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IBTEX No. 226 of 2019 November 21, 2019

US 71.86 | EUR 79.59 | GBP 92.89| JPY 0.66

Cotton Market		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19234	40200	**71.29**
Domestic Futures Price (Ex. Warehouse Rajkot), December		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19210	40149	**71.20**
International Futures Price		
NY ICE USD Cents/lb (March 2020)	64.28	
ZCE Cotton: Yuan/MT (January 2020)	12,895	
ZCE Cotton: USD Cents/lb	83.13	
Cotlook A Index – Physical	**74.40**	

Cotton Guide: The ICE Cotton futures have headed downwards. The changes were seen with change figures in 3 digits. The ICE December contract settled at 62.24 cents per pound with a change of -120 points whereas the ICE March contract settled at 64.28 cents per pound with a change of -107 points. That means the spread between the two contracts are at -204 points.

This downtrend in prices was due to the long liquidation in spot December contract. The December contract will enter delivery from Friday, therefore all spot month participants are expected to exit by this evening. The total volumes were at 56,462 contracts. Also on the other hand, speculators are seen to enter in short positions at a greater scale.

The ICE contracts surged up yesterday but later declined. Its impact was seen at MCX. The MCX contracts settled higher by around 100 Rs. The MCX November contract settled at 19,150 Rs per Bale with a change of +90 Rs. The MCX December contract settled at 19,210 Rs per Bale with a change of +80 Rs. The volumes were seen at 920 lots which is again a decent figure.

The Cotlook Index A has been updated at 74.40 with a change of -60 points. The CAI Prices for Shankar 6 are at 40,200 Rs per Candy, whereas the prices available in the spot market are in and around 39,000 Rs per Candy. Indian Cotton on the other hand (while speaking about exports) is the cheapest cotton in the world. Therefore, in contrast to last year, Indian Exporters are presuming exports to show good numbers. However, the export figures haven't yet kicked in.

On the Geopolitical front, pessimism is haunting the minds of Cotton Market Participants. It is presumed that the first phase will only be inked next year.

On the fundamental front, we expect prices to still show some decline with December Open interest seen at 17,977 contracts. A change of -50 points is expected. However, if Good export sales number are seen this evening then, the bulls might have a chance to neutralize the bearish effects. On the domestic front, the prices of Indian Cotton can show an increase of around 200 Rs with the news Pink Bollworm attacks seen in Maharashtra and Gujarat.

On the technical front, In daily chart, ICE Cotton has broken the support of upward sloping channel, after an Inverse Head & Shoulder pattern breakout. However, price would look to take support of 50% Fibonacci retracement level (61.29) of an intermediate up move. Meanwhile, the daily EMA (5, 9) at 63.11, 63.53, having a negative crossover along with the momentum indicator RSI is at 40, suggesting sideways to negative bias for the price. The immediate resistance for the price would be at 63.10 (5 day EMA). Thus for the day we expect price to trade in the range of 61.30-63.10 with sideways to negative bias. In MCX Nov Cotton, we expect the price to trade within the range of 18950-19200 with a sideways bias.

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

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INTERNATIONAL NEWS

US-China Trade Deal Might Be Stalled Until 2020, Paving the Way for December Tariffs

The latest news on the trade war front seems to be that those in command may not call a cease fire until 2020. And that means incoming tariffs slated for Dec. 15 might still threaten the apparel and footwear sector.

Trade experts and those close to negotiations are now saying completion of the phase one trade deal President Trump and Chinese President Xi Jinping have been working toward may not happen before 2019 is up, according to reports in Reuters.

When Trump outlined elements of the phase one trade deal on Oct. 11, he said the deal could take anywhere from three to five weeks to complete, but Friday marked five weeks and negotiations appear to be more stalled than they have been in recent months.

That's due partly to a disagreement over whether the U.S. agreed to roll back in-place tariffs as part of the deal, which China claimed it had and Trump claimed it hadn't.

Whatever the truth may be, negotiators from China are now holding firm to demands for some tariffs to be lifted in order for them to agree to the phase one deal, and Trump may be seeking greater concessions from China in order to consider removing any of the tariffs.

In comments at a cabinet meeting Tuesday, Trump's position on tariffs had little to do with removing them.

"Look, China is going to have to make a deal that I like. If they don't, that's it," Trump said. "If we don't make a deal with China, I'll just raise the tariffs even higher."

With a little more than three weeks to go before Dec. 15, when tranche 4B tariffs targeting apparel and footwear are slated to roll out, whether those tariffs will disappear before they can do any damage remains uncertain.

"If the talks are really going well, that hike will be suspended," Christian Whiton, senior fellow for strategy and trade at the Center for the National Interest, and a former Trump and George W. Bush administration adviser, told Reuters. "If not, the U.S. will implement them and that will throw the game into next year."

More than just prolonging what has already been a protracted trade war, new 15 percent tariffs on Dec. 15 would impact popular gift items—like clothing (sweaters, outerwear, bathrobes and pajamas, included) plus footwear and other home décor items like tablecloths, blankets and bed linens—right before the holidays.

Source: sourcingjournal.com - Nov 20, 2019

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Tariffs and Trade War Drag Down Flow of Global Merchandise: WTO

World merchandise trade is expected to remain below trend in the third and fourth quarters, according to the World Trade Organization's (WTO) latest Goods Trade Barometer.

The indicator's reading of 96.6 marks a slight improvement compared to the 95.7 registered in August. Like its counterpart for services, the Goods Trade Barometer aims to gauge momentum and identify turning points in global trade growth.

Readings of 100 indicate growth in line with medium-term trends; readings greater than 100 suggest above-trend growth, while those below 100 indicate below-trend growth.

The Goods Trade Barometer provides "real time" information on the trajectory of world merchandise trade volumes relative to recent trends.

Some components of the barometer have stabilized since the last reading in August, while others remain on a downward trajectory, reflecting heightened trade-war tensions between the U.S. and China and rising tariffs in key sectors, including apparel and footwear, the WTO noted.

Indices for export orders (97.5), automotive products (99.8) and container shipping (100.8) have firmed up into on-trend territory. However, the indices for international air freight (93), electronic components (88.2) and raw materials (91.4) have all deteriorated further below trend. Electronic components trade was weakest of all, possibly reflecting recent tariff hikes affecting the sector, the WTO said.

The data confirms a loss of momentum in goods trade indicated by the Goods Trade Barometer earlier this year. According to the latest WTO quarterly trade volume statistics, merchandise trade rose just 0.2 percent year-on-year in the second quarter of 2019, compared with 3.5 percent in the same quarter of last year.

In September, WTO economists downgraded their trade growth expectations for 2019 to 1.2 percent, down from the 2.6 percent forecast in April. They attributed this substantial decline to slowing economic growth, increased tariffs, Brexit-related uncertainty and the shifting monetary policy stance in developed economies.

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Denim Suppliers Feel the Effects of an Industry in Flux

Though it’s been around for centuries, denim is anything but stagnant.

Recently, the global denim industry has seen a significant shift toward sustainability, and everyone from trims suppliers and mills to major brands is trying to keep up.

Couple that with the fact that retail is fragmented, tariffs are forcing new sourcing strategies, a U.S. presidential election year is on the horizon and a recession is allegedly around the corner, and you have what Matthew Fuhr, advisor for Pakistani denim manufacturer Siddiqsons, calls “the perfect storm.”

The idea that these are uncertain times might just be the only concept that’s certain.

At Kingpins in New York City this week, leaders from the denim supply chain shared how these forces have—or haven't—impacted their business.

In his conversations with Siddiqsons' clients, Fuhr said he noticed some customer hesitation, pointing to store closings as one of the driving forces behind the reluctance.

News in 2019 of legendary retailers like Barneys New York and Lord & Taylor shuttering their New York flagships, and the bankruptcy of fast-fashion retailer Forever 21, have had a global effect on the mood and outlook of fashion. Retailers are becoming more mindful of their inventory and are opting for less overall.

"The industry is in transition," Fuhr said. "Stores are closing, and it's causing an oversupply of product."

The U.S. and China trade war has had an effect on Chinese denim manufacturing. HeBi Ge Yuan Textile Co., a China-based manufacturer with vertical capabilities, is no longer producing garments.

A rep said it's instead producing fabrics and shipping them to other countries for production, based on clients' preferences.

Others aren't as affected by the challenging times. Pakistan-based mills such as Kassim Denim and Crescent Bahuman are mostly steering clear of trouble, as trade issues in China are causing some companies to turn to them for services.

Mills that make products at a higher price point, such as Candiani, also remain unscathed overall.

Damiano Dall'Anese, the Italian mill's executive vice president, noted that customers that value quality over all else will stay loyal. "Good products will always sell," he said.

Candiani isn't experiencing a lull in business, but Dall'Anese is noticing a market increasingly saturated with misleading messages about sustainability. And it is becoming increasingly difficult to cut through the noise. "It's pressuring companies to create fabricated messaging," he said. "Greenwashing is everywhere right now."

And it's not just mills feeling the effects. Trims supplier YKK said some customers are in a holding pattern and are opting to stick with what has historically worked than experiment with sustainable alternatives.

"We've introduced products that companies are excited about, but some are too afraid to pull the trigger," Terry Gazsi, regional sales manager at YKK, said.

While times are difficult now, the future looks bright, she added.

"Times are challenging for everyone at the moment, but it's not permanent," she said. "There's a new wave of people who see sustainability as a necessity, and will make purchasing decisions based on that."

While many companies want to be sustainable, getting to that point is an investment.

"Different brands have different needs and price is most commonly the top priority, as many American consumers want inexpensive jeans," Paul Ledgett, Diamond Denim North America president, said.

Louis Pedraza, a rep for Kassim Denim, agreed. "There's certainly an altruistic part of the business that works on ideals," Pedraza said. However, at the end of the day he said customers need products that fit in with their budgets.

In order for sustainability to more accessible, demand for alternative products needs to increase. And that responsibility, Alvin Cheung, a rep for Black Peony, said falls on the shoulders of the customer. "There needs to be a level of demand for sustainability," he said. "As more customers ask for a sustainable product, its price will go down."

Though it's a simple concept, it's also a long game. "It needs to start with denim leaders and famous brands who are able to place large orders," Cheung said. "And then, everyone needs to get on board."

Source: sourcingjournal.com - Nov 20, 2019

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Caught in Trade War, US Cotton Growers Get Fresh Federal Funding

The National Cotton Council (NCC) said the U.S. Department of Agriculture's (USDA) release of the second tranche of Market Facilitation Program (MFP) payments for the 2019 crop year came at just the right time.

NCC chairman Mike Tate, an Alabama cotton producer, said this assistance is needed as U.S. cotton's economic health has deteriorated significantly during 2019. He noted that lost market share to China and a slowdown in global cotton demand have contributed to cotton futures prices falling by approximately 30 cents per pound since summer 2018. With average yields, that drop equates to about $250 less revenue per acre.

"This second tranche of 2019 MFP payments, along with already provided disaster assistance, will give farmers, who have had a tough year due to unfair trade retaliation and natural disasters, much-needed funds in time for Thanksgiving," Secretary of Agriculture Sonny Perdue said.

Tate said the U.S. cotton industry is urging USDA to proceed with facilitating the third MFP tranche, which the agency has indicated will be 25 percent of the 2019 MFP. USDA indicated a January timetable for that tranche, but its initiation could be affected by a potential trade agreement with China.

President Trump authorized USDA to provide up to $16 billion in programs, which is in line with the estimated impacts of unjustified retaliatory tariffs on U.S. agricultural goods and other trade disruptions. In May, Secretary Perdue announced several actions to assist farmers in response to trade damage from unjustified retaliation and trade disruption.

They included MFP for 2019, authorized under the Commodity Credit Corporation (CCC) Charter Act and administered by the Farm Service Agency (FSA), to provide $14.5 billion in direct payments to producers.

The CCC also used its Charter Act authority for $100 million to be issued through the Agricultural Trade Promotion Program (ATP) administered by the Foreign Agriculture Service (FAS) to assist in developing new export markets on behalf of producers.

For the Second Tranche of 2019 MFP payments, farmers can sign up at local FSA offices through Dec. 6. MFP assistance is based on a single county payment rate multiplied by a farm's total plantings of MFP-eligible crops in aggregate in 2019.

A producer's total payment-eligible plantings cannot exceed total 2018 plantings. County payment rates range from $15 to $150 per acre, depending on the impact of unjustified trade retaliation in that county.

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How the death of fast fashion is transforming Asia's garment industry

New technology and demanding consumers unravel a decadeslong race to the bottom

In Tuntex's sprawling factory on the outskirts of Jakarta, self-guided vehicles trundle across the shop floor, carrying materials between auto-cutting stations -- which churn out jigsaw pieces of fabric -- and semi-automated sewing machines, where more than 1,000 workers oversee the construction of finished garments.

Tuntex, which supplies Adidas, Nike, Puma and other global clothing brands, has always had to be fast, turning around product lines quicker than its rivals to compete in the relentless cycles of the fast fashion market. Today, though, the pressure is growing on them to be ever quicker, ever more reactive.

"The average lead time went from 120 days to 90 days about four years ago, and now it's 60 days. ... Some manufacturers are even doing much shorter," said Stanley Kang, Tuntex's deputy general manager. "Automation and digitalization are changing everything, and when things change, we have to change. Whoever can respond faster will win."

The demand for flexibility is now such that orders for football shirts can hinge on the result of a single match. "If, say, a team you make shirts for is winning in a competition, then you continue to sell," Kang said. "We produce one country's football shirts. If they won, the order [is] continued, if not -- 'end.'"

Tuntex, like many others in the supply chain of the $1.4 trillion garments industry, is investing millions of dollars per year in new technology and new processes, as shifts in consumer demand reshape the sector. The days of stack-them-high, sell-them-cheap "fast fashion" are coming to an end, replaced by a new model which favors speed, precision, traceability and adaptability over bulk.

To adjust, suppliers are moving their centers of production across borders to be closer to infrastructure, raw materials and their eventual markets, allowing them to shave precious days off their turnaround times. They are also investing heavily in automation and digitization, as the technology becomes more advanced and competitive with the cheap labor that has sustained the industry.

The changing economics of the industry could profoundly impact those countries in South and Southeast Asia that have positioned themselves as hubs for the most basic elements of the garment supply chains. And it potentially ends a seven-decade-long global race to the bottom on wages, as full automation drastically changes how the industry turns a profit, and threatens to displace millions of low-skilled workers around the world.

"I think for countries like Bangladesh, and even Cambodia, just doing the basics has been enough until now," said Sanchita Banerjee Saxena, executive director of the Institute for South Asia Studies at the University of California, Berkeley. "Now that the scenario is changing, there is going to be pressure to rethink the industry, and how they can move up [the value chain], and how to possibly diversify. Those questions have not really been front-of-mind in the last few decades. Now, I think they really will have to be."

Retail woes

The reshuffling of supply chains is the consequence of seismic changes in the fashion industry. Retail chains specializing in the disposable, low-margin retail that prevailed in the early 2000s are struggling. The U.S. brand Forever 21 is the latest high-profile casualty, filing for Chapter 11 bankruptcy protection in September. It joins a list that includes the New York stalwart

Barneys, high-end brands Diesel and Roberto Cavalli, and shoemaker Rockport -- just in the past two years.

Online aggregators, such as Asos, have been able to outcompete them by offering rapid access to fashion trends as they break out on Instagram, or other social media. Technology-led online retailers, such as Stitch Fix, are winning customers through mass-personalization -- using algorithms to understand individual customers' tastes and recommend clothing -- which is changing how customers shop and pay for clothing. The rise of the consumer sportswear industry, which demands higher-tech materials and construction, has added more complexity.

As for the surviving bricks-and-mortar players, they are adapting, some faster than others. Retail giants, such as Inditex, owner of the global Zara brand, Uniqlo's parent company Fast Retailing, along with H&M, have invested in technology to improve the in-store customer experience, while building data management and "smart logistics" systems to optimize their supply chains. These moves are meant to ensure that the right clothes are in front of the right customers at the right time -- something that one executive at a global apparel company characterized as an evolution from "fast fashion" to "accurate fashion," where every line of clothing sells out with nothing left over.

"Speed is going to be the name of the game ... speed and control," said Ricardo Perez Garrido, professor of digital innovation and information systems at IE Business School in Madrid. "That means designs to serve what customers like, operations to put [products] in the right place, and technology to make it super-fast, super-efficient and super-personalized. ... If you control those three areas, you become unbeatable."

Zara stores will often have different lines across outlets in the same city, with the stock carefully selected to meet hyperlocal requirements, Garrido said. At the same time, they work to turn over that stock rapidly and react quickly to changing trends. An individual Zara store can order small batches of product, assess the response, and then "airlift" in additional products to backfill the store's inventory within days.

The voracious demand for speed has begun to overturn the supply chains that apparel companies spent the past few decades building. On a relentless drive to cut costs, suppliers restlessly shifted their manufacturing bases within and between Asian nations in a continual search for lower wages and cheaper land. That stretched their supply chains over huge geographic distances: Thousands of kilometers divide fabric mills from sewing factories, themselves weeks away from their final destination by ship. The journey of an Adidas or Nike garment produced by Tuntex in Indonesia, for instance, can begin almost 4,000 km away in the company's textile plant in Taiwan. The fabrics can take nearly a week to reach the sewing factories.

The model worked well enough when retail stores dictated trends and operated in clearly delineated seasons. But when clothing retailers need to react to a sudden trend driven by Instagram, it creates a daunting barrier. Some, such as Inditex, have solved the problem by moving production closer to their consumers -- a process known as "reshoring" or "nearshoring." Factories in Europe are now increasingly serving Europe.

"Instead of going through the cycle of designing, sending items to Asia for production, coming back ... most of the fashionable items are produced close; meaning [they are] more expensive, but it allows them to close the cycle in four to five weeks," Garrido said.

China's wane, Indonesia's gain

That tightening of production cycles creates new competitive challenges for companies like Tuntex, which have tracked the development of the global textiles and garments industry over the past seven decades.

Beginning with a single mill in Taiwan in 1954, Tuntex today employs about 16,000 people in 17 factories across Asia, with revenues this year heading for $400 million. Its factories produce around 40 million units of clothing per year, but even that scale makes it a tiny part of the supply chains of its clients. Adidas shipped 457 million units of apparel in 2018; Nike ships over 900 million units of garments and footwear per year from a supplier network of more than 700 manufacturers.

The manufacture of textiles and clothing has long been a forerunner of globalization. East Asian production hubs, including Taiwan, were among the first to benefit from the industry's offshoring of production, and they leveraged their low wages to build a manufacturing base that gradually developed into higher value sectors. As salaries rose, so did costs, and the industry migrated into countries where wages were lower -- notably, mainland China, which from the late 1990s was opening up to foreign trade, and Vietnam, which was emerging from U.S. sanctions.

Tuntex was an investor in Vietnam from the early 2000s, betting big on the country with four factories, three of which are in Soc Trang, four hours' drive from Ho Chi Minh City. The company also opened or bought into factories in mainland China, Thailand, Cambodia and Indonesia. Like many in the industry, it was searching for lower production costs -- including cheaper land and new pools of labor -- to meet the unrelenting demands of clothing companies, who wanted higher-quality products at lower prices.

Other countries have also ridden the wave. Bangladesh, in particular, has specialized in producing very basic garments for international businesses, and is now second only to China as an exporter.

The garment trade has helped countries to develop their industrial bases, sometimes from scratch -- apparel makes up more than 80% of Bangladesh's total exports. From there, some countries have been able to move up the value chains, from basic assembly of garments into more capital- and technology-intensive products, such as electronics or automobiles.

Vietnam is an example of this, building on a foundation of simple manufacturing to eventually attract factories producing automobiles and high-tech goods -- such that garment makers say that they are now struggling to find affordable labor.

The search for cheap workforces, though, has had a human cost. Poor wages and working conditions have long been a blight on the garment supply chains, and have occasionally surfaced into the consciousness of consumers. High-profile campaigns against child labor and "sweatshops" in Nike's supply chains in the 1990s prompted a flurry of action among major brands. Later, many of those same concerns reemerged; notably, in April, 2013, when the Rana Plaza factory complex near Bangladesh's capital of Dhaka collapsed, killing more than 1,000 workers.

Several international retailers only discovered that their products were being made in Rana Plaza after the disaster, highlighting how larger factories were subcontracting parts of their orders out to other workshops whose standards were often lower. Corporate soul-searching followed, catalyzing a shift toward higher-technology manufacturing, even in Bangladesh. After the incident, some buyers demanded that their suppliers invest in technology to improve productivity and traceability -- although many lacked the capital to do so.

"Even in developing economies such as Bangladesh and Indonesia, apparel makers are becoming ever more globalized, supply chain-based, technology-intensive and data-driven," said Sheng Lu, associate professor of fashion and apparel studies at the University of Delaware.

In Dhaka, Abu Bakar Siddique, executive director of Hamid Sweater, which produces knitwear for European and American clients, said that he has had to invest in automated knitting machines. "Previously, one operator operated one machine," he said. "Now, one operates five machines."

Click here for more details

Source: asia.nikkei.com- Nov 20, 2019

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China: Trade war takes toll, but Xinjiang exporters seek to diversify markets

Textile companies in Aksu, the nation's largest top cotton production base in Northwest China's Xinjiang Uyghur Autonomous Region, are seeing their exports to the US fall to almost nothing this year amid a bickering trade war between the world's two largest economies.

While some have dubbed this year as the hardest for foreign trade, those textile companies have been actively moving into domestic markets, markets along the routes of the Belt and Road Initiative (BRI) and European countries to fill gaps left by US clients.

With government support policies and logistics subsidies, the local manufacturers are confident of their business prospects, believing that sunshine always follows the storm and their business will recover soon with the diversification of export destinations.

At Aksu Textile Industrial Park, Xinjiang's largest textile industrial park - home to hundreds of manufacturers - trade volume of textiles, cotton yarn, clothes and hats plunged 86 percent to $35.87 million in the first 10 months of 2019, according to the industrial park's committee manager Liu Jizhong.

"Our exports to the US dropped to near zero amid the trade war, which weighed on the overall foreign trade volume. The escalating trade war has dragged down the industrial park's output by about 40 percent," Liu told the Global Times on Wednesday, pointing to tons of clothes in the park's warehouse due to lackluster overseas demand.

Last year, the industrial park exported 5 million garments, mostly to the US.

The US levied an additional tariff of 10 percent on $300 billion of Chinese imports on September 1, which reportedly covers 87 percent of textiles and clothing from China. It is not clear whether Washington will impose an additional 15 percent tariff on $156 billion of Chinese products, including clothes and toys, on December 15.

The tariff hike is taking a bite on the business of Xinjiang Jinliyuan Clothing Co, a local textile manufacturer located in the park. Zhang Jie, general manager of Jinliyuan, told the Global Times on Wednesday that the company's clothing exports to the US had halted this year, including to its largest overseas clients Disney, which accounts for 30 percent of its foreign trade transactions.

About 70 percent of Jinliyuan's income originates from foreign trade, of which the US used to be the producer's largest export market.

"This is the hardest year for textile companies specializing in foreign trade. We signed a 10-million-yuan ($1.42 million) initial agreement with Disney in March and then sourced fabrics for the order in bulk. But Disney called off the deal in May and we have no choice but to stock materials in the warehouse, exposing them to the dust," Zhang said.

Last year, Zhang's company expanded its capacity by 24 production lines to 72 on expectations of soaring demand overseas. But now the new lines are idle, Zhang said.

What's worse is that as demand slid to a crawl, the company had to lay off some employees or ask some to take a short holiday to cut costs, he said.

Now, Jinliyuan employs 900 workers, most of whom are Uyghur.

Export diversification

Despite the economic loss, major producers at the industrial park are displaying a palpable level of calm and confidence in the future - just like the weather in Aksu on Wednesday, which cleared up after a sandstorm in the morning. Efforts to diversify markets and reduce reliance on the US are in progress.

"We have good developments coming one after another. Our chairman has reached an intention to cooperate with Russian retailers. German clothing companies also signed a deal with us. We have begun the design process, and shipments will start next year," Zhang said.

Orders to the industrial park are also surging from Europe, Southeast Asian and BRI countries, according to Liu, who urged local textile companies to take advantage of Xinjiang's geographic position as a gateway to Central Asian countries such as Kazakhstan and Kyrgyzstan.

In September, the Xinjiang government announced favorable policies that aim to subsidize transportation costs for southern Xinjiang manufacturers, including those in Aksu. Companies no longer need to pay railway costs from Aksu station to Urumqi, the capital city. They will also be able to get a 50 percent discount for shipments from Urumqi to stations abroad.

"We're mulling over more policies to help local companies contain costs and guide them into neighboring markets," Kahaerjiang Kuerban, an official of Aksu's foreign trade bureau, told the Global Times on Wednesday.

Shifting to the domestic market is another choice. Domestically, Jinliyuan has set up a children's wear brand Ayoryor, targeting markets in eastern and central China.

Foreseeing potential business opportunities at home and abroad, Liu said it will certainly take some time for the foreign orders to bounce back, but the future is of great potential and promising.

Source: globaltimes.cn- Nov 20, 2019

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Azerbaijan: Cotton fiber, yarn exports up

Over the past 10 months, Azerbaijan has exported 65,794 thousand tons of cotton fiber and 10,309 thousand tons of cotton yarn, the State Customs Committee has reported.

According to the information provided by the committee, over the reporting period, cotton fiber worth some 91.84 million, and cotton yarn worth $ 24.531 million was exported.

This year, cotton crops were planted using Chinese, Greek and Turkish technologies, implementation of which contributed to high productivity.

It should be noted that in the same period of 2018, 42,798 tons of cotton fiber worth slightly over $64.5 million, as well as 7,642 tons of cotton yarn worth $19.053 million were exported.

High figures in cotton production testifies to the effectiveness of The State Program for 2017-2022 aimed at developing cotton growing, meeting the demand for cotton products in the country, improving the raw material supply of cotton processing plants, increasing the export of cotton products, and strengthening the state support for cotton-growing and to stimulate the development of this field to increase the employment level of the population in rural areas. As a consequence of the implementation of the State Program, raw cotton production in 2022 is expected to reach 500,000 tons.

There are 23 cotton processing plants, seven yarn factories and three cotton oil enterprises in Azerbaijan.

Cotton production industry provides main income for over 200,000 people, including farmers, seasonal workers, and specialists working in the cotton fields such as agronomists, mechanics, drivers and others.

Source: azernews.az- Nov 20, 2019

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Textile machinery orders fell 10% in July-Sep '19: ACIMIT

The orders index for textile machinery compiled by ACIMIT, the Association of Italian Textile Machinery Manufacturers, from July to September 2019 was down 10 per cent compared to same period in 2018.

The value of index came in at 97.4 points (basis: 2015=100). ACIMIT represents an industrial sector comprising roughly 300 manufacturers that produce machinery.

New orders for Italian machinery manufacturers were negative both in foreign markets and in Italy. Abroad, an 8 per cent decrease was recorded, with an absolute index value of 98.9 points.

The drop in domestic orders was even more pronounced, at -22 per cent compared to the third quarter 2018. The absolute value of the index was 94.9 points.

"The orders index for the textile sector provides a true picture of the global market's downsizing. Current geopolitical tensions are undermining the climate of trust for businesses that need to invest.

In Italy, uncertainties linked to future processes relating to the Industry 4.0 plan have effectively slowed demand for machinery. I hope that the current government will continue on the path set out by the previous administrations," said Alessandro Zucchi, president of ACIMIT.

"We don't expect any changes of course for the current trend this year," concluded Zucchi, adding that, "Exports data, updated to the first six months of the year, confirm an overall negative progression compared to the same period for 2018, with the exception of the Chinese market, which is experiencing growth. However, we expect a boost in investments in 2020."

Source: fibre2fashion.com- Nov 20, 2019

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In 2018, Egyptian exports to the rest of Africa improved by 26%

Last year, Egypt shipped a total of $4.7 billion worth of goods towards the rest of Africa, the Central Agency for Public Mobilization and Statistics (CAPMAS) revealed. Compared to the $3.71 billion in 2017, this figure is up 26%.

Algeria, Libya, and Morocco formed the top 3 biggest importers of Egyptian products over the period consuming $979.2 million, $635.9 million and $501.6 million respectively. According to official data, Egyptian imports from the rest of Africa went up as well. They reached $2.2 billion in 2018, making an increase of 18.9% compared to $1.85 billion the previous year.

Egyptian exports to the rest of Africa mainly include natural gas and non-oil products such as ready-made clothing, cotton textiles, medical and petrochemical products, citrus fruits, rice, and dried onions, and more recently cement, steel and ceramics.

Source: ecofinagency.com- Nov 20, 2019

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Morgan Stanley sees global economic recovery in early 2020

Easing trade tensions and easier monetary policy will lift global growth from 2020 first quarter, according to Morgan Stanley economists, who say emerging markets will drive this, given US growth's late-cycle stage. Downside risks include the potential for more tariffs and late-cycle challenges in the US like corporate credit risk and poll uncertainties.

"Global growth should recover from 1Q20, reversing the downtrend of the past seven quarters as trade tensions and monetary policy are easing simultaneously for the first time since the downtrend began," the economists led by Chetan Ahya wrote in a note.

If the US government imposes additional tariffs on Chinese goods in December, global growth will decelerate further in the final quarter of this year and the recovery will be delayed until the third quarter of 2020, global newswires cited the authors as writing.

Still, a mini-cycle recovery should kick in next year. Constant interruptions to the global cycle over the past decade have kept a lid on any overheating and helped avert a steep recession, they said.

“Hence, with this mini-cycle recovery – the third in the last decade – we believe that the late-cycle expansion can be extended,“ they wrote.

Source: fibre2fashion.com- Nov 21, 2019

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EU apparel, footwear firms to gain in Mercosur FTA: Ceres

Footwear and apparel companies in the European Union (EU) can save up to €4 billion annually, apart from getting access to 800 million consumers in South America’s Mercosur bloc, when the EU-Mercosur free trade agreement (FTA) comes into force after a few years, according to Guillermo Tolosa, executive director of Uruguayan economic think tank Ceres.

After 20 years of negotiations, the EU and the Mercosur nations—Argentina, Brazil, Paraguay and Uruguay—arrived at an initial FTA last June.

The tariffs paid by the EU footwear and apparel companies are 43 per cent and 35 per cent respectively, while South American exporters are paying 10 per cent tariff to access the European market, said Tolosa, who thinks the final approval of the deal might take up to two years. Factors like labour and environmental protection could lead to further delay in the final approval.

The agreement is likely to benefit European nations to tap new customers and the South American brands to get access to the world’s largest single market. The smaller brands in South American region, however, are likely to face some struggle in the competitive market, according to European media reports.

The Mercosur nations have 15 years and EU has a 12-year period to completely eradicate the duties.

Source: fibre2fashion.com- Nov 21, 2019

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Cotton Cultivated outlines 6 new sustainability goals

In order to keep leading worldwide effort for sustainable production, Cotton Cultivated has outlined 6 new science-based goals for cotton industry to hit over the next decade. The 6 goals outlined are: increase soil carbon, increase land use efficiency, decrease greenhouse gas emissions, decrease soil loss per acre, decrease water use and decrease energy use.

The US cotton industry has been on the forefront of sustainable production for the last 35 years. Thanks to innovations in technology and management systems, there is a continued reduction in greenhouse gas emissions, soil loss and land, water and energy usage.

The first sustainability goal for Cotton Cultivated is to increase the soil carbon by 30 per cent. The primary methods for doing so are reducing tillage and using cover crops, there are other steps that can be taken as outlined in the USDA's Natural Resource Conservation Service Soil Conditioning Index.

The second goal is to increase land use efficiency by 13 per cent. The company is making efficient land use by continuing to increase soil carbon levels while utilising more efficient management practices and seed varieties that can help to get more out of each acre.

The third goal is to decrease greenhouse gas emissions by 39 per cent. Cotton already removes carbon dioxide from the atmosphere through photosynthesis. The use of synthetic nitrogen (N) in fertilisers, however, contributes to cotton's greenhouse gas emissions due to the amount of energy it takes to make them. Cotton Cultivated is working on new methods to lower levels through Nitrogen Use Efficiency (NUE).

The fourth goal is to decrease soil loss per acre by 50 per cent. Soil loss is one of the quickest ways to lower a farm's productivity, but producers who have adopted conservation tillage and cover crops have seen not only a decrease in soil loss but increases in weed suppression and rainfall protection.

The fifth goal is to decrease water use by 18 per cent. Although cotton is inherently drought tolerant, some varieties in drier areas of the country still require irrigation. Improved methods for water use efficiency (WUE), however, continue to improve yields without increasing water usage.

The sixth goal is to decrease energy use by 15 per cent. Energy usage in cotton production stems mainly from the production of nitrogen fertilisers, harvesting, ginning and tillage. Continued improvements in fertiliser manufacturing and application as well as increased conservation tillage are helping to lower energy use. The implementation of robotic technologies and gene editing over the next 10 years will see those numbers fall even lower.

Source: fibre2fashion.com- Nov 20, 2019

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Sluggish global economy, trade tensions to dampen apparel sales in next 12 months: CENTRSTAGE Study

The fourth edition of CENTRSTAGE, a fashion brand-promotion, launch platform and trade exhibition organised by the Hong Kong Trade Development Council (HKTDC)interviewed233 buyers and 72 exhibitors to gauge their sentiment on current industry prospects and latest product trends and e-commerce developments.

The results indicated a pessimistic attitude towards sales prospects over the next 12 months. Both buyers and exhibitors expressed their concern over the sluggish global economy while exhibitors were skeptical due to the global trade tensions and mounting trade barriers.

Owing to the recent inclusion of clothing and fashion items in the US 301 tariff list, around 16 per cent buyers and 39 per cent exhibitors expected their sales to decrease over the next 12 months.

Of this, 35 per cent buyers expected their retail prices to increase in 2020, 59 per cent expected it to remain unchanged while 6 per cent expected them to decrease.

On sourcing prices and production costs, opinion was divided. For instance, around 42 per cent buyers expectedSluggish global economy trade tensions to dampen apparel sales in next 12 months their sourcing prices to increase while 54 per cent anticipated them to remain at its current level. Among exhibitors, however, only 10 per cent expected their production costs to rise, while 68 per cent expected them to remain unchanged.

Sluggish global economy to be the biggest challenge

Around 49 per cent and 57 per cent exhibitors noted the slowing global economy to be the biggest challenge before them. The other challenges listed by buyers included increase in operating costs, keen competition within the industry and the slowdown in mainland China's economy. Exhibitors were more wary of the slowdown of the mainland Chinese economy, changing global trade relations and changing political environment.
Impact of the Sino-US trade dispute and tariffs

A high percentage of buyers and exhibitors expected the ongoing Sino-US trade dispute to negatively impact their business as compared to 32 per cent and 29 per cent, respectively, last year. This increased pessimism was mainly triggered by the inclusion of apparel items in the US Section 301 tariffs of 15 per cent on the majority of mainland China-origin apparel and made-up textiles starting 1 September 2019 and the additional tariff measures on the remaining apparel items scheduled to go into effect on 15 December 2019.

Casual wear records the highest demand

Around 70 per cent buyers and 50 per cent exhibitors expected casual wear and urban wear to record the highest level of demand. This would be followed by fashion accessories such as belt, watch, gloves, hair accessories, handbag, footwear and sunglasses. Around 43 per cent buyers expected 'crossover/joint promotion' to be most popular product strategy, followed by 'celebrity or key opinion leader-endorsed fashion collections and 'brand licensing products. On the other hand, exhibitors expected collections made from new materials and 'brand licensing products to be the most favored product development strategies moving forward, followed by 'celebrity or key opinion leader-endorsed fashion collections.

E-tailing continue to be most popular sales channel

The most popular and significant sales channel for the apparel industry continues to be online trading with 55 per cent buyers and 44 per cent exhibitors currently being engaged in e-tailing. Around 73 per cent of the companies currently engaged or planning to engage in e-tailing believed the channel to be the most suitable for women's wear. This is followed by menswear, casual wear and footwear.

Among those companies currently engaged or planning to engage in e-tailing, around 56 per cent were already sourcing or planning to source from mainland China, followed by Hong Kong, Western Europe, South Korea and Taiwan.

Source: fashionatingworld.com- Nov 20, 2019

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Vietnam: Exhibitions display textile-garment, footwear machinery, accessories

A chain of exhibitions on textile-garment and footwear machinery and accessories kicked off at the Saigon Exhibition and Convention Centre in Ho Chi Minh City on November 20.

They include the 19th Vietnam International Textile and Garment Industry Exhibition (VTG), the 19th Vietnam International Textile and Apparel Accessories Exhibition (VitaTex), the Vietnam International Footwear Machinery and Material Exhibition (VFM), and the International Dyeing and Chemical Industry Exhibition (DYECHEM).

The events bring together 550 brand names from 17 countries and territories, which set up 880 pavilions introducing technologies, solutions and development trends in the garment-textile and footwear sectors.

According to organisers, over the past time, the exhibitions have attracted the participation of major brand names worldwide with high-capacity machines. Besides, various types of yarn, thread and dyeing chemicals of high quality are also put on display.

Pham Xuan Hong, President of the HCM City Association of Garment-Textile, Embroidery and Knitting, said Vietnam has become the world's third largest garment-textile exporter with an annual growth rate of 10.8 percent. The country's garment-textile export turnover is expected to exceed 40 billion USD in 2019.

Vietnam has maintained its long cooperation with many countries through free trade agreements, he said, adding that the exhibitions have become an ideal destination for garment-textile and footwear investors and producers.

Source: en.vietnamplus.vn- Nov 20, 2019

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Cambodia's GTF exports increase by 13.18%

A report from the Ministry of Economy and Finance's General Department of Customs and Excise reveals Cambodia exported more than $7.97 billion worth of garment, textile and footwear (GTF) products in the first nine months of this year registering an increase of 13.18 per cent.

The US accounted for $2.5 billion of these exports and the EU $2.4 billion – with $670 million going to the UK, Japan $711 million, Asean member states $121 million and other countries $1.5 billion.

Last year, the Cambodian government had announced those wishing to export their goods to the EU under the Everything But Arms (EBA) agreement are required to register in the EU's Registered Exporter System (REX) to self-certify the Statement on Origin of their goods instead of applying for a Certificate of Origin.

Despite ongoing Sino-US trade tensions and facing a possible suspension of its access to the EU's EBA agreement, Cambodia's economic activity will remain strong with real gross domestic product growth expected at around seven per cent this year.

This is owing to continued export growth and strong construction activity. Inflation is expected to remain stable at around 2.5 per cent.

The country's stable macroeconomic environment, strong growth performance and ongoing structural reforms have contributed to its significant progress towards achieving Sustainable Development Goals.

According to National Bank of Cambodia's 2018 report, the Kingdom's garment and footwear exports during the year increased by 24 per cent to $10 billion.

Source: fashionatingworld.com- Nov 20, 2019

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Vietnam: Textile firms see profits drop

Vietnamese textile firms reported a fall in profits in the first nine months as orders from major markets dried up.

Their pre-tax profits fell 13.8 percent year-on-year and revenues by 1.6 percent, according to a recent report by Hanoi-based brokerage VNDIRECT.

Ho Chi Minh City-based Viettien General Garment JSC, one of the country's leading textile companies, for instance reported a drop of 13.6 percent in revenues. The growth of textile exports decelerated, standing at 9.6 percent in the first nine months compared to 16.5 percent last year.

The reasons for the slowing growth were buyers' concern about the U.S.-China trade war and the Vietnamese dong's continuing strength against the dollar. Meanwhile the currencies of other major textile exporters such as China, India and Pakistan have weakened, leading to Vietnamese exports becoming more expensive.

The dong is up 0.04 percent against the greenback this year while the Chinese yuan has fallen by 5.1 percent and the Indian rupee by 2.3 percent.

Vietnam is the third largest textile exporter in the world. Last year exports were worth $36 billion and the country targets $40 billion this year. The sector employs over two million workers.

Source: e.vnexpress.net- Nov 20, 2019

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Pakistan: Buyers return to cotton market

Renewed buying interest at lower level helped cotton market on Tuesday to check downward trend in prices. Much of the buying remained focused on quality cotton.

Latest cotton production figures released by the ginners' body gave a gloomy picture, with private estimates now placing the crop at even less than 8.5 million bales.

Consequently, some big textile spinners returned to the market and indulged in panic buying.

Climate change is having a devastating impact on the quality and quantity of cotton crop. The textile spinning industry has so far purchased 5.2m bales only as against the estimated demand of 15m bales.

On the global front, New York cotton came under pressure following reports of bigger crop. The Chinese and Indian cotton markets closed steady.

The Karachi Cotton Association (KCA) spot rates were firm at overnight level at Rs9,000 per maund.

The following deals were reported to have changed hands on ready counter: 2,400 bales, station Ghotki, at Rs9,150-9,300; 2,000 bales, Daharki, at Rs9,200-9,250; 1,400 bales, Khairpur, at Rs8,450-9,700; 600 bales, Rahim Yar Khan, at Rs9,100; 1,000 bales, Haroonabad, at Rs8,950; 1,400 bales, Hasilpur, at Rs8,800-8,900; 1,200 bales, Yazman Mandi, at Rs8,875; and 1,400 bales, Shaher Sultan, at Rs8,850.

Source: dawn.com - Nov 20, 2019

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Pakistan: In positive economic development, Pakistan textile exports register growth

Textile group exports from the country during the first four months (July-October) of the current financial year increased by 4.1% as compared to the exports of the corresponding period of last year.

Meanwhile, textile sector exports witnessed about 7.44% growth in the month of October, as against the exports of the same month of last year, according to 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 $4.586 billion were exported as against the exports of $4.406 billion of the same period last year, showing an increase of 4.1 percent.

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

During the period under review, exports of ready made garments grew by 12 percent, knitwear 9.49 percent, bed wear 5.72 percent, towels 0.80 percent, art, silk and synthetic textile increased by 9.46 percent 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 than cotton yarn grew by 21.24 per cent respectively, the data revealed.

On the other hand, imports declined by 15.14 percent by going down from $4.801 billion in October 2018 to $4.074 billion 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 $1.769 billion in September 2019. On the other hand, the imports into the country witnessed increase of 7.64 percent.

Source: dailytimes.com.pk - Nov 20, 2019

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NATIONAL NEWS

India offers huge business opportunities for Central, Eastern European companies: Piyush Goyal

India, with its 1.3 billion population, offers huge business opportunities for the companies of Central and Eastern European countries, Commerce and Industry Minister Piyush Goyal said on Wednesday.

He further said both India and Europe also offer an opportunity to help kick-start economic growth in the world.

"We have lots of opportunities together and I hope we can look for a greater engagement. We have both comparative and competitive advantages," he said here.

Goyal was addressing the India-Europe 29 Business Forum, organised by industry body CII. Seeking investments, the minister said India provides several incentives including low tax rates for investors.

"We offer incentives, we have cut down tax rates. We have 1.3 billion people market who are aspiring for a better quality of life," Goyal said.

Indian and Central and Eastern European companies can enhance cooperation in areas like artificial intelligence, renewable energy and new age manufacturing.

Speaking at the function, Deputy Prime Minister for Economic and Demography Policy, Bulgaria, Mariyana Nikolova too sought investments from India. She said that her country provides stable and predictable policy regime and a host of incentives for investors.

Ministry of External Affairs secretary T S Tirumurti said Central and Eastern European countries can be benefitted from the opportunities that India offer in different sectors.

Source: economictimes.com- Nov 20, 2019

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Central American nation Costa Rica seeks Preferential Trade Agreement with India

Recognising the huge potential and opportunities in trade and investments, Central American nation Costa Rica seeks Preferential Trade Agreement with India. In an exclusive interaction with the Financial Express Online, ambassador of Costa Rica to India Claudio Ansorena Montero said that "Costa Rica can be a gateway to the region for many critical sectors including Pharmaceutical and Electric products. Also, we are seeking greater cooperation with Indian companies in medical devices, biotechnology, artificial intelligence, bio medicine, Nano-technology as well as Space Cooperation."

According to the envoy, the potential to have a PTA with India was recognised in 2013 when the two countries had inked a Memorandum of Understanding on Economic Cooperation. "There were negotiations which led to the MoU which has yet to be enforced and can form the framework to formally launch specific efforts to enhance our commercial and investment relationship."

Making a case for initiating PTA discussions between the two countries, he observed that "Indian companies are leaders in technology and innovation, and it is of Costa Rica's outmost interest to learn about India's vision and expectations of the evolution of the global outsourcing market and the niches in which the country can become a key partner in India's global strategy."

What incentives will the government of that country offer?

"Incentives like tax-free investment regimen is offered to those companies that help in generating foreign incomes and employ local labour force by taking advantage of the Central American Free Trade Agreement (CAFTA) with the US, " said the envoy.

Also, according to him, the geographic situation is an ideal hub for companies that want to expand to Latin America. Currently, local operations of major players such as Infosys, WNS, Wipro, L&T Infotech and CSS, among others, are already present. And this has resulted in great employment opportunities for the local citizens. The Central American nation can also be seen by the Indian companies as a gateway to the northern markets: Mexico, the US and Canada.

To further expand the trade and investment flow between the two countries for the development of the people, the envoy said that a PTA is the way forward.

"Between 2009 and 2018 total bilateral trade between Costa Rica and India registered an average annual amount of $ 147 million, with an average annual growth of 14.7%. In the same period, exports to India from Costa Rica showed an average annual growth of 10.8%, reaching a total of $ 38 million in the last year (5.9% less than in 2017).

On the other hand, imports of Indian origin reached $ 177 million in 2018, showing an average annual growth rate of 15.8% in the last decade. During the last decade, Costa Rica has become an important partner for Indian companies but we are at a very initial phase, considering the trade potential," he said.

Source: financialexpress.com- Nov 20, 2019

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Steps taken to protect domestic industry from unfair trade practices: Govt

The commerce ministry on Wednesday said the Directorate General of Trade Remedies (DGTR) has taken various measures to protect domestic industry from unfair trade practices.

Consequently, the number of anti-dumping duty cases has risen from 5 in 2016 to 25 up to November 1, the ministry said in a statement.

It also said streamlining of the anti-dumping investigation process has reduced the number of days taken for initiating such probes and has led to a reduction in the number of cases.

Expeditious processing of applications has eliminated the need for the domestic industry to update information and data, it said.

"DGTR has, for the first time, initiated two cases of bilateral safeguards this year. No bilateral safeguard case has ever been initiated in the past," it added.

There has also been a reduction in the number of actual days taken to initiate investigations.

Average number of days taken for initiation of anti-dumping investigations during this year is 32 days as compared to 110 days during 2017 and 259 in 2016, it said.

Further, steps taken by DGTR has provided a level-playing field for domestic industry and the average number of days taken for initiation of countervailing duties (CVD) cases during 2019 was 66 days as compared to an average of 72 days in 2018.

The actual average number of days taken for initiation of global safeguards at present is 61 days as compared to the standard 75 days earlier, it said.

Source: business-standard.com- Nov 20, 2019

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Pulling out of RCEP wasn't a smart move

Tapping global export opportunities calls for urgent steps to improve competitiveness, rather than blocking FTAs

Barring a few exceptions, the Modi government's decision to pull out from RCEP has been welcomed by all, including Opposition parties and India Inc. That is not without reasons.

Post the FTAs (free trade agreements) with ASEAN, Japan and Korea, India's imports have increased more than its exports. Even without an FTA, India is not able to rein in its large trade deficit with China which has been denying genuine market access to Indian merchandise by resorting to non-tariff barriers. ASEAN countries too have been reluctant to open up their services sector despite signing a deal with India.

Given this backdrop, why would India sign a new FTA that may not help its exports but will certainly lead to more imports, especially from China. However, that doesn't mean it's a smart move. Signing a free trade pact is not always about the pull factors. Often, it's more about push factors.

If a country decides not to join an FTA, it will be subject to tariff disadvantages later on if its major trading partners decide to join it. This is one reason that prompted the previous UPA government to ink a free trade pact with ASEAN.

The same logic applies if other 15 members decide to go ahead on RCEP — that is, the relative tariff disadvantages for India will go up. Thus, India will find it even more difficult to export to ASEAN, Japan and South Korea.

Reducing trade deficit

To make matters worse, even without an FTA, there's limited scope for reducing India's trade deficit from China. India's promotion of solar energy, electric vehicles (EV) and digitisation will mean more (and not less) imports from China of solar panels, lithium batteries and electronics.

China remains the most price-competitive supplier of key industrial inputs and equipment, including active pharmaceutical ingredients, electronics and telecom gear for which India doesn't have adequate domestic capacities or alternative suppliers that can match China either in price or scale. Many service industries from real estate and hospitality to retail are dependent on cheaper Chinese merchandise to offer their services at reasonable prices. These realities cannot be ignored.

No doubt, India is a large and growing economy, but it's still not large enough to continue growing at 7-8 per cent without further integrating with the larger global economy. Two regional destinations, South-East Asia and Eurasian regions, still remain largely untapped by India. RCEP could be a key to cracking the South-East Asian market amidst waning prospects in India's traditional export markets, the EU, the US and Middle East, in particular.

Where the UPA failed and the Modi government is doing no better, if not worse, is to address the internal impediments to Indian manufacturing and exports. While product markets have been liberalised, factor markets remain restricted, which is keeping the cost of doing business high. Uncertainties on tax and investment protection continue to remain a big deterrent for investors, especially foreign investors and MNCs which could help push India's exports.

Excessive protection of industrial raw materials such as steel, aluminium, or synthetic fibre is impeding the growth of much more dynamic downstream industries and encouraging import of finished products.

It's not FTAs but India's own internal mismanagement that is hurting its exports. Only 20 (out of 99) chapters at two-digits ITC-HS, account for over 80 per cent of our merchandise exports.

Thus, we are leaving 80 per cent of the global export pie largely untapped. Again, most of our exports, including those of manufactured goods, are commodities and don't have pricing power.

Unless we fix these issues, India will continue to lose in trade whether it signs off to RCEP or not. Benefiting from FTAs or otherwise from global export opportunities calls for urgent internal actions and not blocking FTAs that could actually help our exports at a time when consumption (the major driver of growth) is slowing.

Indian industry will become competitive only if it's exposed to regional and global competition. As of now, most of our industrial sectors starting from airline, cement, steel to tyre and telecom are oligopolistic — dominated by a few sellers.

They would be happy operating in protected domestic markets. That will not help our exports but will certainly disadvantage consumers through limited choice, poor quality and high prices. Any free trade pact is always about give and take. RCEP is no exception. The sooner we realise, the better.

Source: thehindubusinessline.com- Nov 20, 2019

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Tax Exemptions to Indian Exporters

In the current Goods and Services Tax regime, exports are zero rated to ensure that the goods produced in India for exports are not disadvantaged due to the domestic tax burden and stay competitive internationally.

	2016-17	2017-18	2018-19
	Number of Authorizations issued	Number of Authorizations issued	Number of Authorizations issued
Advance Authorization Scheme	22853	21505	23042
Duty Free Import Authorization Scheme	581	815	1321

Further, Under the Foreign Trade Policy, Duty Exemptions Schemes ensure that inputs imported/locally procured for use in the export products are either exempt from duties ab-initio, or the taxes are refunded to the exporters in the form of drawback after exports.

Under the current Foreign Trade Policy, there are two duty exemption schemes, namely, Advance Authorization scheme and the Duty Free Import Authorization scheme.

The details of exemptions for last three years under Advance Authorization Scheme and Duty Free Import Authorization Scheme are as under:

The duty exemptions under the Schemes ensure competitiveness of Indian exports in international markets and are compliant with India's international commitments.

This information was given by the Minister of Commerce and Industry, Piyush Goyal, in a written reply in the Lok Sabha today.

Source: pib.gov.in- Nov 20, 2019

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Cabinet approves code to allow fixed-term employment

Cabinet approved code will put workers hired seasonally at par with regular workers for benefits.

The Union cabinet on Wednesday approved the Labour Code on Industrial Relations 2019, allowing companies to hire workers on fixed-term contract of any duration.

The code has retained the threshold on the worker count at 100 for prior government approval before retrenchment, but it has a provision for changing 'such number of employees' through notification. Fixed-term employment means a worker can be hired for any duration, three months or six months or a year depending on season and orders.

The bill is expected to be tabled in the ongoing winter session of the Parliament. "While this means workers can be hired seasonally for six months or a year it also means that all workers will be treated at par with regular workers for benefits," finance minister Nirmala Sitharaman said after the cabinet meeting.

Labour minister Santosh Gangwar has spent lot of time in consultation with all stakeholders including trade unions, Sitharaman said. The code also provides setting up of a two-member tribunal (in place of one member) wherein important cases will be adjudicated jointly and the rest by a single member, resulting speedier disposal of cases.

Besides, it has vested powers with the government officers for adjudication of disputes involving penalty as fines, thereby lessening the burden on tribunal. The industrial relations code is the third out of four labour codes that have got approval from the cabinet.

The code will combine Industrial Disputes Act, 1947, the Trade Unions Act, 1926, and the Industrial Employment (Standing Orders) Act, 1946. The Labour Code on Wages has already been approved by Parliament in August while the Labour Code on Occupational Safety, Health and Working Conditions has been referred to the standing committee of labour.

The government has already allowed fixed-term employment across all sectors last year. It has now been codified, which means that once approved by Parliament it will become a legislation to be abided by all. The labour ministry has decided to amalgamate 44 labour laws into four codes - on wages, industrial relations, social security, and safety, health and working conditions.

Source: economictimes.com - Nov 21, 2019

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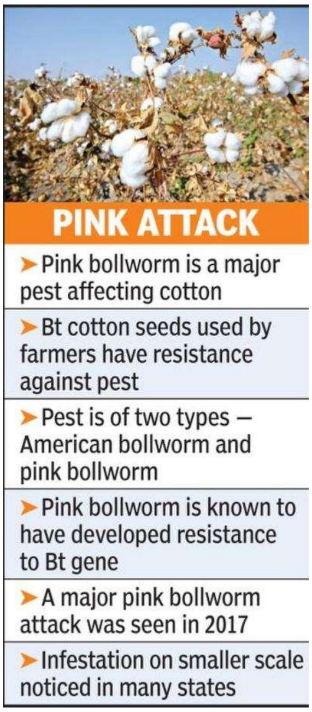
Pink bollworm raises its head again, advisory issued for farmers

Once again pink bollworm pest, dreaded by cotton growers, has appeared in the fields. This bolsters the theory that the insect has developed resistance against genetically modified Bt cotton seeds in large pockets of the country.

Unseasonal rains have led to favourable climatic conditions for the pest to breed. This is supported by the delayed cotton crop standing in the fields.

It’s in initial stage, however, with no major threat seen at present, say authorities, including those at Central Institute of Cotton Research (CICR), the premier research agency of the government based at Nagpur.

Farmers use the BGII cotton seed produced using the technology developed by US biotech giant Monsanto. A Monsanto spokesperson, however, declined to comment on the issue.



Reports by CICR show presence of the pest in cotton fields of Maharashtra, Gujarat, Karnataka, Telangana and Madhya Pradesh. Last year, better pest management had helped curb the infestation to a considerable extent. There was a major attack in 2017, followed by high pesticide spraying which also led to the deaths of farm hands due to accidental inhalation poisoning by chemicals.

Experts admit that though the situation may not be as bad as 2017, infestation is certainly more than last year. Yet, it has not reached the economic threshold limit (ETL) in majority of the areas. ETL is the threshold level after which infestation can lead to tangible loss in output

Vijay Waghmare, director of CICR, confirmed the pest was found in some states. He told TOI that it is already confirmed that the pest has developed resistance in large areas. Pink bollworm can only be controlled by integrated pest management practices rather than Bt technology alone in many pockets, he said.

Another reason for the attack is that the cotton is already 120 days old, after which the Bt gene expression that provides resistance against bollworm weakens. Waghmare said it is too early to panic. It was also noted that bollworm's resistance against the pest is not uniform. For example, it's more in areas like Yavatmal, where cotton is a major crop, as compared to Nagpur, where area under the crop is relatively less.

An advisory issued by Panjabrao Krishi Vidyapeeth (PDKV), agriculture university at Akola, mentions that over 1,000 insects were found in the four pheromone traps kept in experimental farms of the institute. These are like honey traps, where the insect is attracted using the female's scent.

Upendra Kulkarni, associate professor (etymology) at PDKV, said even as resistance to Bt gene cannot be ruled out, even climatic conditions have a major role to play. Farmers too extend the crop beyond December, which creates a favourable condition for the pest, he said.

Source: timesofindia.com - Nov 20, 2019

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Guntur: Begin cotton procurement, says Collector

District Collector I. Samuel Ananda Kumar said here on Wednesday that cotton procurement should start immediately and asked the marketing department to provide enough publicity to cotton procurement centres.

MSP

Addressing a review meeting here, the Collector said that the minimum support price(MSP) of cotton was fixed at ₹5,500 per quintal, but as the Cotton Corporation of India did not enter the market, the private traders were buying the cotton at just ₹3,500 a quintal.

Stating that the private buyers were taking the farmers for a ride , the Collector said extensive publicity would be provided to cotton purchase centres.

Joint Collector Dinesh Kumar was among those present.

Source: thehindu.com - Nov 20, 2019

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