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US 71.18| EUR 78.90 | GBP 92.89| JPY 0.65

Cotton Market (Jan 21, 2020)		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19378	40500	**72.50**
Domestic Futures Price (Ex. Warehouse Rajkot), January		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19710	41194	**73.74**

International Futures Price

NY ICE USD Cents/lb (March 2020)	71.25
ZCE Cotton: Yuan/MT (May 2020)	14,075
ZCE Cotton: USD Cents/lb	92.97
Cotlook A Index – Physical	**80.20**

Cotton Guide- The ICE cotton futures were closed yesterday due to a national holiday observed in the USA. This morning at its start the ICE Futures have measured a massive drop amounting to more than 80 points. There seems to be some correction happening after a massive +103 point increase in the ICE March contract. The ICE March contract is now trading at 70.48 cents per pound.

The MCX contracts on the other hand took a negative turn in almost equal proportions as compared to the previous sessions. The MCX January contract settled at 19,710 Rs per Bale with a change of -180 Rs. The MCX February contract settled at 20,000 Rs per Bale with a change of -160 Rs. Volumes almost touched 20K at 1955 lots.

The Cotlook index A has been updated at 80.20 cents per pound with a change of +100 points. The prices of Indian Shankar 6 are averaged at 40,500 Rs per Candy which is a 200 Rs decline as compared to the figure seen yesterday.

While speaking about long term prospects for cotton based on fundamentals, the prices of Cotton for the Next 3 months is expected to be in the range of 73-77 cents per pound [with an assumption that no major geopolitical distorting situations happening]. On the other hand, while analysing cotton crop sowing intentions, with history speaking, it is noticed that farmers intend to sow cotton for a year and for the next year shift to another crop.

This means we can witness crop rotation throughout the world. This further implies- we would enter the next marketing year with higher prices as we expect supplies to see a decline. Supporting this factor is the abundance of water available throughout the world [due to record rainfall] which gives farmers an advantage to shift to alternatives such as Soybeans which has given better realization than cotton.

On the fundamental front, we are of the view that prices would show marginal rise with 68 as the downward figure and a huge potential to reach 77 cents per pound in the next three months. It's a bit early to mention about prices for the whole year but we foresee prices to be in the range of 78-85 cents per pound for the month of December 2020 with a plethora of positive factors. The important factors that should be kept in mind should be the Phase 2 deal between US and China and the US Presidential Elections.

On the technical front, In daily chart, ICE Cotton March price has bounced from the support of the lower end of an upward sloping channel. Meanwhile, price is hovering around the 5 & 9 day EMA at 70.70, 70.50, with RSI reversing from the overbought zone suggest a phase of sideways trend in the market.

The immediate resistance for the price is the previous high ($71.96) which coincides with the higher end of the channel, the immediate support for the price would be 69.70-69.50 which is the recent low with the 61.8% Fibonacci retracement level. Thus for the day we expect price to trade in the range of 69.60-71.96 with a sideways bias. In MCX Jan Cotton, we expect the price to trade within the range of 19860-19500 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

Sri Lanka: Apparel export earnings hit record US$ 5.3bn mark

Sri Lanka earned record US$ 5.3 billion with a 5.1 percent year-on-year (YoY) increase in apparel export earnings for 2019 despite slight decline in export earrings in December, according to Joint Apparel Association Forum (JAAF) data.

Sri Lanka's apparel export earnings have declined by 1.71 percent (YoY) to US$ 460 million in December due to a slowdown in key EU and US markets.

The retail sales in Sri Lanka's largest apparel market, United Kingdom (UK) remains sluggish over Brexit.

Apparel exports to EU in December have declined by 6.38 percent YoY to US$ 176 million while apparel exports to the US recorded a marginal decline of 0.9 percent YoY to US$ 216 million.

However, the decline in key markets were somewhat offset by the other markets as exports to such markets grew by nearly 10 percent YoY to US$ 68 million in December.

On cumulative basis, apparel exports to EU grew by over 5 percent YoY to reach US$ 2.2 billion while exports to the US recorded a growth of 3.3 percent YoY to US$ 2.3 billion in 2019.

Exports to other markets such as Canada, UAE, Australia, Japan etc. grew faster than to US and EU markets at 11.63 percent YoY to US$ 734.5 million in 2019.

The country's apparel industry targets 6 percent YoY growth in exports for this year, moving ahead with plans to set up a 200-acre fabric park with foreign investments in collaboration with the Board of Investment (BOI) in the Eastern province, eyeing to attract large-scale orders by reducing lead times with locally-sourced fabrics.

Sri Lanka's apparel industry has been targeting to diversify its export base in BRIC countries, particularly to India and China, as growth in mature clothing markets has slowed down.

Industry leaders emphasise that the proposed FTA with China and the Economic and Technology Co-operation Agreement (ETCA) with India are crucial to break into the Chinese and Indian markets.

However, Sri Lanka's FTA negotiations have come to a standstill at the moment.

Last year, apparel exports topped US$ 5 billion for the first time in the country's history.

Apparel and textile industry contributes 6 percent to Sri Lanka's GDP while accounting for 40 percent of the country's total exports.

Source: dailymirror.lk- Jan 21, 2020

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Texworld USA, Apparel Sourcing focus on bio-materials

At its recent editions of Texworld USA and Apparel Sourcing, exhibitors showcased new bio-based sources for fibers that help the industry to move the industry closer to circularity.

Texworld USA's Innovation Spotlight showcased new innovations in bio-synthetics, smart textiles, and circular design solutions. The Re:Source Library offered sustainable textile sourcing and supply chain consulting where established fibers and fabrics evolved to meet the demands of circular and sustainable design needs.

Participants in the spotlight included Dr. Luke Haverhal, CEO of Natural Fiber Welding; Mike Savarie, sustainability enterprise catalyst at Hemp Black; Daniel Mota Pinto, assistant director at Scoop, and Ericka Gutierrez, manager of business development and marketing for North America at Lenzing Group.

The show also focused on the origin of raw materials which for most companies includes pre- and post-consumer textile waste, particularly cotton, such as Lenzing's Refibra technology by Tencel, which involves upcycling cotton scraps from garment production, and Natural Fiber Welding's processing of recycled cotton yarn for reuse and additive products.

Other materials in the showcase included Brrr's embedded technology, which uses recycled polymers like post-consumer polyester chips and post-consumer nylon resin to spin recycled polyester and nylon yarns. Scoop's Musgo was also featured, which incorporates optical fibers for wearable technology.

Similar biomaterials in textiles include Piñatex, a company based in the Philippines that is using pineapple leaf fibers to make its materials, and Italian firm Orange Fiber, which is using orange peels to make a cellulose-based fiber and materials.

Source: fashionatingworld.com- Jan 21, 2020

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USA: Time to Sharpen Pencils for More Aggressive Marketing

This was a positive week for agriculture. For cotton, closing the week near its daily high is always good.

The U.S. and China resolved what was called Phase 1 of the trade dispute, and Congress – after extensive and inexcusable delay – allowed the new USMCA agreement to become law. These trade packages are very beneficial for agriculture. The resolution with China removes all uncertainty from the trade tiff and relative to the cotton market. Now the U.S. cotton industry must push forward so that Mexico can become the primary export market for U.S. cotton – thus, providing a real boost to U.S. cotton demand.

Cotton performed much as expected, giving back a smidgen of its prior losses, righting itself and then continuing to build its base in the 72-73 cent area. Demand is the only fundamental slowing price advancement. Exports showed an increase on the week, and merchants persist that inquiries have increased, and more business is being consummated. Certainly, the export sales report was very refreshing.

The 69-73 cent range continues to dominate trading and will likely do so for the coming month. Not only demand, but a continued inflow of speculative funds is needed to help bolster prices. The objective in the May-July futures complex remains the 77-cent target. Additionally, as stated last week, growers are encouraged to become somewhat aggressive marketers of new crop December at the 74.50 cent level.

We have cautioned for several months that growers should not expect the market to see much price increase, if any, to the trade agreement. Long ago, the cotton market made its peace with that uncertainty and has traded on its raw fundamentals – supply and demand – for over a year. The export market has been the focus of the cotton market, and we have for some time suggested that China would not be a big buyer of cotton. They simply do not need imported cotton other than for fill-in needs. They have purchased the bulk of their needs of U.S. growths. However, not all those purchases have been shipped.

It is imperative that the Chinese honor those purchases and take delivery. It is fully expected that they will, and the Phase I agreement all but guarantees such. Chinese needs are actually somewhat limited in the coming six months. The strategic reserves are in place and there is a record level of commercial stocks in country (cotton held outside the mills, the government and state agencies). Basically, it is a record level of raw cotton stocks held by raw cotton speculators in hopes of higher prices.

U.S weekly export sales totaled an impressive net of 266,300 bales – 232,000 upland and 34,300 Pima. Primary buyers were Vietnam, Pakistan, Turkey, Taiwan and Bangladesh. Shipments were very impressive, reaching nearly a six-month high and totaling 309,400 bales…but still some 65,000 bales less than the weekly average needed to reach the USDA export estimate of 16.5 million bales. However, shipments to date are some 17% above the year ago to date level, which bodes well for reaching the USDA estimate.

Source: cottongrower.com- Jan 20, 2020

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Iran: 18% Decline in Apparel Smuggling

About $1.8 billion worth of apparel were smuggled into Iran during the last fiscal year (March 2018-19) to register an 18.2% decline compared to the previous year's $2.2 billion, the industries minister said.

“Apparel production has increased by 20% during the first nine months of the current Iranian year {March 21-Dec. 21, 2019],” Reza Rahmani was also quoted as saying by Mehr News Agency.

The minister noted that imports fell by 31% last year compared to the year before.

He added that the rise in production and the continued decline in imports show the country’s apparel industry is thriving and that it has the capacity to meet domestic demand.

Hassan Nilforoushzadeh, secretary-general of Iran Textile Industry Association, told Fars News Agency last year that 98% of Iran’s textile industry is owned by the private sector, and if it wasn’t so, it would have been banished altogether.

“Our main plight is the huge amount of contraband items that enter the country. It seems that even the police can’t stop the smuggling. Other handicaps we deal with are money transactions, foreign exchange and transportation problems caused by the reimposed US sanctions,” he said.

Nilforoushzadeh noted that the textile industry has created close to 600,000 direct jobs.

Iran’s domestic apparel production is worth $5.5 billion per annum.

Source: financialtribune.com - Jan 21, 2020

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Yarn Expo Spring to display new functional yarns in market

Yarn Expo Spring trade fair will display latest functional yarns that are in constant market demand from March 11-13, 2020, at the National Exhibition and Convention centre, in Shanghai. Yarn Expo is Asia's comprehensive yarn and fibre business platform. The show helps overseas buyers to gain access to leading domestic suppliers in the industry.

With the advancement of technology, functional yarns have been developed and used in textile production to enhance the functionality and performance of sportswear, outdoor wear and even everyday clothing. From thermo regulating, moisture absorbing and flame resistant properties to antibacterial, antistatic and more, these innovative features offered by functional yarns add value to textile products as more and more manufacturers focus on customisation according to consumers' needs. By integrating functionality directly into the yarns, textile products become highly durable, which increases their sustainability as well.

Functional products help exhibitors stand out in the market and reach new clients from around the world at Yarn Expo, which saw over 28,000 buyers from 87 countries and regions last spring. This year, there will be new exhibitors from Belarus who are attracted to join Yarn Expo Spring for the first time to showcase their quality acrylic fibres, nylon yarns, polyester fibres, industrial yarns and more, according to a press release on the show.

"We have observed buyers with a higher demand for quality products, especially products with certifications. This makes our product more competitive and more ready to sell to buyers. After successfully establishing real cooperation with a few buyers last time, we decided to return. We target international markets and we are glad to meet visitors from Turkey, India, Belgium and other European countries. Exhibiting at Yarn Expo is essential for our business because we can reach out to new clients here," Guo Biao, general manager of Hai Thien from Vietnam said.

Everest Textile from Taiwan will also be displaying its products at the show. Everest Textile's unique yarn processing technology creates moisture absorbing and quick drying stretch fibre that is supplied to renowned brands such as Adidas, Nike, Puma, Patagonia, Spyder, The North Face, and more.

“We would like to take this opportunity to better explore the China market and we have continuously seen clients from China, Southeast Asia, and the US coming to our booth to enquire. The fair has impressed me a lot with its scale and organisation. The results have exceeded our expectations and we will be back next year. Yarn Expo creates a collaborative global networking place to share ideas, experience, expertise and resources,” Steven Shen, director of textured yarn department of Everest Textile said.

Korean supplier HJLite will display reflective yarns for enhancing the safety and functionality of garments.

Source: fibre2fashion.com - Jan 21, 2020

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Demystifying China-Pakistan FTA

Under the second phase of the China-Pakistan Free Trade Agreement (CPFTA-II), China has immediately eliminated tariffs for Pakistan on 313 high-priority tariff lines. The government is celebrating its success, whereas the critics are questioning the relevance of these concessions for Pakistan. It is therefore important to take an objective look at these concessions and answer some pertinent questions.

What was the applicable duty on these 313 tariff lines before signing the CPFTA-II? Does China import these products and does Pakistan have any capability to export them? What are the most promising export opportunities for Pakistan and how can we capitalise on them?

The applicable duty on these 313 products ranged from 3.5 to 35 per cent, which has now been brought down to zero, and these products do form an essential part of China’s import bucket. In fact, China imported 311 out of these 313 tariff lines, within the last three years. In 2018 alone, China imported about $67 billion worth of goods across 301 tariff lines from within this group.

Pakistan, on the other hand, exported 167 of these tariff lines to the world in 2018, accounting for more than a quarter of its exports, and 86 tariff lines to China, claiming 47 per cent of its China-export bucket.

Our exports to the world signify that we do have manufacturing capacity for these products, and we are competitive enough to export, whereas our exports to China further imply that we already have an established Chinese market in these categories.

There are two types of trajectories that can be taken from here: expand the volume of exports in the existing product lines or expand and diversify our product offering to China to include products not previously exported.

It is interesting to note that 95 per cent of our exports within these 86 lines concentrated only on 10 products, belonging to four categories: cotton yarn; apparel and clothing accessories; sheep and goat leather; and frozen flat fish.

Therefore, while all these 86 lines would immediately benefit from zero duty, the most benefit will be enjoyed by these ten products. However, without reversing the declining cotton crop or reviving the struggling textile industry, even cotton yarn or apparel exports are not going to be a win.

The real opportunity therefore would be to use the concessions to expand and diversify our export offering. Looking within these 313 tariff lines, the top Chinese imports with about $35 billion import market do include promising opportunities such as the $5.5 billion gear shifts of motor vehicles with previously 10 per cent duty; $4.2 billion frozen meat with 6 per cent duty; $2.6 billion food preparations with 18.4 per cent duty; billion dollar-markets for cherries and footwear with previously 5 per cent duty, etc. It is now for the private sector to explore these areas and focus on new product markets that have opened up.

The government also needs to put its act together. It needs to spread awareness and provide diagnostics especially around these massive new promising segments. Pakistan, for instance, does export frozen meat, food preparations and milk and cream (in solid forms) to the world, but not to China. There is a need to explore why not.

If there are any non-tariff barriers, those need to be addressed. Similarly, for products like gear shifts and auto parts, where we have the manufacturing footprint but not exports, there is a need to use the newly-developed special economic zones (SEZs) to bring in investment and technology to plug into global value chains in the automotive industry.

If we do it right, there is no reason why Pakistan cannot break into the big Chinese market and become an important trading partner with China.

Source: tribune.com.pk- Jan 21, 2020

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Vietnamese garment sector's export revenue $39 bn in 2019

Last year was tough for Vietnam's garment industry with an export revenue of $39 billion, $1 billion lower than its target, according to Le Tien Truong, general director of Vietnam National Textile and Garment Group (Vinatex), who said it is critical for the sector to make moves to comply with origin rules to enjoy the preferential tariffs in free trade deals.

Lower-than-expected export revenue last year showed the industry was facing problems in participating more deeply in the global value chain and expanding exports to niche markets, according to a report in a Vietnamese newspaper.

Truong said Vietnam needs to invest in fabric production to meet origin requirements when exporting to countries with which it has bilateral or multilateral trade deals.

This would not be easy as the country must compete in designs, quality, prices and delivery time with other major fabric producers like China and India, he said.

He said investing in fabric production needs careful consideration in terms of production scale because Vietnam's garment industry uses less than a billion metres of woven and knitted fabric every year, or 18 per cent of global exports.

If fabric production targeted only Vietnam, production scale would be too small while investing in large-scale production and competition with China and India must be taken into account, Truong added.

A report from the industry ministry said many garment firms had only 80 per cent of the order volume for 2020 as they did the same time last year.

According to statistics by the Vietnam Garment and Apparel Association (VITAS), the garment and textile industry ran a trade surplus of $16.62 billion in 2019, up $2.25 billion compared to the previous year.

Source: fibre2fashion.com- Jan 22, 2020

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USA: Growing Demand for Textiles Drives Sustainable Options Like Bio-Synthetics, Fiber Welding

A range of bio-based materials is helping to build the path away from synthetic fibers that aren't environmentally sound in manufacturing apparel.

While "there's no silver bullet" on the journey, said Textile Exchange director of industry engagement Celeste Lilore, leading a Texworld USA panel on "Innovation in Synthetics and the Journey to Preferred," companies instead would be wise to pursue a "portfolio approach."

One of the biggest developments in fibers in recent years are bio-synthetics, Lilore said, which essentially combine natural and man-made materials. She cited a recent McKinsey study that said 45 percent of companies surveyed are looking to integrate bio-based materials into their product mix.

Bio-synthetics are important because the global demand for textiles is expected to double by 2050, Lilore added, and naturally derived materials offer an "opportunity to diversify and improve performance."

"They are emerging and are made from renewable resources with the potential to mitigate climate change," she said.

Bio-synthetics can also work as a catalyst to transition to a bio-based economy, she said, and use smart technology and materials resources in a more responsible and sustainable way.

The development of these fibers also comes as studies have shown that there's only a 50-year supply of oil left on the planet, which has led 45 countries, including the U.S., to create bio-economy strategies.

Key feedstocks for bio-based fibers include starches and sugars derived from corn, cane sugar, sugar beets, wheat and sorghum, and lipids and oils made from castor, soybean and palm, and cooking oil waste. There also are bio-mass or waste-based raw materials that come from food, farming or forests and contain valuable cellulose from trees and grasses.

Discussing recycled polyester as a replacement for virgin polyester, Lilore said replacing petroleum with pre- and post-consumer PET, most commonly found in plastic water bottles, can reduce the impact on the environment such as oil spills and toxicity from production and minimize the waste stream by diverting these bottles from landfills.

"Recycled polyester used between 30 percent to 50 percent less energy to produce than its conventional counterpart," she said. "Two-thirds of the respondents from the McKinsey survey said they were planning to use recycled polyester."

Lauren Johnson, sustainability manager at Eastman, said the company's chemical recycling initiatives have in the pass year been introduced to the market and have begun scaling up to full production.

"Compared with mechanical recycling, which can take a small range of materials and recycle them and reuse them, chemical recycling can take a broad array of materials that cannot current be mechanically recycled, and we unzip the molecules and turn them into chemical building blocks, and then we reuse those building blocks to make new products that are indistinguishable from products made using prime materials," Johnson said.

Eastman's advanced circular recycling allows for the take back of all types of polyester and make them into new polyesters or other materials made from the same building block. The company's carbon renewal technology can take a broader mix of plastics and other materials and breaks them down for reuse.

What that means is that materials that would otherwise end up in landfills or incinerated are diverted to make sustainable products.

Dr. Luke Haverhals, founder and CEO of Natural Fiber Welding, revealed how he discovered a way to make natural fibers fuse together without using any petrochemicals. This technique allows materials like waste fiber from cotton, coconuts, hemp and vegetable oils to be assembled to make products that previously had to be blended with synthetic materials.

One example is Natural Fiber Welding's Mirum, a plant-based leather that is a composite material blending virgin and biodegradable recycled plant matter. It's also engineered to be recycled after its product life cycle is over, Johnson noted.

Source: sourcingjournal.com- Jan 21, 2020

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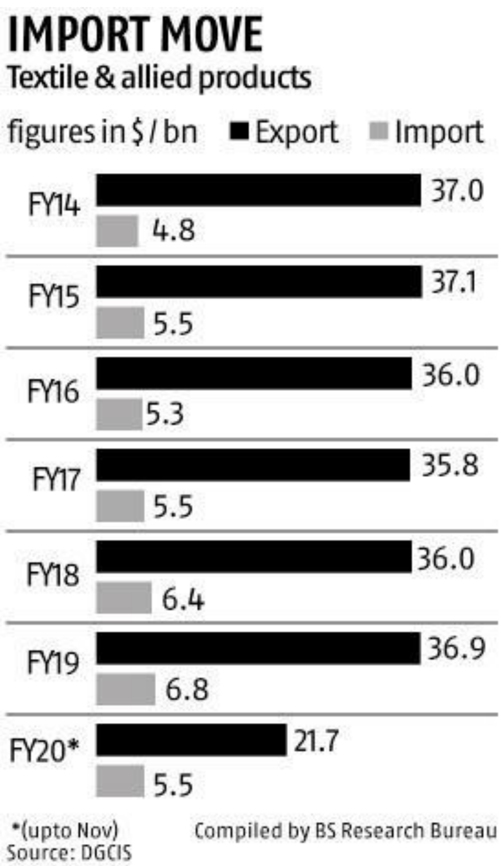
NATIONAL NEWS

Despite recovery in exports to US, India's textile exports decline 8%

Delay in policy support blocks working capital, promoters increase stake in companies on revival hopes

Despite recovery in shipments to the US, the country's textile and apparel exports fell by 8 per cent in the first eight months (April-November) of the current fiscal year, with contractions in those to the European Union (EU) and West Asia.



On the other hand, textile and apparel imports in the period jumped 15 per cent, compared to the previous year.

Data compiled by the Directorate General of Commercial Intelligence and Statistics under the Union Ministry of Commerce and Insustry showed India's exports at $21.7 billion (Rs 1.54 trillion) for the period, down over 8 per cent from $23.6 billion in the corresponding period last year. The imports stood at $5.5 billion this year versus $4.6 billion last year.

"India's export of textiles and clothing were severely affected by global situations like the trade conflict of the US with China, the EU's struggle with Brexit, growing geopolitical tensions in Middle East (West Asia) and removal of the Generalized System of Preferences (GSP) benefits to India by the US," said K V Srinivasan, chairman, Cotton Textile Export Promotion Council (Texprocil).

Under the GSP, developed countries grant import duty concessions, in addition to prioritising purchase of textile and apparel products from some countries.

India’s apparel export to the US rose 6 per cent to $2.7 billion in April-November, compared to $2.6 billion in the same period last year.

Rahul Mehta, chief mentor of the Clothing Manufacturers Association of India, said: “The delay in announcement of the new scheme, Remission of Duties or Taxes on Export Products, is set to result in a further 3-4 per cent contraction in apparel exports.

Many textile players signed export contracts on expectations of continuation in the Merchandise Exports from India Scheme (MEIS), and Remission of State Levies scheme. The delay in announcement has blocked working capital of exporters.”

Srinivasan said: “Cotton yarn bears the same incidence of state and central levies, similar to made-ups and garments. Therefore, cotton yarn should be covered under the Rebate of State and Central Taxes and Levies Scheme and MEIS schemes, and also under the 3 per cent Interest Equalisation scheme.”

With investor sentiment weak in the entire textile sector, promoters have started increasing stakes in their companies, to take advantage of the cheaper valuations. Arvind and AYM Syntex are recent examples.

The former's promoters increased their holding by 1.67 percentage points to 44.75 per cent in the December quarter, from the June quarter. AYM Syntex's promoters increased their holding by 2.5 percentage points to 72.5 per cent in the December quarter, from end-June.

Also, the promoters of Filatex India increased their stake in the company by 2.01 percentage points over two quarters to 59.73 per cent now.

Source: business-standard.com- Jan 21, 2020

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Labour shortage pushes up cost of manual plucking of cotton

The cotton season in Maharashtra is coming to an end but in those areas of the state where the crop is extensively cultivated over rain-fed land, the cost of manual plucking of cotton has more than doubled due to labour shortage.

Adequate number of labourers are not available in villages to pick cotton from fields. Farmers have to shell out much higher per day wages, leaving very thin profit margin.

Due to good monsoon rains in 2019, farmers owning rain-fed land had planted more cotton. But today, they are also forced to abandon their fields due to labour shortage. State Government data show that for the season about 44 lakh hectares of land was the planted area and about four lakh hectares is yet to be harvested.

Cotton in Maharashtra is cultivated from Dhule in Northern Maharashtra to Gadchiroli in Vidarbha. The farm landholdings in these areas, even for small and marginal farmers, is five to seven acres. Therefore, a major rise in cultivation cost makes cotton farming unviable.

Cotton farmer Raju Patil from Matoda village in Buldhana district said that farmers pay wages according to the plucking undertaken by the labourer. This season, the per quintal (100 kg) cotton-picking cost has increased to ₹1,500 from ₹600 per quintal. After a point, plucking of cotton became loss-making. Therefore, a large part of the 15-acre crop had to be abandoned, he said.

Chairman of Maharashtra State Commission for Agricultural Costs and Prices, Pasha Patel told BusinessLine that due to the highly subsidised cost of grains through the Public Distribution System (PDS), farm labourers don't want to toil in the fields. This is fuelling the rising labour costs in the state. Today, during peak farming season there are more people in the villages than in the fields. Earlier, it was the other way round, he said.

Under the Minimum Common Programme of the Government of India, poor families in the State were provided 10 kg foodgrain at half the normal rate from June 1997. The quantum was raised to 20 kg from April 2000. From

April 2002, the quantum for BPL and APL beneficiaries has been enhanced to 35 kg and 15 kg respectively.

Source: thehindubusinessline.com- Jan 20, 2020

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India wants equitable terms in our trade relations with various countries: Goyal

Union Minister Piyush Goyal on Tuesday called for greater cooperation among various nations to realise the huge growth prospects in the Indian Ocean region and also for tackling the important issue of climate change

He said India has contributed the least to global warming, but is still being very responsible on fossil fuels, while the western world is not doing enough even after accounting for more than half of the carbon emissions.

Speaking at the World Economic Forum (WEF) annual meeting in Davos, Goyal said India is committed to safeguarding the interest of its people while welcoming investors from across the world by making regulations easier for them.

Trade cannot be dictated by diplomacy: Goyal

Goyal said the RCEP in its present form was clearly an unworkable agreement. “Any pact needs to take into account several factors. India is grappling with a huge trade deficit, particularly with China and many other nations in the region,” he said.

For the first time, India demonstrated that trade cannot be dictated by diplomacy, Goyal said, referring to India’s decision to pull out of the RCEP.

The Regional Comprehensive Economic Partnership (RCEP) has had to factor in several diversities among partners, but India has serious concerns about climate change and is seeking greater cooperation on fair terms, he asserted.

“We are like a pivot for the Indian Ocean and we believe this region has huge potential. At the same time, India is very much concerned about the issue of climate change. Going forward, the entire grouping around the Indian Ocean will play a very important role, while keeping in mind fair and equitable distribution. India also expects greater cooperation among various nations on climate change," he said.

Goyal further said, "We in India are also working on how to put in place more equitable terms in our trade relations with various countries."

On whether India can still join RCEP, Goyal said the country had said at that time too that it will not be able to join the trade deal in its current form. If nations provide adequate transparency safeguards and if non-tariff barriers are addressed, there is always scope for a fresh dialogue, he added.

Focus on reforms

"When it comes to governance and easing regulations, India was at a disadvantageous position for many years but a conscious decision was made soon after our government came to remove all those legacy issues and to make the growth story equitable for all," the Minister for Railways as well as Commerce and Industry said.

"We want to provide right opportunities for our people and at the same time safeguard the interests of the investors as well. We are always trying to make India more investor friendly and we are talking to our friends across the world on how to improve our infrastructure. We are showcasing infrastructure projects in various countries to get the best from them," he said. However, he said that India will ensure that any cross border investment, including for outbound investments, in the sector does not result in any kind of domination.

Balancing act

He said, "In fact, India has contributed the least to the global warming. The western world, which has given more than 50 per cent of carbon emissions up there, is not doing much actually. We in India are doing so much, including through our programme on LED bulbs."

On how India is balancing its coal and renewable energy sources, Goyal said, "Every country in their development phase has exploited coal, but we are much more responsible and are using coal as a base load power for our renewable energy. That's actually important for our renewable push."

Source: thehindubusinessline.com- Jan 21, 2020

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FIEO seeks export development fund, double tax deduction for MSMEs

To give a fillip to the country's exports which have been falling for the last five months, exporters have sought an export development fund with an annual corpus of half a percentage of annual exports and a double tax deduction scheme to help the micro, small and medium sectors (MSMEs) to effectively reach out to foreign buyers.

In its Budget wish-list, exporters' body FIEO has also sought reduced income tax for non-corporate bodies in order to bring them on par with corporate bodies.

"The industry has welcomed reduction in corporate tax to 15 per cent for new investors and 25 per cent to existing investors. However, this has created widespread disparity with non-corporate MSMEs which are subject to higher taxation of 35 per cent," the representation said, adding that non-corporate bodies should also be made to pay lower tax.

On the need for an export development fund, FIEO pointed out that the current marketing support under Market Access Initiative (MAI) of the Ministry of Commerce was very small and could cover at most 5,000 MSMEs out of over 1.2 lakh active MSMEs in exports.

"We should create an Export Development Fund with a corpus of 0.5 per cent of the country's exports for helping the MSME exporters," it said. This would work out to a corpus of a little over $1.5 billion if annual exports are in the range of $320-350 billion.

To help MSME exporters meet the challenge of overseas marketing, FIEO suggested that the government must extend a 'double tax deduction scheme' for internationalisation of MSMEs to allow units to deduct against their taxable income, twice the qualifying expenses incurred for approved overseas activities including market preparation, market exploration, market promotion and market presence. "A ceiling of $2,00,000 may be put under the scheme so that the investment and tax deduction are limited," it added.

Source: thehindubusinessline.com - Jan 21, 2020

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Govt yet to take call on RCEP meeting invitation

India has received the invitation to attend the meeting of the Regional Comprehensive Economic Partnership (RCEP) trade bloc on February 3-4 in Bali, about two months after the country opted out from the trade deal.

The ASEAN Secretariat has invited India to attend the meeting to sort out its issues related to the proposed free trade deal.

"India has received the invitation for the meeting. No decision has been taken on the issue," said an official.

In November last year, India opted out of the RCEP after negotiating the pact with 15 other Asia-Pacific countries for seven years due to lack of reciprocity on its key demands on services market access, safeguards for import surge and circumvention of origin rules because of tariff differentials. New Delhi was also not satisfied with the proposals to counter its burgeoning trade deficit with China, which was feared to rise after the pact came into effect.

Officials said the commerce and industry ministry is yet to take a call on attending the meeting and has asked external affairs ministry to decide if New Delhi should participate.

External affairs minister S Jaishankar had last week said at the Raisina Dialogue that India had not closed its doors on the RCEP and would carry out a cost-benefit analysis to evaluate its merit. He said New Delhi would evaluate the RCEP on the basis of economic and trade merits.

Commerce and industry minister Piyush Goyal has said that RCEP had become nothing but an India-China FTA, which nobody wants. To opt out of it was a "bold decision as for the first time it reflected the resolve of the government that diplomacy will not prevail over trade".

Japan had reached out to New Delhi immediately after India's exit to help address its concerns including those on trade deficit.

Source: economictimes.com - Jan 21, 2020

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Trade | Implications of the US-China trade deal on India

For almost two years, the global economic system has been under stress due to trade tensions between China and the United States. Out of about $20 trillion world merchandise trade in 2018, these two giants contributed about $9 trillion.

As per the US Department of Commerce, total goods and services trade only between US and China was about $740 billion in 2018. So, confrontation between them created serious uncertainties for the global trade regime as well as for the global economy. Now any truce between them, even if limited, is a relief for the markets.

After many months of negotiations, a 96-page document with eight chapters as 'phase 1' of the agreement has been signed. It is agreed that compared to 2017 figures, China will buy an additional $200 billion of US goods and services over the next two years: $80 billion manufacturing goods (including aircraft, vehicles, iron and steel, pharmaceuticals and, optical and medical instruments); about $50 billion energy products (LNG, coal and crude oil); about $40 billion services (financial services and insurance, tourism); and about $30 billion agricultural goods (oilseeds, meat, cereals, cotton, seafood etc).

Different chapters of the agreement also deal with intellectual property, technology transfer, financial services, macroeconomic policies and exchange rate matters. Some of these commitments were already made at the G20 and WTO summits. In exchange, the US will also reduce tariffs for $120 billion-worth of Chinese products from 15 per cent to 7.5 per cent.

This is obviously a limited deal than what both were trying to achieve. There are still issues concerning Chinese industrial subsidies to its State-owned companies; Huewei's 5G services as well as enforcement and interpretation. Still, there are remaining high tariffs on many items from both sides. Overall, however, the deal provides an assurance to markets that at least things will not become worse in the coming months. The US-China truce along improved Brexit certainty will provide some stability to global markets.

The agreement, however, is another blow to already weakening multilateral trading system under the WTO. With bilateral quid-pro-quo deals, President Donald Trump is sinking the WTO dispute settlement mechanism further.

These trends should be worrying for New Delhi as India trades with its major partners viz China, the EU and the US through WTO rules. Last year, out of a total $840 billion Indian goods trade; China, the EU and the US accounted for about $300 billion. The FTA negotiations with the EU are struck since 2013. The RCEP seems history. Any major FTA with the US is also unlikely to happen any time soon.

The limited deal also shows that with sustained efforts, some concessions can be gained from China. As India also has a huge trade deficit of more than $50 billion with China, it has to get its acts together for negotiating a similar deal with Beijing. A high-level economic and trade dialogue mechanism was established during the informal meeting between President Xi Jinping and Prime Minister Narendra Modi in Chennai last year. So far little is known about progress made by this mechanism.

Similarly, India is also negotiating with the US. Some of our products have already lost the GSP advantage. It is becoming clear that these deals are dependent not only on simple trade dynamics but also on strategic positions taken by India on Indo-Pacific and the Belt and Road Initiative (BRI). Free from a China deal, Trump may now target India to 'fix' another trade issue. Already reports indicate that some US-India 'mini trade deal' focusing on key interests from both sides is possible during Trump's India visit in the coming weeks.

Both the US and China are India's key trade partners. We need to study the list of items agreed between the US and China carefully. Some of the products which China has promised to buy more from the US viz. meat, fish, cotton, iron and steel etc. might affect our own exports to China.

At this stage, problems for India Inc. are complex. It is not just resolving the issue of external demand. There are also serious supply side constraints related to capital, technology, infrastructure and global value chains. With slowing economy and cautious approach to global integration, competitive scaling of production of many products may become a serious issue.

Source: moneycontrol.com - Jan 21, 2020

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Compression garments, a potential product for Tiruppur garment manufacturers

The AIC-NIFT TEA Incubation Centre for Textiles and Apparels is ready to support entrepreneurs making compression garments and socks using sustainable material

Garment manufacturers in Tiruppur who make socks, may start looking at making compression garments, which are sports and medical textile products. The AIC-NIFT TEA Incubation Centre for Textiles and Apparels, set up with support from the Union Government to promote innovation, is ready to support entrepreneurs in making compression garments and socks, using sustainable materials.

S. Periasamy, chief executive officer for the Centre, said a plant to produce compression socks can be set up with an investment of ₹1.5 crore. The market is huge, as compression socks are used by patients who have undergone surgeries and those suffering from varicose veins. Sport compressive garments are much in demand too. “We want to create awareness about this product and introduce it in the Tiruppur cluster. If an entrepreneur comes forward we can try to arrange for seed funds also,” he said.

On Tuesday, the Centre organised an awareness meeting regarding compression garments.

The Incubation Centre has 24 incubatees, and one of them is working on banana fibres. The fibre from banana plant waste can be blended with cotton to make a sustainable fibre. The yarn from this can be used to make the compression garments without compromising on the properties of the product. The Centre will work on it, he said.

At present, a substantial volume of compression garments are imported into the country. The prices are high and the sizes cannot be customised according to Indian needs. If the products are made by domestic manufacturers, there is scope for customisation and it will boost demand. “We need to create awareness among the industries and support them to start making the products,” Mr. Periasamy said.

One of the aims of the AIC- NIFT TEA Incubation Centre is introducing new products in the Tiruppur cluster and creating larger market opportunities for the industry in Tiruppur. Compression garments are one such product that the cluster can focus on, he said.

Source: thehindu.com- Jan 21, 2020

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‘We should definitely adopt new technology … Higher or lower yield depends on how we manage our crops’

Is CICR investigating the use of unapproved variety of GM cotton seeds by farmers?

We had first reports on illegal cultivation of HTBt cotton in 2017 and CICR has been voluntarily collecting samples since then from farmers’ fields in Maharashtra, Gujarat and Telangana. We tested these samples in our Bt referral lab and found 15-17% of it were of HTBt variety in 2017-18.

Nearly 12-15% of the samples were found to be positive in 2018-19 in these states. The percentage, however, reduced to 5-7% in current year (2019-20). We had analysed more than 200 samples.

Though I cannot say how much of the cotton areas are under HTBt, it is certainly not 20-30% as claimed by many observers. CICR has kept on sending its reports to Indian Council of Agricultural Research (ICAR).

What would you advise farmers who are forced to use HTBt as their cost of production has increased substantially due to weeding problem with the authorised Bt?

Since Genetic Engineering Appraisal Committee (GEAC), which takes a call on genetically modified organism (GMO), has not approved the HTBt variety, I would suggest farmers not to go for this. It's illegal. Besides, there are chances that the farmers may get cheated by the persons who may be supplying seeds to them. They may not be providing pure HTBt variety. Since it is not approved, there won't be a legal remedy if crops fail due to natural calamities or due to any adverse situation in farms. Farmers must go only for approved variety so that liability can be fixed for any wrong claim.

Farmers planted HTBt seeds in June-July and started harvesting it in October. Wasn't there any direction from the government?

GEAC had a series of meetings on the issue with state governments, CICR, ministry of agriculture and public representatives. It instructed that the illegal cultivation of HTBt should not be allowed. It also asked for punitive action against those who planted it. Couple of FIRs have been registered [against seed suppliers] and authorities even tried to prevent illegal cultivation. That's why the percentage of positive samples reduced this year compared to 2017-18 and 2018-19.

CICR has a mandate to develop new varieties of seeds. Can't you provide farmers with alternatives as global seed companies seem reluctant to bring in new GM technology?

Of course, we can. Besides developing 33 non-GM varieties over the years, CICR had in 2017 developed seven Bt varieties which are approved for commercial cultivation. Significant point is that the farmers can retain and reuse our seeds for two-three years unlike the currently used Bt variety (developed by a multinational company) where farmers have to buy seeds every year. Besides, our seeds will be cheaper than the current Bt variety as the farmers need not pay any royalty.

How soon will it reach cotton farmers?

We multiplied the seeds in first two years and now we have given our varieties to the Maharashtra State Seeds Corporation (Mahabeej) for further multiplication. It takes at least three years for multiplying the seeds. We have also been in touch with the National Seed Corporation as we have limited farms and we cannot take up large scale multiplication to meet the demand. We have already demonstrated it to farmers in our farms. Our varieties are not inferior to the currently available options. We have been telling farmers to grow our seeds on one acre. If other farmers see the result, they will definitely adopt it.

Is the yield in HTBt more than the legally available Bt cotton?

It's not the case. The only difference between Bt and HTBt is that the latter has herbicide-tolerant gene. HTBt cotton is not yield increasing technology. It makes a difference only by way of reducing cost of weeding. Higher or lower yield depends on how we manage our crops. The Bt is only a support system for plant protection. If we take plant protection measures, even the non-Bt will get us higher yield. The Bt however has an advantage in terms of crop protection.

What's your view as a scientist on GM varieties?

We should definitely adopt new technology like what we did by introducing Bt legally in 2002. It could effectively control bollworm. As a result, areas under cotton crop, production and productivity have increased substantially. Now, we have noticed that even the legally available Bt has become vulnerable to pink bollworm infestation in Gujarat, Maharashtra and southern states. On the other hand, Punjab, Haryana and Rajasthan don't have this problem as these states could go for second crop after terminating cotton in October due to assured irrigation.

Source: timesofindia.com- Jan 22, 2020

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