INFORMATION BUREAU TEXPROCIL

TEXTILE INTELLIGENCE CENTRE IBTEX

TEXPROCIL NEWS CLIPPINGS

An ISO 9001:2015 CERTIFIED COMPANY

The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 60 of 2019 March 22, 2019

USD 68.62| EUR 78.07 | GBP 90.13 | JPY 0.62

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20957	43800	**81.32**

Domestic Futures Price (Ex. Warehouse Rajkot), March

Rs./Bale	Rs./Candy	USD Cent/lb
21290	44496	**82.61**

International Futures Price

NY ICE USD Cents/lb (May 2019)	77.18
ZCE Cotton: Yuan/MT (May 2019)	15,345
ZCE Cotton: USD Cents/lb	103.91
Cotlook A Index – Physical	**84.65**

Cotton Guide: As predicted in our previous report ICE Cotton futures have crossed the 77 cents/lb mark with a whopping increase of +168 points. The high figure noted was almost touching 78 (to be precise 77.82 cents/lb) with a low of 75.37 cents/lb which amounted to a difference of 2.45 cents/lb between the high and the low figures.

While we are writing this report at 7:50 am the ICE May contract is trading at 77 cents/lb. The ICE JULY contract also settled with triple digit gains with a change of +147 points, therefore settling at 78.03 cents/lb.

All the other ICE contracts also settled in positive figures although not as high as ICE May and ICE July contracts.

The escalation was coupled by higher volumes yesterday. The total volume noted was 45,653 contracts as compared to the previous 27,142 contracts which was a change of 18,511 contracts or 68 % rise. The ICE May contract grabbed a volume of 25,927 contracts as compared to the previous 11,944 contracts. The total open interest decreased by 805 contracts to 223,461 contracts. The ICE May and ICE July open interest decreased by 1,448 and 28 contracts to 104,839 and 49,752 contracts respectively.

The MCX contracts on the other hand emanated very low volumes at 819 lots due to the festival of Holi celebrated in India. The MCX March contract settled at 21,290 Rs/Bale with a positive increase of +90 Rs. The MCX April and the MCX May contract settled at 21,610 Rs/Bale and 21,870 Rs/Bale with changes of +80 Rs and +90 Rs respectively.

The estimated arrivals of cotton were affected due to the festival of Holi yesterday in India. A clear figure is not available for Today. Prices of Shankar 6 are steady to firm at 43,800 Rs/Candy. The cotlook index A remains unchanged at 84.65 cents/lb.

US export sales commitments for 2018-2019 rose by 125,000 RB (Running Bales) of upland cotton, with cancellations of 26,100. The increases were reported for Vietnam 84,700, Turkey 21,500, India 16,300, Pakistan 10,300 and Bangladesh 5,100. A cutback was reported for China 11,600, Hong Kong 6,600, Malaysia 4,200 and Indonesia 4,000.

Export shipment were seen at 350,100 RB to Pakistan 79,000, Vietnam 67,300, Indonesia 36,400, China 36,200 and Turkey 32,800. 2019-2020 – Net upland sales of 32,800 RB were reported, for China 15,400, Pakistan 8,800, Japan 7,300. 2018-2019 Net sales of pima summed up to 22,100 Running bales. The Major destinations were China 13,700, Vietnam 4,400 and Thailand 1,200.

WTI crude yesterday crossed 60.30 $/Barrel marking new highs for 2019 and is currently trading at 59.90. A rise in crude directly affects the prices of cotton. Cotton prices increase when crude prices increase and vice versa.

On the technical front, ICE Cotton futures rallied above 77 levels (50 % Fibonacci retracement level) after moving out of the downward sloping channel with the formation of pennant pattern. In the daily charts price got supported by bullish crossover of short EMA(13) above the Long term EMA (26) and the strength index RSI holding above the 50 mark.

Moreover positive divergence between RSI and price strengthened the bullish bets. So for the day price is expected to move in a positive direction targeting 78.20 levels. Immediate support exists around 76.70, followed by 75.80. In the domestic market March futures is expected to rise towards 21550-21600 zone.

Currency Guide

Indian rupee may note mixed trade against the US dollar but general bias remains on the positive side. Supporting rupee is general firmness in domestic and global equity markets amid dovish stance of major central banks and hopes of additional measures by China to boost growth. Fed this week kept interest rate unchanged and indicated that there will be no rate hikes this year. This pulled the US 10-year bond yields to 2.54%, lowest since Jan.2018. Rupee is also supported by easing geopolitical risks and building expectations that ruling BJP government may win another tenure in the general elections.

However, weighing on rupee price is continuing strength in crude oil price. Brent crude trades near $68 per barrel as a sharp decline in US crude oil stocks added to tightness concerns. Also weighing on rupee and other riskier assets is uncertainty about health of major economies and uncertainty about Brexit and US-China trade deal. UK has got a two-week extension until April 12 to decide on whether to accept the Brexit deal or exit without a deal but uncertainty will persist until the deal is finalized.

US officials will visit China next week for trade talks however hopes of a deal are low as US intends to keep tariffs in place for a long time to pressurize Beijing. After days of rally, rupee is now struggling to hold below 69 levels. We expect to see choppy trade continuing however general bias remains positive as Fed's stance will continue to weigh on US dollar. USDINR may trade in a range of 68.55-69.2 and bias may be on the downside.

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

NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	Tariffs to Remain in Place After China Deal, Trump Says
2	Geopolitics, Trade Impasses Weigh Down Global Economy
3	Textile and apparel sectors disagree on USMCA provisions
4	China: Impacts of VAT reduction on cotton yarn market
5	European Union offers UK more time to leave the bloc
6	Used clothing a booming business in the US
7	Egypt builds on its textile strength
8	How Brexit Will Affect Currency Traders in 2019
9	Bangladeshi manufacturers exhibit garments in India
10	Bangladesh: Apparel exporters to get up to 12pc cash incentives
11	Bangladesh: Sustainability of spinning business: Key issues
12	Bangladesh: Organic push earns global praise
13	Pakistan: 'Now is the time to capture the global textile market'
14	Pakistan: Policy measures for enhancing textile exports

NATIONAL NEWS	
1	India, Peru hold 4th round of FTA talks in Lima
2	TN spinning mills body miffed with claims in State's latest textile policy
3	'Trade pacts must to achieve farm export target'
4	At 15.7 lakh TEUs, Chennai port sets new record in container handling
5	Needed, a vision document for agriculture
6	Coimbatore: Textile industry's agenda for Lok Sabha aspirants
7	India's growth in last 5 years has been transformational: Shringla
8	Aditya Birla Sun Life Mutual Fund garners Rs 166 crore via retirement fund NFO

INTERNATIONAL NEWS

Tariffs to Remain in Place After China Deal, Trump Says

President Trump indicated this week that higher tariffs on $250 billion worth of goods imported from China will remain in place for the foreseeable future. The president's stance could complicate efforts to secure a bilateral trade agreement.

Senior U.S. officials will travel to Beijing next week to continue negotiations on an agreement aimed at resolving issues such as forced technology transfer, intellectual property rights, currency, and agriculture.

Chinese officials could follow up with a visit to Washington in early April and presidents Trump and Xi Jinping could meet in late April to conclude a deal.

According to press sources, one of the key issues negotiators have struggled with in recent weeks has been enforcement; i.e., measures the U.S. could take if China does not comply with the commitments it makes in any final agreement.

Trump administration officials have indicated a preference for reimposing tariffs in such a case, with no retaliatory tariffs allowed by China.

However, Trump said March 20 that "we're not talking about removing" the existing tariffs but instead are talking about "leaving them for a substantial period of time … to make sure that … China lives by the deal."

A Washington Post article notes that this approach is not new for Trump, as he has maintained tariffs on steel and aluminum imports from Canada and Mexico even after reaching agreement with them on revisions to NAFTA.

Source: strtrade.com - Mar 22, 2019

HOME

****

Geopolitics, Trade Impasses Weigh Down Global Economy

Two interrelated and troubling developments are coloring the global economic picture.

The first is that trade growth is slowing sharply, Global Insight by IHS Markit said Tuesday in its March forecast. IHS Markit chief economist Nariman Behravesh and executive director for global economics Sara Johnson cited the IHS Markit purchasing managers' index (PMI) for new exports has been falling for six months in a row, the largest decline since 2016.

The second key factor is the stagnation in the industrial sectors. The economists said the manufacturing sectors in key economies Japan, China and the Euro Zone are in recession.

"While U.S. protectionist policies have worsened the outlook for trade volumes and factory output in many parts of the world, the industrial recession in China–brought on by the government's deleveraging campaign–is, arguably, a bigger drag," Behravesh and Johnson said.

"The good news is the Chinese government has (once again) begun to provide modest stimulus. This move will stabilize the manufacturing in China and the other parts of the world. Equally encouraging is the lack of 'contagion' from manufacturing to services. Both these trends will sustain growth for a while."

The report said the U.S. economy is moderating and set for a slowdown. Real gross domestic product (GDP) grew at a 2.6 percent annual rate in the fourth quarter of 2018, with full-year growth at 2.9 percent, boosted by tax cuts and federal spending increases.

"In the very near term, GDP growth has slowed sharply, to about 1.3 percent, reflecting a sharp, but temporary deceleration in consumer expenditures in the wake of December's financial market turbulence and a reversal of a weather-induced surge in utility bills late last year," they said. "Real GDP growth is forecast to increase 2.4 percent in 2019 and 2.1 percent in 2020, as the boost from fiscal stimulus first peaks and then fades."

After 2020, IHS Markit projects GDP growth to ease to a 1.7 percent annual average through 2023.

In Europe, the economists said there is more evidence of weak growth, but a recession is still not likely. Eurozone real GDP growth in the fourth quarter of 2018 came in at a soft 0.2 percent compared to the previous quarter, while year-on-year growth was revised down slightly to 1.1 percent–the lowest rate in five years.

“The industrial sector was already in recession in the second half of 2018, as evidenced by the IHS Markit PMIs,” the economists wrote. “The risk of an economy-wide recession stems from ongoing spillovers and event risks, such as a ‘no-deal’ Brexit and U.S. auto tariffs.”

Euro Zone real GDP growth is projected to slow to 1.2 percent in 2019 and 1 percent in 2020 from 1.8 percent last year, before edging up to 1.2 percent in 2021.

In China, the report said the Lunar New Year distorted the data, “but the underlying fragility is apparent.” At the opening of the recent National People’s Congress, Premier Li Keqiang announced China’s 2019 real GDP growth target will be 6 percent to 6.5 percent, a range consistent with the IHS Markit forecast of 6.3 percent, the report noted.

“Growth momentum will moderate with a weakening in real estate markets and foreign trade,” the analysts said. “Faster growth in infrastructure investment and tax cuts will help to counter the slowdown.”

Looking at emerging economies, they noted that some countries, like Argentina, Iran and Turkey, have already slipped into recession. Others such as Brazil, India and South Africa “have seen growth fall below expectations,” they said.

Some countries like India, the Philippines and Vietnam “will continue to grow at robust rates,” the economists said, while the likes of Brazil, Saudi Arabia and South Africa will struggle to achieve growth rates above 1 percent to 2 percent.

“The industrial recession in key economies, especially China, is hurting emerging-market exports,” the report said. “So is the trade war between China and the United States.”

Export growth in South Korea and Taiwan, for example, has been impacted by those factors.

“Geopolitics is also a growing risk,” the economists added. “The escalating tensions between India and Pakistan are a big threat to a region that has performed better than most over the past few decades.”

Source: sourcingjournal.com - Mar 20, 2019

HOME

****

Textile and apparel sectors disagree on USMCA provisions

While US textile manufacturers and the apparel and retail industries have expressed overall support for the newly reached US-Mexico-Canada Free Trade Agreement (USMCA or NAFTA 2.0), textile producers and the apparel sector hold divergent views on certain provisions.

The USMCA will continue to adopt the “yarn-forward” rules of origin. The USMCA will also newly require sewing thread, coated fabric, narrow elastic strips, and pocketing fabric used in apparel and other finished products to be made in a USMCA country to qualify for duty-free access to the United States.

The US apparel industry, on the other hand, opposes these rules and argues that apparel should be considered of North American origin under a more flexible regional “cut and sew” standard, which would provide maximum flexibility for sourcing, including the use of foreign-made yarns and fabrics.

USMCA would continue a program that allows duty-free access for limited quantities of wool, cotton, and man-made fiber apparel made with yarn or fabric produced or obtained from outside the NAFTA region, including yarns and fabrics from China and other Asian suppliers.

Source: fashionatingworld.com - Mar 20, 2019

HOME

****

China: Impacts of VAT reduction on cotton yarn market

On Mar 15, Premier Li Keqiang mentioned that VAT would be reduced from Apr 1 in the answers to reporters' request. VAT of cotton may be decreased 1% to 9% and that of cotton yarn and grey fabric may be revised down 3% to 13%, which will lower the cost and increase profits of textile enterprises. Thus, how much will it contribute to cotton yarn mills?

yuan/mt		Procure cotton and sell cotton yarn before Apr 1	Procure cotton before Apr 1 and sell cotton yarn after Apr 1	Procure cotton and sell cotton yarn after Apr 1
The issue of high tax and low deduction has been solved. (Take Shandong as an example.)	Tax of selling cotton yarn	3241	2704	2704
	Cotton input tax deduction	2538	2117	2117
	Final tax	703	587	587
The issue of high tax and low deduction has not been solved. (Take Xinjiang as an example.)	Tax of selling cotton yarn	3241	2704	2704
	Cotton input tax deduction	1600	1600	1453
	Final tax	1641	1104	1250

Note: the cotton yarn in above figure refers to carded 32S and the tax is calculated based on cotton yarn selling price of 23,500yuan/mt and cotton purchasing price 16,000yuan/mt, after-tax.

At present, most major cotton yarn producing regions in inland has solved the issue of high tax and low deduction. The deduction standard of carded cotton yarn ranged in 1.1-1.18. Taking Shandong as an example, where the deduction standard is 1.15, it can be seen that after the tax reduction, cotton yarn mills will pay 117yuan/mt less no matter purchasing cotton before or after Apr 1.

On the other hand, it is more beneficial to the regions where the issue of high tax and low deduction still exists. For example, in Xinjiang, cotton yarn mills can pay 391yuan/mt less after tax reduction. If cotton yarn mills use cotton purchased before Apr 1 and sell cotton yarn after Apr, the tax can be reduced by 538yuan/mt.

For most inland cotton yarn mills, selling cotton yarn after Apr 1 is favorable while for those in Xinjiang, purchasing cotton before Apr 1 and selling cotton yarn after Apr 1 is the most favorable. For downstream fabric plants, it is the same. If they purchase cotton yarn before Apr 1 and sell grey fabric after Apr 1, they can enjoy the 13% VAT and 16% input tax deduction.

Without considering the market, a kind of situations may appear.

1. Cotton yarn mills in Xinjiang procure more cotton and inland ones keep previous procurement tempo.
2. Cotton yarn mills hold the cotton yarn and keep reluctant to sell, especially those in Xinjiang.
3. Downstream fabric plants increase the cotton yarn procurement before Apr 1, especially conventional varieties.
4. The VAT reduction lowers cotton yarn cost and fabric plants wait for the fall of cotton yarn price.

The second and third conditions will result in the rise of cotton yarn price, while the fourth condition will drag down cotton yarn price. If so, the rise of cotton yarn price will depend on the procurement of weavers who may purchase cotton yarn until the price declines or purchase as soon as possible to earn the balance.

Taking 23,500yuan/mt carded 32S as an example, if weavers procure before Apr 1, they can enjoy 705yuan/mt input tax deduction. That is to say, it is cost-efficient for weavers only if the cotton yarn price decreases by 705yuan/mt after Apr 1. As things stand, cotton yarn inventory is not high and the sales move smoothly.

Market players still hold anticipation to peak season, so large discounts are hard to appear in short term. Thus, weavers are likely to restock cotton yarn in advance. But for cotton yarn mills, selling in advance means to reduce their profits, so they will prefer to sell slowly.

In conclusion, VAT reduction in short run may push up cotton yarn price in China, while in long run, as cotton yarn cost falls, the bonus will be allocated to market players. If the market does not improve obviously after Apr 1, cotton yarn price may inch down due to falling cost and advanced procurement.

Source: ccfgroup.com - Mar 19, 2019

HOME

****

European Union offers UK more time to leave the bloc

If the twice-rejected deal is thrown out again, the bloc says Britain has until April 12 to “indicate a way forward.”

Worn down by three years of indecision in London, European Union leaders on Thursday grudgingly offered the UK more time to ease itself out of the bloc, delaying by several weeks — but not eliminating — the threat of a chaotic British exit.

After a meeting that stretched through the afternoon and over dinner, the bloc said Britain could postpone its departure, due on March 29, until May 22 — if the UK Parliament approves Prime Minister Theresa May’s divorce deal with the bloc next week.

If the twice-rejected deal is thrown out again, the bloc says Britain has until April 12 to “indicate a way forward.” Ms. May agreed to the plan, European Council President Donald Tusk said.

The deep uncertainty among leaders at an EU summit in Brussels was exceeded only by the high anxiety being felt by politicians, businesses and citizens in Britain. The British military has even set up a command post in a bunker under the defence ministry in London to help coordinate “no-deal” planning.

Thursday’s summit opened with ominous warnings from EU leaders about the possibility of a no-deal Brexit.

Responsibility of UK lawmakers

French President Emmanuel Macron warned it was the responsibility of UK lawmakers to approve a Brexit deal and make sure Britain does not crash out of the bloc without an agreement.

“In case of a ‘no’ vote ... it will guide everybody to a no-deal for sure,” Mr. Macron cautioned. “This is it.”

The House of Commons is split, both among and within its political parties, over whether and how to leave the EU. It has twice rejected the deal Prime Minister Theresa May brokered with the bloc’s leaders late last year.

“We are all waiting, waiting for what the British intend to do,” said EU Parliament President Antonio Tajani. “We are all concerned.”

May asks EU to delay departure

This week, Ms. May finally acknowledged the Brexit gridlock and asked the EU to delay Britain’s departure until June 30 — enough time, she hopes, to win parliamentary approval for her deal in a third attempt and then pass the legislation necessary for a smooth departure.

But opposition to Ms. May’s the agreement among British politicians appeared to be hardening, rather than softening, after she blamed Parliament for the Brexit impasse.

In a televised address on Wednesday night, Ms. May accused lawmakers of “infighting,” “political games” and “arcane procedural rows,” but acknowledged no personal error in creating the deadlock.

A lawmaker from Ms. May’s Conservative Party called the speech “toxic.”

Legislator Anna Soubry, of the breakaway Independent Group, described it as the “most dishonest and divisive statement from any prime minister.”

May calls lawmakers to back agreement

In response, Ms. May hunkered down, calling on lawmakers to back her agreement and refusing to rule out a no-deal exit if they did not back her.

“What matters is that we recognize that Brexit is the decision of the British people. We need to deliver on that,” Ms. May said as she arrived in Brussels. “I sincerely hope that will be with a negotiated deal.”

Businesses and economists say a no-deal Brexit would cause huge disruptions and billions in costs to the economies of both Britain and the EU.

Underscoring the sense of dread gripping the nation, one of Britain's biggest business lobbies and a major trade union federation said in a rare joint appeal that the "country is facing a national emergency."

The Confederation of British Industry and the Trades Union Congress warned Ms. May that if Britain crashes out of the EU, "the shock to our economy would be felt by generations to come."

Operation Redfold

Britain's military said the command post under the ministry of defence was set up as a continuation of earlier planning operations, called Operation Redfold, designed to minimize disruption in the event of a no-deal Brexit.

The ministry said in a statement it had 3,500 troops on standby to help with any disruptions if the government asks for assistance.

Worry about a chaotic departure is rising among EU leaders, who fear Ms. May no longer has the clout in Parliament to get her way.

"Nobody wants no-deal here," Irish Prime Minister Leo Varadkar told reporters.

German Chancellor Angela Merkel vowed to work "until the last hour" to try to ensure that Britain doesn't leave without a deal, even though her government has enacted emergency measures to deal with such a scenario.

Third attempt

Ms. May plans to make a third attempt to get her deal through Parliament next week. But many pro-Brexit legislators still oppose it, saying it does not deliver the clean break they long for. And Pro-EU lawmakers will try to derail May and wrest away control of the Brexit process to steer Britain toward a close relationship with the bloc.

It's a struggle that has been going on for almost three years and has brought the UK to within eight days of a chaotic Brexit.

EU leaders are watching with disbelief, horror — and, for some, sympathy.

“I never got frustrated with Theresa May. I have the highest respect for her,” said Dutch Prime Minister Mark Rutte.

“Her tenacity is enormous. But she is working in an extremely difficult situation. It’s not her mistake that we are where we are — it’s because too many people have so far played party politics on this issue.”

Source: thehindu.com - Mar 22, 2019

HOME

****

Used clothing a booming business in the US

The resale apparel business in the US is booming. Secondhand is starting to capture the attention of mainstream shoppers. Once people start buying secondhand, they buy more of it over time. When the consumer has the experience of buying a brand dress for 20 dollars versus 300 dollars, they can’t imagine going back there and paying full prices.

Resale in the US has grown 21 times faster than the retail apparel market over the past three years. In an environment where traditional retailers continue to struggle to adapt to changing consumer tastes, companies like Rent The Runway, The RealReal and Poshmark are capitalizing on the idea that consumers are constantly looking for affordability and variety.

According to ThredUP, an online resale shopping platform, 56 million women purchased secondhand products in 2018, up from 44 million women in 2017. Resale platforms, also called consignment sellers, are seeing a high level of consumer engagement. In addition brands have started to realize that consignment players are helping extend the discovery, reach, and appeal of their brands. An item with a strong resale value is seen as strengthening the brand as a whole. The apparel industry is the second largest industrial polluter. The resale market is an excellent way to create a circular economy and reduce the environmental impact.

Source: fashionatingworld.com - Mar 20, 2019

HOME

****

Egypt builds on its textile strength

Egypt has attracted the attention of many world textile and garment enterprises. The country's textile and garment industry has a good foundation.

The total number of employees in Egypt's textile and clothing industry is 1.5 million.

Textiles and tailoring account for 15 per cent of Egypt's non-oil and natural gas exports and contribute three per cent to GDP.

Egypt has comparatively rich advantages in cotton raw materials, extremely preferential trade policies and low production factor costs, which provide a good basis for further development of the textile and garment industry.

The Mingya Textile City Project is the first textile and apparel free zone in Egypt. The region has a large population of young people, suitable for the development of labor-intensive industries.

The plan is to focus on the development of advanced textile cities in the upper Egyptian region, and to build the necessary infrastructure for textile cities.

With this vision, Mingya Textile City will become one of the important platforms for overseas textile and apparel enterprises to settle in Egypt.

The country offers a favorable investment policy and environment for overseas textile and apparel enterprises.

In addition Egypt's exports to Europe and the United States enjoy preferential benefits.

Source: fashionatingworld.com - Mar 20, 2019

HOME

****

How Brexit Will Affect Currency Traders in 2019

The monumental Brexit has yielded political, cultural and also economic consequences. Here we explain how the UK's vote to leave the EU has led to significant Brexit currency impacts like lower currency exchange rates and the British pound devaluation.

By now it's hard not to be aware that the UK's vote for Brexit on 23 June 2016 had a significant impact on the currency market. But with news of long-term lows for the sterling, record highs for stocks and arguments regarding whether or not the country is heading for a recession, it can be hard to ascertain exactly what is going on. Most people don't need to know how well the UK economy is performing when sending money overseas; they just want to know what is affecting how much they'll get.

So what impact has the Brexit vote had on currency transfers, why are the markets reacting the way they are and what looks set to happen in the future? Foreign exchange provider TorFX explains the Brexit's important impact on currency rates.

How has the Brexit affected Pound Sterling exchange rates?

The pound has been consistently on the decline since the results of the referendum became clear on 23 June 2016. An initial sharp drop has been followed by several slumps and a persistent overall decline, leaving GBP to EUR -15 percent than pre-referendum levels and GB to USD and GBP to AUD down -17 percent immediately after the vote. This means people wanting to exchange pounds into other currencies are getting significantly less, while people wanting to buy pounds are finding the current levels particularly lucrative.

After the initial shock, the pound was further weakened by a series of unexpected political developments and poor data releases. Leading 'Brexiter' Boris Johnson cause a drop in the pound after surprisingly announcing that he would not run for Prime Minister after David Cameron's resignation.

A huge tumble in the UK's purchasing manager indices – which measure activity in the manufacturing, construction and service sectors – sparked another sell-off. Plummeting consumer confidence, forecasts that sterling could hit parity against the euro, speculation that the government had no solid Brexit plan, warnings from international figureheads and worries that big businesses may move their operations out of the UK all combined to pressure the pound lower over the weeks following the referendum.

The tumbles have left the pound as the worst performing currency during the first half of 2016, beating even the currencies of places such as Venezuela, which is struggling with an estimated inflation rate of 700 percent.

EFFECTS OF BREXIT

1. Trade Transaction Costs Will Increase with New Tariffs on Exporters

The UK will have to leave the European Customs Union, which means a significant increase in controls over UK-manufactured goods crossing the European border and huge delays in administration formalities.

The BRC has predicted a 29% increase in food and beverages product prices imported from the EU and a 7% increase for non-food items, including clothing and textiles. Pricier imported goods will put a strain on consumer spending, affecting the economy on the whole. In addition, businesses that depend on EU-based raw materials and consumers will have to bear margin cuts. This will have significant repercussions on the global stock and forex markets.

2. GBP/USD Could Tumble Down

Currencies are always affected by trade balances. Britain's current account deficit has been widening for some years now and Brexit will put a likely stop to the inflow of foreign capital. This means the UK would lose its position as being a prime investment location. What eventually will follow is a weakening of the pound sterling, to address the imbalance created. Experts are predicting similar downs for the British pound like what happened following the Brexit referendum. The GBP may go down as low, perhaps more to the tune of 1.20 against the USD.

Source: econotimes.com- Mar 21, 2019

HOME

****

Bangladeshi manufacturers exhibit garments in India

In a bid to increase Bangladesh's apparel exports to India, several garment manufacturers from the country showcased their creations during Apparel Sourcing Week in India. A flurry of activities – seminars, panel discussions, vendor workshops and open house were held during the 2-day expo touching all key aspects of the booming Indian fashion retail sector.

The first edition of Apparel Sourcing Week 2019 was inaugurated by BGMEA president Siddiqur Rahman and vice president (finance) Mohammed Nasir while the principal secretary, commerce and industry, government of Karnataka, Gaurav Gupta was also present on the occasion.

"India-Bangladesh relationship has grown stronger over the years and India is already a very important development partner for us besides being a vital destination for garment exports. Readymade garments today account for 84 per cent of our total exports while India on the other hand boasts of upwardly mobile and sizeable middle-class that has significant buying power.

So Bangladesh can offer apparel to India at very competitive price. What's more, our apparel manufacturing industry is one of the most sustainable in every aspect. Being a neighbouring country, we can leverage each other's strengths and work together towards strengthening bilateral relations and business growth," said Rahman.

"I congratulate the organisers for coming up with the Apparel Sourcing Week 2019 in Bengaluru. Bengaluru is not only a major centre for technology but also a strong manufacturing hub including apparel. Retail sector is also very strong here, and I am sure the platform of Apparel Sourcing Week would provide a win-win situation for brands and retailers while also offering new export opportunities for Bangladesh," said Gupta, while adding that in today's age of mutual cooperation, strong business relations between the India and Bangladesh is the need of the hour.

"Bangladesh and India share a long border and a number of land customs ports, and we have geographic advantage as well as a free trade agreement through SAFTA which came into effect in 2016. But despite all these advantages our trade has not achieved the desired level so far. Apparel and textile is a promising sector to strengthen the trade relation between the two neighbouring countries," said Nasir.

Source: fibre2fashion.com - Mar 20, 2019

HOME

****

Bangladesh: Apparel exporters to get up to 12pc cash incentives

Bangladesh Bank on Thursday said that the cumulative cash incentives, up to 12 per cent, against apparel exports would not be reduced in this fiscal year.

An exporter gets up to three types of cash incentives, out of four, against apparel exports, but as per an earlier directive, they got maximum 10 per cent in cumulative cash incentives.

BB in a circular issued on Thursday clarified that the provision of capping the cumulative cash incentives at 10 per cent in an earlier directive issued in 2016 had been scrapped.

Apparel exporters get 4 per cent cash incentive as an alternative to duty bonds and duty drawbacks, 4 per cent for apparel products export for the small and medium industries, 4 per cent for export of new textile and garment products and expanding export of textile items to new markets, markets other than the United States, Canada and the European Union, and 2-per cent cash incentive for exports of apparel products to EU market in addition to 4 per cent cash incentive.

A BB official said that with the new order, an apparel exporter would now get highest 12 per cent cash incentives (4+4+4) if he or she got three types of incentives.
Earlier, there was a limit of 10 per cent incentives, even if the cumulative incentive was 12 per cent, he said.

In September 2018, the government announced cash incentives in favour of exporters of 35 products, including apparel, for the current fiscal year of 2018-19.

Source. newagebd.net - Mar 21, 2019

HOME

****

Bangladesh: Sustainability of spinning business: Key issues

The number of spinning mills in Bangladesh is on the rise. These mills are contributing remarkably to the growth of the ready-made garment (RMG) industry of the country. Spinning industry of Bangladesh can be discussed from two perspectives: a) government policy regime, and b) individual mill management.

GOVERNMENT POLICY REGIME: In order to ensure smooth growth of spinning industry, the following government policy support is crucial.

DELISTING SPECIFIC HS CODES FROM BONDED WAREHOUSE LICENCES, INCREASING CASH INCENTIVE AND BANNING IMPORT OF RAW MATERIALS THROUGH LAND PORTS: Bangladeshi knit and denim RMG has already developed a very strong backward linkage industry -- spinning-knitting/weaving-dyeing and finishing -- which are mostly made with cotton and cotton blends of different kinds.

The spinning industry of Bangladesh with 12.50 million spindles is capable to meet 95 per cent demand of yarn of the RMG sector. Woven, sweater and home textile are mostly based on imported fabric and yarn where spinning industry can meet 40 per cent of their yarn requirement.

Therefore, the government in collaboration with Bangladesh Textile Mills Association (BTMA) may design a policy to exclude the HS (harmonised system) codes of import of yarn (cotton and cotton blends) and fabric (denim fabric) from the existing bonded warehouses licences of RMG exporters. In addition to that, to encourage use of local yarn and fabric in export oriented RMG, cash incentive can be raised.

Alternative to it is to impose 'Anti-dumping Duty' that creates a negative country image, even if the country does not consider the difficulty in executing it. It is important to ban import of any raw material (cotton, yarn and fabric) through any land port and allow imports only through sea ports (i.e. Chattogram and Mongla). However, to accommodate for emergency shipments, a sample quantity of maximum 500 kilograms can be allowed to be imported through airports.

HEDGING OPPORTUNITY AGAINST COTTON IMPORT: The cost of cotton is 60-70 per cent of the total cost of a spinning mill. Last year Bangladesh, the biggest importer of cotton in the world, imported 7.20 million bales of cotton. In the 1990s cotton had little fluctuations (cotton index had a breath of maximum 5-10 cents in a year).

Over the period, the cotton index has become two to three times riskier than it was earlier. So, in such a risky market, the only way to protect risk is hedging which is not permitted as per the existing guidelines of Bangladesh Bank. Beximco wanted to do it in around 1999 and it was way complicated to get the permission and the market Beta was quite low to exercise it in comparison with cost and benefit. Number one reason why the country could not compete with imported yarn is not having hedging opportunity. However, the spinners of Bangladesh are also quite reluctant to hedge the risk.

GAS AND POWER SUPPLY: Spinning is a power hungry industry that mostly depends on captive gas generators. It is not certain what is going to be the cost of power for next decades. Earlier, different locations had different levels of availability of gas which has improved a bit in recent times. However, this is very important for the industry to be assured of uninterrupted power at reasonable cost in the long run and government should work out ways to assure it.

'NO' TO MONEY LAUNDERING: Spinning is a capital intensive industry and it needs to be free from activities that encourage unscrupulous funding. A level playing professional financing ground is required for the spinning as well as for the banking industry.

CONTROLLING RECRUITMENT OF FOREIGN EXPERTS: Home grown solutions work well. Spinning industry of the country is more than four decades old and there are enough human resources -- both professional and technical -- to run the spinning industry. At best, they may need some local and foreign training.

Rampant presence of top foreign officials in spinning mills is found. The government needs to validate thoroughly before any foreign national is appointed in a spinning mill. Employing overseas persons is not only draining out huge foreign currency but also resulting in unemployment and frustration of local professionals and technicians. Eventually, the spinning industry is losing grounds for sustenance.

REVIEW OF PAY SCALE: Employees are the best resources to assure productivity and quality. The government in collaboration with BTMA should ensure systematic review of wages and salaries for the workers and executives. The working conditions need to be reviewed and updated. A benchmark of compensation package for the spinning industry employees needs to be set. This would improve working condition, reduce grievances and act as a boost to improve productivity, quality and harmonious employee-employer relationship.

INDIVIDUAL MILL MANAGEMENT: Management of most of the mills in Bangladesh is still owner-centric and not managed by professionals. This is a major disadvantage for the industry. Beximco showed the path of professional management and a few mills -- Square, Ha-meem, Envoy, Pahartoli,Viyellatex, etc. -- followed its footsteps that resulted in much better performance than the industry average.

The size and capacity of the entrepreneurs have scaled up significantly due to professional management. This not only gives them a solid footing on their investments but also create +opportunities for professionals and management consultants to have mutually beneficial scope and growth to sustain.

The owners need to validate their vision, mission and core values to business professionals to set strategic goals. Connecting the dots needs to be left with business professionals as done by top business houses throughout the world.

Current challenging situation of spinning industry in Bangladesh is a result of 'under management' (where cost management and risk management are not in optimum condition) as well as unscrupulous import of yarn. Every spinning mill should have its unique strategic plans in order to face the battle in the short run, and win the war in the long run.

Source: thefinancialexpress.com.bd- Mar 19, 2019

HOME

****

Bangladesh: Organic push earns global praise

Bangladesh sees fastest growth in internationally recognised organic textile factories

Bangladesh is fast forging its way to be a hub of organic textile manufacturing amid a rise in demand from international apparel retailers.

In the country, the number of globally recognised textile factories, which use organic raw materials, rose 29 percent last year, with the growth rate being highest globally.

In 2018, organic certification grew 25 percent in North America, 23 percent in Pakistan and 23 percent in South Korea, said the Global Organic Textile Standard (GOTS), an international benchmark.

"Bangladesh continued its second position and registered a growth rate of 29 percent in terms of GOTS certified facilities," Sumit Gupta, GOTS representative for India and Bangladesh, said in a statement.

Globally, the number of facilities certified by the GOTS rose 14.6 percent to 5,760 in the year. GOTS certification covers the processing of certified organic fibres along the entire supply chain from field to finished product. Certified factories are located in 64 countries.

In terms of total numbers, the highest increase is reported from India, which added more than 315 factories, followed by Bangladesh at 155 and Europe 98.

Bangladesh has the second most GOTS-certified factories worldwide with 689 facilities, just behind India with 1973 factories.

The other top countries in terms of total number of certified units are: Turkey (519), Germany (500), Italy (340), China (301), Pakistan (238), Portugal (215), the US (127), and South Korea (85).

In the statement, GOTS Managing Director Claudia Kersten said: "The increasing number of certified facilities aligns with the common desire to solve sustainability related problems."

"It confirms that GOTS is seen as part of the solution. Company leaders use GOTS as risk management tool and as market opportunity. Consumers value the verifiable certification from field to finished product."

David Hasanat, chairman and chief executive officer of Viyellatex Group, a leading apparel exporter, said export prospects of organic products from Bangladesh are good as the demand for such products is growing worldwide.

Of the total exports of Viyellatex, 5 to 7 percent are organic products.

"The use of organic products in Bangladesh's textile mills is growing gradually," said Monsoor Ahmed, secretary of the Bangladesh Textile Mills Association (BTMA), the spinners and weavers' platform.

Some textile millers are expanding capacity to produce organic products, he said.

Organic products account for 5 to 7 percent of the shipment of almost all the big and compliant garment companies in Bangladesh, said Siddiqur Rahman, president of the Bangladesh Garment Manufacturers and Exporters Association.

Rahman's exports include at least 7 percent organic products. Bangladesh imports nearly 8 million bales of cotton every year, mainly from India, the US and from some African countries, Ahmed said.

Of the imports, nearly 6 percent is organic cotton that comes from India and the US, he said.

"The price of organic cotton is higher than other fibres as it needs special care during cultivation," Ahmed said, adding that no pesticide or chemical is used during farming.

Hasanat said the number of customers of organic products is low, so factory owners do not produce these items on a massive scale like they do in case of traditional garment products. The GOTS was developed by the Organic Trade Association of the US, the Japan Organic Cotton Association, the International Association Natural Textile Industry of Germany, and the Soil Association of the UK.

It includes the entire postharvest processing of apparel and home textiles made with certified organic fibre and has both environmental and social criteria.

Key provisions include a ban on the use of genetically modified organisms, highly hazardous chemicals, and child labour, while requiring strong social compliance management systems and strict waste water treatment practices.

Source: thedailystar.net - Mar 21, 2019

HOME

****

Pakistan: 'Now is the time to capture the global textile market'

The government has finalised policy interventions for upgrade and value addition in textile sector with enhanced market access, said Adviser to Prime Minister on Commerce Abdul Razak Dawood.

Addressing the '4th All Pakistan DICE-Textile Innovation Event', organised by the National Textile University (NTU) Faisalabad, on Wednesday, he said that now was the right time for the business community to exploit and play its due role in capturing the global textile market. Terming textile 'the main economic strength of Pakistan', he voiced concern that the entire chain faced inherent problems of technology upgrade.

"Starting from ginning up to textile garments, the entire chain is functioning with obsolete technology," lamented the adviser. He said that the government had introduced new reforms through policy interventions.

"We are working on a progressive industrial policy, which will be compatible with the emerging challenges," he remarked, adding, "It will be based on diversification, expansion and deepening from top to bottom so it could yield sustainable results."

Stressing the importance of small and medium enterprise (SME) sector, he announced that a separate policy would be framed to encourage and promote this segment of the economy. Regarding tariff policy and duty structure, the adviser confirmed that government had made some progress on it, while more measures would be incorporated in the upcoming budget.

Elaborating on issues of cost of doing business and ease of doing business, he said, "Our ranking has improved from 147 to 136 in regards of ease of doing business and we are trying to further enhance it to bring Pakistan to 100th rank."

He outlined that some tariffs had been trimmed by the government as policy measures while it has also decided to further reduce the tariff especially on the import of raw material.

Talking about spinning, Dawood revealed that on average, Pakistan's spinning units possessed 39,000 spindles, adding that the government would also provide them with necessary incentives and funding to improve their efficiency besides installing latest machinery.

Regarding the free trade agreement (FTA) with Indonesia, he was of the view that it was not in favour of Pakistan.

"We renegotiated the FTA with Indonesia, which has allowed duty free export of 20 new items from Pakistan," he added. "Additionally, we are also involved in negotiations with China for trade agreement."

Source: tribune.com.pk- Mar 21, 2019

HOME

****

Pakistan: Policy measures for enhancing textile exports

Pakistan's poor trade performance in the last decade is an outcome of diminishing export competitiveness and imprudent national policies. Pakistan has had two textile policies, first five-year textile policy was developed in 2009 and second one came in 2014.

Both policies were comprehensive on paper but these failed due to non-implementation and technical shortfalls. The appraisal of last policy and its achievements depicts a 5 percent level of implementation.

Nevertheless, incumbent government's commitment to implement export-led growth policy incentivizing the exporting industry is heartening and will provide impetus to country's exports.

Initiatives such as regionally competitive electricity and gas prices for exporting industry and rationalizing import duties on raw materials to reduce cost of doing business will help certainly render our exports more competitive in the world. However, to sustain increasing exports, huge investments in balancing, modernizing and expansion are required.

The government's determination to reduce cost of doing business, textile sector is willing to invest in its manufacturing infrastructure and upgrade production units with a view to enhancing exports.

However, there are some corrective policy measures recommended, which if implemented, can further facilitate exporting industry which is envisioned to increase textile exports from $13.53 billion (FY2017-18) to annually $29.15 billion (FY2023-24) with an additional accumulative investment of $9.30 billion. Some of proposed policy measures are:

Increase domestic cotton production: Decrease in cotton acreage, per hectare yield and imprudent government policies have taken a heavy toll on cotton production. According to figures released by the Pakistan Cotton Ginners Association, Pakistan's cotton production up to March 3 fell by 6.8 percent.

To protect the cotton industry from further downfall, concrete policies are needed. The cost of cotton inputs should be reduced and new version of Bt technology seeds should be provided to farmers. Efforts should also be made to explore the feasibility of cotton production in newly available arable areas, e.g., in Balochistan and KPK. Encroachment of crops in cotton growing areas shall be curtailed through adoption of appropriate policy changes in sugarcane pricing and cropping patterns.

Transfer of administrative control of PCCC to textile ministry: The administrative control of Pakistan Central Cotton Committee (PCCC) should be transferred back from Ministry of National Food Security and Research (MNFS&R) to Ministry of Textiles and management to the textile industry to implement pro-cotton policies more successfully as MNFS&R has failed to arrest a sharp decline in cotton production so far.

Removal of irrational customs duties: For the success of any export-led industry, local availability of basic raw material is considered as an added advantage being a key factor in reducing cost of doing business. But unfortunately, over the last five years, our cotton production has decreased from 13.86 million bales to 10.8 million bales creating a supply deficit of 3.7 million bales which is to be filled through cotton imports.

It is encouraging that government has taken initiatives like rationalizing import duties on raw materials in an effort to reduce cost of doing business. But the abolition of cotton duty should not be confined January to July only, it should be available 12 months a year to fulfil excess demand of cotton.

On the other hand, we also need to reform our product mix within our industry to compete with the world. A decade back, share of cotton products in the world market was more than 70 percent and Pakistan had its name internationally.

Now world trade has started moving away from cotton products, preferences have shifted to manmade fibres (MMF) and yarns globally due to their affordability and durability, whereas Pakistan's export mix has stayed the same leaving us out of the arena. We are still stuck in old cotton strategy whereas basic raw material for synthetic textiles is burdened with up to 20 percent regulatory duties. Such irrational duties should immediately be removed to facilitate largest exporting sector.

Payment of refunds: The working capital of the textile sector remains blocked due to delays in sales tax refunds, customs duty drawback and income tax refunds.

All pending refunds should be lodged and paid within a reasonable time to provide much-needed liquidity for the expansion of the export base and investment and modernization of the industry. The amount of pending refunds are shown in the table.

Expansion of DTRE and other export scheme for indirect exporters: The duty and tax remission scheme (DTRE); a government's temporary importation scheme, which allows traders to import duty-free goods only if they re-export them needs revision and expansion. This scheme should be expanded to indirect exporters too which will result in surplus raw materials available to direct exporters and will foster exponential growth in manufacturing sector.

Schemes	Pending refunds (in Million Rupees)
Sales Tax (Current)	44
Sale Tax (on account of defe	22
Custom Duty Drawback	10
PM Package	30
No DLTL refund made for 2017-18	
Textile Policy 2014-19	3
Textile Policy 2009-14	31
Total	140

Expansion of LTFF: The long-term financing facility (LTFF) scheme enables borrowers to avail loans to build their infrastructure or business channels. It is time that the LTFF scheme is expanded to the entire value chain of the textile sector to enable a wholesome expansion of the industry for sustained export growth. Further, the maximum company limit of Rs 1.5 billion should be increased to Rs 3 billion and State Bank of Pakistan's overall limit should be enhanced to Rs 300 billion to create a borrowing space.

DLTL on value-added: In order to fully develop the value chain in the domestic market, all future DLTL schemes may only be applicable on the value-added products in Pakistan. Further, the DLTL rates may be designed to favour end products. Imbedded in the cost of doing business the possible rates could be as per table.

Source: brecorder.com- Mar 19, 2019

HOME

****

NATIONAL NEWS

India, Peru hold 4th round of FTA talks in Lima

India and Peru have concluded a fourth round of negotiations for a proposed free trade agreement (FTA) in the South American nation last week, the Department of Commerce said.

The agreement is aimed at boosting the two-way commerce between the countries.

"India and Peru are negotiating a trade agreement covering goods, services and investment. The fourth round of negotiations was held from March 11-15 in Lima, Peru," the department said in a series of tweets.

The main chapters of the trade agreement include market access for goods, trade in services, movement of professionals, investments, dispute settlement, technical barriers to trade, trade remedies, rules of origin of goods, customs procedures and trade facilitation.

In an FTA, two countries significantly reduce or eliminate duties on most of the goods traded between them besides relaxing norms and rules to promote trade in services and increase bilateral investments.

With growing uncertainties in its traditional markets, including the US and Europe, India is looking to enhance engagements with other regions such as Africa, South America and Central Asia.

The Federation of Indian Export Organisations (FIEO) said Peru holds huge potential for exports and investments for domestic exporters and businesses.

"The agreement would boost bilateral trade. Peru holds huge export potential for Indian exporters," FIEO President Ganesh Kumar Gupta said.

Peru ranked third among export destinations for India in the Latin America and Caribbean (LAC) region.

The bilateral trade between the nations increased to $ 3.13 billion in 2017-18 from $ 1.77 billion in the previous fiscal.

Among the top-10 commodities that India exports to Peru are motor vehicles, cars, auto components, tyres, dyes, products of iron and steel, cotton yarn and fabrics.

While the imports include bulk minerals and ores, gold, fertilisers, aluminium, coffee, crude oil and zinc.

Source: thehindubusinessline.com- Mar 20, 2019

HOME

****

TN spinning mills body miffed with claims in State's latest textile policy

Denies policy's claims on capacity-share and that units have been slow on tech upgrade

Tamil Nadu's new textile policy has come in for criticism from the spinning industry for its 'lofty claims and faulty statements' concerning the sector.

The Tamil Nadu New Integrated Textile Policy 2019, released two weeks ago, claimed that the State holds nearly 60 per cent of the country's spinning capacity.

This, however, was disputed by the Tamil Nadu Spinning Mills Association. "It may not be correct to state that Tamil Nadu spinning mills hold 60 per cent of India's spinning capacity. At no time, it was at 60 per cent. We had reached a maximum of 47-48 per cent of country's share long back," Tamilnadu Spinning Mills Association's chief advisor K Venkatachalam told BusinessLine.

The State continues to be No 1 in the spinning sector but its dominance has waned in the last eight years as Gujarat, Andhra Pradesh and Telangana have chipped away at it.

Till a decade ago, Tamil Nadu had nearly 50 per cent of the country's spinning mills but this is down to 38-40 per cent, he added. As per the policy, out of the 3,376 spinning mills in the country, 2,013 are in Tamil Nadu providing employment to 2.80 lakh people.

According to Venkatachalam, Gujarat has emerged a textile destination as it has both raw materials and infrastructure for value addition in the textile value chain. An attractive textile policy has paved the way for the emergence of large spinning mills.

The TN Policy rankled the spinning industry again when it said that it has not kept pace with technological trends.

“To retain the premier position, mills need to be modernised with latest technologies to increase productivity and production at reasonable cost. Financial assistance for mills provided by the Centre for technology upgradation under Technology Upgradation Fund Scheme (TUFS) has been withdrawn since the launch of Amended Technological Upgradation Fund Scheme (A-TUFS) in January, 2016,” the policy said.

However, Venkatachalam countered stating that 70 per cent of the mills are working with modern and upgraded machinery while the rest 30 per cent are small players that are not organised and may not have upgraded the machinery.

Majority of mills have upgraded their machinery to produce quality yarn both for domestic use and exports. It is due to this reason that the Union Textiles Ministry withdrew TUFS to the spinning industry while A-TUFS was introduced from January 2016, he said.

The policy provides a 2 per cent interest subvention for investment on technological upgradation and modernisation in existing spinning mills with a vintage period of minimum 15 years on installed machinery.

This may help mills that have not yet upgraded their machinery and also to change the existing 15-year vintage machines for latest ones with ‘auto doffing, link coner’ and other types of semi- and fully-automated machines that are required in the current labour shortage scenario, said Venkatachalam.

Source: thehindubusinessline.com- Mar 20, 2019

HOME

****

'Trade pacts must to achieve farm export target'

India has set a target to double farm exports by 2022 from the current level of $30 billion and subsequently increase exports to $100 billion over the following years

India needs to ensure that the importance of the WTO is not diminished and start re-engaging with regional and global trade blocks to achieve its farm-export target of $100 billion over the next few years, said an expert on Thursday.

"It is in India's interest to make sure that the WTO becomes the primary institution through which countries negotiate their trade and without that you'll undoubtedly lose," said Ian Coxhead, Professor, Agricultural and Applied Economics, University of Wisconsin-Madison, on Thursday.

He was speaking at inaugural of a two-day international conference, Emerging Scenario in Agribusiness, organised by the Indian Institute of Plantation Management, Bengaluru.

India has set a target to double farm exports by 2022 from the current level of $30 billion and subsequently increase exports to $100 billion over the following years.

Terming the export target 'ambitious', Coxhead said India needs to make a commitment to re-engage with regional and global trade blocks while addressing distortions in its trade policy and supply chain inefficiencies, mainly the cold chain, to succeed with its farm exports.

More than two-thirds of India's farm exports are from rice and animal products, while incentives are being handed out to diversify the export basket.

Challenges, opportunities

Coxhead said India's domestic policy has a strong consumer bias and is anti-trade. Also, the country's agri-policy's primary objective is addressing food security. As a result, it has the unfortunate side effect of discouraging production for exports, Coxhead said.

Though India may gain from the deteriorating global trade relations due the on-going trade war between the US and China, and the exit of Britain from Europe, it faces headwinds as it is not a cost-efficient producer, Coxhead observed. Prof Gopal Naik of the Indian Institute of Management, Bengaluru, said the risks faced by farmers are much higher as it is not just about poor prices, but also substandard inputs such as fertilisers and spurious seeds.

The decline in extension services is taking a toll on agriculture, Naik observed, while stressing on the need for public investments. World over, precision agriculture has helped farmers improve productivity, Naik said. India should develop cheaper and affordable precision technology to develop a competitive agribusiness system in the country, he added.

Venkatesan Ashok, India's former consul-general in California, said the Indian farmers should start thinking of himself as an entrepreneur and focus on value addition.

Prof VG Dhanakumar, Director, IIPM, said the two-day seminar aimed at taking stock of the changing global business scenario in agriculture and examine potential developments.

Source: thehindubusinessline.com- Mar 21, 2019

HOME

****

At 15.7 lakh TEUs, Chennai port sets new record in container handling

The Chennai port has surpassed its own record in container handling. The East Coast's gateway port handled 15.70 lakh TEUs (twenty-foot equivalent units) as on March 21 — 10 days ahead of the fiscal closure .

The previous record of 15.65 lakh TEUs was achieved in 2015-16.

The Chennai port has two private container terminals — Chennai International Terminals Pvt Ltd, a subsidiary of PSA International, Singapore, and Chennai Container Terminal Pvt Ltd of DP World, Dubai.

The port handles around 1.5 million TEUs a year. serving It serves Chennai, special economic zones around the city, Bengaluru, southern Andhra Pradesh and parts of southern Tamil Nadu. Nearly 50 per cent of the container traffic is transshipped from Chennai to ports in South-East Asia.

With the growth of new private ports such as Krishnapatnam and Katupalli in the vicinity and the development of a container terminal at Kamarajar port in Ennore, Chennai port could see significant competition and a possible reduction in container traffic going forward.

Located within the city, the Chennai port also faces evacuation challenges. In case a new transshipment hub on the southernmost tip of the country becomes operational, the traffic could decline further, the Master Plan for the Chennai port prepared in 2017 had flagged.

The container traffic also has been stagnating at about 1.5 million TEUs for the past few years — this is only about 50 per cent of the available capacity. This is due to evacuation problems of containers and the competition from nearby ports.

Boston Consultants Group, in a report, had suggested that CCTPL increase the yard equipment to balance the dockside operations and the yard operations to ensure smooth flow of containers. There is also a need to provide additional yard space for CCTPL.

The consultant also suggested developing a common railway yard to increase the volume of evacuation by rail to ease the road congestion. This yard could be developed on the southern side of the port where sufficient area is available for laying additional railway sidings.

P Raveendran, Chairman, Chennai Port Trust, in a press release, stressed the port will strive to achieve improved performance and productivity in order to attract more volumes.

Source: thehindubusinessline.com- Mar 21, 2019

HOME

****

Needed, a vision document for agriculture

Charting the course for improving yield, profits and credit flow will go a long way in mitigating agricultural distress

For a country with half the population dependent on agriculture, India does not have a visionary agricultural policy document that charts out the course of action towards food security, farmer welfare, climate-resilient farming, and environment-friendly agriculture. For populous countries like India, agricultural security is as important as national security. We do not have a well-articulated plan that is accepted by all political parties and all the States. It is important to create such a document. If all can come together for GST, why not for agriculture? An agricultural council, on the lines of the GST Council, should be formed.

Agriculture is a State subject. But in a globally connected agricultural situation, States cannot be expected to develop strategies that optimise returns at the national level and, at the same time, ensure farmer welfare in their States. Agriculture has to be brought under the Concurrent List.

Indian agriculture is moving from a production-driven enterprise to a demand-driven one. It is, therefore, important to understand the demand-side dynamics by involving the end-user industries in planning agricultural production, crop portfolio and supportive policies.

Raising productivity

There is no gainsaying the fact that we have to increase yields. Those who oppose efforts towards this because we have sufficient food stocks now are taking a narrow view of the situation.

Farm yields in India are quite low compared with those in other countries. Increasing the productivity of land is critical in a situation where the demand on land for non-agricultural purposes is growing rapidly. Ensuring good price realisation for the farmer is a separate subject and it should not be confused with the need for increasing yields.

We need to improve our seed quality and agronomic practices using technology. Making crops tolerant to biotic and abiotic stresses by using modern plant breeding methods and biotechnology is of utmost importance.

Also, using digital and satellite technologies for precision farming is critical. Farm mechanisation is to be promoted to overcome impending labour shortage.

Climate change is going to impact agricultural productivity and yields may go down by 20-30 per cent. We have to, therefore, develop climate-resilient crops. For this, a predictable policy and regulatory environment is a must.

There is a need to set up an Agricultural Technology Mission to create appropriate strategies and policy framework to bring about a comprehensive technology solution for our agricultural problems. There has to be a a 360-degree view of the situation, and with plans for modernisation of our agriculture and food production systems.

Improving profitability

The solution to farmers' distress lies in improving profitability, which is intrinsically linked to price discovery. Suppressing farm-gate prices may keep the urban consumers happy for some time but it is not a long-term solution.

Farm-gate prices shouldn't be raised through artificial interventions by the government but by connecting farmers to markets through electronic platforms. Also, amending the APMC Act by all the States quickly should be high on the agenda.

Farmers should be advised to grow the right crops based on demand dynamics, international stocks/prices and other considerations. Farmers have to be given directional price forecasts at the time of planting crops. Our crop portfolio has to undergo a change to optimise water, improve price realisations for farmers and to meet emerging demand patterns. It is important to create an apex body at the national level to carry out necessary modelling to achieve optimum results on this front.

The Essential Commodities Act must be abolished so as to allow private trade to make large-scale purchase of agricultural commodities from farmers. Our import and export policies should be predictable and based on many factors. These steps will have a huge impact on prices in India and, consequently, on farmers' profitability.

Rural infrastructure

Allocation of budgets for construction of roads, silo-based warehouses and cold storages closer to villages is essential. Also, a farm energy policy that has a plan to gradually bring renewables like solar, wind and farm-waste into the energy mix is needed.

A scheme to create a network of digital entrepreneurs in villages should be launched. The digital entrepreneur will capture all the farmers' data and connect them to digital markets to buy and sell. This data can be used by insurance companies and others to offer services and products to farmers. This will also generate rural employment.

Also needed is a scheme to help rural families take up off-farm enterprises to boost their income. This should be supported by a suitable programme to help entrepreneurs aggregate such products and sell them in the target markets. This will create a sustainable business model to strengthen rural incomes.

Access to credit

One of the key reasons for rural distress is the debt trap that the farmers fall into, mainly because of the usurious rates charged by private moneylenders. This happens because banks do not make adequate credit available at the right time. Banks find it hard to lend to farmers due to high operational costs and NPAs.

The government may provide guarantees to the banks for such loans so that the latter can lend without fear. This should replace the current trend of loan waivers which should be avoided at all costs.

Providing credit on time is a major challenge for banks due to the sheer size of agricultural operations. It is time to completely digitise the process of giving crop loans based on digitised land records. This will help in quick and timely processing of applications and releasing money into their bank accounts. When this can be done for urban consumers why should it not be done for farmers? All bank products for farmers must take into account their cash-flow patterns and help them service their debt depending on the cash inflow from crops.

Lack of data on yield losses is a major constraint in providing insurance services to crops. A special product that provides cover to the extent of investments made in case of crop failure and natural disasters needs to be introduced. This will remove a major area of distress for farmers and will not depend on complicated processes to estimate crop losses.

The aforementioned measures will help mitigate the agricultural distress considerably. If there is political will, these meaures can definately be implemented.

Source: thehindubusinessline.com- Mar 21, 2019

HOME

****

Coimbatore: Textile industry's agenda for Lok Sabha aspirants

The textile industrialists in Coimbatore and Tirupur region have appealed to the Lok Sabha candidates of this region to address the issues of the textile sector in their action plans and manifestoes and said they expect them to form a systematic approach to solve problems of the sector.

Speaking on the textile sector, Prabhu Dhamodharan, convener of Indian Texpreneurs Federation (ITF), said, "the textile industry is contributing lot towards growth of the western region of Tamil Nadu for the past ten decades. The sector is the backbone of industrial economy and other industries from this region including engineering sector have also developed with strong foundation of textile sector.

More than Rs 40,000 crore of foreign exchange is being earned every year in western region alone. We are expecting MPs from this region should act as bridge between industry and government to bring further growth."

Commenting on the demands from peoples' representatives, he said, "MPs should allot special time to interact with textile industry associations to drive common minimum policy to present to the new government at the Centre. We also expect to appoint an economist with directions of MPs and the economist would act as coordinator with our industries and various government ministries."

According to him, visits of joint secretaries and directors of few ministries to the region once in every quarter to interact with various stake holders will help to understand trends, issues and needs of industries.

Prabhu Dhamodharan further said, “we also request our MPs’ to conduct yearly review conference with Textile, Commerce and Finance ministries at Delhi with participation of entrepreneurs. Meanwhile, a review meet with stakeholders before every parliament meeting, would help MPs to understand the industry’s needs and demands and the views can be registered in time in Parliament.”

Source: deccanchronicle.com- Mar 22, 2019

HOME

****

India’s growth in last 5 years has been transformational: Shringla

‘Country is set to emerge as $5 trillion economy in next five years’

The rapid economic growth and developmental strides of India in the last five years have been transformational and the country is all set to emerge as a USD 5 trillion economy in the next five years, India’s envoy to the US has said.

India is one of the strongest major emerging economies, India’s Ambassador to the US Harsh Vardhan Shringla said at an event organised by the Federation of Indian Chambers of Commerce and Industry with the George Washington University’s Institute for International Economic Policy here on Tuesday.

In terms of fundamentals of the country’s economy, its inflation has come down from over 10 per cent five years ago to about 4.6 per cent, the fiscal deficit has come down from almost six per cent to 3 per cent which are very important indicators, he said.

“We have made huge strides in the last five years. I think it has been transformational the way we have grown,” Shringla said. “Inflation is also seen as an unpaid tax on the middle class and the poor.

So bringing down inflation, bringing down fiscal deficit is good governance and good management of the economy," he said, adding that India has been successful in attracting USD 259 billion in Foreign Direct Investment, 90 per cent of which has come through the automatic route.

The event was held to launch FICCI's report 'Envisioning India: 2030' by Shringla in the presence of a select audience. There is a vision that in the next five years, India would become a USD 5 trillion economy, he said.

"We have already grown in the last five years from being the 11th largest economy in the world to the sixth. And this year we might as well become the fifth largest economy. "We see ourselves growing to a USD 5 trillion economy in the next five years to 2024 and eight years after that, we see ourselves as USD 10 trillion economy," Shringla said.

At the same time, the Indian envoy said that India needs a high level of growth to achieve this goal. India, Shringla said, needs inclusive and sustainable growth. And for this, the focus needs to be on physical and social infrastructure.

"The last five years have been transformational in the sense that a very, very large number of initiatives have been taken by the government to address and correct the imbalances in both the economic growth and development," Shringla said while participating in a fireside chat with Ajay Chhibber, chief economic advisor, FICCI.

The fireside chat was followed by a panel discussion of industry experts to discuss the competitive advantage of the India-US relationship in the sectors of higher education, pharmaceuticals and infrastructure finance requirements.

Source: thehindubusinessline.com- Mar 20, 2019

HOME

****

Aditya Birla Sun Life Mutual Fund garners Rs 166 crore via retirement fund NFO

The open-ended retirement solution oriented scheme has a lock-in of 5 years or till retirement age (whichever is earlier). Aditya Birla Sun Life Mutual Fund has collected Rs 166 crore through the new fund offer of Aditya Birla Retirement Fund, according to a press release from the fund house.

The fund in its new fund offer (NFO) period that was open for two weeks was garnered through 23,743 applications, 42 percent of which are from B30 cities (beyond Top 30 cities). Close to 40 percent of the applications have come through the SIP route, with a significant portion of it in Century SIP, which is Aditya Birla Sun Life MF's offering of SIP with a life cover.

The fund has also achieved over 7,000 new customers to its existing investor base. The fund offers four investment options designed as per suitability of various age groups and different risk profiles of an individual that includes – The 30s plan with 80-100 percent of the corpus invested in equity and equity related instruments and the rest in debt and money market instruments. The 40s plan has a flexible equity exposure between 65-80 percent and the 50s plan has a flexible debt exposure in the range of 75-100 percent. In addition to these, there is a 50s Plus Debt Plan for those nearing retirement age, which invests its entire assets in debt and money market instruments.

"The most interesting insight coming from Aditya Birla Sun Life Retirement Fund is that the maximum applications have come for the 30s plan. This is a clear indication of the maturity of investors who understand the importance of long term financial planning at an early age and are ready to stay on course through disciplined investments," A Balasubramanian, Chief Executive Officer, Aditya Birla Sun Life AMC, said while speaking on the fund. "The strong proposition of our fund with the scope to pick the suitable asset allocation and at various entry age is further substantiated by the fact that the next highest number of applications came for the 50s plus debt plan," Balasubramanian added. The minimum investment in the schemes is Rs 1,000.

Source: moneycontrol.com- Mar 20, 2019

HOME

****