish engulfing pattern, accompanied with the RSI reversing from the oversold zone towards the 50 mark suggests a short term pullback in the price towards 73.80-74.50. Failure to sustain above 70.50 will resume the downtrend while the immediate resistance is at around 74.50. From the above we expect prices to trade in the range of 71.50-74.60 with sideways to positive bias. Above 74.60, 75.35 and 76.20 exits as immediate resistance levels. In the domestic markets trading range for Jan future will be 20650-21150 Rs/Bale.

Currency Guide

Indian rupee may witness choppy trade but general bias remains weak. Weighing on Indian rupee is general firmness in crude oil price, mixed economic data and concerns about fiscal target. Reuters reported that Prime Minister Narendra Modi's Bharatiya Janata Party favors an expansionary fiscal policy and doesn't view the government's 3.3% deficit target for the year ending in March as "sacrosanct". Brent crude trades near $61 per barrel supported by decline in US crude oil stocks and OPEC and other producers adherence to production cuts. However, supporting rupee is stability in US and global market amid China's stimulus measures and Fed's patient stance on rate hikes. China's central bank said it will make another big cash injection through open market operations on Thursday, following its biggest-ever net liquidity injection a day earlier. On domestic front, RBI is taking measures to boost liquidity. RBI plans to buy 100 billion rupees of govt bonds via open market operations Jan. 17. Rupee has weakened sharply in last few days and lack of fresh factors may result in some choppiness however general bias remains weaker due to general strength in crude oil price. USDINR may trade in a range of 70.9-71.4 and bias may be on the upside

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

US Seeks Duty-Free Status for Apparel and Textiles in EU Trade Agreement

The U.S. wants comprehensive duty free treatment for textiles and apparel products as part of its proposed trade agreement with the European Union.

The Office of the U.S. Trade Representative (USTR) said the U.S. could pursue negotiations with the EU in stages, based on consultations with Congress.

Among its 24 negotiating objectives is increased transparency in import and export licensing procedures and better monitoring and action against import and export monopolies to prevent trade distortions. It also wants expanded market access for exports for re-manufactured or partially assembled goods and improved regulatory compatibility to facilitate exports.

U.S. Trade Representative Robert Lighthizer notified Congress in October that the Trump Administration intends to negotiate three separate trade agreements with the EU, U.K. and Japan.

Under trade promotion authority regulations, USTR is required to publish objectives for the negotiations at least 30 days before formal trade negotiations begin.

The U.S.-EU agreement should develop rules of origin that ensure that preferential benefits go to products "genuinely made in the United States and the EU," and that rules of origin "incentivize production" in the U.S. and EU.

It should also "establish origin procedures that streamline the certification and verification of rules of origin and that promote strong enforcement, including with respect to textiles," USTR said.

In the area of customs and trade facilitation, the U.S. will aim to build mechanisms to ensure shipments are released quickly after determining compliance with applicable laws and regulations.

In addition, objectives in this area include providing for streamlined and expedited customs treatment for express delivery shipments, simplified customs procedures for low-value goods and a more reciprocal de minimis shipment value–the minimum value for goods that can enter the country duty-free–all generally aimed at promoting cross-border e-commerce.

USTR's notification also outlines specific objectives to ensure the EU doesn't manipulate exchange rates to prevent effective balance of payments adjustment or to gain an unfair competitive advantage.

The U.S. also wants to create a mechanism to take appropriate action if the EU negotiates a free trade agreement with a non-market country, such as China. Additionally, the U.S. wants to strength existing procedures and create new ones to address antidumping and countervailing duty evasion.

Intellectual property rights, labor, dispute settlement, subsidies and the environment, will also be areas of focus for the agreement.

U.S. goods and services trade with the EU totaled nearly $1.2 trillion in 2017. Exports reached $527 billion and imports were $627 billion. The U.S. goods and services trade deficit with the EU was $100 billion in 2017.

Source: sourcingjournal.com - Jan 16, 2019

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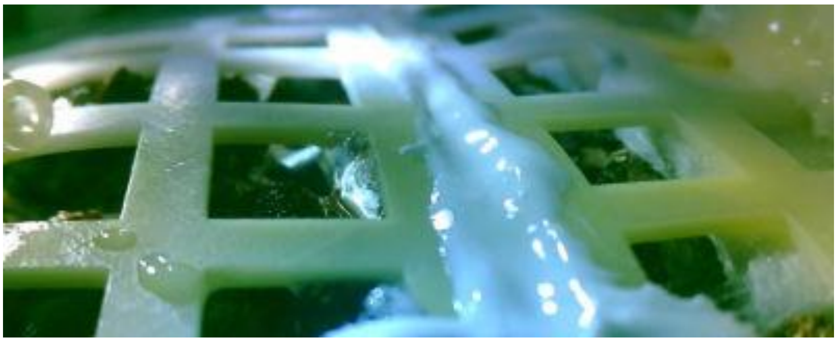
China is Growing Cotton on the Moon



There's cotton growing on the far side of the moon—the first time plants have sprouted there. On January 3, a lunar lander called Chang'e-4 touched down on the moon, deploying a rover to explore lunar terrain.

The lander also carries a container filled with soil and cotton and potato seeds, and the cotton seeds are now sprouting, an image released by the

China National Space Administration today (January 15) shows. The image was published on the People's Daily, China twitter feed, which is run by the country's state-owned media group.

"Learning about these plants' growth in a low-gravity environment would allow us to lay the foundation for our future establishment of space base," Chongqing University's Liu Hanlong, who is leading the experiment, says in a statement, according to the South China Morning Post.

The space agency is developing preliminary plans for a crewed lunar landing mission in the 2030s, with the possibility of building a moon base with international cooperation afterward.

Researchers have been working on several projects to grow plants on the international space station as a step toward understanding how they would grow on the moon. This is the first time that scientists have gotten seeds to sprout there.

The soil and seeds are secured in an airtight container designed to maintain a temperature of 25 °C. There's also rapeseed, Arabidopsis, and potato in the soil in the container, along with yeast and fruit fly eggs.

The organisms have access to air, water, and other nutrients to help them grow and act as a biosphere, with the yeast decomposing the dead plants and fly waste while serving as food for the flies.

The sprouting is "good news," Fred Watson, the Australian Astronomical Observatory's astronomer-at-large, tells the BBC.

"It suggests that there might not be insurmountable problems for astronauts in [the] future trying to grow their own crops on the moon in a controlled environment."

Source: the-scientist.com - Jan 15, 2019

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Turkey emerges a textile powerhouse

The Turkish textile sector has a strong image in the global market. The sector stands out with its state-of-the-art technology, flexible production ability, capability of producing special products and high-quality workforce.

It is the biggest textile manufacturer in Europe.

It continues to make significant breakthroughs not only in design and fashion but also in technical textiles. In 2018 Turkey's textile exports increased seven per cent compared to the previous year.

There are approximately a million people employed in textiles and readymade clothing sectors. This number reaches two million if sectors such as retail and merchandising are included.

The Turkish textile sector has a very high potential especially in terms of value added production.

The Turkish textile and readymade clothing sector as a whole has the highest foreign trade surplus. The sector ranks first in the country in terms of share in the gross domestic product and in terms of parameters such as domestic input use.

Turkey is the seventh biggest cotton producer in the world. It has the biggest machinery park in the world. The biggest factory manufacturing quilt covers is in Turkey.

The country is one of the top three towel suppliers in the world.

The share of Turkey in global textiles exports stands at three per cent, at 4.5 per cent in home and interior textiles and 1.5 per cent in technical textiles.

Source: fashionatingworld.com- Jan 16, 2019

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S African Govt-funded programme revives cotton industry

A R200-million programme by South Africa has successfully revived the country's cotton industry by unlocking private sector investments and buying power worth hundreds of millions. The programme, known as Sustainable Cotton Cluster and funded by the department of trade and industry (DTI), will end in March, when a decision will be taken on its extension.

One such investment is the R72-million Loskop Cotton ginnery outside Marble Hall in Limpopo, which has just started operating and will enable further cotton production in the region and offer employment to local people.

Further industry investments have been made in another ginnery as well as 11 cotton strippers and 24 cotton pickers. These big machines cost up to R10 million each.

The programme started five years ago with in-depth research to determine the demand, the state of each element in the whole supply chain and ways of optimising production, according to South African media reports.

When retailers got on board the programme, funding became much more readily available and as a result, cotton production has grown from 25 000 bales of lint in 2013 to more than 200 000 bales in the past season.

The number of small-scale farmers in the Marble Hall area alone grew from not more than 10 to 240.

The cluster has also promoted and trained producers in the sustainable principles and methods of the Better Cotton Initiative (BCI) and 40 per cent of the cotton farmers are now BCI licensed.
For the past season 32 per cent of the lint bales are BCI-compliant, which is of further appeal to the global cotton market.

For retailers supporting the local industry, however, it makes absolute sense as it would mean more flexibility to adjust to fashion trends and market demand, which reduces risk.

The one factor that currently limits growth in production is the availability of funding, especially for small-scale farmers who rent communal land.

Source: fibre2fashion.com - Jan 17, 2019

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Cambodian PM unveils policy to combat reliance on EU, US

Cambodian Prime Minister Hun Sen recently launched a policy to counter the impact of the potential revocation of the country's preferential trade status with the European Union (EU) and the United States. The 'National Independence Policy' aims at making growth less reliant on the European and US markets by facilitating trade through land border crossings.

It will focus on improving the trade policy and customs procedures while reducing expenses at the border, Sen told journalists at an annual dinner event.

The set of strategies will protect and improve businesses so that the country can survive even if it loses the Everything-But-Arms (EBA) scheme of the EU, he said.

Under the new policy, only immigration and customs officials will be present at the land borders to reduce costs. Export and import fees will also be reduced as part of the new policy, Cambodian media reports quoted Sen as saying.

The EU accounts for 46 per cent of Cambodia's garment exports. Last week, two US senators, Ted Cruz and Chris Coons, introduced the Cambodian Trade Act of 2019, which would require the US Government to review the preferential trade treatment Cambodia receives under the general system of preferences (GSP).

Last year also the EU began the process of withdrawing Cambodia's EBA status responding to reported democratic and human rights violations in the country.

Source: fibre2fashion.com - Jan 16, 2019

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Trade dispute may benefit Asia

Trade tensions between China and the US are expected to reap benefits for Southeast Asia.

Tariffs would inevitably mean that manufacturers, already accustomed to selling goods on the international market, will likely move to greener pastures like Cambodia, Myanmar, Laos, Bhutan and Bangladesh, among others.

As a result, these countries will finally be able to diversify trade, improve the quality of life of their citizens, introduce new skills to the labor force and eventually move beyond just being the rice fields and bread baskets of the rest of the region.

Chinese bicycle manufacturers are shifting their plants to Vietnam, where improved bilateral relations with the US have resulted in a free-trade agreement between the two nations.

Similarly, garment manufacturers like Gap, Levi's and Zara have set up contingency plans which would allow them to move manufacturing to Bangladesh in the event their products are targeted by stricter trade regulations.

Malaysia, which hosts over 800 auto component manufacturers on its shores, will also certainly benefit from the Chinese and American firms' demands for such products.

Asia's GDP is expected to grow by 5.4 per cent this year, while North America and Western Europe's GDP will grow by only 2.2 per cent and 1.7 per cent respectively.

Source: fashionatingworld.com- Jan 16, 2019

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Industrial parks in Ethiopia to generate $30 billion by 2025

Six textile and garment oriented industrial parks that Ethiopia is currently busy setting up, are expected to generate $30 billion worth of exports by 2025.

The country continues its rigorous quest to build industrial parks, which is part of the initiative to make the East African nation a manufacturing hub of Africa, and a middle-income country.

Multinational engineering and construction company China Communications Construction Company (CCCC) has been involved heavily in the establishment of the industrial parks, collaborating with the Ethiopian government in its line of infrastructure development to better the country's ease of doing business and attract potential investors.

Antex Group Chinese textile company in Zhejiang province in China was the first firm to enter the Adama Industrial Park and has already commenced its operations in the manufacturing sector.

The firm manufactures sportswear, underwear, swimwear as well as fashion wear, exporting its products to Europe, the United States and Australia.

The company which has investments as well in Vietnam, Spain and the United Kingdom plans to venture in the hospitality sector and tourism in Ethiopia extending its reach in the country.

The company was hailed for strengthening the export sector of Ethiopia, having created over 1,500 employment opportunities for the Ethiopian youth.

Jimma Industrial Park and Adama Industrial Parks are projected to provide over 40,000 employment opportunities collectively, the former inaugurated early December 2018.

Hawassa Industrial park, once fully operational should reap $1 billion in revenue for Ethiopian government from textile and garment exports.

Ethiopia's textile and Garment sector export revenue during the Ethiopian Fiscal Year 2016/17 ended with an 89.3 million US dollars earning out of a planned 271 million US dollars during the Fiscal Year.

Insufficient supply of manufacturing inputs, delay in commissioning of several industries contributed to the underachievement as highlighted by Assefa Tesfaye, Corporate Communications Director at Ethiopia Ministry of Industry (MoI).

Source: exchange.co.tz- Jan 16, 2019

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Vietnam Plans to Export Garment for 40 Billion dollars this Year

Vietnam hopes that its exports of garment and other textile items will reach a record of $40 billion by the end of 2019, making it the world''s third-largest supplier of such items.

The president of the Vietnam Textiles and Clothing Association (Vitas), Vu Duc Giang, said today that this purpose will be reinforced if, as requested to the government and related ministries, new measures are taken to eliminate situations that still hinder the operations of companies dedicated to this area.

Researchers of the textile market estimate that the goal will be closer with the recent entry into force of the Comprehensive and Progressive Treaty of Trans-Pacific Association, and with the imminent signing of a free trade agreement between Vietnam and the European Union.

Another element in favor would be the trade war between the United States and China, the world's leading exporter of clothing, as the Indochinese nation is maipulating to occupy niches in the market that would be prohibited to China in tha country, including clothing.

Giang pointed out that, besides benefits for the nation, the increase in production and sales abroad will increase income to 2. 850 000 workers.

Internally, he recommended that companies in the sector work on training and developing human resources, updating technology, studying trends in the international market and in the countries to which it sells, as well as attracting more foreign investment.

Source: plenglish.com- Jan 16, 2019

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Pakistan: Textile sector exports post dismal growth of 0.68 percent

Pakistan's textile and clothing exports recorded a meagre 0.68 percent year-on-year surge to $1.139 billion in December 2018, taking the six-month (July-December FY19) exports to $6.645 billion up 0.06 percent, as rupee devaluation failed to push exports in the absence of utilities for the industry.

Pakistan Apparel Forum (PAF) Chairman Zubair Motiwala said had there been no rupee devaluation, exports would have plunged significantly. "This is the only benefit currency devaluation brought for the export sector."

On month-on-month basis, textile sector exports recorded a growth

of 28.19 percent in December compared with $1.1 billion recorded in November 2018, the Pakistan Bureau of Statistics (PBS) reported on Wednesday.

Motiwala said the cost of production was higher in Pakistan as compared to regional competitors, which had limited the market for Pakistani products in the world.

"Industry in Karachi was deprived of gas for 16 days in December alone. Karachi contributes 52 percent of the total exports and if this industry doesn't get the gas, how can we expect to increase exports?" he asked.

In December, cotton yarn exports decreased 29.74 percent year-on-year to $75.76 million; knitwear exports rose 10.2 percent to $260.39 million; bed wear exports increased 9.08 percent to $193.11 million; readymade garments exports surged 3.59 percent to $238.119 million, while cotton cloth fetched

$172.24 million in December, down 3.78 percent over the same month a year earlier.

An industrialist said Pakistan's exports were largely dependent on imported inputs.

"Fluctuation in rupee value and costlier utilities rendered Pakistan's products uncompetitive in the international markets."

An office bearer of the Karachi Chamber of Commerce and Industry said the government did not have a long-term policy to encourage the country's exports and support the local manufacturers.

"We hope the government would undertake some concrete and sustainable reforms for the export sector, as without increasing the exports, the country would not be able to achieve sustainable economic growth."

Furthermore, the perennial issues plaguing the sector remain largely unaddressed, where lack of availability of system gas and costlier RLNG have forced several smaller mills to close operations, another negative for textile exports for the year.

"We expect textile exports to recover going forward after its ongoing subdued performance.

Export-oriented policies, government's strong commitment to increase competitiveness, and the weakened rupee are all expected to contribute in making textile competitive in the international market," analyst Taimor Asif of Pearl Securities said.

Source: thenews.com.pk- Jan 17, 2019

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Bangladesh: Readymade Garment Sector: Revised wage sees protests subside

The weeklong protests in the apparel hub in Gazipur, Ashulia, Savar and Mirpur ebbed away yesterday, a day after the government announced revised wages in six grades for garment workers.

Apart from one or two incidents in Ashulia, where a few thousand workers took to the streets before being driven away by the police, the situation was normal elsewhere. Apparently, the unrest in the country's largest foreign export earning sector has been resolved.

REVISED INCREASE IN WAGE (IN TAKA)

GRADE	BASIC WAGE 2018 GAZETTE	REVISED BASIC WAGE	RISE IN BASIC WAGE	GROSS WAGE 2018	REVISED GROSS WAGE	RISE IN GROSS WAGE
7	4,100	4,100	No rise	8,000	8,000	No rise
6	4,370	4,380	10	8,405	8,420	15
5	4,670	4,683	13	8,855	8,875	20
4	4,930	4,998	68	9,245	9,347	102
3	5,160	5,330	170	9,590	9,845	255
2	8,520	9,044	524	14,630	15,416	786
1	10,440	10,938	498	17,510	18,257	747

But industry insiders say weaknesses in trade unions in the sector have been exposed by the way things have been handled from the start of negotiations for the 2018 wage board to the lead-up to the protests. The sector has suffered frequent demonstrations in recent months.

Any crisis in the industry should be resolved through a joint effort from union leaders, factory management and the government and the workers are to be conveyed the message. It helps quell any unrest in a healthy garment sector.

However, the latest spell of protests against disparity in wages was not guided by the union leaders and it was evident when the demonstrating workers refused to return to work despite repeated calls from the leaders.

A couple of union leaders, who were part of the tripartite committee formed to handle the situation, admitted that the protesters were not paying any heed to them.

The workers openly said they did not trust their top leadership. Some even branded the leaders as "promoters" of the owners. They said their "true leaders" had been on the run since December 2016 when unrest hit the sector as workers began protests demanding a new wage board with a minimum pay of Tk 16,000.

As a result, agitating workers over the last week did not follow the directives of the union leaders who engaged in negotiations with the government and the owners for revision of the wage structure sitting in Dhaka.

Following the labour unrest at Ashulia and Savar in December 2016, many local union leaders were arrested. On their release, some of them started working either for factory management or the government, the workers alleged, adding those who wanted to work in favour of the workers had to flee as cases were filed against them.

Talking to The Daily Star, Montoo, an operator at a garment factory in Ashulia, said many of the workers did not listen to their union leaders during the recent protests. "We don't have any trust in the union leaders."

Echoing Montoo's view, many of the workers, who participated in the protest, said the union leaders did not guide them properly. Khairul Mamun Mintoo, organising secretary of the Garment Workers Trade Union Kendra, said the government and the owners did not allow any mainstream union activities in Ashulia and Savar areas over the last two years.

As a result, the gap between the unions and the workers widened and during the peak of the latest unrest, the leaders failed to play any part in resolving the situation. Amirul Haque Amin, president of the National Garment Workers Federation, agreed that trade unions have weaknesses in terms of leadership as most of the unions are not organised.

He said there are many reasons for the weaknesses. For instance, the number of active union leaders in more than 4,500 garment factories stood at 750 after the Rana Plaza disaster in 2013. But the number of such active unions is around 350 now.

Around 350 unions for more than 4,500 active garment factories are too scanty, said Amin, who led union leaders in the negotiation of wage structure. The factory managements also do not encourage formation of unions, he said.

So the cordial industrial relations which were supposed to be in place had not established in the sector even 40 years after garment trade began in the country, he added. Currently, the number of federations of unions in the garment sector is 60.

In almost every factory, the elected participation committees are present for the sake of compliance, he said. In most of the cases those participation committees are inactive and only exist on papers under pressure from buyers, he said.

“The government and International Labour Organisation have recently been advocating for social dialogues for resolving the conflicts in the sector. But still I believe there is no alternative to trade unions in lowering the conflicts,” he said, adding, “Healthy practice of trade unionism can resolve 90 percent of the conflicts.”

“If workers want, they are allowed to have unions as per the labour law. Even they can apply for unionism through online applications,” said Siddiqur Rahman, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The government relaxed the minimum participation requirement of workers in formation of union to 20 percent from the previous 30 percent to encourage it, Siddiqur added.

Meanwhile, the ILO Country Office in Bangladesh in a statement welcomed the decision to revise the wages.

“We acknowledge the genuine efforts of all parties, led by the Ministry of Labour and Employment, to work towards setting minimum wages at an appropriate level and to reach a consensus. Through this tripartite process of dialogue confidence is being built and we call upon all parties to help the industry resume its activities,” says Tuomo Poutiainen, ILO country director for Bangladesh.

Source: thedailystar.net- Jan 15, 2019

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Bangladesh may miss export targets

Bangladesh may fail to meet readymade garment export targets.

Reasons include: rising cost of doing business and mounting conflict between workers and owners on wages.

Workers' protests have sparked clashes between police and workers and killed at least one worker and wounded dozens more.

The country's readymade garment industry accounts for 80 per cent of Bangladesh's merchandise export earnings and serves some of the biggest brands in the world.

Bangladesh raised the minimum monthly wage for the garment sector's four million workers by 51 per cent from December.

But workers say their raise was less than this and unions, which warn the strikes may spread, say the hike fails to compensate for price rises in recent years.

Wages were hiked after five years. But in five years the cost of living has increased more than the wage hike. However, rising trade disputes between the US and China have opened the window of opportunity for Bangladesh to increase exports.

China, the world's largest exporter of apparel, is seeing its apparel companies migrate to countries with cheaper labor costs.

US sanctions on Chinese technology companies are expected to accelerate the trend. Another advantage Bangladesh has is cheap labor costs.

Source: fashionatingworld.com - Jan 15, 2019

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Bangladesh: BTMA makes robust plans for future growth

Mohammad Ali Khokon was recently elected president of Bangladesh Textile Manufacturers Association (BTMA) for a two-year term (2019-2020).

As the President of BTMA, Khokon plans to work in the woven and knit sectors by filling demand gaps. Besides pushing the government to announce weaving as a separate sector and provide special incentives for it.

BTMA also plans to work in the denim sector. As Bangladesh currently faces scarcity of raw materials, technological inefficiency and skilled manpower, the association has urged the government to take the initiative in growing raw materials and efficient workforces.

More policy support for trade with Africa

The cotton that BTMA imports from India and China is not even original. It is very difficult to get original cotton from these countries. African countries can be a good alternative for cotton import. If Africa produces more cotton, it will be helpful for Bangladesh.

Currently Bangladeshi mills source cotton from countries like India, the United States, and Africa. The country sources around 20.88 per cent of its total cotton demand from African countries. BTMA is urging the government, to give it policy support to import more cotton from Africa.

BTMA also plans to combat the issue of illegal import of Chinese and Indian yarn and fabrics under bond licenses that are Bangladesh BTMA makes robust plans for future growth 001illegally sold in the domestic market at low prices. To overcome this situation, the association will inform the matter with NBR.

LNG import to increase expenditure

Bangladesh plans to import LNG from Qatar, Oman, and Switzerland to add to the national gas grid. This move will increase expenditure in the industry and commercial sectors as the cost of electricity generation will be increased. The imported LNG will be three times more expensive than the locally extracted natural gas.

BTMA does not prefer using Mongla and Chattogram ports as transit points to access India's Northeastern states for trade. It plans to establish another port at Payra for ensuring smooth business operations.

Source: fashionatingworld.com- Jan 14, 2019

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Pakistan: Govt asked to abolish duty withdrawal on cotton import

Domestic lint and cotton rates are likely to decline considerably following the Economic Coordination Committee's withdrawal of tax and duty on the import of cotton.

However, the ECC did not abolish 40 per cent Regulatory Duty on the import of sugar, said the cotton stakeholders while talking to The News on Wednesday. The unsold stock of 17.5 million bales (worth more than Rs50 billion) is lying with the ginners besides a huge stock which is lying with the growers for disposal, said Amanullah Qureshi, former chairman of PCGA.

Three stakeholders involved in the cotton trade, including the growers and the ginners, are experiencing extreme helplessness while the only beneficiaries are the textile millers. The millers would have to make deals with the ginners at desired rates under the threat of importing the cotton on comparatively low prices from China, India or Afghanistan, the ginners observed.

Anxiety has prevailed among the growers and the ginners after the ECC approved the withdrawal of four per cent customs duty, additional customs duty and five per cent sales tax on the import of cotton with effect from February 1 till June 30, 2019, to ensure sufficient supply of cotton to the industry.

Pakistan Cotton Ginners Association chairman Mian Mehmood Ahmed said that the ECC decision was likely to affect the cotton production in 2019-20, which has a target to produce 15 million bales due to uncertain, unguaranteed procurement and disposal of cotton bales. The country has suffered a huge loss of Rs500 billion in the past years due to less production of cotton, said the financial experts.

Cotton stakeholders observed that under these circumstances, allowing the cotton import would be tantamount to slaughtering the growers and ginners who heave a sigh of relief after the cotton prices were increased considerably.

The cotton ginning industry has fiercely opposed the duty-free import of Indian cotton, saying it will have destructive effects on Pakistan's economy. PCGA chairman Mian Mehmood Ahmed said that the ECC had determined winding up cotton trade from the country and the ECC had become the club of sugar millers.

The withdrawal of import duty/tax is not fair and a biased decision. The ECC is only protecting the sugar mills because the 40 per cent Regulatory Duty on sugar import had not been withdrawn, giving an edge to the millers to sell sugar at their desired rates.

They saw no justification of withdrawal of tax/customs duty at the cost of Pakistan's farmers, arguing that the import of fibre via land or sea was not in the interest of the national economy.

They demanded Prime Minister Imran Khan not to notify the ECC decision of allowing tax/duty-free cotton import. Grower Fiazul Hassan Butha said that cotton harvest had dropped 30 per cent last year and if appropriate measures were not taken, the situation could deteriorate further which would affect the local output.

Source: thenews.com.pk- Jan 17, 2019

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NATIONAL NEWS

Export uncertainty

Predictions of a global slowdown do not augur well for India

The feeble growth in India's merchandise exports in December (0.34 per cent) should be seen against the backdrop of the world economy slipping into a slowdown.

The signs are unmistakable: China's overall December exports fell 4.4 per cent from the same period in the previous year, the sharpest monthly drop in two years.

China's imports contracted 7.6 per cent in the same month, the biggest fall since July 2016. China's December trade surplus with the US fell to just below $30 billion, from $35.5 billion in November.

China's falling trade surplus is likely to be part of a larger trend of sluggish trade and economic growth in advanced and emerging economies in 2019.

According to the World Bank's recently released report Global Economic Prospects, growth among advanced economies is expected to "drop to 2 per cent this year", against an estimated 2.2 per cent in 2018, owing to "slowing external demand, rising borrowing costs and persistent policy uncertainties", while emerging economies too, are expected to grow at just 4.2 per cent (and India at just over 7 per cent).

The latter, the report observes, have been impacted by "substantial financial market pressures" and trade tensions. India's rise in exports in 2016-17 and 2017-18 coincides with a sharp increase in world growth rates from 2.4 per cent in 2016 to 3.1 per cent in 2017.

While total exports have grown by 13.79 per cent in April-December this year (goods exports by 10.18 per cent and services exports by 20.18 per cent), it remains to be seen whether this trend continues.

It is notable that the export increase in 2017-18 (about 13 per cent for goods and services put together) came about in a year when the rupee was largely firm, in the range of 64-65 to the dollar.

With import-dependent exports accounting for about 40 per cent of total exports, the role of a weaker rupee in spurring exports should not be over-estimated. It is hard to say whether a weaker rupee in 2018 acted as a major boost to all exports other than services; this is despite the fact that the rupee depreciated more sharply than competing currencies.

Certain sectors performed well in April-November 2018, such as chemicals, machinery and transport equipment, while textiles, agriculture, and gems and jewellery did not. GST-related glitches seem to have impacted sectors such as textiles with a large intermediary chain, despite the Centre's efforts to sort these out.

It would seem that global growth is the biggest driver of exports. Even as India seeks to negotiate trade pacts to its advantage, it should work towards improving its agri-products exports, at a time when farmers are struggling with deflation.

The agri-exports policy, unveiled last month, has come at the right time. Its focus on doubling farm exports to $60 billion by 2022 by diversifying the basket of products and destinations could lift both the trade numbers as well as livelihoods of millions.

Source: thehindubusinessline.com- Jan 16, 2019

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Vibrant Gujarat: PM Narendra Modi to inaugurate India's biggest trade show in home state Gujarat

India's biggest trade fest Vibrant Gujarat Global Trade Show with 2 lakh square meter of Exhibition Area and Stalls for Vibrant Gujarat 2019 is all set to begin.

In what has become the highlight of the Vibrant Gujarat Global Summits held biennially, Vibrant Gujarat Global Trade Show 2019 (VGGTS) will begin from 17 January and will last till 22 January 2019 in Gandhinagar.

The exhibition will be inaugurated by the Prime Minister on the first day of the show's commencement. It must be noted that till the 20th of January, the exhibition is reserved mostly for delegates taking part in Buyer-Seller

Meets and Reverse Buyer-Seller Meets along with media and academia. Those interested can visit the exhibition from the second half the 20th of January.

The main goal of the exhibition aims to get multi-sector B2B engagements, wherein there will be, inter alia, Buyer – Seller Meets, Reverse Buyer – Seller Meets, Vendor Developments Programmes, Business Networking, Technology Assessment and Strategic Partnerships under one roof.

The estimates say that over 1500 overseas and domestic buyers will be visiting the VGGTS 2019. Moreover, the Vendor Development Programme is also being organized to nurture “stronger synergies” between MSME and Large Scale Enterprises including PSUs.

The business through Buyer Seller Meet and Reverse Buyer Seller Meet is expected to reach nearly Rs. 2000 crore. Nearly 1.5 million visitors and about 3000 International Delegates from over 100 countries are expected to visit the Exhibition. Attractions like a replica of Statue of Unity, Bullet Train simulator, Farm-to-Fabric Pavilion and Fashion Show with a focus on ‘Make in India’ and Khadi await the visitors at the Trade Show.

Gujarat Chambers of Commerce & Industry (GCCI) is also supporting the fashion show which will be held at picturesque Sabarmati Riverfront on the evening of 19th January.

Other high points for the visitors include a tableau of Innovation and Technology, in particular Robotics and Laser Cutting. Most countries will participate in this and also Service Sectors including Medicare and Health, Audio Visual Services, ITES and Communication, are expected to participate.

So far, VGGTS 2019 will have 15 partner countries and countries such as France, South Korea, Canada, Poland, Japan, Thailand, The Netherlands, Sweden, South Africa, UAE, Uzbekistan, Norway, Czech Republic, Morocco and Australia will have their own pavilions. Moreover, an elaborate Africa Pavilion will have more than 25 African countries which will be representing the continent of Africa including two of the partner countries – South Africa and Morocco.

Visitors can also see pavilions exhibiting flagship initiatives of Government of India that include Ayushman Bharat, Digital India, Start-up India, Make In India, Sagarmala, and Indradhanush at the Trade Show.

The Government of Gujarat will be focussing on Exports, Trade and Investment Potential at Vibrant Gujarat 2019. The VGGTS will house some of the major pavilions such as Automobiles, Agro and Food Processing, Oil and Gas, E Mobility, Chemicals and Petrochemicals, Banking and Finance, and Pharmaceuticals.

Sectors such as Bio Technology, Ceramics, Ports, Transport and Travel, Tourism and Hospitality, Logistics, Power and Renewable, Start-ups and Innovation, Textiles, Urban Infrastructure, Water Treatment and Environment, Education, Skill Development and Engineering are also included.

The State Government has also established an Exhibition Committee to look after the preparations for the VGGTS 2019, which is being coordinated by S.J Haider, Principal Secretary, Tourism.

Source: financialexpress.com- Jan 16, 2019

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DGFT does away with issue of MEIS/SEIS scrips in physical form

The Directorate General of Foreign Trade (DGFT) has made it mandatory to record information on DGFT website about transfer of MEIS/SEIS Scrips issued from January 14, 2019 onwards for EDI ports only.

DGFT said in order to improve ease of doing business, it is being planned to discontinue issue of MEIS/SEIS scrips in physical form.

“For this purpose, it is important to have information about the current owner of the scrip online so that the current owner only can be allowed to use the scrip for duty payment by Customs Authorities,” said DGFT.

For this, the DGFT has created a facility on its website to record the information about transfer of scrip.

Before it is decided to discontinue with physical issue of scrip, it is planned that each transfer of every scrip should be mandatorily recorded on this DGFT facility, and Customs Authorities will check the ownership information of the scrip, before the owner is allowed to use the scrip for payment of duty, it added.

In this regard, the transfer of MEIS/SEIS scrips, which have been issued on or after 14.1.2019, for EDI ports only, will have to be mandatory recorded on the DGFT website.

DGFT, however, said that no simultaneous transfer of scrip to more than one firm will be allowed.

Difficulties, if any, in implementation of these provisions may please be brought to the notice of this Directorate immediately, the directorate said.

Source: knnindia.co.in- Jan 16, 2019

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Cabinet approves capital infusion of Rs 6000 crore in Export-Import Bank of India

Cabinet also approves an increase in authorized capital of Exim Bank to Rs 20000 crore from Rs 10000 crore

The Union Cabinet, chaired by the Prime Minister Narendra Modi, has approved the recapitalization of EXIM Bank with issuance of Recapitalization Bonds by Government of India to the tune of Rs 6000 crore for capital infusion.

The equity will be infused in two tranches of Rs 4500 crore in FY 2018-19 and Rs 1500 crore in FY 2019-20 respectively. The Cabinet also approved an increase in the authorized capital of Exim Bank from Rs 10,000 crore to Rs. 20,000 crore. The recapitalisation bonds will be on the lines issued to Public Sector Banks.

Exim Bank is the principal export credit agency for India. The infusion of capital into Exim Bank will enable it to augment capital adequacy and support Indian exports with enhanced ability.

The infusion will give an impetus to anticipate new initiatives like supporting Indian textile industries, likely changes in Concessional Finance Scheme (CFS), likelihood of new LoCs in future in view of India's active foreign policy and strategic intent.

Exim Bank of India (Exim Bank) was established in 1982 under an Act of Parliament as the apex financial institution for financing, facilitating and promoting India's international trade.

The Bank primarily lends for exports from India including supporting overseas buyers and Indian suppliers for export of developmental and infrastructure projects, equipment, goods and services from India. It is regulated by RBI.

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

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Special zones approved to move textile units outside Surat

The decision has come following a strong recommendation by the SGTPA and the state industries minister, Saurabh Patel

Surat: The shifting of polluting textile dyeing and printing mills outside the city limits could be a reality with the state government approving specified shifting zones for the industrial units with the addition of few provisions in the General Development Control Regulation (GDCR).

While approving the development plan (DP) for the Surat Urban Development Authority (Suda), the Gujarat government has made special provisions for the shifting of the industrial units located within the city to the outskirts in a specified shifting zone.

The decision has come following a strong recommendation by the south Gujarat Textile Processors Association (SGTPA) and the state industries minister, Saurabh Patel for shifting the textile mills to the outskirts.

The textile mill owners wanting to develop their factories in the special nod areas will get the base floor space index (FSI) of 1.8 free and chargeable 0.9 FSI based on the jantri (annual land rates) rates.

The textile mill owners are upbeat as the FSI for industrial units in city areas is only 1.2, whereas they will be getting a total of 2.7 FSI in the special nod areas located under the development plan of the Suda.

Keeping in mind the future development, provisions has been made to construct wider roads. To check the reservations suggested in the Suda DP 2035, a local level consultative committee has been formed under the chairmanship of Suda president and municipal commissioner, M Thennarasan.

The SGTPA has urged the state government to allocate 100 hectare land for developing new industrial area to facilitate the shifting of textile mills located in the walled city, Ashwani Kumar Road, Katargam, Varachha, Kadodara and Udhana areas.

About 65 textile mills are operating in the city's residential areas including Khatodara, Udhana, Ashwani Kumar Road, Ved Road, Bombay Market, Puna Kumbharia etc.

In these areas, Particulate Matter (PM10) levels is exceedingly higher than the national annual average at 184 per micrograms per cubic meter of air (UG/M3) per annum.

President of SGTPA, Jitu Vakharia told TOI, "We are elated that CM Vijay Rupani has accepted our proposal for shifting the textile mills out of the city and providing us with specialised industrial zone with 2.7 FSI.

This will encourage the mill owners to shift their units out of the city and enjoy the benefits provided by the state government."

Source: timesofindia.com - Jan 17, 2019

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Govt eases procedure for startups to seek tax exemption on investments from angel funds

Various startup founders have recently claimed of receiving notices under Section 56(2) (viib) of the Income Tax Act from the I-T department to pay taxes on angel funds raised by them.

The government has eased the procedure for startups to seek income tax exemption on investments from angel funds as part of efforts to address concerns of budding entrepreneurs, official sources said.

Various startup founders have recently claimed of receiving notices under Section 56(2) (viib) of the Income Tax Act from the I-T department to pay taxes on angel funds raised by them.

"Commerce and Industry Minister Suresh Prabhu has approved a notification pertaining to this clause to make allowances for angel investors. A formal notification to this effect would be issued soon by the DIPP," sources said.

To seek the exemption, a startup will apply, with all the documents, to the department of industrial policy and promotion (DIPP). The application of the recognised startup shall be moved by the department to the Central Board of Direct Taxes (CBDT) with necessary documents.

"CBDT has been mandated to grant exemption approval to the startup for the purposes of this clause or they can decline to grant such approval within a period of 45 days from the date of receipt of application from the DIPP," they said.

Earlier procedure of applying to an inter ministerial board of certification for approval under this clause has now been done away with.

"Application procedure has been simplified by making application to CBDT through DIPP," they added.

The earlier requirement of startup to submit report from merchant banker specifying the fair market value of shares has also been removed.

As per the revised procedure, a startup which is recognised by the DIPP would be eligible to seek exemptions, subject to certain conditions.

Startups will have to provide account details and return of income for last three years. Similarly, investors would also have to give its net worth details and return of income.

The government has earlier allowed startups to avail full tax concession on investments up to Rs 10 crore from investors, including angel financiers.

The conditions also include that "investor should have returned income of Rs 50 lakh or more for the financial year preceding the year of investment; and net worth exceeding Rs 2 crore or the amount of investment made/proposed to be made in the startup, whichever is higher, as on the last date of the financial year preceding the year of investment/proposed investment," they added.

Section 56(2) (viib) of the Income Tax Act provides that the amount raised in excess of a startup's fair market value is taxed at 30 per cent as income of the firm from other sources.

Prabhu had taken up the issue up with the finance ministry.

Normally, about 300-400 startups get angel funding every year.

The government launched the Startup India initiative in January 2016 to build a strong ecosystem for nurturing innovation and entrepreneurship.

Source: livemint.com- Jan 16, 2019

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Amazon, Flipkart urge govt to extend 1 February deadline for revised FDI norms compliance

Amazon and Walmart-owned Flipkart have sought more time from the government to comply with the new changes in the foreign direct investment (FDI) policy for e-commerce firms as they find it difficult to execute the changes within the 1 February deadline set for the e-tailers, according to a media report.

While Amazon has asked for time until 1 June, Flipkart has asked for six months, a few people in the know of the development were quoted as saying by The Economic Times.

Amazon, in a letter to the Department of Industrial Policy and Promotion (DIPP), said on Tuesday that the firm would not be able to meet the 1 February deadline as it required a total overhaul of its business model and system for implementing the changes brought by the government, the report said.

Tightening norms for e-commerce firms having foreign investment, the government in December 2018 barred online marketplaces like Flipkart and Amazon from selling products of companies where they hold stakes and banned exclusive marketing arrangements that could influence product price, said a PTI report.

The revised policy on FDI in online retail, issued by the commerce and industry ministry, also said that these firms have to offer equal services or facilities to all its vendors without discrimination.

The revised norms are aimed at protecting the interest of domestic players, who have to face tough competition from e-retailers having deep pockets from foreign investors, the ministry said.

"The move would completely prevent influencing prices by e-commerce players. This will also ensure better enforcement of FDI guidelines in e-commerce companies," a senior official said.

The policy says a vendor will not be permitted to sell more than 25 per cent of its products on an online platform of a single e-marketplace firm.

"Inventory of a vendor will be deemed to be controlled by e-commerce marketplace entity if more than 25 per cent of purchases of such vendor are from the marketplace entity or its group companies," the commerce and industry ministry's press note said.

Traders' body Confederation of All India Traders (CAIT) was quick to react to the government decision and demanded stringent implementation of the guidelines for sale of products by e-commerce firms.

"The government has addressed a majority of issues raised by us through amendments to FDI policy announced on 26 December, 2018. The cashback sale, discounts, exclusive sales, etc. cannot take place under the new norms.

We welcome the government's decision and believe that it should be implemented strictly," CAIT secretary general Praveen Khandelwal told reporters here.

Source: firstpost.com- Jan 16, 2019

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