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IBTEX No. 79 of 2019 April 20, 2019

USD 69.39| EUR 78.04 | GBP 90.18 | JPY 0.62

Cotton Market (18-04-2019)		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22201	46400	**85.11**
Domestic Futures Price (Ex. Warehouse Rajkot), April		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22300	46607	**85.49**
International Futures Price		
NY ICE USD Cents/lb (July 2019)	78.96	
ZCE Cotton: Yuan/MT (September 2019)	15,925	
ZCE Cotton: USD Cents/lb	108.00	
Cotlook A Index – Physical	**87.75**	

Cotton Guide: This week is a Holiday shortened week both internationally and domestically. Therefore this has led into an interruption in the flow of mill enquiries especially from India. The markets are showing mixed numbers for the week. As predicted correctly in our last report, the markets seemed to gain a correction towards south due to the news of favorable weather. However, the bears were not able to sustain their position. The bulls dragged the prices back to 78.96 cents/lb as a settlement figure for the July contract. The July contract touched a high of 79.25 cents/lb almost after a week. The July contract registered a gain of +40 points. The focus has now shifted to July contract and December contract. The spread between the two contracts is seen at 155 points. All the other ICE contracts saw increases ranging from +28 to +54 for the year.

As Easter is approaching the volumes have declined in the last couple of days by around 20,000 contracts. The total volumes seen yesterday were 40,774 contracts with volumes for the July contract at 20246 and for the month of December at 10524. The total open interest was further seen to decline by 2390 contracts to 212,509 its lowest in 2019. July 2019 increased by 1,112 to 97,502 while December interest decreased by 608 contracts to 86,728.

Cotton was not affected by the other markets. Grains ended mixed and almost ended unchanged, except for soybeans which had about a 1 percent loss. US equities had minor losses. The MCX contracts on the other hand traded with lower volumes at 2682 lots. These volumes were amounted to a price increase in the range of +60 and +110 Rs. The MCX April contract settled at 22,300 Rs/Bale with a change of +80 Rs. The MCX May, MCX June and the MCX July contract settled at 22,600 Rs/Bale, 22850 Rs/Bale, 23030 Rs/Bale with a change of +80, +60, +110 Rs respectively. The domestic markets are on a bullish ride for certain. The international markets are showing a bit of mixed figures as it is affected by holidays of this "Holy Week" which is celebrated throughout the globe. For today let's keep our expectations onto a sideways trend. However if the market deviates to a particular direction then that can only be caused due to lower volumes, or the weekly export data and CFTC data scheduled to be released today.

The cotlook Index A has been adjusted to 87.75 cents/lb with a change of +1.50 cents/lb. Shankar 6 is priced at 46,400 Rs/Candy. Arrivals are estimated to be 49,300 lint equivalent bales including 21,000 registered in Gujarat and 14,000 in Maharashtra. To the extreme end at Brazil: The production forecast for this year is raised to 2,700,000 tonnes as compared to 2,480,000 indicated in February ANEA. This is also higher as compared to the forecast made by CONAB which is a government agency. However this figure is lower as compared to the figure brought out by 2,815,000 tonnes as suggested by ABRAPA which is the National Cotton Producer's association.

ICE Cotton July futures continued to trade higher after the weakness on Monday. Price witnessed strong rebound from the support at 21 day EMA. Meanwhile price is still moving above the short term EMA of 9 days at 78.40. In the daily charts positive crossover of 9 day EMA above the 21 day EMA supported the bullish bias in cotton futures. Moreover, the strength index RSI is holding above 60, which further strengthened rally in price. So for the day price is expected to remain in the range of 78.40 to 79.60 with sideways to positive trend. Only a move above 79.60, would push price further higher towards 79.90/80.00 zones. In the domestic market April future is expected to remain in the range of 22100-22440. WTI is trading at 63.76 dollars per barrel after touching 64.58 yesterday. WTI is expected to be volatile in the coming days.

Currency Guide

Range bound and choppy trading can continue today as well. Overall structure favors further upward correction, possibly towards 70.00 and even 70.30 levels on spot. Nevertheless, in case of a break below 68.80, intermediate downtrend would re-assert itself. For the day, we expect buying to emerge between 69.20/30 zone on spot and resistance is around 69.60/70 zone on spot. USDINR may open around 69.42/45 levels on spot.

Compiled By Kotak Commodities Research Desk , contact us : mailto:research@kotakcommodities.com or can contact: allwyn.stewart@kotakcommodities.com, Source: Reuters, MCX, Market source

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INTERNATIONAL NEWS

Is the US economy heading for a slowdown?

Think-tanks now say the US is taking a bigger hit from the trade battle with China. But Trump doesn't seem to think so

"Recession is so far in the distance I can't see it," White House Chief Economic Advisor Larry Kudlow said late last year. Just 11 years out from the great global financial crisis, the Trump administration is sticking to its story that the US economy has never looked better with joblessness at multi-decade lows and the stock market within spitting distance of its all-time October high.

The market's been on a roll, spurred by the news that Disney is about to muscle its way into the video-streaming business where it'll take on global heavyweight Netflix. Also, Uber, which says helpfully in its prospectus it may never turn a profit, is set this month to launch its mega-IPO to raise up to $120 billion.

This rosy picture is all the more amazing because US President Donald Trump is still stoking a blazing fire with his uncalled-for tariff war against China. At one point last year, Chinese automobile sales in February were down 15 per cent over the previous year and they've have been experiencing similar falls for several months now.

That's hit every global automobile company, including US giants like GM which are well-entrenched in the Chinese market. Jaguar's plant in Changshu has been closed for long stretches as sales have slid. Now, Chinese sales have picked up but only slightly, mainly because of VAT cut to 13 per cent from 16 per cent.

Is the US economy heading for a new slowdown as many economists predict, despite upbeat indicators constantly emerging? The US expansion will be the longest on record if it lasts till midyear. "Everything's looking distinctly toppy," a Dubai-based global wealth manager said warily. The question of slowdown or recession affects all of us because it's hard to see the Indian economy thriving if the US, and with it the world economy, goes into a tailspin. Also, China is so crucial to the global economy that if it does take a serious tariff-war hit, that'll impact everyone.

There are signals the Americans and Chinese may call a truce in the near future but there have been previous false dawns in that area. And the trade war has already hit many fragile sectors in the US like farm produce. The Chinese were, till recently, the biggest soybean buyers, but sales from September till February were down by about two-thirds to nine million tonnes. Now, though, there are indications the Chinese may ease up on farm produce and shift tariffs to other sectors.

If that does happen, it would be a major peace offering to Trump as it would lower political temperatures in states like Iowa that voted for him in 2016. One farmer who grows soybean and corn, both been hit by the Chinese tariffs, estimates his returns are down to a third of what they were before. But for some farmers, the troubles don't end there.

They use China-imported chemicals and other products now also subject to tariffs and pushing up costs. Other Trump-voting states like oil-producer Texas, (the Chinese import $5 billion worth of US oil), are also feeling the pinch. Hi-tech industries, too, have been hit because China imports $7 billion worth of semiconductors, amongst other products.

Starting a trade war was by all measures an extraordinarily reckless move by Trump and economists and think-tanks now say the US's taking a bigger hit from the trade battles than the Chinese. According to the Institute of International Finance (IIF), the US exports about $130 billion worth of goods to China and that could be down by a staggering $40 billion in one year.

On the knife's edge

But the Chinese are poised on the knife's edge too. They're playing a carefully calculated game and since December have launched infrastructure projects worth a colossal $163 billion to prevent the economy stalling.

They're pushing money into infrastructure projects like the Shanghai Urban Rail Transit, estimated to cost $44 billion. It's a dramatic reversal for the Chinese who'd hit the brakes on infrastructure throughout 2018 in a bid to ensure their debt didn't spiral out of control.

The Chinese are still coping with the debt overhang built up during the 2008 Great Recession, and international analysts reckon China will still face a slowdown this year because exports and construction are losing steam.

It doesn't appear, though, the dangers of triggering trade wars have dawned on Trump even now. He is constantly talking tough to woo his base, which he believes is impressed by his belligerence. He's still threatening to hit global automakers with tariffs even though this could backfire against American companies which have factories both in the US and Canada and which move parts and finished products back and forth under the North American Free Trade (NAFTA) which Trump insisted on revising but finally settled for minor changes.

In fact, Gita Gopinath, the IMF's chief economist, warned last week tariffs on automobiles from Europe and Japan could have a greater impact than the US-China trade war because it would hit many countries and disrupt global supply chains. Trump has threatened tariffs on 25 per cent of imported vehicles from Europe and Japan.

He has also threatened tariffs on Mexico if it doesn't close its border and stop the immigrant flow. Even India's been drawn into a trade battle with the US announcing it'll remove New Delhi from the Generalised System of Preferences that allows the country to dispatch $5.6-billion worth of goods duty-free to the US, due to Washington's anger over India's "trade barriers."

The global economy has survived so far despite Trump's frequent tantrums, but there are economists who predict 2019 will be the make-or-break year and see US trade policy as a major stress on the global economy. Economic growth has slowed since the second quarter of 2018 and there are no signs of a pick-up. Some economists also believe last year's relatively strong economic performance was boosted by one-off stimulants like tax cuts.

Trump is having none of this bearish talk. But there are indications the public is tiring of his disruptive histrionics as he picks one fight after another. Even farmers who backed Trump in 2016 are watching ruefully as his 'America First' trade war plays out, unconvinced they'll emerge winners.

The world is also watching and hoping the global economy will survive Trump's four-year term. If the economy does stumble badly, we know who Trump will blame — everyone else from the US Federal Reserve to other global economies. Still, if the economy lurches into a sharp slowdown before the 2020 US elections, voters may not buy that explanation.

Source: thehindubusinessline.com- Apr 17, 2019

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China and Mexico Apparel Imports Fall in February, as Sourcing Spreads Out

China continues to lose its footing as the major supplier of apparel to the U.S., and Mexico's standing is on shaky ground, too.

Following patterns established in 2018, the top Asian and Western Hemisphere sourcing countries are losing ground to their neighbors as companies shift their production strategies.

The effects of trade rifts with the Trump administration and the reaction by importers to diversify or make changes in the manufacturing plans to avoid risks, tariffs and potential shortfalls in the cost-and-time sensitive industry, are just some of the factors at play.

Apparel goods coming from China to the U.S. fell 2.9 percent in February to a value of $2.01 billion compared to a year earlier, which could be partially attributed to a shift in the Lunar New year calendar.

This year, Lunar New year fell on Feb. 5, which meant most factories in the country closed for at least the first two weeks of the month. Last year, the holiday began on Feb. 16, with a somewhat shorter timeframe for closures.

Among major Asian suppliers, second place Vietnam's shipments to the U.S. rose 7 percent in the month to a value of $1.04 billion compared to February 2018. Shipments reaching U.S. ports from Bangladesh increased 13.6 percent to $504.37 million, while imports were up 6.3 percent to $372.3 million from India and 14.8 percent to $107.46 million from Pakistan.

Elsewhere in Asia, second tier suppliers on the rise included the Philippines, with the U.S. taking in 6 percent more imports to reach $62.23 million, and Sri Lanka, which landed 4.7 percent more goods to at a value of $156.83 million. Indonesia's shipments fell 1.2 percent to $393.24 million.

Meanwhile, imports from Mexico, which were uneven during 2018—due in a part to uncertainty over the unsure nature of its duty-free status as the North American Free Trade Agreement was being renegotiated—dropped 23.2 percent in February to a value of $257.75 million compared to a year earlier.

Now that a deal was reached, the U.S.-Mexico-Canada Agreement, awaits an unsure legislative ratification, causing more angst among brands and retailers.

Countries that are part of the duty-free Central American Free Trade Agreement (CAFTA), many of which are suffering political and civil unrest, had mixed results in the month.

Imports increased 14.12 percent in value from Honduras to $208.57 million and 3.4 percent from the Dominican Republic to $65.34 million, while they fell 6.69 percent to $141.85 million from El Salvador and 4.74 percent to $107.47 million from Guatemala.

Alternate sourcing choices also continued to be key as the sector diversifies production. Apparel imports from Jordan jumped 21.61 percent year over year in February, to reach a value of $118.83 million and shipments arriving from Egypt rose 13.2 percent to $69.04 million.

These developments came in a slow month for U.S. apparel imports. Global shipments to the U.S. fell 0.4 percent in volume to $2.27 billion square meter equivalents. For the year to date, imports were up 5.12 percent in value to $14.22 billion compared to the same period in 2018, thanks to surge in January.

Source: sourcingjournal.com- Apr 17, 2019

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China Needs Further Reforms for More Sustainable Growth, OECD Says

Trade frictions and the weakening global economy are undermining exports and creating new uncertainties for the Chinese economy as it continues to slow, a new report from the Organization for Economic Cooperation & Development (OECD) said.

The OECD report recommended government policy reforms focused on long-term strategies to move the economy toward greater domestic consumption and services, and ensuring that future growth is sustainable, greener and more inclusive.

The OECD "Economic Survey of China" projects that despite the slowdown, China's economy should grow in excess of 6 percent this year and next. It also sees continuing alignment with more advanced economies.
Similarly, a new report from Global Insight by IHS Markit said China's government should be able to stabilize growth with measured stimulus policies and an agreement with the U.S. to end the trade war.

The "April Forecast Flash" from chief economist Nariman Behravesh and executive director of global economics Sara Johnson said, "Early indications are the government's policies are working. Real GDP increased 6.4 percent year on year in the first quarter and March data signals renewed momentum."

However, some recent data points to continued weakness. Merchandise imports fell 7.6 percent year on year–a sign of weak domestic demand, although exports jumped 14.2 percent.

The OECD survey, presented in Beijing by its deputy secretary-general Ludger Schuknecht, stressed rising financial risks from high corporate debt and suggested China prioritize the creation of a single product and labor market to boost productivity and inclusiveness.

"China continues to be the major driver of world economic growth and convergence with advanced economies continues, despite the slowdown," Schuknecht said. "Yet China is at a crossroads, facing serious domestic and external challenges to maintaining its strong position over the long-term.

Policy should seek to ensure a better functioning economy that delivers stable and inclusive growth for all."

The study highlighted the need for more balanced trade and investment, with policy aimed at lowering import tariffs and dismantling non-tariff barriers. Barriers on the entry and conduct of foreign firms, in particular requirements to form joint ventures or transfer technology, are some that could benefit from review. Anti-monopoly rules and enforcement can be strengthened and public procurement processes could be more transparent and open, OECD said.

Other measures, OECD suggests for boosting economic efficiency include stronger protection of intellectual property rights, gradual removal of implicit guarantees to state-owned enterprises and reduction of state ownership in commercially oriented, non-strategic sectors. To make growth greener, the survey recommended that greater enforcement of environmental regulations, increased fines for polluters and higher environmental taxation, particularly on fossil fuels.

Source: sourcingjournal.com- Apr 18, 2019

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Russia's technical textiles industry faces raw materials shortage

Russia's technical textiles industry may face a shortage of raw materials this year, after government and business plans have so far failed to resolve the country's dependence on imports.

This is despite the fact that the development of domestic production of synthetics fabrics has been declared as one of the government's top priorities and is part of the ongoing state programme entitled On the support of light industry in Russia.

Reducing dependence on imports

Several years ago, the Russian government announced its plans to reduce the dependence on imports in the synthetic fibres segment by building a new large-scale production facility in the Ivanovo region – a leading textiles production centre in the country. The new facility was to focus on the production of polyester fibres, as well as other raw materials, which are used in domestic technical textiles production – especially textile grade PET chips.

Known under the name of JSC Ivanovo Polyester Complex, the project was to have the capacity to produce up to 175,000 tons of polyester fibres and 30,000 tonnes of textile PET granulate per year. Construction was due to start 2017 and the plant was to be commissioned in 2020. Building costs were estimated at US$ 350 million, and the majority of funds were to be provided by one of Russia's largest state-owned banks, most likely, VTB.

However, the project was suspended, and It is believed that this was related to the lack of state guarantees to the lender. There is still a possibility that the decision will be revised in the coming weeks and that work on the project will resume. The new plant, however, will be most likely built in the Bashkiria Republic instead of Ivanovo, with machinery and equipment being ordered from the German company Uhde Inventa-Fischer, which is part of ThyssenKrupp Industrial Solutions.

The majority of its future output would be intended for the needs of the domestic market (130,000-140,000 tonnes), while the remainder would be exported, primarily to Italy, Germany, Poland, and Czech Republic.

Demand for synthetics fabrics

In recent years, the demand for synthetic fabrics in Russia has increased significantly and still continues to grow. According to data provided by Denis Manturov, the Russian Minister of Industry and Trade, at present, imports account for around 90% of the local market. Most of the products come from China (more than 47%). In value terms, annual imports are estimated at US$ 296.6 million, with annual growth rates of 10-12%.

According to the Russian analyst agency Discovery Research Group, the market currently varies in the range of 250,000-270,000 tonnes per year in volume terms and has big potential for further growth, thanks to its rich raw materials base and well-developed petrochemical industry.

Shamkhal Ildarov, President of the Association of Textile Workers of Russia, believes that in the near future, Russia will be capable of replacing up to 50% of imported synthetic fibres with its own production. "We have the needed raw materials' base for the establishment of such production," he explained. "There is only a need to add some missing components in these technological chains, which will allow Russia to produce synthetic fibres at a lower cost. The beginning our own production will make further imports unprofitable for domestic technical textiles and nonwovens producers."

Successful implementation of these plans, according to the government, should provide an opportunity for the launch of large-scale commercial production of innovative fabrics in Russia.

Source: innovationintextiles.com- Apr 16, 2019

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The eternally optimistic IMF

The IMF is unwilling to counter the recent upbeat sentiment. But with conditions set to worsen, complacency is likely to have a high cost

In April 2018, the International Monetary Fund projected that the world economy would grow robustly, at just above 3.9 per cent that year and into 2019. The global upswing, the Fund said, had become "broader and stronger." That view quickly proved too rosy. In 2018, the world economy grew only by 3.6 per cent. And in its just released update, the IMF recognizes that the ongoing slowdown will push global growth down to only 3.3 per cent in 2019.

As always, the Fund blames the lower-than-forecast growth on temporary factors, the latest culprits being US-China trade tensions and Brexit-related uncertainties. So, the message is that growth will rebound to 3.6 per cent next year. As Deutsche Bank points out, IMF forecasts imply that fewer countries will be in recession in 2020 than at any time in recent decades.

But the forces causing deceleration are still in place. Global growth this year will be closer to 3 per cent, with rising financial tensions in Europe.

The IMF keeps getting forecasts wrong because it misses the big picture. The economically advanced countries — which still produce about three-fifths of global output — have been experiencing a long-term slowdown since about 1970. The reason, Northwestern University's Robert Gordon says, is that despite the promise of modern technologies, ever-slower productivity growth has dragged down the growth potential of these rich economies.

As a result, China has come to play a dominant role in determining the pace of global growth. Besides its large size, the Chinese economy has extensive trade links that transmit its growth to the rest of the world. When China grows, it sucks in imports from other countries, giving the global economy a big boost. Rapid Chinese growth revved up the world economy between 2004 and 2006, in 2009-10, and in 2017.

But China's once-heady growth rates have necessarily fallen as the country has become richer. By historical standards, an economy as rich as China today should be growing at 3-5 per cent a year, rather than the 6 per cent or more that the Chinese authorities are trying to achieve through fiscal and credit stimulus.

Pushing too hard for extra growth has increased China's financial vulnerabilities to worrying levels. By standard measures of credit growth and asset-price inflation, the country should have had a financial crisis by now. The Chinese authorities have therefore played yin and yang, stimulating growth to prevent a rapid slowdown, but reining in the stimulus to contain financial risks.

The latest cycle has been no different. In 2017, Chinese policy stimulus spread through the world, leading to the celebration of a "synchronous upsurge." The most significant beneficiary was Europe, which depends heavily on trade. European Central Bank president Mario Draghi patted himself on his back for deft "monetary policy measures," which he said had supported "broad-based" momentum.

When China withdrew its stimulus in early 2018, the IMF, the ECB and other forecasters blissfully continued to project high growth rates, even as the global economy slowed rapidly. Soon enough, Europe swooned, sending Italy into a technical recession and Germany to the threshold of one. (Oddly, the United Kingdom's economy, for all its Brexit-related troubles, is doing marginally better than both.)

In the past few months, China's leaders, concerned about their economy's slowdown, began a new round of stimulus. Although data are not yet available, world trade growth appears to have risen slightly since then.

European growth rates have ticked up, although only enough to alleviate immediate recessionary risks.

For the world economy, the continuing problem is the short-lived nature of Chinese stimulus. The OECD has already warned that the latest stimulus will drive up the worryingly high volume of corporate debt, and that over-indebted local governments will borrow more to finance wasteful infrastructure. Faced with the choice of financial crisis or slower growth, the Chinese authorities – and the rest of the world – will once again prefer slower growth. Thus, China's deceleration will resume in the coming months, dampening world growth yet again. For now, no other country is in a position to take China's place.

Darkening the global outlook further, the US economy is coming off the "sugar high" of fiscal stimulus and corporate cash repatriation from overseas. In addition, Germany's slowdown in 2018 and early 2019 may not only reflect its sensitivity to slower world trade growth. Its economy may be finally descending from its high pedestal as its vaunted diesel-engine-based car industry struggles to meet pollution standards and growing competition from electric cars.

The real risk, however, lies in Italy. Running down the checklist of crisis indicators, all of Italy's are flashing red. The economy has zero — possibly negative — productivity growth, which makes it impossible to generate internal momentum to pull out of recession.

The ECB has no room to help. Italy's debt-to-GDP ratio is above 130 per cent, and the European Union's absurd budget rules, in any event, make fiscal stimulus nearly impossible. Tremors along the Italian fault line will spread quickly to France, which has only slightly better indicators and also little scope for an effective policy response to a serious downturn.

The IMF, always reluctant to ring alarm bells on the global economy, is especially unwilling to counter the recent upbeat sentiment. But with economic conditions set to worsen, complacency is likely to have a high cost.

Source: business-standard.com- Apr 19, 2019

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US denies duty-free market access to Pakistan

The Trump administration has turned down Pakistan's demand for duty-free market access to the US for its products, disclosed a prime minister's aide.

"We want duty-free market access for Pakistan's exports to the United States, but Trump is a main hurdle," Adviser to Prime Minister on Commerce, Textile and Industry Abdul Razak Dawood said during a meeting of the National Assembly Standing Committee on Commerce and Textile on Tuesday.

The adviser said the government would again try to approach the US administration after the end of President Donald Trump's tenure.

Pakistan sought the duty relief after the US withdrew concessions given to India and Turkey. Pakistan is eying to take a big share of the US market by taking advantage of the scrapping of duty concessions for the two countries, which are major competitors of Pakistan in the international market.

Dawood revealed that China had agreed to relax duty on more Pakistani goods under phase-II of the free trade agreement (FTA-II), which would be signed on April 28 during the visit of Prime Minister Imran Khan to Beijing.

He was of the view that internal politics in China had caused the delay in inking the FTA-II. "The Chinese ambassador told me that internal politics in China delayed the FTA-II between Pakistan and China for six years," Dawood remarked.

He disclosed that the Chinese trade minister was not willing to offer duty concessions on the export of 313 Pakistani goods, but the Chinese foreign minister and prime minister were in favour of giving duty-free access to such products.

The PM adviser pointed out that the matter had been delayed for years as Pakistan had approached China in 2014 seeking duty-free access for more goods. Now, the Chinese foreign minister and prime minister are ready to approve the package.

"China has agreed to provide duty-free market access to 313 Pakistani goods under the FTA-II like the Asean grouping," he said, adding that Pakistan may be able to enhance exports to China by $1-2 billion because of the duty relief.

Talking about Pakistani markets being flooded with Chinese products, Dawood said Chinese products were being smuggled from Dubai, adding that the government was working on a plan to amend the law under which certificates of origin would be required for the export of goods from Pakistan.

He said Turkey had refused to offer duty concession on the export of leather and textile products from Pakistan. "Turkey has warned it wants to impose 27% additional duty on the export of these products. It will result in reducing Pakistani exports further."

He pointed out that FTA talks with Turkey had failed miserably and Pakistan's exporters had also not been able to explore the potential of Indonesian markets, though Jakarta offered concessions on 20 products.

Source: tribune.com.pk - April 17, 2019

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Vietnam: Garment industry eyes 60 billion USD from exports by 2025

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

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

Vu Duc Giang, chairman of VITAS, said the association this year set a target of 40 billion USD in exports, up 11 percent year-on-year.

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

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

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

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

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

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

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

The FTAs that Vietnam has signed all have environmental barriers with higher green standards, which require enterprises to improve not only product quality but also production processes.

If enterprises fail to do this, they will face a risk of having orders stopped or rejected, especially orders from major international garment brands.

Most Vietnamese textile and apparel enterprises do outsourcing, so they rely heavily on orders from other countries.

Customers worldwide are now more environmentally conscious, which has forced global brands to improve operations to include higher environmental and social standards.

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

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

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

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

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

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

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

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

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

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

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

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

Source: en.vietnamplus.vn- April 16, 2019

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Vietnam: Local yarn industry experiences difficulties

Vietnam's yarn industry faces many challenges in production and export, especially to China, one of the largest export markets for local yarn products, according to experts.

The Việt Nam Textile and Apparel Association (Vitas) said that in December 2018 and January 2019, Việt Nam's yarn production industry had to accept a drop in yarn price to $2.6 per kilo, as well as a kilo of cotton falling to $2.1, to maintain production and keep customers.

Normally, in yarn production and trading, when the gap between raw material buying prices and product selling price is $1 per kilo, yarn producers can maintain operations.

However, from October 2018 until January 2019, the gap was only 50-60 US cents per kilo. Therefore, the yarn manufacturers had to suffer huge losses from their yarn production, said Lê Tiến Trường, Vitas deputy chairman.

In February 2019, the gap was nearly $1 per kilo with the cotton price at $1.9 per kilo and yarn price at $2.8 per kilo. This level was acceptable for the yarn production industry.

However, the gap is unlikely to be sustainable due to the results of the US-China trade negotiations, according to the association.

The difficulties faced by the domestic yarn production industry are partly due to the US-China trade war, because 25 per cent of Chinese goods facing taxes when exported to the US include yarn.

For many years, Việt Nam's yarn products have been mainly exported to two major markets – China and Turkey. However, Turkey has applied anti-dumping measures on Vietnamese yarn so 70 per cent of Vietnamese yarn products are exported to China, the largest fabric producer in the world, according to the Việt Nam Cotton and Spinning Association.

Therefore, China's reduction of yarn imports due to difficulties in exporting textile and garment products to the US has affected Việt Nam's yarn production.

Cao Hữu Hiếu, executive director of Việt Nam Textile and Garment Group (Vinatex), was quoted by the Investment Review as saying that domestic yarn production faced difficulties from the end of 2018.

In the last quarter of 2018, local producers saw yarn export orders fall and were forced to reduce the export price of yarn.

Local enterprises expected the yarn market to gradually warm up from the second half of this year, Hiếu said.

Trường said enterprises needed to manage risks to maintain production while waiting for the market to recover.

"When the market has recovered and demand returns to normal levels, the producers need fibre for their production and storage because they are currently using inventory. The yarn market is expected to witness strong development after the trade crisis ends," he said.

Source: vietnamnews.vn- April 17, 2019

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Vietnam: Leading garment-makers to display goods at Hong Kong's largest trade show

More than 30 leading Vietnamese manufacturers of garments, textiles, handicrafts and fashion accessories will be showcasing their products at one of Asia's largest exhibitions to be held in Hong Kong at the end of this month.

Goods to be displayed at the show include apparel, fashion jewelry, underwear, swimwear, bags, luggage, scarves, footwear and fabrics all under one roof.

The four-day Global Sources Fashion show will feature verified suppliers from major fashion manufacturing hubs, including Việt Nam, China, Hong Kong, Taiwan, South Korea, Bangladesh, India, Indonesia and the Philippines.

The exhibitors from Việt Nam include members of the Việt Nam Textile and Apparel Association (VITAS), Việt Nam National Textile and Garment Group, and Handicraft and Wood Industry Association of HCM City.

With over 1,800 booths, the fair is expected to welcome 12,000 buyers from 150 countries and territories, including the US, the EU, Hong Kong, Japan, Brazil, Mexico, Middle East, and South Africa, among others.

The one-stop sourcing show is expected to witness growing participation from branded firms, including more than 500 exhibitors worldwide promoting their own designs and brands.

The event will also feature fashion parades and industry-related conferences, according to the organiser Global Sources.

Phạm Thiết Hòa, director of Hồ Chí Minh City Investment and Trade Promotion Centre (ITPC), told Việt Nam News prior to the event that the centre was supporting most of the exhibitors from Việt Nam to participate in the trade show as part of its mission to help businesses in the city as well as attract more foreign investment to Việt Nam.

"Hong Kong is a major sourcing hub in Asia that helps connect buyers from the EU and the US and beyond," he said. "Việt Nam has become a more attractive complementary garment and textile sourcing destination for buyers from around the world."

This year the textile and garment sector has set a target of US$40 billion in exports, up 11 per cent year-on-year, according to VITAS.

The sector is expected to enjoy a trade surplus of $20 billion, and create jobs for around 2.85 million workers.

Last year the sector earned $36 billion worth of exports, up 16 per cent year-on-year, making the country one of the three biggest exporters of textiles and apparel in the world.

Source: vietnamnews.vn- April 17, 2019

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Bangladesh eyes global smart clothing market

'Smart clothing' is the fourth industrial textile revolution, a sector that will reach a sales volume of more than $130 billion in 2025, said Mostafiz Uddin, founder of Bangladesh Apparel Exchange (BAE). He said this at a press conference held at a hotel in the capital yesterday.

The second-ever Bangladesh Fashionology Summit will be held on May 2 at the International Convention City Bashundhara (ICCB) in Dhaka with the aim to firm up Bangladesh's position in fetching its share in the $130-billion dollar market.

Addressing the press conference, Mostafiz Uddin, founder and CEO of the (BAE) said, "The recent increase in wages and the cost of production have made it inevitable for the apparel manufacturers of the country to concentrate on value-added products. The $130 billion dollars smart clothing market is an area we need to focus on to survive and thrive."

"The shift from producing basic to smart clothing will not be so easy and it has to be done gradually with proper planning and preparation. The objective of Bangladesh Fashionololgy Summit is to facilitate the shift," he added.

The theme of the 2nd edition of the Bangladesh Fashionology Summit is ‘Digitalization—the Next Destination’. So, the event is aligned with the government goals of ‘Digital Bangladesh Vision’.

Talking about innovation, he said, “Our mission is to facilitate modern, innovative, technology-driven apparel manufacturing and supply chain conversations and build a thriving community of leaders and innovators who will help to guide our nation in transforming into a ‘next-generation’ apparel manufacturing and marketing hub using latest digital technology and advancements.”

“We want to bring together under one roof the most inspiring and innovative thinkers/companies from around the globe to initiate the much-needed conversations around technology, digitalization and innovation in the apparel and fashion industry,” Mostafiz added.

Apparel and fashion industry is on the cusp of a huge transformation and disruption enabled by digital and technological advances sweeping the apparel industry and customer expectation landscape. “We believe that the time is ripe for Bangladesh—the second largest apparel exporter to the world to take a leadership role in shaping, defining and initiating a future that is sustainable and profitable for all stakeholders", said Mohiuddin Rubel, Managing Director of Bangladesh Apparel Exchange (BAE).

Apparel stakeholders including brands, garment makers, technology and innovation companies, fabrics producers, software service providers across the world will participate in the summit to discuss the latest products, technologies and innovations that will take shape in future and dominate the fashion industry.

Keynotes, exhibits and knowledge-sharing sessions from some of the brightest minds and most inspired thinkers from across the globe will converge at the Bangladesh Fashionology Summit and cover a wide range of compelling topics that are relevant to shaping the future of our industry.

The summit will also present a unique platform for start-ups to demonstrate their cutting edge innovation in fashion.

An exclusive "Digital Tech Fashion Runway Show" will also be organised at the summit, where smart wearable by world's renowned fashion tech designers will be showcased on ramp. Moreover, a Tech Innovation Zone will be set up to display latest technologies and innovations in fashion.

A total of 41 speakers from 15 countries will speak at the sessions of the summit.

Source: theindependentbd.com- April 20, 2019

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Pakistan: Betting long on textile exports

There is negativity around, but one sector that is bullish in today's so called gloom and doom environment, is textile. The value added sector is operating at almost full capacity and many big players are in the process of expansion. Unlike others, those who are in exporting businesses, are seeing the light at the end of the tunnel.

The ministry of finance sources are expecting textile exports to grow to $7-7.5 billion in the April-June quarter – average monthly exports of $2.3-2.5 billion versus $2.0 billion in Jul18-Feb19, and $2.2 billion in Apr18-Jun18. Although industry players are not too bullish on immediate off-take, they certainly are seeing significantly high numbers in 2-3 years. For details read "Textile ready to take off", published on 14th December 2018.

One big textile group is eyeing its sales to grow by around 20 percent in the next two years, but is expecting all the increase in sales to come from exporting. On the flip, the higher concentration of sales growth in the past five years was in domestic sales. That is the story of a big player, which is reaching a size where big expansions are hard to come by without resolving the issues of basic raw material – cotton.

However, there are many other companies that have the potential to grow at a much higher pace because of their relatively smaller size. The positive sentiments are across the board where many players are aggressively expanding. The potential is in value addition. There are multiple reasons for exuberance – currency devaluation, subsidy to textile, and availability of energy at regional competitive rates are known to all.

One big booster is improvement in perception. The overall image of the country is improving and the opening up of visa regimes is helping as well. The buyers are visiting and new orders are being placed, and there is soft commitment of new businesses, given that the expansions are carried out.

The textile exports, in volume terms, stopped growing, in the last decade. The problem of currency overvaluation is more of a recent phenomenon – started in 2014. Prior to that, energy and security started hitting the exports bad. Enough has been said on the energy, and its availability is paying dividends.

The perception improvement needs to be highlighted. The textile and other exporters swayed away from exporting to domestic sector, before the currency was capped by Dar. Buyers were not coming and it was hard to get new business. There were fears of getting shipment delayed from Pakistan and that had helped Bangladesh to grow.

Now the situation is changing. If the travel advisory from the US is relaxed, it would be a game changer for Pakistan exports – be it in goods or services. With recent tariff war between US and China, and protests against low wages in Bangladesh, buyers are thinking to diversify from these two markets. Pakistan has the opportunity to grab its lost share.

However, building requisite backward linkages are required. Three big textile players resonated that without enhancing cotton production, it is hard for textile industry to reach its true potential. One of the reasons for competitiveness erosion is fall in cotton production, which has reduced from its peak of 14-15 million bales per annum to around 10 million bales.

The long term strategy should be to take annual cotton production to 20 million bales in 5 years or so. The need is to work on our agriculture strength. The cotton seed market is orphan today with too many kids on the street – every district has multiple unregulated seed companies.

The stewardship is missing. Industry players are of the opinion that the seed industry needs to be regulated and serious consolidation is required to improve the yield. The other factor is to do away with price support to other crops – such as sugarcane, which has resulted in substitution to sugarcane from cotton.

Concurrently, the need is to find new markets. The FTA with China is being revised and industry players expect Chinese market to open for value added sector. These all will take time. The need is to move step by step. There is no magic wand to boost the exports right after correcting currency or by giving subsidy. The capacity expansion takes time, buyers' perception improves slowly, and human skill set needs to be built.

Importantly, the government has to do away with these cash subsidies – it's not sustainable in the long run. And along with that, the refunds do not have to be just cleared, but their buildup should be stopped. The government role has to be in facilitation across the value chain, while the entrepreneurs will enter where they smell value.

Source: brecorder.com- April 16, 2019

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Pakistan: Textile exports decline 9.47pc in March

Pakistan's textile and clothing exports recorded 9.47 percent year-on-year decline to $1.088 billion in March 2019, taking the nine-month (July-March FY19) exports to $9.99 billion, as higher cost of doing business and economic uncertainty kept the industry under pressure.

"This is the largest monthly decline in textile exports since May 2017, and it should also be noted that during that previous instance the drop in textile exports (-12 percent) was due to external factors ie transporters' strike," Ahmed Lakhani at JS Global Capital said.

On month-on-month basis, textile sector exports recorded a decline of 0.12 percent in March compared with $1.09 billion recorded in February 2019, the Pakistan Bureau of Statistics (PBS) reported.

An industrialist said Pakistan's exports were largely dependent on imported inputs. "Fluctuation in rupee value and costlier utilities rendered Pakistan's products uncompetitive in the international markets."

In March, cotton yarn exports decreased 28.23 percent year-on-year to $91.919 million; knitwear exports declined 6.48 percent to $215.28 million; bed wear exports decreased 3.63 percent to $189.234 million; readymade garments exports slipped 3.42 percent to $214.915 million, while cotton cloth fetched $185.55 million in March, down 3.42 percent over the same month a year earlier.

“During March 2019, every major textile segment witnessed a decline in exports. The dismal performance during this month can mainly be attributed to declining textile imports by China, Pakistan’s major yarn customer, whereas a fall in global demand and higher local sales were also likely causes of the decline during the month,” Lakhani said.

However, recent statements by the country’s policymakers suggest optimism that exports were expected to show a resurgence in the next 1-2 months, which also conveniently coincides with the ongoing China-Pakistan Free Trade Agreement-II and the upcoming Federal Budget in May 2019.

An office bearer of FPCCI said the policy of higher interest rates had backfired, as there was no respite in inflation, but industrial investment had slowed down. No industrialist could afford to expand at the prevailing interest rates, the official said.

Moreover, the currency devaluation also proved counterproductive, as the exports did not pick up despite 34 percent devaluation since January 2018.

Source: thenews.com.pk- April 19, 2019

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NATIONAL NEWS

Cotton body seeks clarity on crop production figures

Expressing concern over the current panic in the market and the firming up of cotton prices, the Indian Cotton Federation (ICF) has approached the ministry of textiles to intervene and direct the Cotton Advisory Board (CAB) to re-assess the cotton crop situation in the country.

In a memorandum submitted to Sanjay Sharan, textile commissioner, ministry of textiles, J Thulasidharan, president, ICF pointed out that an artificial panic has been created in the market leading to an unnecessary increase in cotton prices, thereby affecting the already struggling textile and clothing trade and their exports.

The industry has urged the government to come out with its own official production estimate to clear the ambiguity caused by differences in estimates prepared by the Cotton Association of India (CAI), which represents traders and the Indian Cotton Federation, which represents cotton consumers.

"CAB met last on November 22, 2018, and had estimated the cotton crop at 361 lakh bales. Now, there is a great amount of uncertainty regarding the cotton crop situation, creating hardship for the cotton trade and the spinning industry. Many sources are giving reports of a further lower crop estimate on recent developments like drought in cotton producing states," he said.

"The data of the past 12 years shows that even during the worst drought years, cotton production was 348 lakh bales. The ambiguity over production estimates has caused panic in the market," he said.

"Though we have a smaller crop, the cotton supply position is very comfortable with a big ending stock of 46 lakh bales. Thanks to a big opening stock, smaller export and larger imports, the global situation is also very comfortable with high stock to use ratio.

The sliding cotton price during February and March clearly reflects the surplus cotton availability. Kapas arrival, till now, is around 295 lakh bales. However, farmers, expecting a higher than MSP price, are reluctant to sell, which is slowing down the kapas arrival," he pointed out.

According to Thulasidharan, the federation had earlier, in November 2018, estimated cotton crop for the year 2018-19 at 373 lakh bales.

"The drought in many cotton growing regions of Gujarat, few regions in Maharashtra and in few areas in other cotton growing states had affected cotton yield.

Accordingly, we have revised our cotton crop estimates for the year 2018-19 based on the actual data collected from the cotton growing areas in our country.

The closing stock of cotton in 2018-19 will be 46 lakh bales according to the ICF, against the CAI's estimate of 13 lakh bales.

"International Cotton Advisory Committee (ICAC), the apex cotton body in their April 2019 report, have projected a 6% rise in global production for 2019-20 at 276 lakh tonne.

They have projected a higher ending stock for 2019-20. Due to these factors, cotton price is likely to remain steady.Early monsoon in India would impact the cotton price, during June 2019," he said.

The highly remunerative kapas prices during the current year would induce the Indian farmers to shift to cotton. Cotton sowing has begun in Northern belt, mainly areas where the mustard crop has been harvested. We expect an earlier crop from such areas, he said.

To overcome this artificially created market condition, the association has urged the government to organise the second meeting of the Cotton Advisory Board so that a clear picture will be known and the official estimate of the Cotton crop based on the current situation will help to avoid such speculative reports of lower cotton crop by different agencies, he said.

Source: financialexpress.com- Apr 20, 2019

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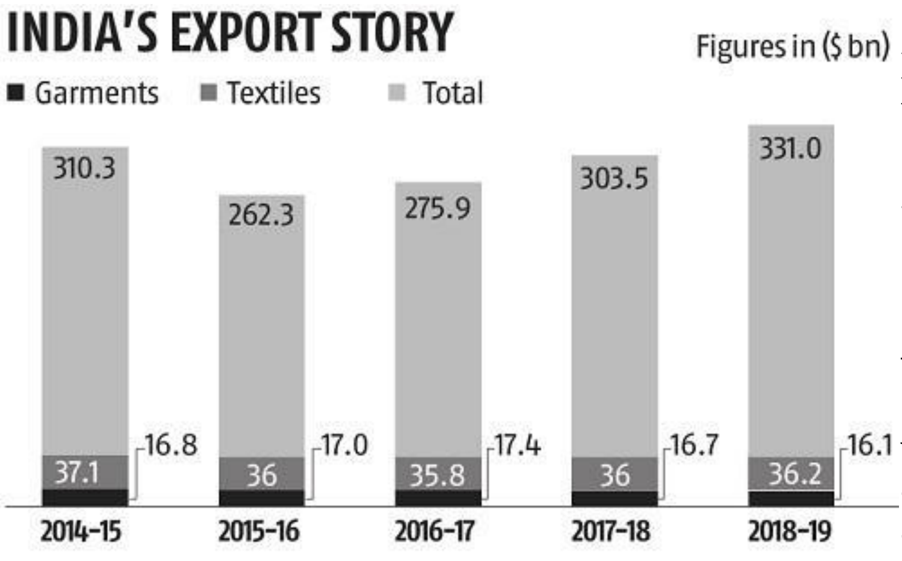
India's garment exports stagnant on high costs, compliance burden

Recovery seen only if product base is diversified, orders are delivered faster

Textiles and readymade garment exports may see some recovery after a poor run of five years if exporters stand up to the challenges. Industry insiders say that the fall in exports was due to India's textiles not being competitive enough, buyers insisting on several compliance norms for which a large part of industry was not prepared and other trade issues. There could be a recovery if the product base diversified, orders are delivered faster and compliance improves.



Source Ministry of Commerce, Compiled by *BS Research Bureau*

Exports of Ready Made Garments are under pressure. Exports dropped 3.46 per cent to $16.37 billion in 2018-19 from $16.7147 billion in the year-ago period. India's garments were 10-15 per cent costlier than other competing countries. Indian exporters are also over dependent on a narrow product base. This made matters worse. In the last five years of NDA rule, the year 18-19 was the worst for exporters. Textiles, especially the garments sector, has been a major employment generator with 45 million being employed directly and 20 million being employed indirectly.

Meanwhile, exports from Vietnam and Bangldesh grew 11.19 per and 13.7 per cent, respectively, in 2018-19. Care Ratings said, "Bangladesh, Sri Lanka, Vietnam have low production cost and exporters there enjoy preferential duty access in key markets." This also contributed to making India's exports less attractive.

According to Tirupur Exporters Association (TEA), which represents $3.72 billion of knitwear exports, “Under the goods and services tax (GST), there was almost a seven per cent reduction in the incentives that earlier helped exporters to be cost competitive. Incentives were withdrawn after the implementation of GST.”

Indian exporters face higher trade barriers compared to countries like Bangladesh, Vietnam and Pakistan in key markets such as the United States (US) and the European Union (EU). Average tariffs levied on Indian textile exports are around 5.9 per cent in the EU, while it is 6.2 per cent in the US, compared to zero per cent and 3.9 per cent on exports from Bangladesh. The US and EU are the world’s largest apparel importers and account for 60 per cent of total global imports.

Employee costs in India grew from 9 per cent in financial year (FY) 2010 to 13 per cent in FY 2018, while in other countries either it saw a stable or a marginal growth.

Exporters feel they would not be able to compete with Bangladesh and Vietnam and are now focussing on diversifying their markets to countries like Japan, Israel, South Africa, Hong Kong and others. However, according to a large corporate exporter, the sector should reduce its over-dependence on cotton casual wear to be able to cater to global markets better and increase exports.

India is not a major competitor in man-made fibre (MMF) or polyester-based garment segments and doesn't have the capacity to make winter-wear, active wear, sportswear etc.

Formal clothing accounts for a major chunk of the global trade. Rahul Mehta, president of Clothing Manufacturers Association of India, says specialised performance garments such as polyester-based shirts, suits, jackets, woollen clothes, leather garments and hard winter-wear, are not part of India's export basket.

Indian textile exports are primarily dependent on a product basket of limited summer and casual wear that includes cotton shirts, t-shirts, cotton blouses etc.

CARE estimates that exports will remain subdued in the near future, growing marginally in rupee terms, and declining in US dollar terms due to competitive pressures from other countries.

India needs to increase its production of MMF-based apparels to remain competitive.

“I feel that we are finally turning the page after about three or four years of stagnancy or slight de-growth. Monthly export charts show a year-on-year growth from October onwards. Support from the government has gone up. Exports from Bangladesh are becoming expensive and Vietnam is showing signs of reaching the peak of its capacity,” added Mehta.

Buyers are getting more stringent on compliance and seeking faster delivery as market dynamics and preferences are changing faster than before. Indian textile exporters have to adjust and deliver products faster if exports are to revive.

Source: business-standard.com- Apr 19, 2019

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India’s cotton exports seen at 10-yr low on price disparity

A sudden change in global market dynamics is likely to weigh on India's cotton exports this year. If the current trend is any indication, the world's top cotton producer may miss even the recently lowered target of 4.7 mln bales for the year ending September.

India's cotton exports in 2018-19 (Oct-Sep) may fall to a 10-year low of about 4.5 mln bales, down 35% from the previous year, according to trade officials. This is even below the Cotton Association of India's revised estimate of 4.7 mln bales earlier this month. Until March, the association had pegged exports at 5.0 mln bales. The Cotton Advisory Board had set a target of 6.5 mln bales in November, which is impossible to achieve.

A sudden rise in domestic cotton prices to 47,500 rupees a candy (1 candy = 356 kg) from around 41,500 rupees at the beginning of March is proving to be a major hurdle for exports. Prices in India rose sharply due to a likely lower crop this year.

The biggest concern is that Bangladesh, the world's largest importer of cotton and largest export destination for India in recent years, has also been increasingly sourcing cotton from Brazil on quality assurance and lower price.

"India's Shankar-6 variety cotton is quoted at 93-94 cents (a pound), while the same variety of Brazilian cotton is available at 89 cents," said Mehdi Ali, president of Bangladesh Cotton Association.

Ali had earlier told Cogencis that India's share in Bangladesh's cotton imports is likely to fall to 40% in 2019 from 46% a year ago. In 2017, India accounted for 51% of Bangladesh's cotton imports.

In the Oct-Mar period, export deals for 4.2-4.3 mln bales have been signed, of which 3.6-3.8 mln bales have been shipped. Export deals for 300,000-400,000 bales of cotton are under threat, unless renegotiated, as local prices are much higher than contracted prices, which may lead to defaults by exporters. This may leave India's exports short of achieving the revised target set by the Cotton Association of India.

"Currently, exports have come to a standstill as the disparity between domestic and global prices have made overseas sales economically unviable," said Dharmendra Jain, director of Ahmedabad-based DP Cotton. He sees export barely touching the 4.5-mln-bale mark.

Unfavourable currency movement, with the Indian rupee appreciating nearly 3% in March, has made exports from India less attractive to key foreign buyers such as Bangladesh, China and Vietnam. On the other hand, a simultaneous over 3% depreciation in Brazilian real has helped the country to sell more cotton, eating into the share of India in these countries.

Cotton from Brazil is preferred in the international market and by the Bangladesh textile industry not only because it is cheaper, but also free from contamination and better in quality, said Chirag Patel, a trader with Ahmedabad-based Uday Cotton Industries.

With fears of the US-China trade war receding, cotton exports from the US to China and neighbouring countries are gaining ground. This has also weighed on India's exports as domestic cotton is sold at about 4-5 cents premium over the US cotton. This was reflected in the data published by the

China Chemical Fiber or CCF Group, which has a close association with the Chinese cotton textile industry.

The CCF Group said India's share in Vietnam's cotton imports had fallen to 19.4% in Jan-Mar from 25.6% in the same quarter a year ago. The US' share in this case has risen to over 60% from 51%. Bangladesh and Vietnam are the top two markets for Indian cotton, followed by China and Pakistan.

Exports to Pakistan have also come to a standstill and are unlikely to resume as mills there are reportedly well-stocked.

Besides the US and Brazil, cotton from African countries is also eating into India's market due to price disparities. And with domestic production seen lower, Indian prices may not fall enough to revive exports.

"The fall in exports could be bigger if shipments of some long-staple premium varieties of cotton, currently being exported to Bangladesh in smaller quantities are halted," said a senior official of India's prominent commodity trading house.

Earlier this month, the Cotton Association of India lowered its 2018-19 crop estimate by a whopping 700,000 bales to 32.1 mln bales, making it the sixth straight cut for the current year.

Thus, mills will be forced to raise prices, which will lead to halt in exports until the supply of new crop begins in Oct-Nov.

The only hope of exports reviving is sufficient rainfall in the Jun-Sep monsoon season and increased imports by China.

Contrary to predictions by prominent global weather agencies and India's Skymet, India Meteorological Department on Monday forecast "near normal" rainfall.

This has brought some correction in farm prices, including cotton. However, a lot depends on the forecasts in the later part of May when the onset and forecasts of regional distribution of rainfall are published.

Last week, China announced 800,000 tn or over 4.5 mln bales of additional import quota for the year. This has raised hopes that the country may turn to India for the fibre crop. However, Indian prices and progress of the US-China trade talks hold the key.

Source: cogencis.com- Apr 19, 2019

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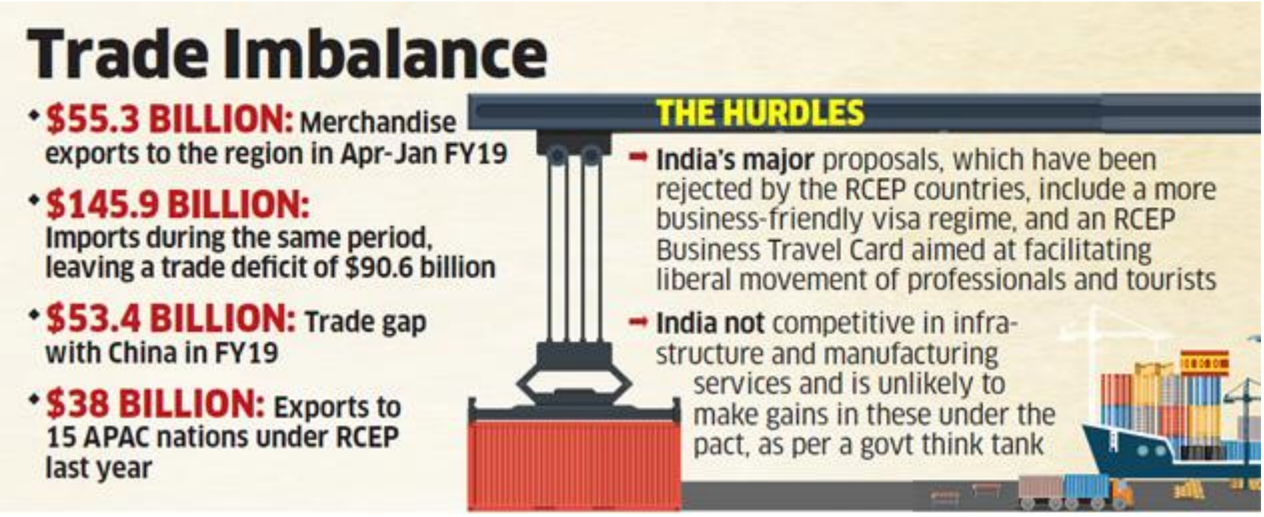
Apac services exports won't make up for imports of goods

RCEP is a regional trade agreement spanning the 10 Asean countries and the group's six free-trade agreement partners.



However, India is not competitive in infrastructure and manufacturing services such as logistics, transportation and construction.

India is likely to gain only $2-10 billion by exporting services to 15 Asia-Pacific countries under the proposed mega regional trade agreement, a premier think tank has told the government.

The likely gains from services exports will not compensate for the higher amount of goods imports, especially from China, under the Regional Comprehensive Economic Partnership (RCEP) trade pact, it said.

India exported $38 billion worth of services to the grouping last year.

The government last year appointed Indian Institute of Management-Bangalore, independent think tank Indian Council for Research on International Economic Relations and the Centre for Regional Trade, a think tank under the Department of Commerce, to work separately to prepare a roadmap for negotiating RCEP by holding stakeholder consultations.

“The gains in services could only be in the range of $2-10 billion. It is unrealistic to expect higher liberalisation of services,” said a member of one of the institutes.

RCEP is a regional trade agreement spanning the 10 Asean countries and the group’s six free-trade agreement partners — Australia, New Zealand, Japan, China, South Korea and India.

Though negotiations on seven of the 16 chapters of the agreements are complete, the key areas of goods, services and investment are still being negotiated.

In the April-January period of 2018-19, India’s merchandise exports to the region were $55.3 billion while imports were $145.9 billion, leaving a trade deficit of $90.6 billion. The trade gap with China alone was $53.4 billion for the whole of FY19.

“An assessment of the services negotiations indicates that the progress has been asymmetrical with disinterest in moving forward in services while in goods, the ambition continues to be at a significantly high level, quite contrary to what has been envisaged in the guiding principles,” said an official aware of the negotiations.

India’s major proposals, which have been rejected by the RCEP countries due to their fears over migration and loss of jobs, include a more business-friendly visa regime through a visa-fee waiver on a common reciprocal basis, and an RCEP Business Travel Card aimed at facilitating liberal movement of professionals and tourists in the region.

“There is a lack of diversification of trade in this region, and even the gains in information technology, which is our largest service export, are limited,” the member said.

Movement of professionals

Besides IT, there is scope to expand business services which include management and consultancy, hospitality, travel and tourism, health and education.

However, India is not competitive in infrastructure and manufacturing services such as logistics, transportation and construction, and is unlikely to make gains in these under the pact, as per the think tank.

Another complication has arisen with Singapore, Malaysia and Japan joining the ranks of Thailand, the Philippines and Brunei to come out with a negative list from the positive list. Under their respective 'negative' lists, countries will state the exceptions to services they want to open up.

"Although, India initially objected to this early transition on the grounds that the verification process is time consuming, we have also decided to transit from positive to negative list by mid-2019," the official added.

Given the situation, India has intensified its bilateral engagement with several countries in an attempt to seek further improvements in their offers, particularly on movement of professionals and IT-related Services.

Source: economictimes.com- Apr 19, 2019

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Tirupur garment exports grow 8% in FY19 to Rs 26k crore

Tirupur Exporters' Association (TEA), India's leading readymade/ knitwear cluster, has reported a 8.3% growth in its exports at Rs 26,000 crore in fiscal 2019 compared to Rs 24,000 crore in the previous fiscal. The association has also registered a domestic sale of `24,000 crore, taking its total businesses during the fiscal to Rs 50,000 crore, said Raja M Shanmugham, president, TEA.

Speaking to FE, Shanmugham said: "We have seen a tremendous pick-up in our exports in the last six months of fiscal 2019 after a sluggish growth in the first half. Though the annual average export growth of 7% was recorded in the last fiscal, while analysing the exports trend in the last six months, the

average export growth was significant about 31.15% over the corresponding period in 2017-18, which we see as a positive sign and most encouraging."
"For the past two years, we were struggling due to various reasons, including demonetisation, implementation of GST and overall volatile global economy.

However, the Tirupur cluster regained the lost momentum and able to post a better-than-expected growth in the fiscal 2019 as most of the major issues have settled now and the member-companies of this region are back to growth trajectory," Shanmugham said.

At the national level, readymade garment exports recorded a growth of 4.7% to `1,12,715 crore in fiscal 2018-19 against `1,07,679 crore achieved in the previous fiscal, he added.

"While appreciating Tirupur exporters' usual perseverance against all odds, we are confident that with the continuance of positive growth trend coupled with the recent increase in RoSCTL rate and formation of stable government, Tirupur exports are poised to surpass `30,000-crore reach, both in exports as well as domestic sales in the current financial year (2019-20), taking the overall business of the cluster to `60,000 crore," Shanmugham said.

In response to a query, he said: "We are now confident that the Tirupur cluster will achieve its ambitious business target of `100,000 crore (both exports and domestic sales) by fiscal 2022."

According to him, factors like changing design pattern across the globe, changing lifestyle both in India and abroad, availability of cotton, skilled workforce, fashion-oriented world, more per capita spending on garments and China's non-aggressive push are among a host of things that will benefit India in general and Tirupur exporters in particular. "We are seeing encouraging prospects in the years to come," he said.

Kids and women garments continue to drive the exports. Together, this segment garners 70% of total businesses while the rest comes from menswear, Shanmugham said, adding that traditional markets such as the US, Europe, Africa and Latin America continue to be the major export destinations.

Source: financialexpress.com- Apr 18, 2019

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800 Gujarat ginning factories facing acute shortage of cotton

Nearly 800-odd ginning and pressing units in Gujarat are facing acute shortage of cotton. As a result, most of them are working at 25-30% capacity. Cotton crop would be at least 50 lakh bales (170 kg/bale) lower than the previous year, says Saurin Parikh, president of the All-Gujarat Spinners Association, adding that the shortfall in crop affected price of cotton also as in the current month prices of cotton crossed Rs 46,000 per candy (355.5 kg) from Rs 42,500.

Parikh, who is also treasurer of Gujarat Chamber of Commerce and Industry (GCCI), says that total arrival of cotton across the country is estimated at around 330-340 lakh bales this year. Already, 300 lakh bales have arrived, he said, adding that it means in the coming days, Gujarat based ginning mills would work at even lesser capacities.

According to him, of the total 800 plus ginning mills in Gujarat, nearly 200 are completely closed and others are working on and average 25% capacity. "One can't blame on government or farmers for lower yield of the commodity. Inadequate rains in most of the cotton growing state affected the crop adversely," he stated.

"Compared to previous year, cotton crop has declined by 45-50%. Last year, arrival of cotton in various market yards was nearly 1 crore bales. But this year we are expecting hardly 50-55 lakh bales," says Anand Nakum, standing committee member of Rajkot based Saurashtra Ginners Association.

Gujarat and Maharashtra are the major grower of cotton crop in India. Cascading effect of reduced cotton yield and higher prices would be on exports of the commodity also. In the international market, buyers are preferring to purchase cotton from Brazil and other countries due to relatively cheaper prices. Industry sources believe that exports of cotton from India would be 40-45% lower compared to previous year. Last year, cotton export was around 70 lakh bales.

Source: financialexpress.com- Apr 20, 2019

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Gujarat's technical textile sector sees 10-fold increase in investments

Considered as the sunshine segment for the textile industry, technical textile has shown impressive growth over the past five years in Gujarat as investment jumped over 10 fold during the period.

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By the end of financial year 2013-14, there were only 17 technical textile units registered with the state industries department and investment in the area was hardly `156 crore. Within five years, the number of registered units has gone up to 181 and as on March 31, 2019, the total investment in the segment is pegged at `1,775 crore.

"The investment in the segment must be more than the official figure. The state government has the data of only those units which have taken some benefits under the textile policy floated for the period 2012 to 2017.

A specific credit-linked interest subsidy scheme offered under the policy to set up a technical textile unit encouraged entrepreneurs. Some of them were already having traditional textile units in the state," said a senior officer in the state industries department.

As per the data, maximum investment of around `475 crore came during the financial year 2016-17. In that year, as many as 51 new units were set up across Gujarat, especially in Ahmedabad and Surat regions – considered as major textile hubs in the country.

During the recently-concluded fiscal 2018-19, 32 new technical textile units were set up in the state with an approximate investment of `370 crore.

Source: financialexpress.com- Apr 18, 2019

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The exports puzzle

It is hard to say whether the rise in exports in 2018-19 is sustainable

It's a statistical conundrum. Exports in March 2019, at $32.6 billion, were not just up 11 per cent year-on-year, but also capped a 9 per cent growth in 2018-19. Interestingly, March exports are at least $5 billion higher than the general trend of $26-27 billion monthly exports in the other months, with the traditional sectors of pharma, electronics, petroleum and chemicals driving the increase.

It comes as a surprise in view of sluggish industrial growth during most of 2018-19, as well as the dip in GDP growth from 8.2 per cent in 2016-17 to 7.2 per cent in 2017-18 and finally to an estimated 7 per cent in the just concluded fiscal. Notwithstanding the base effect, industry seems to have hit a low since October 2018, when the factory index scaled 8 per cent. In February 2019, for instance, the IIP was up just 0.1 per cent, a 20-month low, with pharmaceuticals, chemicals, electrical equipment, machinery and computer products showing either flat or negative growth.

In contrast, some of these very sectors have shown a 13-16 per cent spike in exports in March 2019. In the case of apparel, however, both exports and output have shown a similar rise. Unless exports were contracted many months in advance (say, during the December 2017–August 2018 period when the rupee was in free fall), or executed out of inventories, the divergence between exports and industrial output is not easily explained.

Monthly exports have been steady at $26-27 billion between October and February, while manufacturing accounts for over three-fifths of India's exports.

A shift from domestic to external markets looks unlikely in such a short period, more so with the ongoing turbulence on the world trade front — unless China has enhanced purchases from India in the wake of its trade spat with the US.

There has been no supportive jobs data to lend support to the export turnaround narrative. In fact, the micro-level reports have pointed to industry being hit by delays in GST refunds and other liquidity concerns.

It does not help that global growth, projected by the IMF, is expected to shrink to 3.3 per cent in 2019, against 4 per cent in 2017 and 3.6 per cent in 2018. Faced with headwinds from Brexit, macroeconomic stress in Argentina, Turkey and Italy, and the US-China wrangle, monetary authorities in the EU, China, US and Japan have adopted an accommodative stance. While this could revive the global economy, the challenge for India is to secure its GDP growth amidst such readjustments.

Reforms to ease logistical constraints to exports should continue, rather than merely pursuing a sort of 'race to the bottom'. India must move up from low-productivity sectors by improving the quality of its human capital. The Economic Survey 2017-18 expresses the sanguine hope: "... the hyperglobalisation backlash in advanced countries, over which India has little control, must recede to create a favourable external climate to sustain rapid growth."

Source: thehindubusinessline.com- Apr 19, 2019

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Textile and apparel exports grow just 1.66% in FY19

India's textiles and apparels exports for the fiscal 2019 just grew 1.66% to $35.969 billion as compared to $35.381 billion in the previous fiscal, mainly due to a sharp drop in the shipment of apparels.

India's textiles and apparels exports for the fiscal 2019 just grew 1.66% to $35.969 billion as compared to $35.381 billion in the previous fiscal, mainly due to a sharp drop in the shipment of apparels.

The export of textiles products grew 6.19% to $19.830 billion during the fiscal under review as compared to $18.674 billion a year ago and that of apparels declined sharply by 3.40% to $16.138 billion during the fiscal 2019 as against $16.706 billion in the previous financial year, said the Confederation of Indian Textile Industry (CITI), citing government data.

Among textile products, cotton yarn/fabrics/made-ups, handloom products continued to be the largest export earner with a growth of 9.22% during the fiscal 2019 to $11.206 billion ($10.260 billion in last fiscal), man-made fabrics exports increased by 3.15% to $$4.978 billion as against $4.824 billion in the previous fiscal, CITI said.

The next big segment under the category is carpet, which saw a growth of 3.63% to $1.481 billion as compared to $1.429 billion in fiscal 2018.

According to CITI, the exports data in US dollar reflects that there has been a decline in exports of all textile products except those of cotton yarn/fabs/made-ups, handloom products and carpet in March 2019 as compared to March 2018. However, exports of total textiles have shown a slight increase during the same period.

The March exports of textile products and apparel grew 6.96% to $3.550 billion as compared to $3.319 billion in March 2018. Interestingly, apparel segment, which saw a meagre growth in fiscal, ended March 2019 with 15.13% growth to $1.717 billion.

The monthly index of industrial production (IIP) of textiles in February 2019 has declined (y-o-y basis), which is in sync with textiles exports of man-made yarn/fabs/made-ups; jute manufacturing including floor covering and handicrafts. Exports of apparels have registered a positive growth y-o-y in March 2019 which shows a positive correlation with increase in IIP of apparels in February 2019.

Source: financialexpress.com- Apr 17, 2019

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Cotton exports from Gujarat to hit decadal low

India’s cotton exports are estimated to decline to a decadal low in 2018-19 thanks to higher prices of Indian cotton in international market and lower production of the natural fibre within the country. Gujarat accounts for more than 45% of cotton exports from India.

According the latest estimates by the apex trade body Cotton Association of India (CAI), cotton exports from the country are pegged at 47 lakh bales (one bale weighs 170kg) in 2018-19, which is the lowest since 2009-10. In 2008-09, cotton exports had touched a low of 35 lakh bales.

COTTONING ON

Year	Estimated Exports*
2018-19	47
2017-18	69
2016-17	63
2015-16	72
2014-15	60
2013-14	112
2012-13	98
2011-12	127
2010-11	70
2009-10	72

"The reason for the slowdown in cotton exports is higher prices of Indian cotton, which have firmed up because the production of crop in 2018-19 was low," said Atul Ganatra, the president of CAI. "The price of Shankar-6 variety of cotton in April touched Rs 46,500 to Rs 47,000 per candy (356 kg), which is higher at least by Rs 5,000 per candy quoted in the same month last year. Our cotton is very costly for international buyers." Since February, Shankar-6 cotton prices in the international market have shot up to 90-92 cents per pound, while the US cotton is available at 88-89 cents.

"Our exports were good before December 2018 when Shankar-6 cotton prices hovered around 70-71 cents in the export market," said an Ahmedabad-based exporter. "However, exports continued to decline with the strengthening of Indian cotton's prices since February. Other countries are offering cotton at a lower price and the quality of their cotton is better."

Ganatra said: "Another reason is that the required quantity for exports is not available as arrivals have slowed down. The arrivals were at meagre 40,000 bales on Wednesday." He said yield this year was smaller compared to the previous year's. "Our crop was 365 lakh bales last year, which is estimated to decline to 321 lakh bales this year," he said. "This means we are short by 44 lakh bales."

At 321 lakh bales, cotton production India in 2018-19 is estimated to be the lowest in the past decade.

Source: timesofindia.com- Apr 18, 2019

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25 WTO members to participate in mini-ministerial meet on May 13-14

About 25 developing countries will be participating in a meeting to be held in the national capital from May 13-14 to discuss various issues related to the World Trade Organisation (WTO), an official said.

The commerce ministry has already received approval from the Election Commission to hold this mini-ministerial meet. EC's nod is necessary since the model code of conduct is in place.

The meeting assumes significance as several countries are raising questions over the relevance of the Geneva-based global trade body. Many countries are also taking protectionist measures, impacting global trade.

Member countries could deliberate upon issues such as reforming the WTO, the official said.

Recently, the WTO cautioned that the global trade will continue to face strong headwinds this year and in 2020 after growing slower-than-expected in 2018 due to rising trade tensions and increased economic uncertainty.

India has time and again stressed the importance and relevance of the WTO for promoting global trade.

This will be the second mini-ministerial meet to be organised by India. In March last year, over 50 nations participated in a meeting here to explore options for resolving various issues and re-invigorating the WTO.

India had appealed to the WTO members to identify common ground for strengthening the multilateral trade body amid challenges being faced by it following the deadlock at the Buenos Aires ministerial meet in December 2017.

Source: thehindubusinessline.com- Apr 17, 2019

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India's online retail market to cross $170 billion by FY30: Report

Currently, the total online retail in the country is pegged at $18 billion

Online retail in the country that is growing at a faster pace, is expected to be $170 billion by FY30, growing at a CAGR of 23 per cent, according to a Jefferies report.

The online retail, which is currently around 25 per cent of total organised retail market in India, can potentially increase to around 37 per cent of the total organised retail market during this period, the report said.

Currently, the total online retail in the country is pegged at $18 billion.

Spends per online shoppers, which is estimated at Rs 12,800 is expected to increase to Rs 25,138 by FY30, with consumers shopping online for other segments, beyond electronics and apparel.

It noted that electronics, including mobile phones, has grabbed the market share from physical retailers, largely due to heavy discounting and cash-back online in electronics.

"Apparel and electronics have been present as categories in online retail space quite some time now in India, but online grocery is increasingly witnessing new consumers as companies such as Big Basket and Amazon Pantry are heavily advertising there discounting days, which takes place at the start of every month.

We believe that new customers will continue to enter the online grocery, given low differentiation in grocery and convenience for consumers. However, penetration of online retail in grocery will continue to remain lower," it said.

Personal care, including make-up, too is gaining its market share online.

Jefferies noted that increase in online penetration has been a function of both discounting and convenience, however, over the medium term, discounting in the system should rationalise and convenience will be the key driver.

However, it observed that product quality remains a key concern for most of the consumers shopping online and there have been lot of instances in the country where consumers have got a counterfeit or a fake product, especially in categories such as perfumes and cosmetics.

"Quality remains a key issue for consumers while shopping online. Though online retailers are taking steps to address this issue, it will take some time and hence some consumers will continue to stay away from online shopping, especially for big-ticket, branded items.

The adoption of online retail should continue at a fast pace, as convenience seems even more important. Apart from quality, breach of data and data security are also key issues hampering adoption of online retailing," it added.

Source: thehindubusinessline.com- Apr 18, 2019

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How to boost exports: Suggestion to Modi govt as full fiscal trade deficit hits record high

Although exports performed well despite major challenges such as protectionism, global slowdown, constraints on the domestic front, more is needed to further boost exports as trade deficit of India worsened in the fiscal 2018-19.

"We demand for immediate support like augmenting flow of credit, higher tax deduction for Research & Development, outright exemption from Goods and Services Tax (GST), interest equalisation support to agriculture exports, benefits on sales to foreign tourists to further boost exports," said Federation of Indian Export Organisations (FIEO) President Ganesh Kumar Gupta, reported PTI.

Although there has been an increase in exports, yet the trade deficit which refers to the difference between exports and imports for the full fiscal year 2018-19 has widened, show government data.

Trade deficit in 2018-19 has widened to $176.42 billion against $162 billion in 2017-18, according to the recent data by Ministry of Commerce and Industry.

The overall exports during April-March 2018-19 are estimated to be USD 535.45 Billion, exhibiting a positive growth of 7.97 per cent over the same period last year. Overall imports during April-March 2018-19 are estimated to be USD 631.29 Billion, exhibiting a positive growth of 8.48 per cent over the same period last year.

While oil imports in April-March 2018-19 rose by 29.27 per cent to $140.47 billion, non-oil imports were up by 2.82 per cent to $366.97 billion during the same fiscal.

Exports of India has risen on the back of improvement in organic & inorganic chemicals, engineering goods, textiles, pharmaceuticals and petroleum products.

"Through secular growth over the last three financial years, following the major downturn in the face of the global slowdown, merchandise exports for 2018-19 are estimated at $331.02 billion, the highest ever, surpassing the earlier peak of $314.4 billion achieved in 2013-14. This has been achieved in a challenging global environment," said the Ministry of Commerce and Industry in a statement.

However, still more is to be done to bridge the gap to improve the trade balance of India.

Source: financialexpress.com- Apr 18, 2019

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Apparel shipments down 3.4 per cent in FY19 to $16.14 billion

The apparel exports held back the growth in total exports in FY19 at $35 billion. There was just a marginal growth of 1.66 per cent.

Apparel exports continued to decline in FY19, as the total textile products exports remained flat. Apparel shipments were down 3.42 per cent, while total textile products grew 1.66 per cent.

In FY19, the country exported apparels valued $16.138 billion against $16.706 billion in FY18, as per the data from Confederation of Indian Textile Industry. In FY18 apparel exports had de-grown by 4 per cent.

The decline in India's apparel exports in FY19 was primarily driven by a sharp decline witnessed in shipments to the United Arab Emirates (UAE) from July 2017 onwards. Apparel exports to UAE, which was growing fast in past few years, started declining sharply after the introduction of GST in July 2017 and reduction of duty drawback rates in October that year.

Exports have been de-growing till September this year. But October onwards, exports showed a recovery against the low base of the same months in the previous fiscal. This low base helped exports grow in the month of March by 15.13 per cent. However, compared to FY17's exports of $17.4 billion, FY19's export of $16.1 billion is still 7.47 per cent lower.

The apparel exports held back the growth in total exports in FY19 at $35 billion. There was just a marginal growth of 1.66 per cent.

Source: asianage.com- Apr 17, 2019

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Big drop in trade deficit with China? Only if Hong Kong is not counted

Amid the euphoria over an "unprecedented" reduction in India's goods trade imbalance with China last fiscal, New Delhi incurred a trade deficit with Hong Kong — widely considered a proxy for Beijing — for the first time in at least 20 years in FY19. This indicates that China is ramping up supplies to India through Hong Kong, as India mounts pressure on Beijing to trim its massive trade deficit with the neighbour.

An FE analysis of trade data over the past two decades suggests India's effective trade deficit with China (including Hong Kong) in FY19 may not have dropped after all while the official estimate is of a $10-billion decline. Worse, if the trade trend witnessed up to January last fiscal lasted through March, this effective trade deficit with China may have even widened to a record $61.1 billion in FY19, against $59 billion in the previous year.

Up to January last fiscal, India's combined trade deficit with both China and Hong Kong stood at $51 billion.

Official DGCIS data showed between April and January (up to which the latest country-wise data are available), while India's imports from China dropped 5% from a year before, its purchases from Hong Kong jumped almost 59%.

Similarly, while its exports to China rose 31% up to January, its despatches to Hong Kong declined nearly 14%. This upset India's trade equlibrium with Hong Kong —from a surplus of $4 billion in FY18 to a deficit of $4.7 billion (up to January) in FY19.

Earlier this week, commerce and industry minister Suresh Prabhu said in Mangalore that India's trade deficit with China dropped $10 billion in the last fiscal, resulting in the savings of Rs 70,000 crore to the exchequer.

Separately, in a recent tweet, Prabhu said: "Whopping reduction (in) trade deficit with China. Unprecedented. Exports increased substantially. Result Of High level engagement, Strategic planning, coordination with stakeholders, market research, sustained efforts, constant monitoring, hand holding with exporters."

Given the surge in imports from Hong Kong last fiscal, the government may have to factor in supplies from this Chinese gateway to correctly gauge New Delhi's trade balance with the giant neighbour.

India's huge trade deficit with China — greatly aided by massive non-tariff barriers in the world's second-largest economy — has long been a sore point with New Delhi, which has raised the issue in almost all bilateral trade discussion with Beijing for years now, but with very limited success. India has also been seeking greater market access from China in various sectors, especially agriculture, pharma and IT, to improve trade balance.

India's merchandise trade deficit with China touched a record $63 billion in FY18 before easing in the last fiscal. Up to January, the deficit with China alone stood at $46.3 billion, against $52.8 billion a year before. India imports a wide array of goods from its largest supplier China, including electronics, capital goods, chemicals, plastics and steel. From Hong Kong, it mainly buys capital goods, electronics, gems and jewellery.

Source: financialexpress.com- Apr 18, 2019

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SEZ board to consider proposal for free trade and warehousing zone on April 22

The proposal will entail investment of ₹292-cr in TN

A proposal for setting up of a free trade and warehousing zone by NDR Infrastructure with over ₹292-crore investment in Tamil Nadu will be considered by the highest decision-making body on SEZs on April 22, an official said.

Inter-ministerial body Board of Approval (BoA), chaired by Commerce Secretary Anup Wadhawan, will take up this proposal for consideration in its meeting on April 22, the official said.

A free trade and warehousing zone (FTWZ) is a special category of special economic zones (SEZs) with focus on trading and warehousing activities.

The developer, NDR Infrastructure, has submitted its application before the BoA for setting of the zone in Tiruvallur district of Tamil Nadu over an area of about 100 acre.

According to the foreign trade policy, proposals for setting up of FTWZs are considered by the BoA. On approval, the developer will be issued a letter of permission for the development, operation and maintenance of the zone. The developer is permitted to import duty-free building materials and equipment for the development and infrastructure of the zone.

Developer of FTWZs are allowed to sale, lease and rent out warehouses, workshops, office-space and other facilities to traders and exporters. Units in these zones enjoy certain tax exemptions including service tax.

Further, the BoA would also consider a proposal of Yash Technologies to set up information technology (IT) or IT-enabled services zone in Madhya Pradesh.

The total proposed investment in this project is ₹199.54 crore.

Source: thehindubusinessline.com- Apr 17, 2019

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Panipat emerges as hub for recycling industry

Has turnover of Rs 8,000 crore through exports

Panipat — globally known as 'Handloom City' — has become a hub for recycling industry, resulting in the production of yarn out of discarded clothes.

The industry uses discarded clothes and after recycling it, the yarn so produced is sold in domestic and international markets.

Rags, including cotton, woollen and hosiery, from countries such as Germany, Spain, Belgium, the UK, France, Netherland and Turkey are imported at cheaper rates and after recycling it is converted into yarn which is further used in making blankets, shawls, curtains, bath mats, foot mats, bed sheets, bed covers, carpets and other handloom products. The finished products are then sold in domestic market as well as exported to global markets.

Pritam Singh Sachdeva, former chairman of Haryana Chamber of Commerce, Panipat chapter, and president, Northern India Roller Spinners' Association, told The Tribune that Panipat recycling industry has a turnover of around Rs 7,000-Rs 8,000 crore from exports. He said 80% of their business is based on recycled yarn.

Over 200 tonnes of rag is recycled in Panipat daily to make open-end spinning yarn. Open-end spinning is a technology of creating yarn without using a spindle. It results in a turnover of around Rs 4,000 crore per annum while shoddy yarn, manufactured by recycling discarded woollen clothes, brings business to the tune of around Rs 2,000 crore per annum.

Panipat has around 60 big recycling units of open-end spinning yarns. It is used in making bathmats, curtains, carpets, bed sheets/bed covers, daris and jute products whereas shoddy yarn is used for making blankets, tweed, military blankets and acrylic blankets.

"We also produce coloured yarn which helps in saving on dyeing expenses, reducing the cost of end product. This also helps exporters to compete at the global level," he said.

"I started business with only three imported machines around 15 years ago. Now, I have more than 550 machines installed at various units," Sachdeva added.

Manish Grover, owner of Dream Collection Exports, said: "Over 400 industrial units recycle discarded clothes in Panipat. Approximately 8 lakh kg of rag is recycled in Panipat on a daily basis."

The shoddy yarn is sold in Amritsar and Ludhiana market for manufacturing woollens and blankets.

Bheem Rana, president, Panipat Dyers' Association, said, "Panipat industry is totally based on recycling industry. Woollen yarn is made only in Panipat and supplied across the country. Plastic water bottles are also recycled to make polyester yarn."

Source: tribuneindia.com - Apr 18, 2019

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Jobs in India: The challenge of creating more employment

Job creation has been a preoccupation with policymakers for long. The lacklustre performance of Indian manufacturing has prevented the absorption of labour force displaced from agriculture.

Although some have found employment in services such as travel, tourism and hospitality, much of these are stopgap arrangements. Labour-intensive manufacturing could have been the most fitting option to absorb the mass labour force. But this did not happen.

The most common argument for its failure to take off is the rigidities in labour laws preventing easy hire and fire of workers. Also associated are the entry and exit barriers for firms. However, one aspect has been completely ignored from consideration. It is the capital requirement of labour-intensive sector and refers to the relative significance of capital in their set-up and operations.

The idea that labour-intensive industries will work without appropriate capital is misguided. Even more erroneous is the concept of evaluating their relatively large proportion of labour use based on direct requirements only. It is necessary to work out labour and capital requirements after taking into account their respective use indirectly in activities of the supply chain of labour-intensive industries.

Ignoring the indirect usage of capital in a labour-intensive industry amounts to underestimation of the capital proportion of labour-intensive manufacturing. For instance, despite its labour intensity, the food processing industry depends on capital equipment such as refrigerated vans.

The omission tends to undervalue the proportion of capital. Therefore, it becomes fundamental to reassess the capital proportion of labour-intensive sectors so that appropriate finance policies can be designed for their revival and promotion.

A related attempt through an ongoing study under the IMPRESS (Impactful Policy Research in Social Science) scheme of the government finds that even the traditionally labour-intensive sectors have higher proportions of capital than normally recognised.

For instance, labour-intensive manufacture of tobacco products and manufacture of macaroni, noodles, etc, enveloped under the broader food processing sector is noted to have capital proportions that are 18.4% more than normally assessed. An underestimation of that magnitude (of the order of one-fifth) for a labour-intensive sector, which is also largely unorganised and employs unskilled labour, suggests that employment generation in labour-intensive sectors demands more capital than estimated through measuring only their direct factor proportions.

Similar is the case of unskilled labour-intensive activities related to manufacture of textiles, handbags, footwear and ropes under the broader textile and leather sector, although the underestimation is of a smaller order.

The capital proportion of yet another labour-intensive activity—manufacture of refractory and non-refractory clay and ceramic products—is likely to be underestimated by 10.8%.

As a labour-intensive activity, manufacture of structural metal products, included in the basic metal products sector, is found to have the highest level of underestimated capital proportion. The capital proportion in relatively low-value transport equipment such as bicycles is also underestimated by almost 10%.

At the same time, the high value added but skilled labour-intensive products such as gems and jewellery would fall short of capital by 6.9% as assessed from the proportions for miscellaneous manufacturing sector which is also inclusive of production of sports goods using unskilled labour.

These findings have relevance for the industrial policy which is round the corner. Indeed, ignoring the greater than understood capital proportions of labour-intensive activities only belittles their capital requirements dishonourably. Thus, infusing appropriate capital into labour-intensive sectors gains primacy for their success in employment creation.

Source: financialexpress.com - Apr 20, 2019

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