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IBTEX No. 141 of 2019 July 19, 2019

US 68.81| EUR 77.48 | GBP 86.26| JPY 0.64

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
21005	43900	**81.31**

Domestic Futures Price (Ex. Warehouse Rajkot), July

Rs./Bale	Rs./Candy	USD Cent/lb
21550	45040	**83.42**

International Futures Price

NY ICE USD Cents/lb (December 2019)	61.71
ZCE Cotton: Yuan/MT (September 2019)	13,015
ZCE Cotton: USD Cents/lb	85.81
Cotlook A Index – Physical	**73.70**

Cotton Guide: As correctly predicted ICE futures took a nose dive last evening with the release of weak export sales data. We were expecting it to touch 61.50 cents/lb, however the ICE December futures fell 16 points short for this. ICE December touched a low of 61.66 cents/lb and settled at 61.71 cents/lb with a net change of -74 points.

This morning while we write this report the ICE futures have risen by +50 points and is trading in the 61.20 cents/lb range. However, the overall mood is still bearish. If prices once again settle below 62 cents/lb there is a good possibility of prices even touching 60.50 cents/lb. However, we feel that by Monday we can have an upward correction with the release of crop damage report. We are referring to the crop damage caused by Hurricane Barry.

All the ICE contracts across the board were lower. ICE March contract settled at 62.88 cents/lb with a change of -74 points. The total volumes have been on the lower side with figures below the 20,000 mark at 19,084 contracts. The volume for the ICE December contract was 13,674 contracts as compared to the previous figure of 11,769 contracts, that marks and increase of 16%.

The MCX contracts on the other hand traded in huge volumes. The volumes were high at 6731 lots as compared to the recent figures which were hovering around the 1500 lot mark. Here losses were heavy thus following the path of ICE. MCX July contract settled at 21,550 Rs/Bale with a change of -190 Rs whereas the MCX August contract settled at 20,980 Rs/Bale with a change of -60 Rs.

Country	Increases in Running Bales
Vietnam	34,400
India	11,900
Indonesia	3,300
Bangladesh	3,300
Malaysia	2,600

Table 1:Upland Export Sales for 2018/2019

The Cotlook Index A has been adjusted to 73.70 cents/lb with a change of -0.50 cents/lb and the Coltook Index A forward has been adjusted to 73.25 cents/lb with a change of -0.50 cents/lb. The prices of Shankar 6 have inched higher at 43,900 Rs/Candy.

The Export sales data released yesterday, Net sales of upland cotton amounted to 54,000 Running Bales (RB) for 2018/2019 which emanated an increase of 1 percent from the previous week and 46 percent from the four week average.

Country	Increases in Running Bales
Vietnam	100,900
India	33,700
Turkey	18,700
Guatemala	18,000
Pakistan	9,800

Table 2: Upland Export Sales for 2019/2020

Reductions were noted for Thailand 4,900 RB, El Salvador 1,200 RB and Japan 600 RB. For 2019/2020, net sales of 218,900 RB were reported.

Country	Shipments in Running Bales
India	89,200
Vietnam	57,100
Turkey	33,500
Bangladesh	27,100
Mexico	14,500

Table 3: Upland Shipments

Export Shipments were at 310,300 RB which emanated a decline of 7 percent as compared to the previous week and 6 percent from the four week average.

CFTC Report-

Futures Based On:	Call Cotton Based New York				Open Futures Contracts ICE Futures U.S.	
	Unfixed Call Sales	Change From Previous Week	Unfixed Call Purchases	Change From Previous Week	At Close 07/12/2019	Change From Previous Week
July 2019	84	0	15	0	2	-11
October 2019	0	0	0	0	246	31
December 2019	29,398	-2,922	38,875	-70	137,889	6,308
March 2020	21,365	161	3,537	-46	32,127	2,254
May 2020	8,488	184	387	-44	3,964	433
July 2020	13,187	-305	1,828	-119	4,360	310
December 2020	6,880	120	13,584	325	11,582	1,515
March 2021	2,175	-2	574	0	253	60
May 2021	633	-1	0	0	0	0
July 2021	578	-3	0	0	0	0
December 2021	0	0	331	0	0	0
Totals	82,788	-2,768	59,131	46	190,423	10,900

The Weekly CFTC Cotton On-Call Report for the week ended July 12th was released after the close. The most prominent change was a decline in Dec on-call sales, down 2,922 contracts to 29,398 contracts. Total on-call sales were 82,788 contracts, down by 2,768 contracts. Total on-call sales a year ago were 149,301 contracts. Total on-call purchases were 59,131 contracts, emanating a rise of 46 contracts. Total on-call purchases a year ago were 41,667 contracts.

On the fundamental front, for today, we can expect both International and domestic contracts to show slight declines.

On the technical front, ICE Cotton futures witnessed decline as it failed to hold on the recovery rally. Meanwhile price is trading below the 5 and 9 day EMA, with bearish cross over of short term (5 DEMA) below (9 DEMA) along with weaker RSI which weighed over prices to test new lows of 61.66. RSI in the daily charts is still under 40, which needs to move beyond 50 to change the bearish bias in cotton price, until then it could remain in the sideways to downside bias.

So in the near term resistance exists around 63.90 (9 DEMA), which may restrict price to move higher. Only a close above 64.00 would push price towards 65.00. On the downside below 62.35, price could weaken further to lower levels of 61.00. So for near term price is expected to consolidate in the range of 61.00-64.00 with downward bias. In the domestic market MCX July future is expected to trade in the range of 21380-21840 Rs/Bale.

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

Trade Conflicts Stunting Global Growth and Clouding Outlook, Economists Say

With the global trade outlook tenuous at best thanks mainly to the ongoing U.S.-China trade war, the economies of those countries and the rest of the world seem stuck in neutral, according to economists.

For Global Insight by IHS Markit chief economist Nariman Behravesh and executive director Sara Johnson, the global economic outlook is "an ongoing slowdown."

Writing in their July Forecast Flash, Behravesh and Johnson said while financial markets reacted positively to the announced trade truce between China and the U.S., which is already showing signs of unraveling, "its impact on growth is likely to be imperceptible."

The agreement did include a freeze in current tariff levels and a promise by China to buy more U.S. agricultural products, but there are no firm timetables or deadlines, the economists noted.

"In the meantime, the damage from the existing tariffs–albeit small, so far–is hurting trade volumes everywhere and shaving a few tenths of a percentage point off growth," they said. "The trade truce is unlikely to reverse the damage done so far. If the China-U.S. agreement puts a halt to any further escalation of hostilities, then the global growth outlook will likely not deteriorate."

U.S. Economy

The IHS report noted that real U.S. gross domestic product (GDP) increased at an annual rate of 3.1 percent in the first quarter. Its forecast now has GDP dropping to an annual growth rate of 1.9 percent averaged across the final three quarters of 2019.

"The stepdown reflects an unwinding of temporary factors that were boosting growth in recent quarters, including diminishing support from fiscal stimulus and a sharp slowing in the pace of inventory building from unsustainable levels in recent quarters," Johnson and Behravesh said.

“Several developments will help to support the growth outlook, however, including a higher jump-off for equity values, an expected ‘insurance’ rate cut by the Federal Reserve and lower Treasury yields.”

But these supports likely will be temporary, and the economists predicted annual real GDP growth to 1.8 percent in 2020 from 2.6 percent in 2019, and average 1.6 percent from 2021 to 20–23.

Offering another view, the Conference Board of Canada said in a new report that “U.S. economic expansion will continue over the near term, despite the increasing possibility of a recession.”

“In June, the U.S. economic expansion, which started toward the end of 2009, reached the 10-year mark and, barring a major shock to the global economy, will soon become the country’s longest on record,” Kip Beckman, principal economist, said.

Corbin Advisors’ latest industrial survey had the trade conflict cited as the top concern for the fourth consecutive quarter, with 81 percent of respondents expressing “high concern” and 64 percent believing a favorable resolution to the dispute over the next six months is only “somewhat likely.”

The survey also found that 65 percent of executives feel the U.S. economy is “losing steam,” although 63 percent “do not” believe it will enter a recession in the next 12 months.

China outlook

Looking at China, the report contended that “in the near term, government stimulus will mitigate the downside risks to growth.” It noted that real GDP growth slowed to 6.2 percent year on year in the second quarter, down from 6.4 percent in the first quarter.

“In June, an upturn in the automotive industry supported accelerations in retail sales, industrial production and fixed investment, but the momentum looks unsustainable,” the IHS economists said. “More aggressive policy stimulus is expected in the second half.”

Real GDP growth is projected to slow to 6.2 percent this year from 6.6 percent in 2018, then fall to 5.9 percent in 2020 and 5.8 percent in 2021.

Europe and emerging markets

At the same time, European economies remain fragile, according to the outlook. “There seems to be no end to the bad news from the manufacturing and banking sectors,” the report said. “Retail sales, industrial production, exports and construction output all point to slower growth.”

Real GDP growth is projected to slow to 1 percent this year and in 2020 from 1.9 percent in 2018, before edging up to 1.2 percent in 2021.

As for large emerging markets, Johnson and Behravesh noted that for some time there was a sense that some economies, such as Vietnam, would benefit from the China-U.S. conflict as companies looked for other suppliers, but “this perception has recently invoked the ire of the White House,” which imposed 400 percent tariffs on the imports of steel from Vietnam and threatened to do more.

In response, the Vietnamese government raised tariffs on imports from China to limit transshipments to the U.S. through Vietnam.

“More worrisome is Congressional delay in ratifying the U.S.-Mexico-Canada Agreement,” the IHS economists said. “The Trump administration has repeatedly threatened to pull out of the North American Free Trade Agreement, which could do huge damage to North American trade volumes.”

Source: sourcingjournal.com- July 18, 2019

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Trump And Xi Are Struggling to Find Path Forward in Trade Talks

Slow progress on key initial demands from Presidents Donald Trump and Xi Jinping is raising doubts about whether the U.S. and China will actually return to the negotiating table to overcome their much deeper differences.

Trump complained again this week that China wasn’t buying the large volumes of U.S. agricultural goods that he claims Xi promised to purchase. Meanwhile, there’s been no improvement in how the U.S. treats telecommunications giant Huawei Technologies Co., a key demand of China.

With the conflict dragging on, reaching a comprehensive trade deal as Trump gears up for re-election next year increasingly seems like a remote possibility, according to people familiar with the matter, who spoke on the condition of anonymity.

In addition to differing interpretations as to what was agreed when the two leaders met in Osaka last month, the countries have to decide whether to resume talks based on the draft agreement that collapsed in May, or to start again.

There are clear differences in how the two sides talk about what was agreed at the Group of 20 summit in late June. Trump boasted at a press conference after his meeting with Xi that the Chinese had agreed to buy “tremendous” amounts of agricultural goods. But a member of the Chinese delegation told the U.S. team that Beijing won’t make concessions on agriculture regardless of what Trump announced publicly, a person familiar with the exchange said.

According to that person, Beijing wants to see the Trump administration issue special licenses for U.S. suppliers to resume shipments to Huawei before buying more crops.

Conflicting views

However, people familiar with Chinese side of the talks say that China will not buy large amounts until it sees concrete progress in the talks. Since the May breakdown in talks, Chinese officials have repeatedly insisted that any deal must meet their three conditions of removing all tariffs, realistic purchase targets, and a proper balance and equality for the two sides.

They have also demanded a reprieve for Huawei and other Chinese companies targeted by U.S. sanctions. When asked last week about Commerce Secretary Wilbur Ross’ statement that Huawei was still blacklisted but U.S. companies could seek licenses to sell to it, the Chinese commerce ministry pushed the U.S. to alter their position.

“We noticed the U.S. comments and we also noticed that Huawei and other Chinese entities are still on the U.S. ‘entity list’ for export control,” ministry Spokesman Gao Feng told reporters in Beijing. “We urge the U.S. to truly implement its commitments and stop the wrongful use of state power to suppress Chinese companies as soon as possible.”

Treasury Secretary Steven Mnuchin earlier this month made calls to multiple American chief executives urging them to seek the exemptions for sales to Huawei, according to two people briefed on his calls. Mnuchin told the executives their applications needed to be filed so that the Commerce Department could approve them.

The Wall Street Journal first reported on Mnuchin's outreach, and the Treasury Department issued a strong denial of the account.

"As some in the U.S. administration are looking to 2020 as their guide for how and whether to proceed with an agreement with China, the Chinese leadership will be very cautious — fearing that any agreement reached may not last beyond the Twitter news cycle," said James Green, who until recently was the senior official from the U.S. Trade Representative in Beijing and is now a senior adviser at McLarty Associates. "So it's a political decision in China as well."

Beyond agriculture and Huawei, the sides remain at odds over significant issues such as Washington's demands for structural reforms to China's economy and Beijing's call for the U.S. to remove all existing punitive tariffs on imports from China. Trump's trade team is now debating whether it would serve his re-election bid well to reach a trade deal with Beijing that he then has to sell domestically in an environment that's increasingly hostile toward China.

Trump this week reiterated that he could impose additional tariffs on Chinese imports if he wants, a threat Beijing said would only prolong the trade war.

U.S. Trade Representative Robert Lighthizer and Mnuchin are due to talk over the phone with their Chinese counterparts this week. If everything goes well, the two Cabinet officials will travel to Beijing for in-person negotiations. Still, it's not clear if Beijing will agree to resume talks based on an earlier draft of the agreement that China's leadership has since rejected.

Trump administration officials feel emboldened by recent weak economic numbers coming out of China and have consistently claimed their tariffs are hurting China but haven't had any impact on American consumers.

Data from China this week showed the economy slowed to the weakest pace in at least 27 years. Even so the economy still expanded 6.2% from a year ago, with retail sales and industrial output also rebounding in June.

Source: sourcingjournal.com- July 18, 2019

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US mulls tariffs on EU imports

The US is likely to impose tariffs worth $7 billion on imports from the EU. The proposed tariffs are connected to a 14-year dispute over rival aircraft subsidies involving American firm Boeing and European firm Airbus.

The list of EU imports that may see duties includes handbags, sweaters, vests made from wool, cashmere from Kashmir goats and cotton, and apparel items like men's and boys' suits, women's and girls' cotton pajamas, cheese, liquor and food items.

A World Trade Organization ruling found that Boeing rival Airbus had received illegal funding for several of its aircraft models. In the dispute, which began in 2004, the United States argued that the EU gave Airbus billions of dollars of launch aid that resulted in an unfair advantage for Airbus. Specifically, the United States asserted that the aid allowed Airbus to gain market share in Europe, Australia, China, South Korea, and elsewhere.

Meanwhile the US is still trying to resolve its trade dispute with China. And there have been rumblings that the US might be targeting Vietnam.

The southeast Asian country has seen some benefit from the US-China trade war as apparel firms look elsewhere–with Cambodia and Bangladesh in the running, too–for sourcing and manufacturing production.

Source: fashionatingworld.com- July 18, 2019

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Japanese apparel-maker Matsuoka to build new plant in Vietnam

Apparel-maker Matsuoka Corp. will build a new plant in Vietnam as part of a medium-term business strategy to lessen its reliance on China.

Matsuoka will establish a wholly owned subsidiary, Annam Matsuoka Garment Co., possibly in August to build and operate the new plant in the north central province of Nghe An.

The new plant will be Matsuoka's fourth plant in Vietnam after establishing one in each of the northern provinces of Phu Tho and Bac Giang and in the southern province of Binh Duong.

Like the three other plants, the new plant will make apparel on an original equipment manufacturer basis, Matsuoka spokesman Michihiro Fukagawa said Tuesday.

Matsuoka hopes to begin operations in Nghe An at an early date, the spokesman said, while adding that details such as the plant's launch date and production capacity have yet to be worked out.

Of the Hiroshima Prefecture-based company's overseas sales in the fiscal year through March this year, China accounted for about 60 percent of sales, Bangladesh 25 percent and Vietnam 10 percent.

The firm's medium-term business plan calls for reducing its reliance on China to around 50 percent by March 2021 by shifting its focus to Vietnam from China, where production costs are on the rise, Fukagawa said.

Matsuoka sees Vietnam as a key production base for casual apparel bound for Japan and China, the spokesman said, adding that the firm's Bangladesh arm manufactures inner wear and working wear.

Source: japantimes.co.jp- July 18, 2019

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Bangladesh: Garment exporters call for faster customs service

Garment exporters yesterday demanded a faster and more efficient service from the customs houses of Dhaka, Chattogram and Benapole ports as some of them are facing troubles in their business operations.

Many garment entrepreneurs are becoming victims of harassment by a section of officials as notices are being served to factory owners for not attaching the details of back-to-back letters of credit with the utilisation declaration (UD) of bonded goods.

There is a trust deficit regarding the services between the officials of the customs and bond facility users, said Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), at a meeting between the leaders of the trade body and the customs bond commissionerate, the customs houses of Dhaka, Chattogram and Benapole at the BGMEA office in Dhaka.

Huq suggested forming a joint committee involving the officials of the Bond Commissionerate of Dhaka, the customs houses of Dhaka, Chattogram and Benapole ports and representatives from the BGMEA and clearing and forwarding agents for easing the activities of bond related issues in garment business. She also demanded automation of bond management so that the entrepreneurs can easily complete the audit efficiently.

Huq also said recently officials of the customs bond commissionerate and customs intelligence have issued show-cause notices to factory owners and fined them during the inspection of bonded warehouses.

As a result, exporters are facing trouble, she said. The BGMEA chief also suggested the bond commissionerate give the names of bond abusers to the trade body so that official action can be taken against the abusers.

Md Azizur Rahman, commissioner of the Customs Bond Commissionerate of Chittagong, said they are ready to lend cooperation to achieve the target of $50 billion in garment export by 2021.

He informed the meeting that a committee has already been formed in the Chittagong customs for resolving any customs related problem quickly.

Source: thedailystar.net- July 19, 2019

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Japan's June exports fall 6.7% for 7th straight decline

Japan's exports fell for a seventh straight month in June, pressured by Sino-US trade frictions, slowing China growth and rising trade protectionism, as manufacturers' business confidence hit a three-year low.

Exports have been a drag on the world's third-largest economy, weighing on factory output and threatening to undermine capital expenditure.

Exports in June fell 6.7 per cent from a year earlier, Ministry of Finance data showed on Thursday, dragged down by declining sales of tankers, China-bound car parts and steel pipes. That compared with a 5.6 per cent decrease expected by economists and a 7.8 per cent fall in May.

Separately, the Reuters Tankan survey showed that Japanese manufacturers' business confidence hit a three-year low in July, highlighting the fragility of the export-led economy.

The batch of gloomy data underscored expectations among some analysts that the central bank will roll out more stimulus at its policy review later in the month.

Bank of Japan officials have said that they remain ready to ease further if economic conditions worsen, joining the US Federal Reserve in signalling additional monetary stimulus amid deteriorating global conditions.

"The export picture should remain bleak in coming months," Robert Subbaraman, chief economist and head of global markets research, Asia ex-Japan at Nomura, wrote in a report.

The economic strains showed no signs of abating as a lack of progress on US-China trade negotiations and heightened global uncertainty weighed on corporate spending.

US President Donald Trump and Chinese President Xi Jinping agreed last month to another truce in the year-long trade row between the world's two largest economies, but no deadline has been set for the negotiations to conclude.

Adding to global trade uncertainties, Japan is in a deepening row with South Korea after Tokyo curbed exports of some materials used to make high-tech equipment.

By region, Japan's exports to the United States rose 4.8 per cent in the year to June, up for the ninth straight month, driven by semiconductor-making equipment and cars, the trade data showed.

The increased US-bound shipments raise some concerns that Mr Trump could pile pressure on Japan to curb its car exports to the United States and open its highly-protected agriculture market to fix what he calls unfair trade imbalances.

Imports from the United States fell 2.5 per cent in the year to June, causing Japan's trade surplus with the world's biggest economy to increase 13.5 per cent from a year earlier to 669.9 billion yen (S$8.4 billion), the data showed.

Exports to China, Japan's biggest trading partner, tumbled 10.1 per cent year-on-year in June, down for fourth consecutive month.

Asia-bound shipments, which account for more than half of Japan's overall exports, declined 8.2 per cent in the year to June.

Japan's overall imports fell 5.2 per cent in the year to June, versus the median estimate for a 0.4 per cent decline, bringing the trade balance to a surplus of 589.5 billion yen, versus the median estimate for a 420 billion yen surplus.

Source: businesstimes.com.sg- July 18, 2019

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Vietnam: EVFTA to create new push for economic growth: Minister

The successful negotiations and signing of the free trade agreements with big partners will heighten Vietnam's image in the world stage, creating a new push for the economic growth in the long term, Minister of Industry and Trade Tran Tuan Anh has said, refering to the trade deals recently inked with the EU.

Vietnam and the EU signed the EU-Vietnam Free Trade Agreement (EVFTA) and EU-Vietnam Investment Protection Agreement (EVIPA) at a ceremony in Hanoi on June 30.

The negotiations of the EVFTA concluded after six years. The deal, expected to be an engine for growth, would open up opportunities for Vietnamese enterprises to enter a market of 508 million consumers with a combined GDP of about 18 trillion USD, Anh told the Vietnam News Agency.

He described the EVFTA as a comprehensive, high-quality agreement that ensures a balance of benefits for both Vietnam and the EU, saying it is important to Vietnamese economy as it is hoped to make Vietnamese goods and services more competitive in the EU market.

Almost all Vietnam's exports to the EU will see custom duties removed gradually following a short roadmap. It is the highest commitment so far from a partner to Vietnam in a FTA, he noted.

In the trade, service and investment areas, Vietnam's commitments in the EVFTA are higher than those in the World Trade Organisation (WTO), in parellel with the EU's highest commitments in the FTAs it signed recently, the minister said.

The trade deal does not include the near complete removal of tariff barriers but is also very comprehensive, covering a wide range of areas, from trade in goods, public procurement, trade defence and intellectual property. Therefore, he expected the agreement would not only boost exports from both directions but also help Vietnam improve its competitive edges and join new value chains.

Once the EVFTA takes effect, Vietnam will grant registration and protection to over 160 EU Geographical Indications (GIs) while the EU will do the same with 39 Vietnamese GIs.

The agreement also contains chapters in competition, state-owned enterprises, sustainable development, and cooperation and capacity building. These contents are consistent with Vietnam's legislation, laying legal foundation for the two sides to foster partnership and the development of bilateral trade and investment, he noted.

Anh moved on to said that the EVFTA still needs to be ratified by parliaments of each side, and that Vietnam will have to go through another process of ratification to officially make it effective. Whether this process can be short or lengthy, it depends much on the efforts of both Vietnam and the EU, he added.

The EVFTA requires the EU to give its consent while the EVIPA will take longer to come into force due to the requirement for member states' ratification.

All the EU member states have approved the signing of both the EVFTA and the EVIPA, which would certainly smooth the way for the ratification, he said.

He believed with the spirit and efforts both sides have demonstrated in the negotiation process, concerned agencies of Vietnam and the EU will complete the ratification at the soonest possible time.

Vietnam remains the EU's second largest trading partner within the ASEAN. The two-way trade hit 55 billion USD last year with Vietnam mostly exporting to the EU telephone sets, electronic products, footwear, textiles and clothing, coffee, rice, seafood and furniture.

Under the EVFTA, Vietnam's exports to the EU market are forecast to rise 4 – 6 percent compared to a non-FTA trade relation. Its exports are expected to touch 75 billion USD in 2028.

Source: en.vietnamplus.vn- July 18, 2019

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Improved business environment: EU companies keen to enhance investment in Pakistan: envoy

European Union (EU) ambassador to Pakistan, Jean François Cautain, called on Razak Dawood, Adviser to Prime Minister on Commerce, Textile, Industries & Production, and Investment to deliberate on issues pertaining to bilateral trade and investment between EU and Pakistan.

The impact of GSP+ on bilateral trade, especially Pakistan's exports to EU was discussed. Adviser to PM appreciated the role of EU in the economic and social development of Pakistan by providing market access to EU market through GSP+ and investing in various sectors of the economy.

The ambassador stated that GSP+ provided a window of opportunity for Pakistani exporters in the EU market which can be exploited though product diversification, value addition and improved connectivity with business community on both sides. He further stated that EU companies are very keen to enhance investment in Pakistan owing to improved business environment. Pakistani products have duty free access in all 28-member states of the EU since January 1, 2014.

This duty-free access is available under EU's "Special Incentive Arrangement for good governance and sustainable development", which is also popularly known as GSP+. On the other hand, Pakistan has to ensure implementation of 27-UN to enjoy preferential market access under GSP+. These conventions pertain to human rights, labor rights, environment protection and good governance.

As a result of this arrangement, Pakistan's exports to EU have increased from 4.54 billion Euros in 2013 to 6.88 billion Euros in 2018 which constitutes an increase of 51.62 percent. This arrangement has helped Pakistani products compete successfully with similar products originating from other competing countries such as China, India and Bangladesh.

In 2018-19, the total trade volume between Pakistan and EU countries was 12.54 billion Euros, of which exports stood at 6.88 billion Euros compared imports of 5.66 billion.

In May 2019, Pakistan submitted report to the European Commission on ten suggestions for priority action and GSP plus Monitoring Mission's follow up questions. These include (i) ensuring freedom of expression, (ii) effectively addressing enforced disappearances and secret detention, (iii) securing an enabling environment for NGOs, (iv) adopting and implementing a comprehensive anti-torture law, (v) restricting application of the death penalty, (vi) enhancing rights of women and children, (vii) combating forced child labour, (viii) ensuring freedom of association, collective bargaining and occupation safety and health, (ix) strengthening cooperation with the United Nations and (x) enhancing institutional capacity and policy development.

Since GSP plus, Pakistan has witnessed substantial increase in exports in different sectors including garments, hosiery, home textiles, cotton fabrics, sports and surgical goods. Pakistan's exports in garments and hosiery have increase by 92 percent, home textiles by 72 percent and sports by 41.2 percent.

Adviser to PM informed the Ambassador that the incumbent government has taken a strategic decision to ease out the business regulations in Pakistan to attract foreign direct investment in the country, especially in export-oriented sectors. He urged the EU companies to invest in Pakistan to get the higher returns on their capital owing to business friendly policies of the government.

Source: fp.brecorder.com- July 18, 2019

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Pakistan: Cotton's Appeal Dims in Top Producer as Farmers Prefer Sugar

Pakistan has cut its cotton production estimate for this year as competition from other crops shrinks the planted area in the country's biggest growing province, according to a government official.

The food ministry reduced its target to 12.7 million bales of 170 kilograms apiece for the year through March from 15 million bales previously, the official said, asking not to be identified because of internal policy.

Pakistan is the world's fifth-largest grower, according to U.S. Department of Agriculture data. While output is still forecast to be higher than last year, the revision will be a blow for Pakistan's $13 billion textiles sector, which employs 10 million people, and accounts for about 8 percent of the economy and more than half foreign exchange earnings.

The country is spending about $1.5 billion a year on cotton imports due to a shortage, said Ahsan Mehanti, chief executive officer of Arif Habib Commodities. The target has been revised because competing crops like sugar, corn and rice are limiting the area under cultivation in Punjab, the official said. The estimate for the province has been cut to 7.9 million bales from 10.6 million bales.

Sugar rush

Farmers have shifted to sugar cane from cotton because of higher government support prices, which have increased threefold in a decade. The nation's sugar area surged 18 percent in three years to 1.34 million hectares in 2017-18, before slipping last year mainly due to water shortages.

Provinces set support prices for sugar cane to establish a minimum amount that farmers receive from mills.

After climbing to 14 million bales in 2014-15, cotton production is estimated to have declined to 9.9 million bales in 2018-19, the lowest in at least 17 years, mainly because of reduced acreage.

The area has shrunk about 20 percent since 2014-15, according to government data.

Locust threat

This year's cotton crop is facing another threat. A massive swarm of locusts has migrated from Iran to Pakistan. The government has deployed aircraft and spray-mounted vehicles to treat about 10,000 acres in Sindh province, Muhammad Hashim Popalzai, secretary of the food ministry, said last month. Authorities are still assessing the extent of the damage.

Pakistan is desperate to prevent a further decline in cotton output as it seeks to shore up the economy after securing this month a 13th bailout of about $6 billion from the International Monetary Fund. Cotton imports by the textile industry more than doubled in three years to 2017-18, mainly from the U.S. and India, according to central bank data.

Lower production of cotton not only crippled export prospects, but instead caused hefty imports, according to the latest quarterly report of the State Bank of Pakistan. Still, those purchases are now coming more cheaply, with futures trading at their lowest level in three years in New York.

"We are badly hurt," said Asif Inam, vice chairman of All Pakistan Textile Mills Association. About 30 textile mills have shut down in the last five years partly due to poor availability of cotton, he said.

Source: sourcingjournal.com- July 18, 2019

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Pakistan-Turkey trade volume falls due to protective duties

Federation of Pakistan Chambers of Commerce and Industry (FPCCI) president Daroo Khan recently urged Turkey to remove hurdles in the preferential trade agreement and the free trade agreement (FTA) Pakistan as annual bilateral trade volume between both sides reduced from $1.08 billion to $792 million after Turkey imposed protective duty on Pakistani textiles.

In the past, textile export to Turkey was based on normal tariffs of imports but later Turkey imposed a high protective duty of 18 per cent, leading to a decline in the textile exports to Turkey, Pakistani media reports quoted Khan as saying.

Khan also underlined the need for starting train services with Turkey to reduce trade costs and transit time as trade through sea is not cost-effective.

Source: fibre2fashion.com- July 18, 2019

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Bangladesh exporters to align with EU's REX by Jun 30, 2020

Bangladesh's Export Promotion Bureau (EPB) will introduce a new registration system for exporters to the European Union (EU), Norway and Switzerland starting next week.

Exporters will have to align with the EU's Registered Exporter (REX) system for self-declaration of the country of origin, by June 30 next year to avail of the generalised system of preferences.

Under the REX system, all economic operators or exporters will have to get registered in a database by a competent authority of their country.

In Bangladesh, EPB will distribute a unique registration number and issue a 'statement of origin' to the exporters for this, according to a report in a Dhaka-based English-language daily.

Exporters will have to renew their registration every year.

Commerce minister Tipu Munshi will inaugurate the REX system on July 21 at a ceremony at the EPB office in Dhaka.

The global transition period from the current system of rules of origin certification to the REX system started on January 1, 2017, and will last until June 30, 2020.

Source: fibre2fashion.com- July 18, 2019

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Vietnam's export surge does not justify massive manufacturing relocation from China

Vietnam's export revenue in the first five months of 2019 has seen a 6.7 percent increase year-on-year. Against the backdrop of a global economic slowdown and sprawling trade protectionism, this export performance has outshone other countries. In contrast, China's exports within the same period have been fluctuating and waning. Some are worried about industries withdrawing from China. However, there is no need to get too anxious.

First, the statistics of Vietnamese exports may have been exaggerated. According to data from the General Statistics Office of Vietnam, Vietnam's exports to the US went up 28 percent in the first five months this year, taking up almost 80 percent of the total export increase.

Meanwhile, Vietnam's industrial production scale expands at an annual speed of 10 percent. Considering that one fourth of the Vietnamese products are shipped to the US, a country with a population of less than 100 million cannot hold up the huge demand increase.

Vietnam functioning as a "transfer terminal" has become the primary cause of the strong export growth. The increased amount of Vietnam's exports to the US matches the large import spike from China in the first five months, compared with the trade volume change between Vietnam and other trade partners. It indicates the possibility that a great deal of Chinese products are exported to the US through Vietnam.

In fact, it's not only Chinese companies that transfer from Vietnam and export to a third country. The US Commerce Department levied punitive tariffs on corrosion-resistant steel and cold-rolled steel products from South Korea and China's Taiwan in 2016.

Later, large amounts of these products were processed in Vietnam and then exported to the US to dodge the tariffs. Manufacturers in South Korea, Japan and China's Taiwan, which have seen their products on the US tariff blacklist, also have the incentive to first export to Southeast Asia to bypass the tariffs.

The "exaggerated" Vietnam trade statistics will not last long. On the one hand, the US has become wary of the efforts to avoid tariffs. The US has put Vietnam on the currency manipulator monitoring list as the country's trade surplus with the US has surged. This way, it pushes Vietnam to take the initiative to investigate fake made-in-Vietnam labels. Steel products could face tariffs of up to 456 percent when entering the US, which will affect the operating chain.

On the other hand, re-exports are just a way to deal with the sudden change in the international trade system. Some companies are relocating their manufacturing to countries including Vietnam and are building up a new production chain. Vietnam's exports in June dropped 1.4 percent compared to the previous month, which is not in line with seasonable fluctuations before. It means the export data is stabilizing.

Also, in the medium to long run, it will be difficult for Southeast Asia to replace China's role as a global manufacturing export base. One reason is that there is a gap of economic sizes between Southeast Asia and China.

China's merchandise export volume is far ahead of ASEAN countries. Since 2000, the compound annual growth rate of China's manufacturing exports has been above 10 percent. Even if Southeast Asia can match that speed while China's growth rate drops, it would still take 10 years for Southeast Asian manufacturing countries to catch up with China.

Without taking the impact of the trade friction into account, the supply and cost of labor is the driver of industrial relocation, especially for labor-intensive industries. China has 170 million manufacturing jobs. Even though one-third of the positions are gone following industrial relocation, it is unlikely that ASEAN countries will fill up those vacancies.

Moreover, companies need to think carefully when deciding to relocate. With more global trade information, widely spreading automatic technologies, a complete production chain and a good business environment have replaced labor costs as the factors that should be considered the most.

The rather low education level of the local labor force, geographical dispersal and inferior infrastructure also act as restraints for industries in ASEAN countries.

Industrial relocation is a general trend with a limited scale. The relocation may accelerate, but it should not cause worry. It is imperative for China to keep its own pace, marching toward opening-up with high quality. It has been proved that foreign investment prefers China as usual while the world economy faces headwinds.

The United Nations World Investment Report indicates China's foreign direct investment grew faster than the US and Europe in last year.

China will soon become the world's largest consumption market. The country has an intact production chain, and the resulting cost savings can counter increasing labor costs. Foreign investment values China's stable political environment. Thus, China has long term attraction for foreign investment.

Problems such as high tariffs, low internationalized capital account and excessive regulation for foreign investment in the services sector could affect the confidence of foreign investors. China should take the chance amid the China-US trade friction to move forward in opening-up.

Source: globaltimes.cn- July 17, 2019

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GOTS Bangladesh seminar 2019 to focus on organic textiles

GOTS is set to host the 'GOTS Bangladesh Seminar 2019' (GBDS19), on September 8, 2019, with the theme 'Connecting for Success' at the International Convention City Bashundhra (ICCB) in Dhaka. The seminar will bring together key players of the organic textile industry, including brands, exporters, certifiers, chemical industry, and other stakeholders.

Various topics will be covered in the seminar. This includes Sustainable Retail, where buyers from international brands and retailers sourcing in Bangladesh will share and discuss their experiences and trends with garment suppliers and other supply-chain partners.

The requirements for the standard have consistently been evolving to keep pace with technical research and market requirements. In the GOTS Technical Criteria and its Implementation session, latest criteria will be discussed, and implementation partners will share their experiences with technical aspects of the standard.

During the Connecting on the Job - Workers and Management session, working conditions at garment (and other) factories in Bangladesh will be explored. It will connect workers and factory owners to discuss relevant social compliance issues.

In the ever-evolving market and compliance landscape, coordination between supply-chain partners is paramount to the success of textile supply-chains. The Connecting Supply Chain Partners session will connect key supply-chain partners including garmenting, wet processing, testing, certifiers, and chemical suppliers to discuss challenges and opportunities at every step of the supply-chain.

GOTS has been organising international and regional events since 2015. The Seminar 2019 is the second GOTS-event held in Bangladesh and the fifth event in the Indian subcontinent region organised by GOTS. The first seminar in Bangladesh took place in November 2016, counting 180 people from 5 countries. The seminar will be conducted in English.

Source: fibre2fashion.com- July 18, 2019

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NATIONAL NEWS

US-China trade war: Why China's loss hasn't been India's gain

Latest export numbers in key sectors indicate a sluggish demand for made-in-India items globally.

It's noteworthy that the government launched a Special Package of Rs 6,000 crore in 2016 for garments and made-ups sectors.

Despite both the Economic Survey 2019, and NDA-II's first Budget, clearly establishing the importance of India's exports in propelling India reach its ambitious $5 trillion economy mark by 2022, the latest trade number relating to country's outward shipments show a-not-so-reassuring picture.

For the first time in nine months, India's exports shrank 9.71% last month to $25.01 billion, while imports declined 9.06% to $40.29 billion.

The latest numbers pertaining to the country's exports in key sectors indicate a sluggish demand for made- in-India items globally. Among the major foreign exchange earners that witnessed one of the steepest fall in export growth, included: Petroleum (-32.85%), Rice (-28.05%), Gems and Jewellery (-10.67%), ready-made garments (-9.18%), engineering goods (-2.65%), revealed the data released by the Commerce and Industry Ministry.

Only 9 out of the 30 major product groups were found to be in positive territory, including some plantation and agri sector, iron ore, ceramic products & glassware, drugs & pharma, electronic goods and jute manufacturing, observed Federation of Indian Export Organisations (FIEO).

The industry body further stated that barring these 9 major product categories, all major sectors of exports, including almost all labour-intensive sector exports, besides petroleum for the first time in recent times, were in the negative with a decelerating trend.

Commenting on a 41-month low degrowth in exports, FIEO president Sharad Kumar Saraf, said, "Sliding merchandise exports growth during June is a reflection of sluggish global demand and rising tariff war. The high exports base of June 2018 contributed in no less measure. The softening of crude and steel prices also pulled down exports".

Further, citing US-China Trade war and developments in Iran as one key reason contributing to the existing woes of a global economy, the FIEO Chief maintains that the uncertainty attached to it [Iran-US slugfest] will further affect the flow of investment and add to currency volatility across global markets.

With key exports sectors faring poorly and no immediate respite in sight, the crucial question cropping up here is where is the spillover benefit of the ongoing US-China trade tussle where exporters were hoping for a steep jump in the global demand for their items. Also, worth probing is what might have gone wrong with Indian exporters and are there structural weaknesses that prevent Indian exports from being competitive?

Global trade wars aftershocks

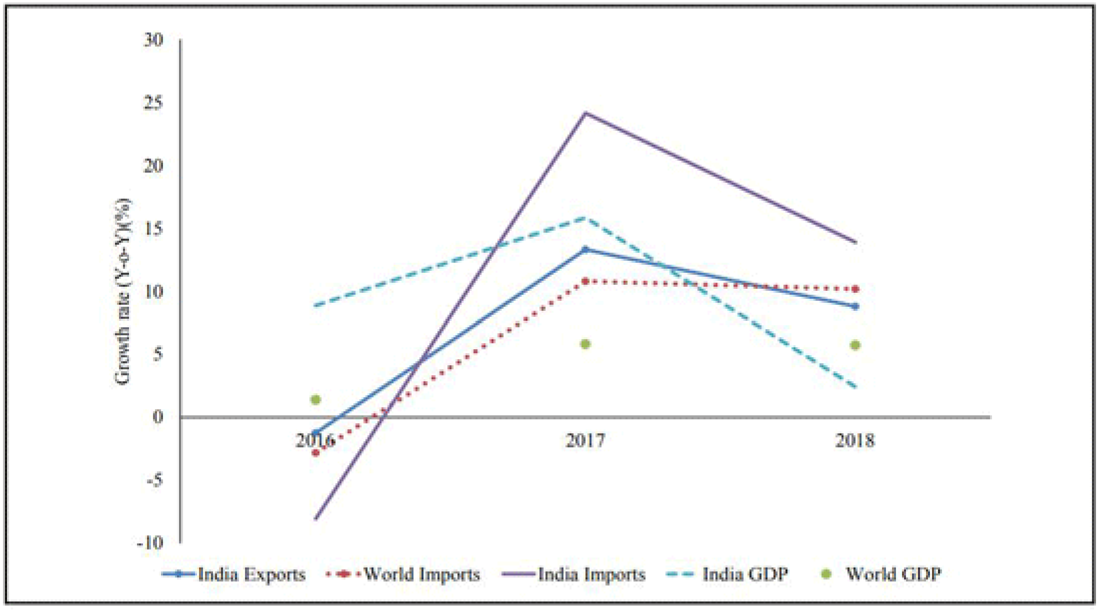
Satish Wagh, Chairman, Chemexcil, whose segment saw a dip of 8.17%, maintains that the USA’s withdrawal of GSP benefits on exports from India, does reduce the competitiveness of Indian exporters. He, however, adds that apart from duties, there are factors such as quality, delivery time, etc., which impact trade order flow.

“In the coming times, it will have to be seen how this trade war shapes up”, says Wagh. He adds that there certainly exists a general perception that due to the ongoing US-China trade war, Indian suppliers will benefit and the government is also actively engaging with Indian exporters to take advantage of the situation and soon positive results will start showing up.

According to HKL Magu, Chairman of the Apparel Export Promotion Council (AEPC), the apparel sector did not see any significant dip this time. However, any decline in allied sectors such as cotton yarn etc, is not due to recent India-US trade skirmishes, but mainly due to non-competitiveness of Indian players.

The main reason for the decline in the latest export numbers is the fact that Indian exporters are not cost-competitive enough to encash on the opportunity arising out of the US-China trade war, feels Magu.

Figure 4: Impact of global and domestic economy on India's Exports and Imports



Source: Latest harmonised figures for India's Exports/ Imports and World Imports from World Trade Organization (WTO). India and World GDP from International Monetary Fund (IMF), 2019.

"Although China, hit hard by the trade war, has so far vacated a significant space in the apparel domain, we are not able to capitalise on the opportunity and competitors such as Bangladesh, Cambodia and Vietnam are able to better capitalise on the new opportunities created, both due to preferred trade agreements they have, and conducive policy frameworks in place," he reasons.

Flagging that the earlier announced duty drawback mechanism of the government needs to be reinstated efficiently, Magu highlights that post-GST implementation, apparel exporters are at a loss of 3-4% [of incentives benefits] since drawbacks and ROSL that the sector used to get at around 9-10%, has now been reduced to 3%, turning Indian items non-competitive at global marketplaces.

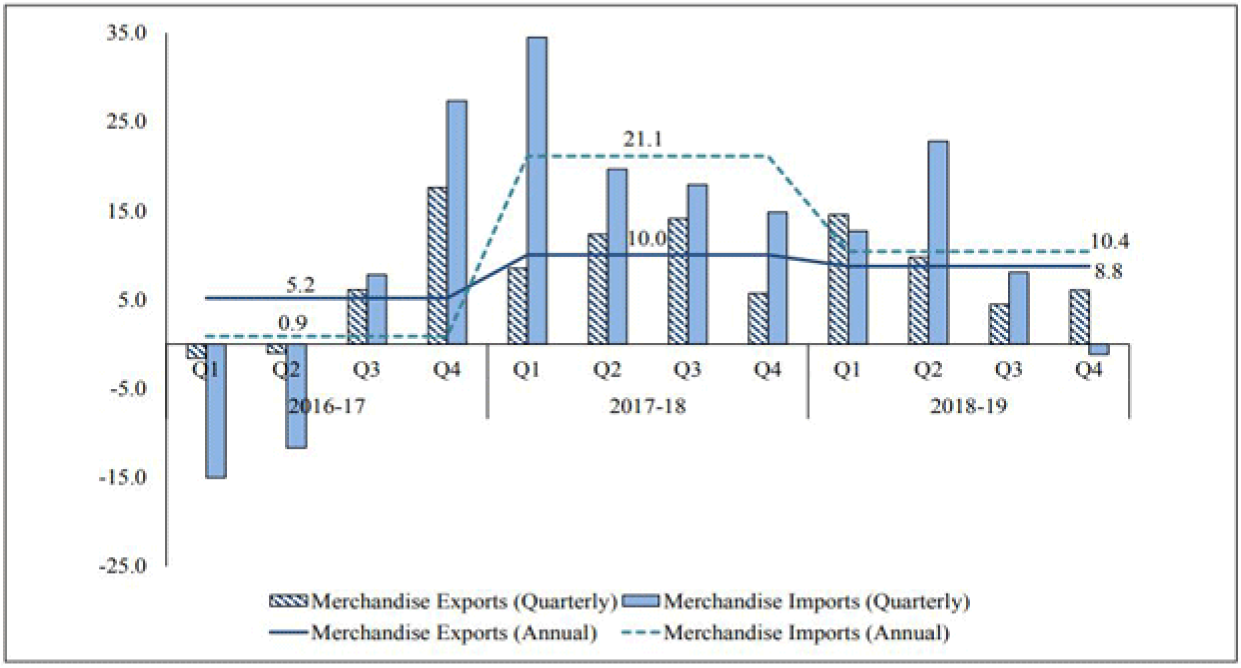
To address the decline in trade, the AEPC Chief opines that India must have more Free Trade Agreements (FTA), not just with the US, but also with the EU - just as Vietnam and Bangladesh have.

Competition outsmarting Indian players

Among the worst-hit segments that registered a decline in export numbers is the country's cotton yarn/fabrics/ made-up segment. The sector, covering items such as bed linen sheets, etc., witnessed a dip of 19.73%. KK Lalpuria, executive director and CEO, Indocount industries, blames the high input raw material cost for this dip. "As a raw material, the cotton turned expensive in recent times, and manufacturers eventually bought it a high price, but then the yarn prices nosedived, so there arose a disparity that negatively affected the exports of Indian items in this segment," asserts Lalpuria, mentioning that a better trade framework employed by competing countries such as Vietnam, Bangladesh and Cambodia have also led to a fall in Indian shipments this time.

"Recently, inputs cost in raw material across segments have increased. Further, be it the power or labour costs, everything seems to have gone up. As a remedy, many of the sector-specific financial incentives schemes, thus, need to be executed and streamlined on an urgent basis," says the representative of the textile brand, ranked among the top three exporters of bed sheets/ made-ups from India.

Figure 3: Growth rate of Merchandise Exports and Imports (Per cent)



Source: Based on data of Department of Commerce.

WTO norms - a double whammy

To meet WTO norms, the PM -Modi led NDA-II, right from its first term days, has been contemplating phasing out many of its export subsidy programmes.

Many such schemes have so far provided the much useful cushion to a large section of Indian exporters that looked at the government for any kind of financial support to enhance their market competitiveness globally. However, in recent times, the US government has challenged India’s export subsidy programmes at the World Trade Organization (WTO).

Keeping this into account, the Indian government plans to phase out its flagship Merchandise Exports from India Scheme (MEIS) over the next 2-3 years. Working in this direction, a scheme for the remission of state and central levies has already been implemented in garments and made-up exports. While the government says that currently, its potential revenue foregone on account of MEIS is projected to be at Rs 30,810 crore a year, has the government's move led to the intended results on the ground, Indocount’s Lalpuria seems to differ.

On the deployment of funds in Amended Technology Upgradation Fund Scheme (ATUFFs) - a scheme, specially designed for the sector, he says, “Out of more than 9000 cases, the financial support for only 150 cases have so far been considered in the last 3.5 years.”

It’s noteworthy that the government launched a Special Package of Rs 6,000 crore in 2016 for garments and made-ups sectors. The package extends Rebate of State Levies (RoSL), additional incentives under ATUFS and a relaxation of Section 80JJAA of Income Tax Act.

“RoSL refund of state levies and refunds of State and Central Levies is still pending since last November," Lalpuria rues, underlining that global trade is a game of quick decision making that calls for being ahead of the competition in terms of financial planning. However, with such policy glitches affecting cash flow cycle, many exporters in textile segment, being merchant exporters find it acutely hard to sustain the global competition.

“Government needs to reward honest exporters with enhanced ease of business, encompassing every trading process, right from simplifying bureaucratic norms to easing inspection procedures, and from taxation glitches to the hassle-free customs,” sums up Lalpuria.

Source: economictimes.com- July 18, 2019

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China promises greater market access to India if it improves RCEP offer

But New Delhi is still undecided on its tariff-elimination commitments

China has dangled a carrot before India to make it improve its market liberalisation offer under the Regional Comprehensive Economic Partnership (RCEP) pact by offering to open its own market even more, but New Delhi is cautious.

In the one-on-one talks between the two countries, that are part of the 16-member proposed regional bloc, China has said that if India went beyond its current offer of eliminating tariffs on about 74 per cent items for the country, it would not only match it but commit to a higher number, an official told BusinessLine.

India, however, is apprehensive that its industry will not be able to make as much gains from the tariff elimination under RCEP as the Chinese already have a head-start which is reflected in the $54-billion trade surplus China has over India.

Most of the countries that are part of the RCEP, including the 10-member ASEAN, Japan, South Korea, Australia and New Zealand, are pushing India to decide on its market opening offer for China as early as possible as that was holding the rest of the negotiations back.

Members keen on pact

Members are keen to have the RCEP agreement in place by the end of this year and a three-member team comprising Trade Ministers from Indonesia and Thailand and the ASEAN Secretary General was in New Delhi last week to meet Commerce & Industry Minister Piyush Goyal in order to fast-track decision making.

Although India is also not eager to open its markets for Australia and New Zealand, to the same extent as for the ASEAN, Japan and South Korea with which it has bilateral free trade agreements, it is most cautious about China as the Indian industry feels most threatened by it.

"Last fiscal, China exported goods worth $70 billion to India while India's exports to the country was $16 billion. Following tariff liberalisation, exports of both countries would go up but the apprehension is that China's increase would be proportionately much higher than that of India's and the trade deficit would balloon," he said.

As per China's latest offer, if India increased its offer to eliminate tariffs for substantially more items (Beijing is pushing for over 90 per cent) than its existing offer, it could eliminate tariffs on 5-7 per cent more goods for India.

"The problem is that the Indian industry is more focussed on protecting its domestic market from Chinese goods rather than increase its presence in the Chinese market," the official said.

The Indian industry, especially the steel, textile, automobile and engineering goods sectors, has already requested the government to keep ambitions very low as far as China is concerned. In a recent meeting with the Commerce & Industry Ministry, industry representatives asked the government to stick to the initial offer of eliminating duties on 42 per cent of items imported from China.

Once implemented, the RCEP could be the largest free trade zone in the world as member countries account for 25 per cent of global GDP, 30 per cent of global trade, 26 per cent of global foreign direct investment (FDI) flows and 45 per cent of the total population.

Trade Ministers from all ASEAN countries will meet in China early next month to take stock of the current negotiations and put an informal time-line for its conclusion.

Source: thehindubusinessline.com- July 18, 2019

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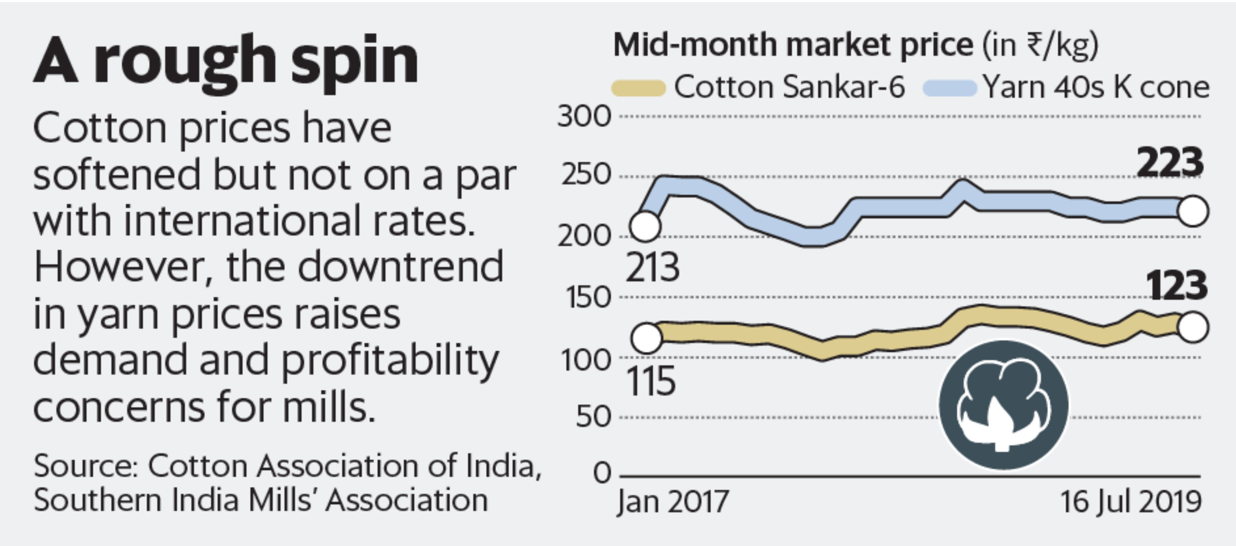
Cotton spinning mills are facing multiple challenges this year

Near-term prospects of cotton spinning mills look bleak. With falling acreage of cotton in India and easing global demand for yarn, the differential in prices between domestic and overseas markets is an additional challenge.



Cotton prices fell 18% in international markets in the past fortnight, but domestic prices, which normally follow suit, have so far fallen only 5%. Perhaps, news of lower cotton acreage and decade-low productivity in the current season is keeping prices elevated.

The Cotton Advisory Board of India's estimate of cotton output of 343 lakh bales (one bale is equal to 170 kilograms) for cotton season (CS) 2019 is lower than the year-ago figure, which itself was a 12-year low.

Also, the increase in minimum support price for cotton — medium and long staple — by 2% and 1.8% for FY20, respectively, will support prices. Analysts say cotton imports in FY20 will therefore, rise.

As such, news over the last two days about a drop in yarn production across 50-60% of mills in the south and north is not surprising.

To be sure, large mills may be able to import cheaper cotton from international markets. However, small- and medium-sized spinners are facing multiple challenges.

Lack of easy access to working capital and letter of credit facilities, and inventory holding costs make it tough for them to import cotton. Most of them carry two-three months inventory and may not be in a position to buy more from global markets.

Moreover, yarn off-take has slowed across the globe. According to K. Selvarajau, secretary-general, Southern India Mills' Association, "Monthly cotton exports to China and Bangladesh have started falling and current levels show that they are down to half the levels in February." Domestic demand is ebbing, too, unless the forthcoming festival season brings some cheer.

Weak demand is mirrored in the recent 6-7% drop in cotton yarn prices. Indian yarn imports into China and Bangladesh face duty and that makes it tough to compete, given stiff competition from Vietnam.

In other words, high domestic cotton prices, poor liquidity and weak consumption by textiles pose a threat to profit margins of mills going forward. This is a far cry from the previous two years when yarn mills were cushy with stable global cotton prices through cotton season (CS) 2018 and 2019.

Shares of mills such as Vardhman Textiles Ltd, KPR Mills Ltd and Ambika Cotton Mills Ltd slipped on the bourse in the last two weeks, even though they are more resilient compared to smaller unlisted spinners.

Source: livemint.com- July 18, 2019

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India to turn 3rd largest economy in 2025: IHS Markit

India will overtake the United Kingdom this year to turn the fifth biggest economy and its gross domestic product (GDP) is projected to reach $5.9 trillion in 2025 surpassing Japan and making it the third largest then, according to a recent report by IHS Markit.

The Indian consumer market size is forecast to rise from $1.9 trillion in 2019 to $3.6 trillion by 2025.

India’s contribution to global GDP growth momentum will also increase and it will also play an increasingly important role as one of the Asia-Pacific region's major economic growth engines, helping to drive Asian regional trade and investment flows, a news agency reported citing the IHS Markit document.

Accelerating the development of new economy start-ups and growing new unicorns is a critical strategy for creating value-added and skilled jobs growth, according to the company.

The rise in India’s population between 2015 and 2050 is projected at around 350 million, creating significant fiscal challenges for the government to deliver adequate physical infrastructures like electricity, sanitation, affordable housing and public transport.

At the same time, India's population growth rate is also projected to slow rapidly over the next two decades, resulting in gradual ageing of the population, bringing additional fiscal challenges relating to healthcare, pensions and social welfare for senior citizens.

Source: fibre2fashion.com- July 18, 2019

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76% people trained under key textile scheme got jobs: government

The textiles ministry had been implementing Integrated Skill Development Scheme (ISDS) from 2010-11 to 2017-18 on a pan India basis.

Almost 76% of the people trained under a key scheme of the textiles ministry were given employment in a span of seven years, the government said on Thursday.

With a view to address the skilled manpower requirements of textile sector, the textiles ministry had been implementing Integrated Skill Development Scheme (ISDS) from 2010-11 to 2017-18 on a pan India basis.

"Under the scheme, 11.14 lakh persons were trained out of which 8.43 lakh persons were given employment," textiles minister Smriti Zubin Irani informed the Rajya Sabha in a written reply on Thursday.

In order to address the skill gap in the textile industry, the government has approved a new scheme titled Samarth-Scheme for Capacity Building in Textile Sector (SCBTS) for the entire value chain of textile sector, excluding spinning and weaving in the organized sector, for a period of three years from 2017-18 to 2019-20 with an outlay of Rs 1,300 crore, the minister said.

The objectives of the scheme, which aims to train 10 lakh people, include providing demand driven, placement oriented National Skills Qualifications Framework (NSQF) compliant skilling programmes to incentivize and supplement the efforts of the industry in creating jobs in the organised textile and related sectors and to provide skilling and skill-upgradation in the traditional sectors.

The scheme is crucial as a survey on skill gap analysis in textile and clothing sector of India, conducted by the Textiles Committee in May last year, estimated additional employment to the tune of 62.12 lakh in organised sector by 2020. The study also projected skilling requirement for 30.56 lakh persons in which 23.89 Lakh was for the apparel sector.

Source: economictimes.indiatimes.com- July 18, 2019

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Govt merges Council of Trade Development and Promotion with Board of Trade

According to a notification of the directorate general of foreign trade (DGFT), the new forum will remain as Board of Trade and will work with ten terms of references.

The new forum would have presidents and chairpersons of industry chambers among others as ex-officio members.

The government has merged the Council of Trade Development and Promotion with the Board of Trade to bring greater coherence in consultation process with all stakeholders for promoting exports and imports.

According to a notification of the directorate general of foreign trade (DGFT), the new forum will remain as Board of Trade and will work with ten terms of references.

The new board would provide a platform to states and union territories for articulating their perspectives on trade policy and help states to develop and pursue export strategies in line with the national foreign trade policy.

Besides, the forum would advise the government on policy measures for preparation and implementation of short and long term plans.

It would also review export performances of various sectors, identify constraints and suggest industry specific measures to optimise export earnings and to examine existing institutional framework for imports and exports.

"To bring greater coherence in consultation process, it has been decided to merge Council of Trade Development and Promotion (CTDP) with the Board of Trade and the new forum will remain as Board of Trade," DGFT said.

The board will be chaired by commerce and industry minister. Its members will include minister of state for commerce and industry and state ministers who are in charge of trade.

The official members will include secretaries of different departments like revenue, commerce, health and agriculture besides NITI Aayog CEO, Deputy Governor RBI, and CBIC chairman.

Further, the new forum would have presidents and chairpersons of industry chambers among others as ex-officio members.

Source: economictimes.com- July 18, 2019

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Impact of Demonetisation, GST on Textile Industry: Modi government says this now

PM Narendra Modi-led Union Government today said that no negative impact of demonetisation was observed by the Textile Ministry during its implementation of schemes and field visits. In a written reply to a question in the Rajya Sabha, Union Textile Minister Smriti Irani said, "Ministry of Textiles has not conducted a study on the impact of demonetization and GST on textile sector as no negative impact of demonetisation was observed by the Ministry during its implementation of schemes/field visits."

Irani further said that GST rates for garments and made up articles is 5 per cent of sale value not exceeding Rs. 1000 per piece and 12 per cent for articles of sale value exceeding Rs. 1000 per piece.

The GST rates are lesser than the pre-GST incidence of taxes on these goods. To reduce the cost of the garment industry, GST rate on manmade fibre yarns has been reduced from 18% to 12%. Further, the refund of accumulated input tax credit on fabrics has also been allowed to reduce the cost of fabrics which is a major input for garments, said Irani.

The minister further said that under the Interest Subvention Scheme, it was announced in the budget speech that Rs 350 crore allocated for two per cent interest subvention for all GST-registered MSMEs on fresh or incremental loans.

Irani also pointed out several steps taken by the Government for the promotion of investment, production exports and for creation of new job opportunities in the textile sector:

- The government has announced a Special Package for garments and made-ups sectors of Rs 6000 crore which was launched in 2016 to promote investment, boost exports and employment generation of around 1.11 crore jobs. The package offers Rebate of State Levies (RoSL), labour law reforms, additional incentives under Amended Technology Upgradation Fund Scheme ATUFS and relaxation of Section 80JJAA of Income Tax Act.

- Amended Technology Upgradation Fund Scheme is being implemented to upgrade technology/machinery of textile industry with an outlay of Rs.

17,822 crore during 2016-2022 which will attract investment of Rs.1 lakh crore and generate 35.62 lakh employment in the textile sector by 2022.

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

- A separate scheme for development of knitting and knitwear has been launched recently to boost production in knitting and knitwear clusters which provide employment to nearly 24 lakh persons.

- Government has approved a new scheme viz., 'Samarth Scheme for Capacity Building', to train 10 lakh youth for a period of three years from 2017-18 to 2019-20, at an estimated cost of Rs.1300 crore.

Source: zeebiz.com- July 18, 2019

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Ducati goes the extra mile in India with apparel, accessories

Italian bike brand sends out a strong style statement to woo buyers

Speed and adrenaline mixed with the smell of high octane fuel and the freedom of the road — there is nothing quite like riding a motorcycle. It's an addiction.

The best part about any obsession — after the rush of epinephrine coursing through your veins — is the gear. Over the years, style in the motorcycle scene has not undergone much change. There are leather, denim, boots, gloves, and helmets to play around with, and fashion trends are at the most functional.

The fluorescent green, high-visibility jackets and bulky, waterproof pants might keep you safe, but they are not stylish. Given that motorcycle culture is also about self-expression, Italian superbike-maker Ducati decided to bring on their supremely crafted clothes with character and personality that aim to protect motorcyclists during wild rides.

All apparel items are directly imported from Ducati Italy and the range and quality are the same worldwide.

Significant aspect

"The apparel and accessory business is a significant part of our strategy in India," says Sergi Canovas, Managing Director of Ducati India, "especially riding gear as safety is one of the biggest priorities for Ducati."

Accessories are one of the most important elements when it comes to high-end luxury motorcycles, he adds. Noting that superbike accessory sales are on the rise, Canovas says buyers of these machines want their motorcycle to stand out from the crowd and are big fans of personalisation.

According to him, modern riders want clothing made with sustainable materials by "manufacturers with integrity". Increasing demand for motorcycle apparel and gear with Ducati branding and logo patches has enthusiastic bikers gathering at bike shops, seeking what the brand represents — authenticity, freedom and a form of self-expression.

Both the Ducati and Scrambler brands come with a wide range of apparel and accessories for men and women. Even kids can step into branded gear.
Full range of gear

All the showrooms across nine markets in India sell the full range of Ducati and Scrambler apparel and accessories along with, of course, the motorcycles. Canovas says the brand has tied up with Flipkart to distribute Ducati's lifestyle apparel. This is at a global level to officially sell its licensed products.

The collaboration is in sync with the Italian brand's long-term strategy of building next generation riders through lifestyle apparel. Its emphasis on livery was also brought forth at the recent launch of the Multistrada 1260 Enduro in India, priced at ₹19.99 lakh.

A wide range of apparel comprising T-shirts, shirts, jeans, caps, casual shoes, sunglasses and riding gear like jackets, riding pants, full leather racing suits, gloves, boots, helmets, etc, were part of the bouquet.

“We also have a vast range of motorcycle accessories for each Ducati model, which are further defined into categories like performance, protection, safety, comfort and style,” says Canovas. The superbike-maker also has a website where one can design a handmade leather motorcycle suit and look completely different from everyone else on the track. Ducati SuMisura (Italian for custom made) is a project launched to allow consumers to customise their gear, suit or helmet.

Canovas says, except for Ducati Sumisura products, everything that gets launched in the international market is available to buyers here. In India, Ducati pushes apparel and accessory content heavily on its social media channels which “reaches more than two lakh people”.
Celebrity engagement

“The Ducati family has a lot of celebrities who own Ducati motorcycles and love to wear the apparel. Leading celebrity stylists also reach out to us to feature our bikes and apparel in Bollywood,” says Canovas. “Moreover, we engage with leading fashion and lifestyle influencers to showcase our range of casual apparel and merchandise, who tend to act as organic brand ambassadors for us," he adds.

The brand has seen a growth in demand for motorcycle accessories over the past few years. “Customers understand the importance of riding gear and it is our responsibility to provide the maximum available options for apparel and accessories,” says its India chief.

Ducati was in the news till recently when reports began doing the rounds of its owner, Volkswagen, contemplating selling it. There were some big ticket Indian bike makers who expressed their interest and it looked as if a change in hands was imminent. However, VW changed its mind since and Ducati continues to be part of its brand portfolio.

Source: thehindubusinessline.com- July 18, 2019

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Three-day textile expo begins

The District Industries Centre (DIC) was being equipped to act as a coordinating agency to meet the needs of various industries, said Collector T. S. Rajasekar at the inaugural function of Tex-Next 2019, an expo of textile industry, organised by the Madurai District Tiny and Small Scale Industries Association here on Thursday.

The three-day expo has 100 participants, who have displayed products ranging from yarn to readymade garments. There are stalls displaying recyclable coloured cotton to kurtis, carry bags and T-shirts.

The main objective of the expo was to create awareness among entrepreneurs of the latest technology available in the textile industry, said B. Murugananthan, MADITSSIA secretary. This year, the focus was more on recyclable garments, said Karthick Babu, vice-chairman, Tex-Next 2019.

The exhibition will have seminar on various topics, including online marketing and product development. "To ensure that online marketing is accessible to everyone, we are conducting the seminar in Tamil," said Mr. Karthick Babu.

Source: thehindu.com- July 18, 2019

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