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IBTEX No. 225 of 2019 November 20, 2019

US 71.71 | EUR 79.42 | GBP 92.60| JPY 0.66

Cotton Market (Nov 19, 2019)		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19282	40300	**71.41**
Domestic Futures Price (Ex. Warehouse Rajkot), December		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19120	39961	**70.80**
International Futures Price		
NY ICE USD Cents/lb (March 2020)		65.97
ZCE Cotton: Yuan/MT (January 2020)		13,060
ZCE Cotton: USD Cents/lb		84.33
Cotlook A Index – Physical		**75.50**

Cotton Guide: It is official now, the volumes have shifted from the ICE December contract to the ICE March 2020 contract. The volumes were seen at 41,588 contracts with figures of 26,368 and 9,289 for the March and December contract respectively. The Nearby contracts were under pressure the whole day which resulted in decent losses at 64.21 cents per pound with a change of -65 points for the December contract and 65.97 cents per pound with a change of -72 points for the March 2020 contract. ICE Cotton December Big Drop over 1.5 cents from 65 to straight 63.50. So March 2020 contract is also down by 1.50% at 65.30 cents per pound. We need to keep an eye on 64 cents per pound as the lower side key level while 67.50 cents per pound as resistance level.

The Major 2 reasons that brought the ICE prices down were:

1. Perfect Harvest conditions in Major Cotton Growing Countries. [Harvest is at full swing]

2. Decline in Prices of Crude Oil.
On the other hand, the recent CFTC report brought forth details that cotton speculators have increased their net short position by 1,022 contracts to 24,915 contracts in the week ended 12 November 2019.

The MCX contracts also have seen a shift in volumes from the November contract to the December contract with figures of 391 and 565 contracts respectively. The total volumes were seen at 972 lots. The MCX November contract settled at 19,170 Rs per Bale with a change of -120 Rs. The MCX December contract settled at 19,120 Rs per Bale with a change of -120 Rs.

The Cotlook Index A has been updated at 75.50 cents per pound with a change of +60 points. The average prices of Shankar 6 unchanged at 40,300 Rs per Candy. Indian Cotton at the Market is already seen to be below MSP. It will be interesting to see how much cotton will CCI be able to procure during this season.

China was seen to have booked around 83,300 running bales of US Upland Cotton as was seen in the previous US Export Sales data. This implies that there is a bit of demand roping in. However the cancellations have to be monitored in the upcoming reports. Does this figure of 83,300 RB imply that China will procure Cotton with Existing tariffs in place? Or are they expecting the tariffs to be lifted up? This is something that has to be keenly looked out at.

On the fundamental front, international cotton prices are expected to show trade in the bandwith of 3 cents whereas for the MCX contracts, we are expecting an increase in prices with domestic prices as superior quality has started to set in in full flow.

On the technical front, in daily chart, ICE Cotton continues to trade within an upward sloping channel, after an Inverse Head & Shoulder pattern breakout. However, price is held between a consolidation of 63.40-65.00 after taking the support at the lower end of the channel around 63.40, which coincides around 50% Fibonacci extension level (62.98). Meanwhile, price is persisting around the daily EMA (5, 9) at 64.22, 64.28, along with the momentum indicator RSI is at 49, suggesting sideways bias for the price. The immediate resistance for the price would be at 65.00-65.70. Thus for the day we expect price to trade in the range of 65.00-63.80 with sideways to positive bias. Break on either side would provide us with the direction to trade. In MCX Nov Cotton, we expect the price to trade within the range of 19050-19380 with a sideways bias.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

China's trade dominance dealt a blow after US gains

Shift has raised prospect that Beijing has reached the limits of its export domination

Analysts are tentatively calling it "peak China". The country's position as the leading global exporter for the past two decades has been dealt a blow after it lost ground to the US in the first six months of this year. America became the bigger supplier out of the two superpowers to eight countries over the first half, including France, Austria, Zimbabwe and Lebanon. China added just three entries to the list of countries where its exports eclipse the US: Bhutan, Luxembourg and Venezuela.

The shift has raised the prospect that China has reached the limits of its global trade domination, allowing others, including the US and India, to increase their shares. Maarten-Jan Bakkum, senior emerging markets strategist at NN Investment Partners, said this reversal may be a sign of "peak China" in terms of global trade. He added: "The big question for the next five to 10 years or so will be whether India will be able to gain share from China."

After joining the World Trade Organization in 2001, Beijing usurped the US as the leading goods supplier to most of the world. In the first half of 2018 it exported more than the US to 174 countries, while the US was the larger goods supplier to just 51, according to analysis of the IMF's Direction of Trade Statistics database by Pictet Wealth Management.

"China has become this massive manufacturing and export powerhouse over the past 20 years," said Thomas Costerg, senior economist at wealth manager Pictet. But the country could be "a bit squeezed and losing some of its lustre", he added.

China is seeing more competition for low-value goods from the likes of Vietnam and the textile exporters of south Asia. Beijing is increasingly focusing on higher-end products, but the US remains a tough competitor in this area of manufacturing thanks to its strength in fields such as capital goods and transportation equipment, added Mr Costerg.

The long-running trade war has also played a role in China's export erosion, with the dollar value of China's goods exports declining in the first 10 months of this year compared with the same period of 2018, according to Chinese customs data.

The trade spat has seen multinationals such as Samsung Electronics, Nike and Cooper Tire & Rubber shift production to Vietnam. Mr Bakkum said the opening up of the vast Chinese economy after WTO accession meant Beijing had pushed other exporters aside in an era of globalisation and free trade.

"The Chinese had it planned, but whether the rest of the world really realised how quickly the Chinese would gain market share, probably not. That is backfiring a bit now," he said.

Source: ft.com - Nov 19, 2019

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Trade War Could Disrupt $50 Billion in China Supply Chains

The world may be embracing short-term workarounds to navigate the U.S.-China trade war and its tariffs, but those moves could ultimately contribute to more long-term shifts.

Beyond the present frenzy the persistent trade dispute between the two powerhouse nations has fueled, it may be paving the way for a reconfiguration of global supply chains over the long term, according to Randall Chafetz, managing executive officer and deputy head of global corporate and investment banking at Mitsubishi UFJ Financial Group (MUFG).

"We're seeing what everyone is seeing, which is a meaningful supply-chain disruption," Chafetz said at the recent 2019 World Trade Symposium in New York, according to a release out Tuesday.

According to MUFG estimates, continued supply chain disruptions could contribute to the redirection of between $20 billion and $50 billion out of China in 2020.

Already, apparel brands and retailers are committed to shrinking their China sourcing, with companies like Michael Kors planning to cut back to only manufacturing around 10 percent of its footwear in the country next year—down from 80 percent four years ago. More than half of Sourcing Summit New York attendees surveyed live in October said they plan to cut their China sourcing back by as much as 35 percent in 2020.

The uncertainty that has settled over trade with China has had a chilling effect on foreign investment, too, as companies aren't confident in putting down roots in a place they could end up pressured to leave in order to preserve the business. The uncertainty has also contributed to a downtrend in global M&A activity.

"People who are committed to making acquisitions [in support of] growth [are reluctant] to pull the trigger because of…the uncertainty that tariffs and trade are presenting right now," Chafetz said.

While it's still at a point were companies are redirecting their supply chains and not yet making permanent shifts, Chafetz said supply chains have become "vulnerable," particularly in highly centralized or concentrated places.

More than has been the case in the past, supply chain issues are often escalated to the C-suite, and if the U.S. and China can't come to some sort of workable agreement sooner than later, it could push those CEOs and CFOs to make more lasting decisions about the setup of their supply chains "as soon as next year," Chafetz said.

"The supply chain is front and center because of the chaotic environment," Chafetz said, and it remains to be seen how companies will settle into more tariff-resilient supply chain strategies in 2020.

As it stands, the tone of the talks between the U.S. and China have shifted from seemingly positive to pessimistic. Amid efforts toward a phase one trade deal, there has been a dispute as to whether both parties agreed on a rollback of tariffs or not, and the back-and-forth has served to fuel tension and stall talks. So far, reports from both sides have amounted to little more than that conversations are ongoing and a deal may be "close," though there are few new details surrounding what that deal will look like.

Source: sourcingjournal.com - Nov 19, 2019

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Why US Slapped Punitive Duties on Polyester Yarn from China and India

The U.S. Department of Commerce announced affirmative final determinations in the antidumping duty (AD) and countervailing duty (CVD) investigations of imports of polyester textured yarn from China and India.

The ruling came result of after petitions filed by Unifi Manufacturing Inc. of Greensboro, N.C., and Nan Ya Plastics Corp. America of Lake City, S.C. In their petition, the yarn makers claimed injury due to unfair trade practices.

Foreign companies that price their products in the U.S. market below the cost of production or below prices in their home markets are subject to antidumping duties. Companies that receive unfair subsidies from their governments, such as grants, loans, equity infusions, tax breaks or production inputs, are subject to countervailing duties aimed at directly countering those subsidies.

Commerce found exporters from those countries dumped yarn in the U.S. at margins ranging from 76.07 percent to 77.15 percent from China and 17.62 percent to 47.51 percent from India. Commerce also determined that exporters from China and India received "countervailable" subsidies at rates ranging from 32.18 percent to 473.09 percent and 4.29 percent to 21.83 percent, respectively.

Commerce made affirmative final critical circumstances determinations in the China AD and CVD investigations, finding that "critical circumstances exist for imports of polyester textured yarn from all producers and exporters from China." As a result of the final affirmative determinations for China, Commerce will instruct U.S. Customs and Border Protection (CBP) to collect AD cash deposits equal to the applicable final weighted-average Commerce Department dumping rates.

Further, as a result of the affirmative final CVD determinations, if ITC makes affirmative injury determinations, Commerce will instruct CBP to resume collection of CVD cash deposits equal to the applicable subsidy rates. In the meantime, CBP will continue to require cash deposits from importers of polyester textured yarn from China based on these rates, effective 90 days before the publication date of the preliminary determination.

Speaking to analysts last month, Al Carey, executive chairman of Unifi, which has said the dumping and unfair subsidies had negatively impacted its business, said, "We believe the recent trade developments, including antidumping and countervailing duties, are set to reshape our industry and provide meaningful opportunities over the next few quarters."

In 2018, imports of polyester textured yarn from China and India were valued at an estimated $45.5 million and $21.6 million, respectively.

The U.S. International Trade Commission (ITC) is scheduled to make its final injury determinations on or about Dec. 30. If the ITC makes affirmative final injury determinations, Commerce will issue the AD and CVD orders. If the ITC makes negative final determinations of injury, the investigations will be terminated and no orders will be issued.

Source: sourcingjournal.com - Nov 19, 2019

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Australian Cotton:On opens first store in Vietnam HCM City

The first Vietnamese store of Australian clothing and accessories brand Cotton:On was launched in Ho Chi Minh City on November 15. The brand was brought to Vietnam by Au Chau Fashion and Cosmetics Co (ACFC), which will launch the second Cotton:On store on November 26 in Hanoi. Cotton:On was founded in 1991 with the first store being launched in Geelong, Australia.

Founded in late 2010, ACFC, a subsidiary of Imex Pan Pacific Group, specialises in bringing international brands to Vietnam, including premium fashion, travel and sports brands, such as Nike, Gap, Banana Republic, Tommy Hilfiger, Calvin Klein, Levi's and Old Navy.

Source: fashionatingworld.com- Nov 18, 2019

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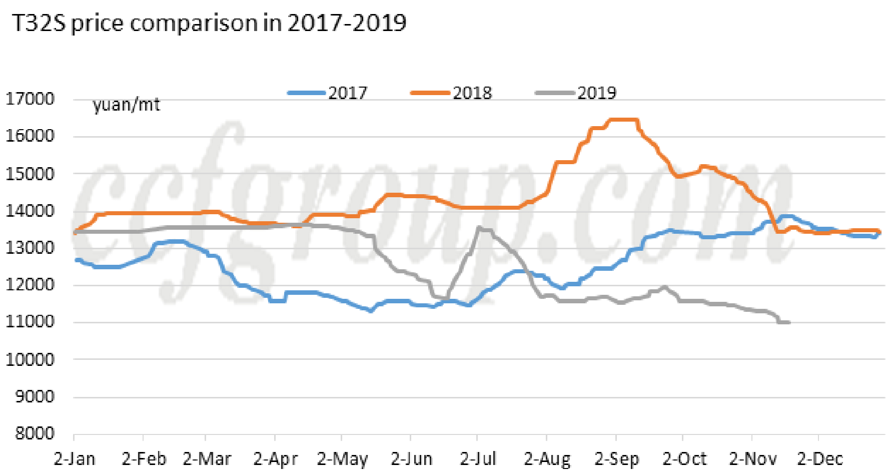
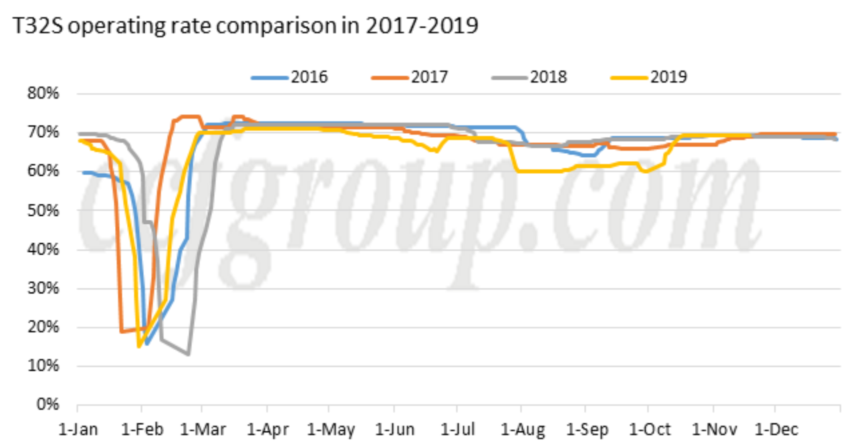
China: Polyester yarn market encountering winter in advance

As raw materials for cotton textile, cotton, VSF and PSF all face huge pressure in 2019. The sentiment of these three markets cools down obviously and the finished products are also affected negatively. Comparatively, polyester yarn is sold better among them. However, due to continuous fall of polyester feedstock, PSF price stays in downtrend and polyester yarn is also dragged down.



From the chart above, it can be seen that polyester yarn price moved into the doldrums in line with raw materials. It has hit the lowest since 2017. Most spinners start to sell at around cost line, but even so, the sales cannot move smoothly. Some spinners suffered huge losses as they stocked up PSF during the decline of PSF or accumulated finished products, and some can run normally only by production cut and cautious operation.



The sustained depression of PSF makes a dent in the vitality of the market and the wait-and-see attitude adopted by downstream also hamper the sales of polyester yarn. In a long period time, small and medium-sized spinners were forced to cut production and operating rate in Zhejiang, Jiangsu and Hebei declined.

In the meantime, end-user fabric plants ran at low rate. Looking from the chart below, the operating rate of polyester yarn mills in Jul-Sept was much lower than that in the same period of last year. Generally, spinners are not active in production cut considering production cost and labor sustainability, but this year, a large amount of small and medium-sized plants reduce production and some small plants even suspend production, which also indicates the sluggish market at present.

From the perspective of overall trend this year, lacking obvious improvement of polyester feedstock and rebound of end-user demand results in current depression of polyester yarn market which is also reflected in the slackness in peak season. As Spring Festival will come earlier this year, most spinners are expected to take holidays much earlier. With so many unfavorable factors, the market will be difficult to improve. If end-user demand does not recover obviously, this situation may sustain until next year and overall operation environment will continue to be burdened.

Source: ccfgroup.com- Nov 19, 2019

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Chinese exports to the US down 25 per cent

Chinese textile and apparel exports to the US fell 25 per cent in the first half of 2019. The main reason is the tariffs slapped by the US on Chinese imports. Losses for Chinese exporters have increased over time. Chinese exporters may have started to bear part of the costs of the tariffs in the form of lower export prices at around eight per cent below comparable products.

Exports of articles of apparel and clothing accessories or leather or composite leather – which faced a ten per cent punitive tariff in September 2018 — declined by 20 per cent January to June 2019 compared to the first half of 2018.

Similarly, Chinese shipments of knitted and crotched fabric dropped 32 per cent in the first six months of 2019. By comparison, the largest apparel export of China to the US that was not subject to additional tariffs was jerseys, pullovers, cardigans, waistcoats and similar articles, knitted or crocheted.

The tariffs are hurting not only Chinese exporters but American consumers, who are bearing the brunt of the measures in higher prices. A lose-lose trade war is not only harming the main contenders, it also compromises the stability of the global economy and future growth.

Source: fashionatingworld.com- Nov 19, 2019

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UK to host two-day textile fair Texfusion on November 20

Texfusion will be held in the UK, November 20 to 21, 2019. The show will present a carefully-selected group of high-quality international companies including the finest fabrics and accessories manufacturers.

The event will provide manufacturers and their agents the opportunity to showcase their products to the most influential buyers and designers on the UK fashion scene. This textile fair will feature 180 exhibitors, double that in the March edition, and expects more than 2,000 buyers.

The fair specializes in technical textiles, fabrics, women's wear and men's wear and denim. Fashion fabrics will cover Lycra, silk, prints, synthetics, wool, jacquard, cotton and blends, denim, eco friendly fabrics, embroidery and lace, fake fur, zips, knitted fabrics and trims.

There will be functional and sportswear linen, active wear, technical fabrics, waterproof, fire resistant, medical fabrics. Home textiles will cover fabrics for duvet covers, sheets, blankets, carpets, towels, kitchen wear. There will be more than 60 exhibitors from China and ten companies from Taiwan.

The fair offers a professional and friendly atmosphere where visitors have the opportunity to source from the most important manufacturers in Asia showing a wide selection of products and demonstrating their competence and experience in both design and production capability.

Source: fashionatingworld.com- Nov 19, 2019

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Argentina revives textile glory

Over the last decade Argentina's textile and apparel sector has shrunk roughly 50 per cent.

Argentina is Latin America's third largest economy. The textile and apparel industry employed up to 1.5 million people compared to 7,00,000 currently. Revenues are roughly 50 per cent below a decade ago.

Plans to help shore up the sector include credits or loans to boost flagging production, efforts to stabilize the currency to rally exports and tax cuts for small businesses.

Taxes for small and midsize businesses are expected to drop to 20 per cent from 30 per cent. If all goes as planned, the industry should grow to make 157 million pieces in 2020, up five per cent against this year. But lifting the country from its deep economic downturn will take time.

A key way to bolster the sector's fortunes will come from resurrecting past export stars such as high-end pullovers or hoodies, premium wool sweaters or leather jackets, which once sold strongly overseas.

Part of that effort should also include helping battered labels regain their footing. Gaucho-Buenos Aires, a high-end leather goods and ready-to-wear label, just launched online in the US.

The brand is using Argentina's cowboy culture to make leather products with a contemporary twist.

Source: fashionatingworld.com- Nov 19, 2019

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Indonesian envoys should actively inform about export opportunities

The Indonesian Chamber of Commerce and Industry (Kadin) said that the ambassadors of Indonesia should play an active role in providing information to national businesses about export opportunities.

"We expect the ambassadors to play an active role in providing inputs, because they are in the field. Give inputs on how to increase trade," Kadin chairman, Rosan Roeslani, said in Jakarta on Tuesday.

He added that the ambassadors could also play a role in creating fair and reciprocal trade.

"For example with the United States, we know we cannot produce cotton. It means we can buy more cotton; but on the other hand, we also ask them to buy textiles at higher prices. That is fair and reciprocal trade," he explained.

The ambassadors could also be a liaison between national and local business actors, thus providing opportunities for national products to be exported.

"This is what we expect from the ambassadors. They (ambassadors) can become our market intelligence," he said.

Deputy Chairperson for International Relations of the Indonesian Chamber of Commerce and Industry, Shinta W. Kamdani, said that Kadin would be more synergized with the government in order to increase national trade to other countries.

"With the Ministry of Foreign Affairs, we have identified target countries. For example, with the United States, how Indonesia can seize opportunities in any sector. Market intelligence is our data to take on the opportunity," she said.

Currently, Indonesia-US trade is still conducted through third parties, both traders from Japan and Singapore, she continued.

"We want a direct way. There are five priority sectors, namely textiles, footwear, electronics, food and beverages, and furniture. This will become our priority," she said.

Source: en.antaranews.com - Nov 19, 2019

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How Can Bangladesh Boost Garment Exports? Better Roads and Ports

A new World Bank report recommends Bangladesh improve its transport and logistics systems to better meet the needs of its growing economy and boost export growth.

The report, “Moving Forward: Connectivity and Logistics to Sustain Bangladesh’s Success,” found that by making logistics more efficient, Bangladesh can significantly boost export growth and maintain its position as a leading garment and textile producer and create more jobs.

U.S. apparel imports from Bangladesh were up 9.29 percent to $4.57 billion in the year to date through September compared to a year earlier. This gave the country a 6.78 percent market share of U.S. apparel imports in the period, a gain of 10.13 percent for the 12 months through September.

According to the report, those imports to the U.S. and elsewhere could be higher if logistics were better. The World Bank cited congestion on roads and in seaports, high logistics costs, inadequate infrastructure, distorted logistics service markets and fragmented governance in hampering manufacturing and freight, further eroding Bangladesh’s competitive edge and putting its robust growth path at risk.

Efficient logistics, the report contended, has become one of the main drivers for global trade competitiveness and export growth and diversification. For Bangladesh, improving its logistics performance provides an opportunity to expand into new markets, diversify its manufacturing and agriculture into high-value products, and increase its world market share in garments and textiles, which account for 84 percent of its total exports.

“Bangladesh’s congested transportation and often unsophisticated logistics systems impose high costs to the economy,” Mercy Tembon, World Bank country director for Bangladesh and Bhutan, said. “By making its logistics more efficient, Bangladesh can significantly optimize its connectivity, business environment and competitiveness, putting the country on the right path to become a dynamic upper-middle-income country."

The report said improving Bangladesh's logistics requires a system-wide approach based on greater coordination among all public institutions involved in logistics and with the private sector, increasing the effective capacity of core infrastructure, and removing distortions in logistics service markets to reduce costs and improve quality.

"There's no doubt that reforms and investments for better transport and logistics will yield Bangladesh substantial economic benefits and strengthen its competitive advantage," Matías Herrera Dappe, senior economist at the World Bank and author of the report, said. "But the solution to logistics is not just to invest more but to invest better, by focusing on the service gap, and creating the incentives for high quality and competitive logistics services."

Source: sourcingjournal.com - Nov 19, 2019

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Pakistan: Textile exports posts 4.10% growth in four months, cross $4,586 billion mark

Textile group exports from the country during first four months (July-October) of current financial year increased by 4.10% as compared the exports of the corresponding period of last year.

Meanwhile, textile sector exports witnessed about 7.44% growth in month of October, as against the exports of same month of last year, according the latest data of advance releases on foreign trade statistics, released by the Pakistan Bureau of Statistics on Tuesday.

During the period from July-October, 2019-20, textile products worth over US $ 4.586 billion exported as against the exports of US $ 4.406 billion of same period last year, showing an increase of 4.10 percent, it added.

On month on month basis, the textile products over US $ 1.214 billion exported in month of October, as compared the exports of US $ 1.130 billion of same month last year.

During the period under review, exports of ready made garments grew by 12 per cent, knitwear 9.49 per cent, bed wear 5.72 per cent, towels 0.80 per cent, art, silk and synthetic textile increased by 9.46 per cent respectively, it added.

Meanwhile the exports of raw cotton from the country during the period under review increased by 0.78 per cent, cotton carded or combed 100 per cent and yarn other then cotton yarn grew by 21.24 per cent respectively, the data reveled.

However, in last four months of current financial year, the exports of textile products which observed negative growth in their respective exports included cotton yarn decreased by 2.14 per cent, cotton cloth 4.83 per cent,tents, canvas and tarpulin by 1.58 per cent, it added.

During the period from July-October, 2019 country exported about 40,246 thousand dozen of knit wear valuing US $ 1.054 billion as against the exports of 37,790 thousand dozen worth of US $ 962.862 million of same period of last year, which was up by 9.49 percent, it said

During the period under review, 172,547 metric tons of bed wear worth US $ 817.665 million also exported as compared the exports of 144,574 metric tons valuing of US $ 773.447 million of same period of last year.

The exports of above mentioned product witnessed 5.72 per cent growth in first four months of current financial year.

Meanwhile, 58,030 metric tons of towels worth US $ 251.647 million also exported as compared the exports of 60,041 metric tons valuing US $ 249.651 million of same period of last year.

From July-October, country fetched $906.663 million by exporting about 19,954 thousand dozen of ready made garments, which were recorded at 15,119 thousand dozen worth US $ 809.520 million of corresponding period of last year.

However, exports of raw cotton from the country came down from US $ 392.948 million in first four months of last financial year to US $ 384.553 million in same period of current financial year.

It may be recalled here that country's merchandise trade deficit plunged by 33.52 percent during the first four months of the current fiscal year (2019-20) as compared to the deficit of the same month of last year.

According to the data the trade deficit during July-October (2019-20) was recorded at US $ 7.776 billion against the deficit of US $ 11.696 billion during July-October (2018-19).

The exports during the period increased from US $ 7.270 billion during last year to US $ 7.547 billion during the current fiscal year, showing growth of 3.81 percent.

On the other hand, the imports into the country witnessed decline of 19.21 percent by falling from US $ 18.966 billion last year to $15.323 billion during the current fiscal year, the data revealed.

Meanwhile, on year-on-year basis, the exports from the country increased by 6.75 percent by growing from US $ 1.896 billion during October 2018 to US $ 2.024 billion in October 2019.

On the other hand, the imports declined by 15.14 percent by going down from US $ 4.801 billion in October 2018 to $4.074billion in October 2019.

On month-on-month basis, the exports from the country increased by 14.41 percent in October 2019 when compared to the imports of US $ 1.769 billion in September 2019. On the other hand, the imports into the country witnessed increase of 7.64

Source: app.com.pk - Nov 19, 2019

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NATIONAL NEWS

India files appeal against WTO panel report on export subsidies

As per the panel recommendations, India needed to withdraw the "prohibited subsidies" under the EOU/EHTP/BTP Schemes, EPCG Scheme, and MEIS, within 120 days

India has filed an appeal against the World Trade Organisation (WTO) panel report, which ruled that many of its popular export promotion incentives were not in sync with multilateral trade rules and needed to be withdrawn. The case was initiated by the United States (US).

"India filed an appeal on November 19 concerning the WTO panel report in the case brought by the United States in “India — Export Related Measures”. The panel report was circulated to WTO members on October 31 2019," according to an official release.

In its ruling, the WTO panel had backed several claims filed by the US against export promotion measures adopted by India including the Merchandise Export from India Scheme (MEIS) and the Export Promotion Capital Goods (EPCG) scheme.

The US had claimed that since India's per capita Gross National Income (GNI) has increased beyond $1000 per annum, which is the threshold beyond which export subsidies are not allowed, many of its export promotion schemes flouted rules.

As per the panel recommendations, India needed to withdraw the "prohibited subsidies" under the EOU/EHTP/BTP Schemes, EPCG Scheme, and MEIS, within 120 days from adoption of the report.

New Delhi’s contention that it was exempted from the prohibition on export subsidies under the special and differential treatment provisions of the WTO Agreement on Subsidies and Countervailing Measures (SCM) was rejected by the panel.

"While India has plans to replace some schemes such as the MEIS with ones that are allowed under the WTO, it does not want to do so under duress. There are some other schemes which should be allowed to continue. India is going to fight its case on strong legal grounds," an official said.

The Appellate Body of the WTO, however, is likely to become dysfunctional from December 11 if the US continues to block the appointment of new judges, and a judgement on the case may get delayed. It usually takes around three months for a judgement to be delivered.

Source: thehindubusinessline.com- Nov 20, 2019

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Govt explores national brand for textiles for global market

The ministry will also seek feedback to improve functioning in several key aspects of the sector, which is a high employment creating industry.

The textile Ministry has convened a stakeholders meeting for inputs for a new textile policy, which will include in it the need for creating an umbrella brand for the country's textiles sector for the global market, an official said on Tuesday.

The meeting is slated to be held on Wednesday in Delhi by the trade advisor of the ministry and will also discuss on the quality mark for the sector, he said. The notice for the meeting called for discussion on the need for brand positioning of Indian textile and apparel in the global market by creating an umbrella brand for textile and introducing quality marks, the official said.

The ministry will also seek feedback to improve functioning in several key aspects of the sector, which is a high employment creating industry. The meeting intends to discuss the areas of manufacturing, exports, policy framework and best practices in China, Vietnam, Bangaldesh and Turkey, he said. The meeting will also discuss threats from free trade agreements. Building quality and ecosystem are among the agendas of the meeting, he added.

Source: moneycontrol.com- Nov 19, 2019

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India-UAE trade to touch $100 bn

Collaborations happening in defence, food security, infrastructure, energy and technology, says Dubai Chamber

India and UAE share historic political, economic and cultural ties that have evolved and expanded considerably over the years. India remains UAE's second-largest trading partner with bilateral non-oil trade amounting to $18.2 billion in the first half of 2019, marking a 20 per cent year-over-year increase. Bilateral trade between the two countries is expected to cross $100 billion by 2020 from over $57 billion at present.

Recent Dubai Chamber analysis suggests that there are several areas where India can potentially boost its exports to the UAE, including pharmaceuticals, electrical machinery, vehicles, apparel and clothing accessories. On the other hand, printed books, natural pearls, cereals, carpets and textiles are identified as high-potential products that can be exported from the UAE to India in the future.

Majid Saif Al Ghurair, chairman, Dubai Chamber of Commerce and Industry, told Telangana Today in an exclusive interview, "The UAE and Indian governments have played a crucial role in strengthening ties between the two countries and expanding economic cooperation in new sectors and fields.

There has been a lot of progress with regards to increased UAE-India cooperation in key areas such as defence, security, investment in infrastructure, energy and other areas, following the signing of the countries' Comprehensive Strategic Partnership Agreement in 2017 and we hope to see more agreements like this formed in the future."

Multi-sector ties

India has positioned itself at the forefront of the Fourth Industrial Revolution – and the country is among the earliest adopters of advanced technologies and innovative concepts such as fintech, artificial intelligence, blockchain, Internet of Things and smart city solutions. India shares many similarities with the UAE and there is huge potential for the UAE and India to expand their cooperation in these areas, build new industries and drive economic growth.

"We have seen renewed interest from both sides to cooperate on food security. Earlier this year, India's Minister of Commerce and Industry announced the India-UAE Food Corridor project which will see UAE entities invest up to $7 billion in India's food sector over the next three years, improve the UAE's food security and create 2,00,000 jobs across India. Yet, there are still plenty of bilateral business opportunities, which have not been fully explored. Identifying such opportunities is a key focus of Dubai Chamber's representative office in Mumbai," he added.

Indian expats

The UAE is home to the largest Indian expat community in the world and the Indian businesses community has played a crucial role in supporting Dubai's economic development over the years.

"We now see second and third generation family businesses flourishing here and making their mark on key industries such as retail, real estate, trade, education, ICT, healthcare, among many others. In 2018, Indian investors accounted for 31 FDI projects launched in Dubai valued at over $1 billion, making India the second largest investor in the emirate during the year.

A total of 2,208 Indian companies joined Dubai Chamber of Commerce and Industry as new members in the first six months of 2019, marking an 18 per cent increase compared to the same period last year. Indian firms accounted for 24.4 per cent of new member companies that registered with Dubai Chamber between January and June 2019, bringing the total number of Indian members to 38,704," he informed.

Opportunity for startups

Dubai is a land of opportunity for startups from around the world that have benefited from the wealth of competitive advantages that it offers, including more than 30 attractive free zones.

To add to that, the emirate is ripe with business opportunities as the country pushes ahead with expansion plans ahead of Expo 2020. This mega event will provide an ideal platform for Indian companies to showcase their offerings and boost their global profile, with 25 million visitors expected to be in attendance.

"We have identified India as the top target market for Dubai Startup Hub members-as 30 per cent of the startups registered under the platform are Indian-owned.

We have seen growing interest from Indian startups that are keen to enter the Dubai market and expand their presence in the GCC region with a surge in Indian startups applying to the UAE's various programmes and competitions offered through Dubai Startup Hub," he noted.

Source: telanganatoday.com- Nov 19, 2019

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India quit RCEP in national interest: Goyal

Commerce Minister tells BJP parliamentary party that the move was aimed at protecting domestic industry

India did not succumb to international pressure for joining the Regional Comprehensive Economic Partnership (RCEP) to save the interests of domestic industry, Commerce and Industry Minister Piyush Goyal told BJP MPs on Tuesday.

In the first meeting of the BJP's parliamentary party during the Winter Session that started on Monday, the ruling party legislators were briefed by the Commerce Minister on the rationale for India quitting the RCEP, while Foreign Minister S Jaishankar made a presentation about Prime Minister Narendra Modi's recent visits to several countries as well as his participation in events such as the UNGA and BRICS meetings.

Domestic industry

The PM himself was not present in the meeting which was chaired by BJP President Amit Shah and working President JP Nadda.

Party sources said Goyal explained to the MPs that while India has opened up 74 per cent of its market, several smaller countries have allowed just over 50 per cent of their market to be opened for foreign players.

"India has maintained that we will not be a signatory to the RCEP unless our domestic concerns have been addressed. We are just one among the 16 countries who have not signed. We were able to take this firm stand because of our strong and stable leadership," Goyal reportedly said in his presentation before the BJP parliamentary party.

The Commerce Minister is believed to have said that the other member countries of RCEP have conceded that India's domestic concerns need to be addressed.

He apparently said that the Congress-led UPA government had favoured joining the RCEP but the Modi government has reversed the decision in the country's interest.

Foreign events

The External Affairs Minister, in his presentation, spoke at length about Modi's participation in the United National General Assembly meeting in the US this September and the 'Howdy Modi' rally where he was joined by the the US President Donald Trump.

The Prime Minister's participation in the BRICS and ASEAN meetings, besides his trips to Russia, Saudi Arabia, Bahrain and Bhutan were also spotlighted, with Jaishankar telling the ruling party's lawmakers that Modi brought the issue of terrorism to the fore and found support from most countries.

The minister mentioned the decision of Saudi Arabia and Bahrain to accord their highest civilian honour on Modi.

Also at the meeting, the MPs were also asked to give details of the foot march that all BJP functionaries were asked to undertake to commemorate Mahatma Gandhi's 150th birth anniversary on October 2.

Source: thehindubusinessline.com- Nov 19, 2019

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Govt eases input tax refunds for exporters

In a major relief for the export sector, the customs authority has directed tax officials not to insist on proof of realisation of exports proceeds for processing of input tax refunds.

Delay in issuance of refunds has been a sore point for exporters since the switchover to goods and services tax (GST) regime in July 2017.

The new directive from the Central Board of Indirect Taxes and Customs (CBIC) follows assurance from finance minister Nirmala Sitharaman to the industry on easing of compliances.

The circular makes it clear that tax authorities will not insist on proof of realisation of export proceeds for processing of refund claims related to export of goods as it has not been envisaged in the law.

CBIC emphasised that exports have been zero rated under the Integrated Goods and Services Act. Hence, as long as goods have actually been exported, even after a period of three months, tax officials should not insist on payment of Integrated tax first and claiming refund at a subsequent date.

There have been reports that exporters were being asked to pay integrated tax in cases where the goods were exported more than three months after the date of the issue of the invoice for export.

Tax experts said the circular has come at an opportune time. "The circular has provided some key relaxations," said Harpreet Singh, partner at KPMG. Tax authorities will no longer insist on proof of realisation of proceeds, or on payment of tax before refunds are initiated when the export is delayed, he said. Also, there won't be any adverse action in case the order of debit on claiming refund is not followed, Singh said.

Source: economictimes.com- Nov 20, 2019

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View: India needs a new methodology to gather data

A leaked National Sample Survey Office (NSSO) survey says India's consumption fell 3.7% between 2011-12 and 2017-18, rural consumption fell 8.8%, and rural food consumption crashed by 10%. If true, poverty must have skyrocketed.

GoI refuses to release the report saying it has serious data problems. Critics declare this is one more example of the government fudging, or killing, inconvenient statistics. However, consumption declines occur only in deep recessions when GDP growth collapses. In this period, Indian GDP grew 7% annually, making it the world's fastest-growing economy.

Lies, Damned Lies & Surveys

Our national accounts (which give GDP data) say Indian growth in recent years has been boosted mainly by consumption. How could sales taxes — or goods and services tax (GST) — have shot up in this period if consumption had really fallen? How could so many corporations say the rural market was booming for everything from motorcycles to shampoo?

Still, we must reconcile these contrary data. The government must release the flawed NSSO survey and let analysts vivisect it. Are GDP data completely wrong? Or is the consumption survey wrong? The reliability of GDP data is in question, but the survey results look too ridiculous to take seriously.

Economists should learn from the persistent failure of opinion and exit polls to predict election results. Many polls spend large sums on proper statistical sampling to ensure accuracy. And, yet, they end up highly inaccurate. Globally, exit polls are usually accurate. But in India, they go wildly wrong and differ hugely from one another, which should not happen with large samples.

Why? Because people lie to pollsters. One voter told exit pollsters, 'What will I get out of telling you?' It is rational for people to tailor their replies to possible personal advantage. This must happen in consumption surveys no less than opinion polls.

Devesh Kapur and fellow researchers give a telling example in a dalit survey in Uttar Pradesh. They hired a local facilitator to assist the survey. Answering questions, one dalit claimed to be badly off. But as the survey proceeded, it came to light that a recent marriage proposal for the dalit's son came from the facilitator's cousin. Immediately, the dalit declared he was actually well off and had lied about being poor to ensure he did not lose any freebies.

A gap has grown for decades between consumption as reported by GDP data and NSSO surveys. The ratio of survey to GDP consumption plummeted from 87% in 1972-73 to 43% in 2009-10. It may be just 35% after the latest survey. This cannot be dismissed as under-reporting by the rich alone, as has been past practice. Everybody does it.

Under-reporting is spurred by the targeting of freebies and subsidies to the poor. Back in the 1980s, the food subsidy was the same for everybody. But from the 1990s, the government began providing much cheaper grain (and other benefits) to those below the poverty line. Today, many subsidies of the central and state governments are targeted at the poor, and sometimes to the bottom two-thirds.

Those rising above these income lines will cut their own throats if they tell the truth. The incentive to lie increases with prosperity. If my reasoning is correct, the gap between the two data sets should increase with time. That has, in fact, happened.

Everything But the Truth

The world over, self-reported data — where people tell surveyors about themselves — are suspect. A 2017 study (bit.do/fhLVv) by Liana Fox, Misty L Heggeness, José Pacas and Kathryn Stevens found that in four US states, at least 40% of recipients of food stamps denied getting any. Bruce D Meyer, Wallace K C Mok and James X Sullivan in a 2015 paper, 'Household Surveys in Crisis' (bit.do/fhLWJ), found that welfare recipients in surveys declared barely half what they got through food stamps, welfare cash transfers and workers' compensation. Americans, no less than Indians, under-report.

Economist Trudi Renwick says nonresponse to questions of the US Census Bureau on income rose from 28% in 1997 to 45% in 2015. Non-response was highest among the richest and poorest. Hence, survey data are unreliable for capturing poverty or plutocracy.

In the US, self-reporting consumption surveys are so problematic that economists estimating poverty are seeking alternatives. Some alternatives entail sophisticated modelling of tax, social security and wage data.

India, too, needs a change of methodology. In the 1970s and 1980s, NSSO surveys were used to find the distribution of consumption between different income levels, and that distribution was superimposed on GDP data to estimate different consumption levels as well as the poverty headcount ratio.

This adjusted for the dangers of relying on self-reported data alone. However, the government later dropped the adjustment, saying that could distort reality. Alas, unadjusted data can be even worse, and today seem to represent widespread fake reporting.

We should return to the old method combining data from surveys and GDP. That will end the ridiculous gap that has appeared in the two consumption measures.

If possible, that can be adjusted using other data sources for under-reporting by the rich or poor. This will not be ideal. But it will surely be closer to reality than the ridiculous NSSO survey showing falling consumption in face of rising tax, corporate and GDP data.

Source: economictimes.com- Nov 20, 2019

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Employment growth slowed down in last two years: Care Ratings

The aggregate headcount or employment had increased at a CAGR of 3.3 per cent between 2014-15 and 2018-19

There has been a slowdown in growth in employment to 3.9 per cent and 2.8 per cent in 2017-18 and 2018-19 respectively, according to an analysis done by CARE ratings.

The study involved 1,938 companies spread across all sectors. The value of sales in FY19 was Rs 69 lakh crore thus covering the entire corporate sector. It included all listed public sector entities too for which information is available. However, the SME segment found less representation in the sample.

The study reveals that the aggregate headcount or employment had increased at a CAGR of 3.3 per cent between 2014-15 and 2018-19 i.e. over a four-year period. In comparison, GDP grew at a CAGR of 7.5 per cent during this period.

Ideally, the rate of growth in employment should be inclined to the growth in GDP, which is the broadest indicator of economic growth. “On an annual basis the difference between the growth rate in GDP and employment was 5.5 per cent in 2015-16, 4.1 per cent, 3.3 per cent and 4 per cent respectively in the subsequent years. Therefore, there is a case that supports the argument that employment growth has not been commensurate with GDP growth with a difference of 4.2 per cent in CAGR during this period,” Care Ratings said.

The table shows that around half the companies had witnessed a decline in growth in employment over this time period while 35 per cent of them had witnessed growth of 11.5 per cent on the aggregate each with an above average CAGR of 3.3 per cent.
Sectoral indicators

The core industries have witnessed, virtually, a negative growth in headcount, with crude oil merely maintaining the employment level. These industries have been impacted by the slowdown in GDP growth as well as the challenges on the NPA side for banks.

A similar picture is witnessed for the heavy investment industries where growth has tended to be negative for power and capital goods and only 0.4 per cent for infrastructure.

The consumer-oriented industries show a varied pattern: In the case of agricultural and durable goods there has been a deceleration in employment while there has been an increase for FMCG and textiles albeit at a lower than sample average of 3.3 per cent.

Source: thehindubusinessline.com- Nov 19, 2019

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Bihar has untapped export potential of $900 million: EXIM

The study also proposed for better branding and marketing of Geographical Indications products in the state

A study by the Export-Import Bank (EXIM) of India has said that there is an untapped export potential of nearly $ 900 million from Bihar and if it is realised, the shipment from the state could exceed $2 billion in the short term.

The report also said that the merchandise exports from the eastern state in 2017-18 were valued at $ 1.35 billion which was a “remarkable improvement” over the $ 0.4 billion of exports recorded during 2012-13.

The bank organised an interaction with exporters here on Monday and released a working paper, ‘Promoting Exports from Bihar: Insights and Policy Perspectives’.

The study was released by the state Industries department’s secretary Narmadeshwar Lal in the presence of Exim Bank General Manager Lokesh Kumar and its Regional Head- Kolkata, Sanjay Lamba and others.

The study examined Bihar’s economic profile and outlined strategies for creating an enabling environment for exports at the state-level.

The report recommended setting up of Inland Container Depots (ICDs) in Muzaffarpur and Bhagalpur, besides establishing a custom clearance office in the existing ICD in Patna, increasing warehousing and cold chain infrastructure in the state.

It also suggested setting up of Special Economic Zones (SEZs) in the districts of Patna, Muzaffarpur or Bhagalpur and providing freight equalisation support to exporters for reducing the cost to exports arising out of infrastructural deficiencies.

The study also proposed for better branding and marketing of Geographical Indications products in the state.

Lal highlighted the efforts taken by the government to support exporters in the state and also outlined its future endeavours.

Speaking on the occasion, Lamba apprised the exporters of 'Exim Mitra'- a trade finance portal that offers a diverse range of information, advisory and support services to enable them to evaluate international risks, exploit export opportunities and improve competitiveness.

Source: thehindubusinessline.com - Nov 19, 2019

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Four-day mega textile fair to begin on Nov 27

The second edition of Weaves, a textile fair organized by the Confederation of Indian Industries and Texvalley, will be held from November 27 to 30. The exhibition, which is expected to feature more than 250 exhibitors, will see more than 1,000 buyers from Southeast Asia, eastern Europe and South Africa.

The four-day fair is expected to generate more than Rs 1,000 crore for the 250 exhibitors and the 750 small-medium enterprises that have trade outlets.

Aimed at promoting the powerloom and handloom industry, exhibitors are likely to be able to visit trade association representatives from other countries and even set up B2B meetings. They would be exhibiting a range of textiles like ethnic wear, knit fabric, handlooms and khadi, home textiles, textile accessories, machinery segments and grey cloth.

“Weaves 2019 will be the combination of business, networking, connecting the domestic entrepreneur globally and brand promotion,” said vice-chairman of Texvalley, C Devarajan.

“This year we have invited the ambassadors of Sri Lanka, Vietnam, Cambodia, Jordan, Ethiopia and Bangladesh and requested the trade delegates to participate in setting up a country pavilion and arrange B2B meetings with other delegates,” he said.

R Varadarajan, Chairman, CII Coimbatore Zone, said, “Weaves 2019 will help the weaving fraternity in Coimbatore, Tirupur and Erode to explore new opportunities and to showcase their products to global customers,” he said. The event would also include a two-day conference and seminar.

Source: timesofindia.com - Nov 20, 2019

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Textile fair in Erode looks at attracting overseas buyers

The fair, to be held later this month, is expected to receive visits from several multi-national companies that have offices in India

‘Weaves’, a textile fair to be held in Erode from November 27 to 30, is looking at attracting a large number of overseas buyers. Over 60 foreign visitors and representatives of several multi-national companies that have offices in India are expected to visit the second edition of the event.

“We have conducted road shows across the country and met officials in other countries. Only when we get more foreign buyers will the quality of the products (made here) go up,” said C. Devarajan, vice chairman of Texvalley. The aim of the exhibition is to showcase the capabilities of the textile industry in this region to national and global buyers, he added. “We expect a total of 10,000 visitors.”

The second edition of 'Weaves' is expected to generate nearly ₹1,000 crore in business enquiries as against ₹400 crore last year. Texvalley, a permanent market place in Erode for the textile sector, has 750 permanent stalls.

The participants at the expo will include griege (unprocessed) fabric manufacturers, made-up and garment producers, traders, and weavers, and also about 30 handloom weavers. It will have seminars on all four days. Visitors can book bulk orders and participants will have the capacity to cater to these orders. The venue will have lounges for business-to-business meetings as well.

Texvalley offers a host of services to its occupiers and members such as helping them modernise looms, cluster development, training in packing and displaying products, etc. The aim is to offer all the solutions required, such as banking, insurance, product development, etc, to those who have permanent stalls in Texvalley. The number of occupants has gone up from 350 during the same period last year to 750 now.

"We are looking at about 900 occupants. We help weavers add value to their products," said Mr. Devarajan.

Source: thehindu.com - Nov 19, 2019

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