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IBTEX No. 14 of 2020 January 18, 2020

US 71.04| EUR 78.79 | GBP 92.47| JPY 0.64

Cotton Market (Jan 17, 2020)		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19282	40300	**72.38**
Domestic Futures Price (Ex. Warehouse Rajkot), January		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19680	41131	**73.87**

International Futures Price	
NY ICE USD Cents/lb (March 2020)	70.22
ZCE Cotton: Yuan/MT (May 2020)	14,010
ZCE Cotton: USD Cents/lb	93.35
Cotlook A Index – Physical	**79.20**

Cotton Guide- The ICE futures have moved in a direction that is considered as sideways. The ICE futures reacted to the geopolitical news brought forth by the US CHINA Phase 1 deal.

The deal did not excite cotton market participants. Also it was understood that the 96 page details of the Phase 1 deal did not specifically mention many details about cotton to be purchased by China. While speaking about the tariffs, it is witnessed that the tariffs will still remain in place. The market participants have no other option rather to wait for further news emanating from the US. With the Chinese New Year round the corner, most of the Chinese trade will remain subdued only to start once again after February 3, 2020 Monday.

On the other hand while speaking about demand, the Chinese demand seems to be weak as the crop in China is considered to be good. This in turn is considered negative for Cotton.

While speaking about the export sales details released yesterday for the week ending January 09, the following are the figure of Upland sales:

Country	Increases in running bales
Vietnam	71,600
Pakistan	34,800
Turkey	29,500
Taiwan	27,500
Bangladesh	25,000

Table 1: US net Upland sales

Reductions were seen for Malaysia at 6,200 Running Bales and Japan 1,400 Running Bales.

Net Upland export shipments were at 301,700 Running Bales emanating an increase of 43 percent from the previous week.

Country	Exports in Running Bales
Vietnam	86,800
Pakistan	47,100
Turkey	39,100
China	24,700
Indonesia	19,800

Table 2: Net Upland Exports

While speaking about PIMA Sales, it was noticed that a marketing year high were at 34,300 RB with demand emanating mainly from China and India.

Country	Increases in Running bales
China	13,200
India	8,000
Vietnam	6,400
Pakistan	4,200
Turkey	1,500

Table 3: Pima Sales

The ICE contracts reacted to these positive export sales figures. This helped the Bulls to take the market higher but later the bears pushed the market low. The Most active contract the ICE March contract settled at 70.22 cents per pound. The volumes were also low at 27,616 contracts.

The cotlook Index A has been updated at 79.20 cents per pound with a change of -100 points, While the CAI Prices of Shankar 6 are at 40,500 Rs per candy (-200).

On the fundamental front, expect sideways trend for ICE contracts and MCX contracts. The MCX contracts were seen to settle lower yesterday but the outlook now remains consolidated.

On the technical front, in daily chart, ICE Cotton March futures breached the lower bound of the upward sloping channel (blue area). Meanwhile March future is trading below the 5 and 9 day EMA (70.43,70.34) which indicates a weakness in the rally.

Supporting the weakness, the strength index RSI, which was hovering near the overbought zone has declined towards 60 indicates a change in momentum. The immediate resistance for the price is at ($70.95) 76.4% Fibonacci extension level, followed by 71.80 and on the lower side support exists around 69.58 for the day.

Thus for the day we expect price to trade in the range of 69.58-70.95 with a sideways bias. In MCX Jan Cotton, we expect the price to trade within the range of 19550-19900 with a sideways bias.

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

USA: As Trade War Shifts Sourcing, Supply Chain Improvement Stagnates, Data Shows

The United States and China may have tempered their trade tantrums with the signing of a phase one trade deal, but their demonstration of differences over the past year brought more with it than just punitive tariffs.

According to data from Hong Kong-based quality control company QIMA, sustainability progress has stagnated in global supply chains as trade struggles drew the focus to finding new places to manufacture.

Companies "consistently prioritized operational concerns over sustainability" in 2019, according to QIMA.

"Over 18 percent of factories audited in 2019 had critical ethical violations, of which almost 40 percent were related to working hours and wage non-compliances," the company noted. "Violations related to child labor where recorded in 3 percent of factories, a slight improvement on the 2018 figure."

What's more, the number of factories designated as "in need of improvement" grew to a record high last year, climbing from 37 percent in 2018 to 44.5 percent.

"This coincided with a drop in the percentage of compliant 'Green' factories (down by 4 points), signaling that buyers were more likely to settle for 'good enough' ethical performance, instead of driving continuous improvement in their supply chains and securing progress through regular follow-up."

With more brands and retailers turning to emerging nations for sourcing to skirt challenges and tariffs in China, they may be meeting the new challenge of maintaining ethical sourcing.

"Ethical performance of specific regions in 2019 mirrored the shifting sourcing geographies: social compliance was more likely to suffer in regions that experienced an influx of buyers," QIMA said.

In Southeast Asia for one, where countries like Malaysia, Myanmar and the Philippines experienced double-digit growth from Western buyers last year, QIMA data showed average ethical scores dropped 4.6 percent from the previous year. The same was true for Bangladesh, which saw a "noticeable" 7.1 percent year-over-year drop in ethical performance.

On the other hand, ethical compliance in Chinese factories improved by an average of 5 percent compared to 2018.

"The shifting of price-sensitive sourcing to other countries may well be a factor in this: historical QIMA data shows that low-cost and manual-heavy sectors such as textiles and apparel are much more prone to ethical violations, compared to industries with higher cost of outputs, better training and more automation," QIMA said.

China also continued to see "incremental improvement" in manufacturing quality: 24 percent of products inspected in Chinese factories were outside of specifications in 2019, compared to 27 percent the year prior. Regions ramping up manufacturing as a result of the trade fallout with China, however, are struggling to maintain consistent quality amid increased production levels.

"Among China's neighbors, the rate of defective products grew by +13 percent YoY in Indonesia and +48 percent YoY in Thailand; while suppliers in North Africa and the Middle East had trouble coping with increased sourcing volumes, as the percentage of products outside of acceptable quality limits climbed by +21 percent YoY in 2019 vs. 2018 (+31 percent for textiles and apparel)," QIMA said.

A full phase two trade deal between the U.S. and China is still expected and could reportedly include additional tariff rollbacks, but as the tension and uncertainty between the two nations has already scattered the sourcing map, a key item on the 2020 agenda will be ensuring quality and sustainability in alternative sourcing countries can meet the market's ever-increasing demands.

Source: sourcingjournal.com - Jan 17, 2020

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How the China Trade Deal Impacts U.S. Cotton

As the United States-China Phase 1 trade deal was being signed in Washington, DC, High Plains cotton growers gathered for the Plains Cotton Growers Board meeting in Lubbock to discuss the 2019 crop, the cotton market and the trade situation.

Reece Langley, vice president, Washington Operations for the National Cotton Council, discussed the new trade deal and its potential impact on the U.S. cotton industry.

With the signing of the deal, China's import of U.S. agricultural products would reach at least $40 billion per year, with the potential for $50 billion per year. Langley stated that itemization by commodity is not yet known, but cotton should benefit.

U.S. cotton sales to China during the 2017 calendar year totaled 2.5 million bales worth about $1 billion. Total sales of agricultural products to China that year was about $24 billion. The new trade deal is expected to enhance this value by $16 billion.

Langley hoped that the U.S. cotton's market share in China would at least reach the pre-tariff volume, noting that the tariffs reduced the U.S. cotton share in China to about 18% last year.

Producing and delivering high quality and clean cotton will help to regain the market share. Dahlen Hancock, a Lynn County, TX farmer, stated, "We have to keep striving to provide superior quality, as the world needs quality cotton."

Regional and international trade pacts such as the United States-Mexico-Canada agreement (USMCA), which is expected to pass the U.S. Senate soon, also provide certainty for the existing marketing condition, stated Langley.

"The recently signed Phase 1 of the China trade agreement has the potential to provide resumption of access to an important market for Texas cotton producers," stated Steve Verett, chief executive officer of Plains Cotton Growers, Inc. "Confirmation of that will be actual sales to China, and we hope that comes to fruition soon."

We now await the details on how China is going to implement the terms of the trade deal to achieve the import target.

Source: cottongrower.com- Jan 17, 2020

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Consistent Improvement in Sri Lanka's Apparel Exports

The South Asian island nation has witnessed an appreciable growth in apparel exports in recent years

Sri Lanka's crucial apparel industry contributed 32 per cent to the country's gross domestic product (GDP) and 44 per cent to its total exports in 2018. With low wage and cost-effective production, the sector offers sophisticated solutions to the industry's more complex global needs and leverages on design, research and development and innovation.

In addition, strict adherence to international labour standards, adoption of ethical production and high-quality workforce transformed the nation into an apparel hub.

The sector offers employment to more than 9,90,000 people. Sri Lanka recorded the highest apparel exports per capita of any exporting nation in the region. Major international apparel brands having a manufacturing base in the country include BR Fashion, Ralph Lauren, H&M, GAP, Victoria's Secret and Triumph.

Sri Lanka's overall apparel exports were worth $4,866 million in 2016 and increased by 8.91 per cent to $5,300 million in 2018. A rise of 5.68 per cent was seen in 2018 over 2017. It is expected to reach $5,814.56 million in 2021 with a compounded annual growth rate (CAGR) of 3.13 per cent.

The sector accounts for the major part of the country's merchandise exports. The share of apparel exports in total merchandise exports dropped to 42.21 per cent in 2017 from the 45.03 per cent in 2016. The share moved up in 2018 to 42.61 per cent and is expected to recover consistently by 2021 and reach 44.37 per cent.

According to the Joint Apparel Association Forum (JAAF), Sri Lankan apparel manufacturers are more focused on a sustainable domestic fabric supply to benefit from the generalised system of preferences plus (GSP) scheme while exporting to the European Union (EU). The country now is not able to meet the country of origin rule.

The available domestic fabric is only knitted fabric. The fabric capacity available is not able to fulfil industry demands. Hence, fabric imports have been consistently increasing. The total yearly fabric import has exceeded beyond the $2 billion mark. Whether GSP exists or not, the country's domestic fabric base will ensure sustainability of the apparel industry.

The country has a target of 6 per cent year-on-year (YoY) export growth in 2020. The government plans a textile development park in Eravur. A 200-acre fabric park has been planned in collaboration with the Board of Investment (BOI) in the Eastern Province to attract large-scale orders by reducing lead times with locally-sourced fabrics. A minimum of three plants will be promoted by JAAF.

With the help of this park, Sri Lanka can source fabric locally and reduce the lead time, especially from India and China. This park is expected to attract investments from China and India in the range of $50-100 million, with the US-China trade war acting as a catalyst.

Sri Lanka can have faster shipping times to the US and EU markets due to its strategic location. Its apparel industry is targeting the BRIC countries, in particular India and China, to catch the growth in mature clothing markets. Both the free trade agreement (FTA) with China and the proposed Economic and Technology Cooperation Agreement with India are crucial for the country.

Click here for more details

Source: fibre2fashion.com - Jan 17, 2020

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Trade war impact: China's economy slumps to 6.1% in 2019; lowest in 29 yrs

China's GDP grew by 6.1 per cent last year, the lowest in 29 years, the government said on Friday, as weak domestic demand and the bruising 18-month trade war with the US took their toll on the world's second-largest economy.

The new data released by the National Bureau of Statistics (NBS) comes a day after China and the US signed a long-awaited phase one deal, marking a ceasefire in the 18-month-long trade war which saw the world's two largest economies slap 25 per cent tariffs on about half a trillion-dollar worth of each other's exports.

The world's second-largest economy grew by 6.1 per cent last year, its worst performance since 1990, but it remained above the psychologically important six per cent mark. The GDP growth remained well within the 6 to 6.5 target set by the government, the NBS said.

However, significant from the Chinese government's perspective, the GDP expanded to USD 14.38 trillion from last year's USD 13.1 trillion.

In 2018, China's economy sank to a 28-year low slowing down to 6.6 per cent year on year, lower than the 6.8-per cent growth registered in 2017 as it grappled with the continued slowdown amid the trade war with US and declining exports.

There is a sense of relief among the officials here as the official growth rate remained above the psychologically important 6 per cent as mandated by Chinese President Xi Jinping who in the past directed that GDP should not go down below six per cent, which could cause serious disruption to the world's second largest economy.

Chinese economy was hit hard by the US tariffs as a result of the trade war between the two countries.

After signing the phase one deal on Wednesday, US President Donald Trump said 25 per cent tariff hike on USD 360 billion worth of Chinese products would continue until the phase-2 deal is worked out.

"The phase one deal is only an interim agreement between China and the US. In fact, to push for negotiation in the next stage, the US will keep existing tariffs on imports from China unless the two countries manage to reach a phase two deal," said Alicia Garcia Herrero, chief Asia Pacific economist at Natixis.

"In the bilateral evaluation and dispute resolution chapter, the agreement also makes it clear that, if the concerns cannot be resolved, the two parties hold the right to suspend an obligation, adopt a remedial measure, or in the worst case, withdraw from the agreement," he told the South China Morning Post.

Despite falling to a new low since 1990, when political turmoil drove economic growth down to 3.9 per cent, the 6.1 per cent rate met the target range of between 6.0 per cent and 6.5 per cent set by the central government at the beginning of last year, but was below the market expectation of 6.2 per cent.

The headline figure was in line with forecasts of the International Monetary Fund and the World Bank for China's economic growth this year, the Post report said.

Chinese officials say the consumer spending has increased showing success of China's efforts to rejig its economy from one based on exports to more reliant on consumer spending.

According to the NBS data, China's per capita disposable income stood at 30,733 yuan (USD 4,461.95) in 2019, up 5.8 per cent year on year in real terms.

Chinese per capita consumer spending increased by 5.5 per cent year on year in real terms to reach 21,559 yuan in 2019, the data said.

By 2020, China aims to double the per capita income of its urban and rural residents from 2010 levels.

China's value-added industrial output, an important economic indicator, expanded 5.7 per cent year on year in 2019, slowing from 6.2 per cent growth in 2018.

The growth rate was higher than that in the first 11 months of 2019, the data said.

In December alone, China's industrial output expanded 6.9 per cent year on year, up 0.7 percentage points from November, state-run Xinhua news agency quoted the data as saying.

China's fixed-asset investment (FAI) increased 5.4 per cent year on year in 2019, 0.2 percentage points higher than the level recorded in the first 11 months.

Source: business-standard.com - Jan 18, 2020

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US job openings post biggest drop in more than four years in November

Economists said the decline in vacancies and moderate hiring were potentially signaling that employers were throttling back demand for workers

US job openings recorded their biggest drop in more than four years in November, while hiring increased moderately, suggesting a loss of momentum in the labor market at the tail end of 2019.

Job openings, a measure of labor demand, tumbled 561,000 to 6.80 million, the Labor Department said in its monthly Job Openings and Labor Turnover Survey, or JOLTS, on Friday. That was the biggest drop since August 2015 and pushed job openings to their lowest level since March 2018.

Economists said the decline in vacancies and moderate hiring were potentially signaling that employers were throttling back demand for workers. Still, job openings remain relatively high.

“The labor market may be starting to lose its shine and may have peaked,” said Chris Rupkey, chief economist at MUFG in New York. “Anyone holding out for their dream job may have already missed the boat.”

Vacancies have been trending lower this year since hitting an all-time high of 7.63 million in late 2018. The decline in job openings in November was led by the private sector, which saw a decrease of 520,000 unfilled jobs. The drop in vacancies was concentrated in the retail and construction industries.

Government job openings fell 42,000 in November.

The job openings rate decreased to 4.3 per cent in November from 4.6 per cent in October. Hiring increased to 5.82 million in November from 5.78 million in October. The hiring rate was unchanged at 3.8 per cent in November.

The sharp drop in job openings suggests job growth will likely not accelerate much after slowing in December. The government reported last week that nonfarm payrolls rose by 145,000 jobs in December, down from November's robust increase of 256,000.

"We expect the labor market to moderate further in 2020," said Sophia Koropeckyj, as senior economist at Moody's Analytics in West Chester, Pennsylvania. "Although net job gains will fall below 100,000 during the year, we no longer expect net job losses during the second half of the year."

The number of workers voluntarily quitting their jobs was little changed at 3.5 million in November. The quits rate was 2.3 per cent for the third straight month.

The quits rate is viewed by policymakers and economists as a measure of job market confidence.

About 118,000 workers quit their jobs in the retail sector in November. There were also increases in quits in the wholesale trade and nondurable goods manufacturing industries.

Layoffs dropped to 1.75 million in November from 1.80 million in October. Layoffs decreased in the federal government. The layoffs rate dipped to 1.1 per cent from 1.2 per cent in October.

Source: business-standard.com - Jan 18, 2020

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JETRO's Japan Textile Salon Returns to NYC Jan. 21-22

The Japan Textile Salon returns to New York City for its third annual show next week, bringing with it a diverse array of contemporary and traditional fabric makers from Asia's most innovative fashion market.

Taking place Jan. 21-22 at the Altman Building in Manhattan's Meatpacking district, the Japanese External Trade Organization (JETRO) will host a two-day event dedicated to sustainable advancements in textiles, featuring two full days of information-packed panels led by notable industry leaders.

Established in 1958, the government-adjacent group has been dedicated to promoting trade and investment between Japan and countries around the globe. JETRO's focus has been helping small to medium-sized Japanese businesses maximize their export potential globally by unlocking new opportunities.

The discussions at next week's show will center around fashion's devastating impact on the environment, and explore ways in which the global textile industry can mitigate its role in climate change by purusing supply chain advancements and incorporating innovative new materials.

Issues like managing water waste, improving chemical dye profiles and inefficiencies on the factory floor will be explored throughout talks with leading industry experts.
"The discussion will center around sustainable development goals to help raise awareness, advocacy and engagement engagement to achieve sustainability within the fashion and textile industry," JETRO said on the show's website.

Dana Davis, vice president of sustainability, product and business strategy at women's wear brand Mara Hoffman; Lucie Brigham, chief of office at United Nations Office for Partnerships; Megan Meiklejohn, sustainable materials and transparency manager at Eileen Fisher; and Tricia Carey, director of global business development apparel at Lenzing Fibers, are among the panelists slated to offer their expertise on Jan. 21.

The show's second day will feature Angela Kramer, senior manager of fabric research and development at 3.1. Phillip Lim; Björn Bengtsson, chief merchandising officer at men's shirting brand Untuckit LLC and adjunct professor at Parsons; and Katsu Kawasaki, founder of SynZenbe and Katsu New York.

This show's exhibitors encompass some of Japan's leading design studios, denim mills, weavers, silk manufacturers, organic cotton manufacturers and purveyors of traditional Japanese embroidered textiles (known as Kinran).

Attendees include Bando Shoten; Design House Kaze; Dokoh Shoji; Fujisaki Textile; Hatakoka and Asuwa; Hokkoh; Iwai Lace; Japan Blue/Collect Denim; Kageyama; Nagoya Spinning; Panoco Trading; Showa; Toban Textile; Tohkai Thermo; Uni Textile and Yoshida Senko.

Source: sourcingjournal.com - Jan 17, 2020

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China Phase 1 Trade Deal Holds Promise for U.S. Cotton

According to the National Cotton Council (NCC), the Phase 1 trade deal with China signed February 15 by President Trump could provide a much-needed boost to U.S. cotton exports.

The Phase 1 agreement includes a chapter on agriculture, with Chinese purchases of U.S. products intended to reach at least $40 billion per year starting in 2020.

However, the overall impact for cotton remains uncertain as commodity-specific details have not been released.

NCC Chairman Mike Tate, an Alabama cotton producer who attended the signing, said, "While we welcome Phase 1 and are hopeful about the potential for future increased sales to China, U.S. cotton producers continue to face a challenging economic climate.

As such, we encourage President Trump and USDA to follow through with the third tranche of MFP payments as quickly as possible."

Tate was referring to the Administration's $16 billion trade assistance package through the Market Facilitation Program to help mitigate China's retaliatory tariffs. He said this assistance, administered by USDA, has been very timely with U.S. cotton's economic health deteriorating as market share in China is being lost to Brazil and Australia.

The first MFP tranche of payments came in August and the second tranche in November.

"Since the middle of 2018, the ongoing trade dispute between the United States and China has been front and center in any discussion of the cotton market," Tate said.

"Cotton prices remain well below pre-dispute levels due to China's imposition of a 25% retaliatory tariff. That's why removal of these tariffs should be a high priority for any upcoming dialogue between the two countries."

Source: cottongrower.com - Jan 17, 2020

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Pakistan: Textile exports grow 3.94pc in six months

Pakistan's textile exports have recorded growth of 3.94 percent in first six months (July to December) of the ongoing financial year (FY20) mainly due to cash support to various sectors and currency depreciation.

According to Pakistan Bureau of Statistics (PBS), the country has exported textile commodities worth $6.91 billion in July-December period of FY20 as compared to $6.64 billion in same period of last year.

Growth in textile sector exports has helped in increasing the overall exports of the country, which have increased by 3.14 percent to $11.53 billion in the period under review. Exports are increasing due to currency depreciation and government's cash incentive packages to the various sectors.

In the value-added sector, exports of knitwear were up by 7.59 percent followed by 3.16 percent in bed wear.

Exports of ready-made garments rose by 12.08 percent while proceeds from towel only inched by a modest 0.22 percent. The data showed that exports of cotton cloth had recorded a decline of 3.7 percent. Exports of tents, canvas and tarpaulin witnessed decrease of 19.68 percent.

Meanwhile, exports of made-up articles (excluding towels and bedwear had declined by 5.97 percent.

The fresh PBS data showed that exports of non-textile products have also shown growth during July-December in FY20. In non-textile products, exports of leather products have enhanced by 11.06 percent during July to December period in FY20.

This was mainly led by sales of leather garment, leather gloves, followed by other leather products.
Footwear exports went up by 17.75 percent on back of leather footwear and others, surgical goods and medical instruments by 9.56 percent.

Meanwhile, engineering goods increased by 3.57 percent during the year under review.

Food exports have also recorded increase of 10.26 percent during July to December period of the current fiscal year. In the food basket, exports of rice witnessed a robust rise of 26.3 percent in the six months of current fiscal year from a year ago.

The growth was witnessed in both basmati and non-basmati rice. However, exports of carpet and rug exports increased by 1.16 percent during the first six months of current fiscal year from a year ago.

The slight increase shows that depreciation of rupee has helped Pakistani exporters to get market access and compete with Chinese and Indian exporters. On the other hand, the country’s imports in the first six months of current fiscal year clocked in at $23.23 billion, down by 16.9 percent from $27.95 billion over the corresponding period last year.

Pakistan’s oil imports have reduced by over 19.87 percent in July to December of the current fiscal year. The country’s had spent $6.14 billion on importing oil in six months of the year 2019-2020 as compared to $7.67 billion in the corresponding period of the previous year.

The PBS data showed that the import of petroleum products had shown decline of 24.13 percent to $2.59 billion. Similarly, import of petroleum crude had reduced by around 27 percent to $1.77 billion.

Meanwhile, imports of natural gas liquefied had cost $1.63 billion and imports of petroleum gas liquefied recorded at $153 million.

All the groups including food group, petroleum good, consumer durables and raw materials have witnessed hefty decline in imports during the July-December period of 2019-20 over the same period last year.

Food imports had contracted 13.48 percent to $2.57 billion during July-December period of 2019-20, from $2.97 billion in corresponding months last year. Similarly, imports of transport group had posted a 44.45 percent decline, with decrease in imported value of almost all subcategories.

On the other hand, agriculture imports inched down by 16.54 percent to $3.83 billion in July-December period of the current fiscal year from $4.59 billion in the same period of last year.

Source: nation.com.pk- Jan 18, 2020

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Pakistan sees exports growth of $3.2 bn if 5% of CPFTA realised

Pakistan is hopeful of exports growth worth $3.2 billion in case just 5 per cent of the free market access offered by China to 313 high-priority tariff lines of Pakistan is realised under the second phase of the China-Pakistan Free Trade Agreement (CPFTA-II) that went into force on January 1, according to the former’s ministry of commerce.

M Hamid Ali, joint secretary, foreign trade-1, in the ministry recently told a seminar that CPFTA-II has greatly secured Pakistan's export interest as around 83 per cent of the country's global exports have been liberalised in the agreement’s second phase as against 41 per cent under phase-I.

Similarly, 91 per cent of Pakistan's exports to China have been liberalised in phase-II as against 30 per cent liberalised in phase-I. This liberalisation covers 88.3 per cent of China's global imports or $1.6 trillion, according to Pakistani media reports.

The sensitive list has been enhanced from 1,410 in CPFTA-I to 1,760 in CPFTA-II after thorough consultation with stakeholders.

Provisions have been introduced to address the balance of payment (BoP) difficulties, Ali said. Effective enforcement of electronic data exchange will also ensure sharing of the real time trade data to discourage under invoicing and misreporting.

Safeguard measures have been introduced to temporarily restrict imports of products that harm the domestic industry.
Source: fibre2fashion.com - Jan 17, 2020

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Pakistan: Cotton market: volume of business rises on strong demand

Trading activity improved on the cotton market on Friday as mills indulged in fresh buying of fine type to keep away from future losses, dealers said. The official spot rate maintained overnight level at Rs 9000, they added. In ready session, about 11000 bales of cotton changed hands between Rs 7200-9200, they said.

Rate of seed cotton per 40kg in Sindh low quality was at Rs 2800, while the best quality picked up Rs 200 to Rs 4200 and in the Punjab prices were at Rs 3000 while the fine type was up by Rs 100 to Rs 4600, they said.

In Sindh, Binola prices per maund were at Rs 1400-1800, in Punjab rates were at Rs 1650-1800, they said and adding that rates of polyester fibre at Rs 181, they said.

Market sources said that mills and spinners were under pressure due to rise in rates of cotton. So, they lay hands over the best quality to replenish their stock.

Cotton analyst, Naseem Usman said that after US-China pact, traders were expecting volume of business to go up in the coming days, this factor will push the rates higher in days to come.

As a whole, it looks that textile exports will go up in the coming days, he added.

Adds Reuters: ICE cotton futures dipped on Thursday as traders remained uncertain about cotton imports from China even after the signing of the Phase 1 trade deal, amidst lingering concerns of dampening demand of the fibre within China.

Cotton contracts for March fell 0.35 cent, or 0.5%, to 69.97 cents per lb by 12:12 p.m. EST (1712 GMT). It traded within a range of 69.73 to 70.38 cents a lb.
Total futures market volume fell by 13,436 to 17,721 lots. Data showed total open interest gained 1,222 to 251,621 contracts in the previous session.

The following deals reported: 400 bales of cotton from Pano Aqil at Rs 9200, 200 bales from Dharki at Rs 9050, 517 bales from Rohri at Rs 7200, 4200 bales from Rahim Yar Khan at Rs 9050-9200, 4000 bales from Khanpur at Rs 9100-9200, 1400 bales from Sadiqabad at Rs 9050-9200, 400 bales from Bago Bahar at Rs 9100 and 200 bales from Fort Abbas at Rs 8900, they said.

Source: brecorder.com - Jan 17, 2020

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NATIONAL NEWS

Budgeting for Young India

Rocked by a falling economy and socio-economic uncertainties, the country's much-touted demographic dividend is in urgent need of a booster shot from the finance minister

As finance minister Nirmala Sitharaman opens her bahi khata (ledger) on February 1, the one question on everyone's mind will be: Does it address the social challenges of the economy?

With widespread protests — the epicentres of many falling in university and college campuses — there is all-round worry about young India's future.

Even as people were struggling to come to terms with the many negative reports about the state of the economy, the widespread fear and uncertainty sparked by the controversial Citizenship (Amendment) Act has led to disruptions in daily life across cities and towns. There is a real fear that the country's much-touted demographic dividend — a significant chunk of its population is in the working-age group (15-64 years), in contrast to many other rapidly ageing countries — might turn into a liability.

According to the India Skill Report 2020, employability of India's youth has stagnated over the past three years, and only about 46 per cent of participants are job-ready. "The state of employability has not improved over the last few years, implying the need for more robust actions," it states. The SBI's research report 'Ecowrap', released recently, is equally worrying. It says that there can be 16 lakh less payrolls (or jobs) in 2020.

Not surprisingly, young India wants Sitharaman's second Budget to address its concerns by focusing on three areas — education, healthcare and employment generation.

"The consistent air of unrest and aura of hyper-nationalism are pushing us towards a slow rate of growth," says Sneha Panna, a second year Master's student at the Centre for the Study of Social Systems in Jawaharlal Nehru University (JNU). "The assertion in a recent Forbes article that India has the worst economy in 42 years is no exaggeration," she says.

The problem, as many point out, is the lack of credible data. This, economists explain, makes it difficult for policymakers and others to assess the actual size of the challenge, as there is a huge informal sector which is not accounted for in the data on employment and jobs.

“The economy is in the doldrums with a peculiar ‘data crisis’, which has made a concrete diagnosis of the issues facing our economy an almost impossible task,” the 23-year-old student from Jharkhand points out.

The young also hope that the government will make education accessible to all by investing robustly in the sector and improving infrastructure from the primary school level to universities. Panna also wants the government to accord the same kind of importance to social sciences as is normally reserved for technical education, stressing that the two together can help pull the country out of poverty.

The view is echoed by 22-year-old Akhil KM, a student of the Faculty of Law, Delhi University. “In its election manifesto, the Bharatiya Janata Party promised that 6 per cent of GDP would be spent on education, but only 3.3 per cent was spent during the last financial year. Not only has the budget allocation for the Higher Education Financing Agency (HEFA) declined, HEFA’s actual spending too was below the mark,” says Akhil, who is from Kerala.

He adds that funds for Central universities have been reduced, which may have led to the ongoing protests against fee hikes in JNU, and the Delhi University teachers’ agitation against the shortage of teaching staff.

Decrying any move to sell public sector companies, Akhil says this will further rob employees of job security. “Even within the media, we can see how several firms have shut down bureaus and halted new appointments,” he says. “For students completing their education, there is very little chance of finding a permanent job or even one suited to their qualification. So, improving public institutions is a necessity,” he argues.

Any Budget exercise has two sides — expenditure and revenue. If Sitharaman focuses on the expenditure side, then she must also ensure there are enough ways to create revenue. While the government has had no shortage of policy announcements, its weakest link has been implementation, which Sitharaman will need to address.

Gopal Krishna Agarwal, national spokesperson of BJP (Economic Affairs), says that the current focus of the economy is on consumer demand and the Budget will therefore look at ways of increasing consumption. This, in turn, is expected to create jobs.

"The Budget has to focus on economic growth with sector-specific provisions. For example, textile, real estate, construction, Micro, Small and Medium Enterprise, and heavy industries can all propel the economy and be key job-creators," he says.

India, he adds, has "global leadership" in the pharmaceutical and information technology sectors, which can help boost the gross domestic production. "Food processing and agriculture can foster rural economy growth, help in increasing revenue to the farmers, and create liquidity for the rural market," he says.

The government has to ensure a level playing field for Industry, and correct the inverted duty structure arising from free trade agreements. "All these put together will also help create an improved business environment and lead to jobs."

Whether Sitharaman manages to successfully juggle these varying demands, her ledger will be closely scrutinised, come B-Day. India's millennials — who had reacted strongly and adversely to the minister's comment last year that they, by opting for ride-hailing services, had contributed to the slump in the auto industry — are watching. Very closely.

Source: thehindubusinessline.com- Jan 17, 2020

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Hank yarn obligation for textile mills expected to be reduced further

Textile Mills are likely to see further reduction in hank yarn obligation, which is currently at 30 %. It was reduced from 40 % to 30 % about a year ago. In 2003, it was reduced from 50 % to 40 %. The industry is currently asking for 15 %.

According to a release from the Cotton Textiles Export Promotion Council (Texprocil), Union Textile Minister, Smriti Irani, who participated in the Council's annual export award function held in Mumbai on Thursday, said that she would continue to pursue efforts to bring down the hank yarn obligation further.

She also said that the new Cotton Mission that the government planned to come out with would look at encouraging the textile industry to work with farmers as partners. She urged the textile and clothing sector to work towards increasing exports multi-fold.

The Minister said the Cotton Corporation of India, the Texprocil and the Skill Development Ministry should work jointly and prepare a paper on mechanising cotton picking methods so that contamination levels in cotton can be reduced.

K.V. Srinivasan, Chairman of the Council, said that textile and clothing exports this year were affected by US - China trade war, EU's struggle with Brexit, and the growing geo political tensions in west Asia. He appealed to the government to consider cotton textiles sector as an entire value chain. Incentives offered by the government should be applicable to products across the value chain.

For instance, cotton yarn sufferred the same incidence of State and Central levied as made ups and garments. But it was not included for the Rebate and State and Central Taxes and Levies and the Merchandise Exports from India Scheme. Cotton yarn exports too should get these benefits, he said.

Source: thehindu.com - Jan 17, 2020

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Govt revises target for GST collections again

To augment collections amid growing concerns over missing the budgeted estimates, the government has reset the target for goods and soervice tax (GST) collections for the second time in two months – to Rs 1.15 lakh crore for February and Rs 1.25 lakh crore for March.

The decision to raise the target -- from Rs 1.1 lakh crore in December to at least Rs 1.15 lakh crore for the next two months -- was taken at a high-level meeting of senior officials of the Central Board of Indirect Taxes and Customs (CBIC) and Central Board of Direct Taxes (CBDT), people aware of the matter said.

“Field formations have been exhorted to put forward special efforts and to initiate actions against wilful tax evaders or those who are using fake invoices or inflated or fake e-way bills…,” a government official said.

“Weekly high-level review of revenue augmentation measures & efforts made or actions taken against these targeted gamers, fraudulent ITC seekers and identified default taxpayers would be done by the revenue secretary,” he added.

Tax authorities will use data analytics to check mismatch of supply and purchase invoices, mismatch in return filings, over invoicing, excess refunds availed, patching the tax leakages, fake or huge ITC claims, and refunds under inverted duty structure.

Text messages and emails will be sent to defaulters after which GST field formations will visits to ensure timely tax payments.

NEW RETURNS

The GST Network's trial for new returns has witnessed encouraging response.

Over 363,855 new returns by taxpayers under GST have been uploaded as of January 12 using the offline tool in the trial phase that began from January 4, as per data available with ET.

The GSTN is conducting the trial run for new return filing for taxpayers to iron out any problems they face and take stakeholder feedback, before implementing it in April.

Inputs received on the new forms during the trial page will be used to improve the interface.

GSTN received around 750 inputs from industry.

Source: economictimes.com - Jan 18, 2020

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UN lowers India GDP growth forecast for current fiscal

The Indian economy is expected to register a GDP growth of 5.7 per cent this fiscal, according to the newly launched UN World Economic Situation and Prospects (UNWESP) report 2020.

This will be much lower than the 7.6 per cent GDP growth forecast in WESP 2019.

For 2020-21, the new report WESP 2020 has pegged the India GDP growth estimate at 6.6 per cent, lower than 7.4 per cent estimated earlier.

UNWESP 2020 has also forecast a 6.3 per cent GDP growth for fiscal 2021-22.

This UN report expects GDP growth in India and few other large emerging countries to gain momentum this year.

Source: thehindubusinessline.com - Jan 17, 2020

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Amazon plans to create one million new jobs in India by 2025: Jeff Bezos

Amazon, the world's biggest online retailer, said on Friday it planned to create 1 million jobs in India by 2025 through continued investments in technology, infrastructure, and its logistics network.

The jobs — created both directly and indirectly — will be across industries, including information technology, skill development, content creation, retail, logistics, and manufacturing, and will be in addition to the 700,000 jobs Amazon's investments have enabled over the past six years in India.

Jeff Bezos, the firm's founder and chief executive officer, who is visiting the country, announced on Wednesday that the company planned to invest $1 billion to help bring 10 million traders and micro, small, and medium enterprises (MSMEs) across India online, enabling $10 billion in cumulative exports by 2025 and supporting India's economic diversification. However, on Thursday the firm was criticised by Union minister Piyush Goyal, who said the invest plan was "largely to finance losses", and "it is not as if they are doing a favour to India".

On Friday, in a statement released by the firm, Bezos said: "We are investing to create a million new jobs here in India over the next five years. We've seen huge contributions from our employees, extraordinary creativity from the small businesses we've partnered with, and great enthusiasm from the customers who shop with us — and we're excited about what lies ahead."

Amazon has so far committed $6.5 billion to the India market, including $1 billion announced this week, to tap the e-commerce market in the country, which is expected to touch $200 billion by 2028.

The Indian government has prioritised job creation and skilling initiatives — including the training of over 400 million people by 2022 — in rural and urban areas.

Seattle-headquartered Amazon said its job creation commitment and investment in traders and MSMEs complemented these efforts by creating more opportunities for people in India to find employment, build skills, and expand entrepreneurship opportunities.

Amazon said its operations network has created inclusive job opportunities across the country, including hundreds of associates with hearing and speech impairment at its fulfilment centres, sorting stations, and delivery stations. It also operates an all-women delivery station apart from running a pilot internship programme for individuals with autism and intellectual disabilities.

The company said it is also expanding growth opportunities for more than 550,000 traders and MSMEs, including local shops, through programs like "Saheli, Karigar, and I Have Space."

The firm's new investments would help in its skills-building initiatives, including through Amazon Web Services (AWS) infrastructure, ongoing Amazon Seller training modules and 100 Digital Haats.

It would also help in upskilling opportunities through AWS Educate's cloud computing certification programs, and the recently-launched AWS initiative to deliver more than 2,000 artificial intelligence and machine learning certifications.

Amazon announcement on jobs comes at a time when the Competition Commission of India (CCI) has ordered an investigation against Amazon and Walmart-owned Flipkart on complaints of deep discounting practices and tie-ups with preferred sellers. Bezos also faced protests from small traders during his visit.

Source: business-standard.com - Jan 18, 2020

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Sectoral focus could lift exports by $100 bn-$150 bn in 10 years

India can achieve an incremental gain of around $100-150 billion over the next decade if the government focuses on accelerated export growth in sectors such as chemicals, footwear, furniture, and textiles, finds a study.

India would do well if it improves on the issues related to sector-specific tax issues, infrastructure and trade relationships to gain dominance on these sectors for the long term.

“We estimate India’s exports in chemicals, footwear, furniture and textiles to increase to $200-300 billion over the next 10 years. India could potentially gain around $100-150 billion over the next decade through these sectors if the focus is shifted towards accelerated exports growth,” said a study by Kotak Economic Research.

In the global chemical trade of $2.3 trillion, India has a share of $50 billion. According to Kotak, India’s export opportunities in chemicals can be around $110 billion if market share increases by 1.5 times and market grows at 4 per cent CAGR over the next 10 years and $180 billion if market share increases by 2.5 times. The growth of the Indian chemical industry will be driven by private capital and entrepreneurship. The chemical industry derives its advantage from use of technology, IP and a skilled workforce. India has significantly lower wages.

India’s market share in global footwear exports of $149 billion has been stagnant over the past 10 years. Despite being the second biggest producer of footwear globally, 90 per cent of production is utilised domestically. India has the second lowest average wages among major footwear exporters. There is an opportunity to reach $8 billion exports over the next 10 years if market share grows to 3 per cent from 1.9 per cent.

Furniture contributes 0.5 per cent of Indian exports, despite growing at 11 per cent CAGR over FY2010-19. Kotak envisages that the opening of Ikea in India will help further growth competency in furniture manufacturing. Furniture exports can reach $4 billion if market share grows to 1.2 per cent from 0.8 per cent and $8 billion if the share touches 2.4 per cent.

The textile sector accounts for 12 per cent of exports. While exports have grown steadily over the past ten years, Asian countries like Bangladesh, China and Vietnam saw sharp growth. India has to correct the inverted duty structure in import of synthetic goods, make products competitive and sign FTAs with key buyers.

Source: asianage.com - Jan 18, 2020

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Commerce Ministry asks traders to suggest HS codes for products having no classification

The Commerce Ministry on Friday asked traders to suggest appropriate HSN or tariff codes for products imported by them which do not have any classification.

It also asked traders to strictly mention the respective codes in their bills of entry at the time of imports, failing which the government will consider imposing restrictions for inbound shipments of those goods.

In a trade notice, the Directorate General of Foreign Trade (DGFT) said it had issued a notification on October 22 last year asking members of trade and industry to be careful while filing their bill of entry at the time of import.

They were advised to mention specific HS codes at 8 digit level, where they exist instead of using the "others" category.

It was also informed that many importers are not doing due diligence in mentioning correct codes and are casually putting the item under "others" category, which is a residual code category.

"However, despite clear advisory in this notification, it has been noted that import under 'others' category continue to be widely used in the bills of entry.

"Accordingly, it is reiterated that all importers should file their bills of entry with specific codes available for the imported items under ITC (HS), 2017, Schedule - I (import policy) at 8 digit level, and to avoid as far as possible 'others' category," it said.

It added that the matter will be reviewed shortly, and in the event of non-compliance and continued mis-classification by the importers, government "may consider" bringing a licensing regime for all items imported under the 'others' category by shifting these items from free to restricted category.

If traders are of the view that existing HS codes are not sufficient to cover the goods that they are importing, they should immediately suggest appropriate HS codes at 8 digit level for such goods, it added.

The ministry has earlier raised serious concerns over rise in imports in the 'others' category.

In trade parlance, every product is categorised under an HSN code (Harmonised System of Nomenclature). It helps in systematic classification of goods across the globe.

Out of over USD 500 billion worth of imports in 2018-19, the 'others' category accounted for about USD 130 billion.

Source: businessinsider.in - Jan 18, 2020

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DGTR initiated 34 anti-dumping probe during Apr-Dec 2019: Commerce Min

The Directorate General of Trade Remedies (DGTR) has initiated as many as 34 anti-dumping probe during April 2019 to December last year, the commerce ministry said on Friday.

The directorate has also started four countervailing and six safeguard investigations during the same period, the ministry said in a statement.

"Time taken in issue of final findings from the date of initiation has come down to 234 days in 2019 - 2020 from 478 days in 2014-15," it added.

It also said average time taken to initiate an anti-dumping investigation has also come down to 33 days in 2019-20 as compared to 43 days in 2018-19.

Further the directorate has initiated outreach programmes to sensitize stakeholders about the available trade remedy measures.

The directorate is an investigation arm of the ministry which deals with anti-dumping duty, safeguard duty, and countervailing duty

These duties are trade remedy measures, provided under an agreement of the World Trade Organisation (WTO) to its member countries

They are used to provide a level playing field to domestic industry in case of dumping of goods, significant increase in imports and subsidised imports.

Source: business-standard.com - Jan 18, 2020

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Urgent action needed to revive the Indian garment industry

In a classic case of administrative delays hampering development, tax refunds worth Rs 5,000 crore (.70 billion) are pending with the government. In March 2019, the government introduced a new scheme for the garment exports sector.

Called the Rebate of State and Central Taxes and Levies (RoSCTL), the scheme sought to refund the taxes on inputs paid by the sector. However, it's been 10 months since the introduction of the scheme and refunds are still stuck with the government.

Tax rebates and subsidies to deal with capital crunch

Schemes including RoSCTL and the Merchandise Exports from India Scheme (MEIS) total 9 per cent of the total sales of these exporters. There is no clarity yet on the new rates under the two schemes, which has pushed Indian garment exporters into distress.

Dominated by small businesses, these exporters face a huge capital crunch with salaries of their employees and vendors remaining unpaid. Some stakeholders say, the garment industry is on a ventilator and is about to die. To revive, the industry needs urgent action including tax rebates and subsidies. Any inaction, on part of the government is likely to push the industry towards bankruptcy and unemployment.

Employment generation and policy revamp

One of the government's biggest worry is creating jobs for the masses. In the January 2018 edition of Economic Times, Arvind Panagariya, the ex-vice chairman of NITI AayogUrgent action needed to revive the Indian garment noted the Indian apparel sector needs to create jobs like RIL and Shahi Exports do. For this, it needs to tackle its shortcomings like low productivity levels of its garments. For this, India can create plug-and-play hubs with facilities like effluent treatment plants and dormitories for workers.

India also needs to revamp its trade policies and provide duty free access to its markets like Vietnam and Bangladesh who have grabbed the majority pie of the global apparel market.

Use of smarter fabrics

Another change that India needs to make is the adoption of smarter sophisticated fabrics that are capable of absorbing moisture, are heat resistant and have greater stretchability. Measures such as lowering the duty on synthetic raw material, strengthening weaving and processing industry and becoming FFI compliant will help the industry to grow.

Though the government has introduced initiatives such as flexible labour laws and wage subsidies, these efforts thus far have been half-hearted and piecemeal. To capture a major share of the $480 billion industry, we need a more coherent and coordinated strategy.

Source: fashionatingworld.com - Jan 17, 2020

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Hybrid retail formats to help businesses going forward: Kishore Biyani

Physical and online retail will have to converge into a “phygital" model to cater to consumers, who increasingly shop on both mediums, Future Group chief executive officer Kishore Biyani said on Thursday.

Biyani, whose company runs some of the country’s largest retail stores such as Big Bazaar, EasyDay and Central, said a hybrid model is likely to help businesses going forward.

“I think physical has its own advantages and nuances and digital has its own advantages. Both happened in different eras—and they will meet. I think, in another three-four years, it will become “phygital" in a way, because every physical retailer will have to have a digital presence and even digital people will need to go physical. Ultimately, there will be two hybrid models that will emerge that will help the businesses perform better," he said.

He was speaking at a two-day event hosted by online retailer Amazon in the capital that saw its founder Jeff Bezos address an audience on Wednesday.

Biyani is expected to meet Bezos on Friday in Mumbai against the backdrop of Bezos’s commitment, made on Wednesday, to invest $1 billion in new money to help digitize India’s small and medium businesses.

Biyani’s Future Group and Amazon recently partnered in India after the American online retailer picked up a stake in Future Coupons, a Future Group entity.

The two have also announced a distribution tie-up. Biyani has long been a champion of brick-and-mortar retail after successfully giving India one of its first department chains, Pantaloons, in the 1990s. Future Group sold a majority stake in Pantaloons in 2012, and it is now part of rival Aditya Birla Fashion and Retail Ltd.

However, Biyani, who belongs to a family of textile traders and started off by supplying textiles to garment makers, has dabbled in online commerce several times, but with limited success.

Future Group runs over 1,500 stores across 400 cities, selling brands and retail formats, such as Brand Factory, ALL and Fashion at Big Bazaar online. In fact, it has scaled back its online businesses. The group shuttered assisted e-commerce business Big Bazaar Direct in 2016 three years after launching it, as soaring costs made the business unsustainable. It also merged online furniture retailer FabFurnish with HomeTown in 2017.

But it has been stitching associations with online retailers as it seeks to participate in the country's small but growing online retail market.

On Thursday, Biyani said e-commerce has changed the rules of engagement for retailers.

"Earlier the brand used to search for the customer. Today, the customer is searching for the brand. Because you (online retailers) have changed the rules of the game. Today, you can search for a product in which you discover a brand and once you start using it, you see the reviews, and ratings that are building a brand today," said Biyani, who was in a fireside chat with Amazon's vice-president for seller services, Gopal Pillai.

He added that "the rules of engagement have changed and, I believe, brand building in itself will become very different than what it used to be. I think the new generation knows this much better than us. We have to learn from them how to build brands."

Source: livemint.com - Jan 17, 2020

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