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. 205 of 2019 October 22, 2019

US 70.92 | EUR 79.16 | GBP 92.10| JPY 0.65

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19713	41200	**74.00**

Domestic Futures Price (Ex. Warehouse Rajkot), October

Rs./Bale	Rs./Candy	USD Cent/lb
19470	40692	**73.09**

International Futures Price

NY ICE USD Cents/lb (December 2019)	64.56
ZCE Cotton: Yuan/MT (January 2020)	12,715
ZCE Cotton: USD Cents/lb	81.50
Cotlook A Index – Physical	**75.70**

Cotton Guide: The US crop progress report seen yesterday for the week ending October 20, 2019, 93% of the crops has been seen bolls opening, up 6% from the previous week, higher by 5% as compared to the year on year figure. It has been recorded that 40% percent of the crop has been harvested. The crop condition was –

Very poor	Poor	Fair	Good	Excellent
5%	18%	36%	33%	8%

While looking at the export sales data roughly 57% of the crop has already been sold out (subject to cancellations). Let's have a look at the export sales figures released last week.

Net Upland Sales 2019-2020

As expected Net sales were higher at 206,500 Running Bales, which is a figure higher by 9% percent as compared to the previous figure.

Country	Increases in Running Bales
Vietnam	108,800
Pakistan	64,800
Bangladesh	13,900
Thailand	10,600
South Korea	4,300

Table 1: Upland Net Sales

Reductions were seen for Japan 2,600 Running Bales and Taiwan at 200 Running Bales.

Upland Shipments were as follows

Country	Exports
Vietnam	35,700
Mexico	15,800
Pakistan	14,800
Bangladesh	11,200
Turkey	9,900

Table 2: Export shipments summed up at 151,600 Running Bales

Net Pima Sales –

Net sales of Pima totalled at 4,600 Running Bales. This number was seen to show a decline of 52 percent as compared to the week on week figure.

Country	Increases in Running Bales
India	1,300
Thailand	900
El Salvador	800
Turkey	500
Pakistan	400

Table 3: Pima sales

Reduction was seen for Greece 300 Running Bales.

Pima Shipments were seen at 6000 Running Bales which were down by 42 percent. India, Pakistan, Bangladesh, Thailand and Italy were the buyers. Now while speaking about the ICE prices, Yesterday the ICE futures settled negative.

The ICE December contract settled at 64.56 cents per pound with a change of -60 points. The March 2020 contract settled at 65.34 cents per pound with a change of -47 points whereas the May 2020 contract settled at 66.02 cents per pound with a change of -33 points. Volumes were good at 30,593 contracts.

The reason why the ICE contracts were seen higher on Friday was the news of positivity coming from the US China trade Front. On the other hand, the Yesterday the prices fell lower due to the pessimism still prevailing for demand, which was strengthen with the Harvest intensifying. In other words, supply has increased but demand has not yet shown the same strength.

At the MCX, the volumes were scarce as the market is still waiting for the exact estimate of the crop figure. Arrivals are late this season. Also due to the Diwali Festival near the corner, the trade at MCX was lower. Volumes were seen at 251 lots.

At the recent cotton conference at Akola, by different organizations, it was estimated that the Indian crop will be between 360 and 390 Lakh Bales which is a massive increase as compared to the previous year.

The cotlook Index A has been updated at 75.70 cents per pound with a change of +25 points where as the prices of Indian Shankar 6 2018-2019 crop are consolidated at 41,200 Rs per candy. The new northern crops are at 37,800 Rs per Candy.

On the fundamental front, we expect the ICE prices to show positivity, while for the MCX contracts we expect prices to show consolidation for today.

On the technical front, ICE Cotton have given an Inverse Head & shoulder pattern breakout, and is trading within an upward sloping channel, which would act as the immediate resistance. Price are above the daily EMA (5, 9) at 64.42, 63.92 which would act as immediate support. The momentum indicator RSI is at 62.49, implying positive bias for the price.

The immediate resistance for the price would be at 66.40, 100% Fibonacci extension level, while the immediate support would be at 63.80 (61.8% Fibonacci extension level). Thus for the day we expect price to trade in the range of 65.40-63.80 with positive bias. In MCX, we expect the price to trade within the range of 19350-19600 with a sideways to bullish bias for the price.

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	How Trade Policy Uncertainty Stripped US GDP of $100 Billion
2	Chinese textile firm inaugurates 220 mln USD plant in Ethiopia
3	China's apparel supply chain dominance will endure, says analyst
4	China to boost ties with Mekong nations in textile, apparel sectors
5	Turkey textile exports down five per cent
6	Vietnam: Garment, textile industry keeps pace with Industry 4.0
7	Bangladesh: A wind of change in fashion industry
8	Pakistan: Textile exports up 3pc to $3.371 billion in first quarter
9	Bangladesh: PM for growing trade, commerce with Vietnam
10	Bangladesh: T-shirt exports fall 7pc in Q1

	NATIONAL NEWS
1	New foreign trade policy may have simpler export promotion schemes
2	There is no easy remedy to revive ailing exports
3	Govt likely to extend benefits to exporters under MEIS till March 31
4	Will prepare blueprint for companies moving out of China: FM Sitharaman
5	Trade wars to impact flow of capital, goods and services: Sitharaman
6	RCEP's last leg: E-commerce, 'most favoured nation' are the new hurdles
7	India tries to loosen RCEP tangle ahead of leaders summit on November 4
8	Cotton prices likely to fall further: Ind-Ra
9	Textile industry asks Govt to ban import of used clothes from China, Bangladesh and Indonesia
10	India-US trade talks in full swing: Sitharaman
11	Lack of clarity on cotton crop numbers keeps trade puzzled
12	Slowdown has hit SMEs in Karnataka: KASSIA
13	Need for correct Incoterm usage can't be overstated, says expert
14	Bargain hard but go for RCEP deal: Former NITI V-C Arvind Panagariya
15	Commerce and Industry Minister Piyush Goyal on a Two-Day Visit to Sweden

INTERNATIONAL NEWS

How Trade Policy Uncertainty Stripped US GDP of $100 Billion

A new research paper by IHS Markit estimates that a surge in news-based and earnings-call-based indexes of trade policy uncertainty (TPU) in the past two years has lowered U.S. capital spending and real gross domestic product (GDP) by $100 billion, or 0.5 percent.

IHS Markit chief economist Nariman Behravesh and executive director Sara Johnson wrote in their new "Global Economic Forecast Flash" that the greatest impact has been felt in manufacturing sectors, where the exposure to trade is the greatest. The economists noted that indexes of TPU are now three to five times higher than they were in 2015.

They said the ramifications are also seen in world GDP growth, as evident in IHS Markit projections of a significant drop to 2.5 percent in 2020 from 3.4 percent in 2017.

In the U.S., recent data dulled the outlook in the consumer sector. Real GDP growth slowed to a 2 percent annual rate in the second quarter, down from 3.1 percent growth in the first quarter. Third-quarter data is likely to show a further deceleration, IHS noted.

On the plus side, housing market indicators point to an improved outlook for residential investment, while data on U.S. financial accounts through the second quarter show considerably more household wealth than previously reported.

"While this will support consumer spending in quarters to come, recent monthly data on consumer spending and retail sales were disappointing," Behravesh and Johnson said.

"The strike against GM is also estimated to shave 0.1 percentage point from third-quarter GDP growth. IHS Markit predicts U.S. real GDP growth will average 2 percent in 2020 and 2021, well below the 2.6 percent average of the previous two years."

In China, they cited "further evidence of short-term softness and longer-term challenges." For example, industrial production, fixed-asset investment and housing activity have slowed in recent months, and auto sales, exports and imports continued to decline.

"The damage from the trade war is evident in plunging exports to the U.S.," the economists said. "Our forecast shows real GDP growth slowing from 6.6 percent in 2018 to 6.2 percent this year and 5.7 percent next year. A focus on the short-term fragilities of the Chinese economy misses the more formidable longer-term challenges."

In particular, they said a large drop in growth of total factor productivity (TFP) from an annual average rate of more than 5 percent in the 2000s to 1 percent in the current decade "is alarming" because "it suggests China's model of state-controlled development is running out of steam and China is at risk of falling into the middle-income trap of diminished growth potential." TFP is a ratio of economy-wide production to the weighted average of inputs such as labor and capital.

The Euro Zone is experiencing overall "weakness," as industrial output, construction and retail sales have all declined recently. The data points to flat real GDP in the third quarter, with contractions in Germany and Italy, IHS said. Euro Zone real GDP growth is projected to slow to 1.1 percent this year and 0.8 percent in 2020 from 1.9 percent in 2018.

While growth is slowing in all large emerging markets, a series of rate cuts by their central banks will limit the downside risks, "absent a large global shock," the economists said. India's economic growth slowed to a six-year low of 5 percent year on year in the quarter through June from 5.8 percent in the previous three months.

In Brazil, the Central Bank lowered its currency interest rate by 50 basis points in August and September, bringing it to 5.50 percent. The report said it anticipates further reductions to 5 percent before the end of 2019, as inflation remains low, which "will help to lift growth a little next year."

The bottom line, according to the Behravesh and Johnson, is, "Monetary stimulus, with a possible assist from fiscal policy, will help to put a floor under global growth, so long as the risks from the trade war can be contained."

Source: sourcingjournal.com- Oct 21, 2019

HOME

****

Chinese textile firm inaugurates 220 mln USD plant in Ethiopia

Chinese textile manufacturing giant, Wuxi No. 1 Cotton Textile PLC, has inaugurated its Ethiopia branch, with an ambition to export much of its products to the international market.

Constructed at a cost of 220 million U.S. dollars, Wuxi No. 1 Cotton Ethiopia Textile Plc. was officially inaugurated on Friday in Ethiopia's eastern Dire Dawa city.

The Chinese firm said it plans to export close to 100 percent of its products to the international market, mainly Europe, North America and Asia, as well as other markets.

Zhang Shengming, Wuxi No. 1 Cotton Ethiopia Textile Plc. General Manager, told Xinhua that the Dire Dawa textile plant, erected on 51 hectares of land, has a capacity to process 300,000 spindles, in which the first phase of the project has been already completed with a capacity to process 100,000 spindles.

The plant, which is said to be the largest textile workshop to be constructed in the East African country, is expected to create about 3,500 job opportunities once the second phase of project is completed.

Located on the outskirts of Dire Dawa city - a major crossing point of the Chinese-built Ethiopia-Djibouti Standard Gauge Railway, the textile firm also expects to tap into the 752 km Africa's first transnational electrified railway in its export ambition.

Source: xinhuanet.com- Oct 20, 2019

HOME

****

China's apparel supply chain dominance will endure, says analyst

While the on-going US-China trade war has highlighted the need to diversify clothing and footwear sourcing, this is no easy task given China's dominance of apparel supply chains, argues GlobalData.

The stakes were raised on September 1 when an additional 15-per-cent punitive tariff was imposed for the first time on US$31 billion in US imports of textile, apparel and home textile products from China. This is on top of the existing duty rate, and will be extended to almost all remaining Chinese imports on December 15.

Leonie Barrie, apparel analyst at GlobalData, says the move – which had been widely anticipated by the industry – is accelerating efforts by clothing and footwear brands and retailers to diversify their sourcing out of China.

"[But] it is not a simple shift," she argues. "China is by far the largest clothing and footwear supplier, accounting for 42 per cent of all apparel and 69 per cent of all shoes imported into the US last year. All other countries combined are ill-equipped to handle the sheer volume of capacity that would be required to move production out of China."

China had a 31.3-per-cent share of world apparel exports by value last year. No other country can match the size of its supply base, its range of skills, its quality levels, its product variety and the completeness of its supply chain from raw materials to final products – or has the capacity to absorb its business, Barrie says. China also continues to appeal to apparel buyers as rising wages are largely being offset by efficiency and productivity gains.

In addition, the country plays a key role as a textile supplier, as the world's largest producer of fibre and fabric and the largest textile exporter, with the value of shipments last year reaching 37.6 per cent of the global total.

Its on-going investment in modern spinning, weaving and knitting machinery is also helping to drive better quality, lower production costs and more environmentally-friendly production – and shores up China's future position as the key supplier of fabric and trims.

Barrie concludes: “Despite the risk of worldwide political instability and the need to diversify supply chains, China’s role as the leading player in apparel and textile sourcing is expected to continue for years to come.”

Source: insideretail.asia- Oct 21, 2019

HOME

****

China to boost ties with Mekong nations in textile, apparel sectors

China will step up cooperation with the five Mekong countries in the textile and apparel sectors, according to the China National Textile and Apparel Council (CNTAC).

More efforts will be made to strengthen trade and investment interaction and improve cooperation mechanisms, so as to deepen the integration of industrial chains including clothing, yarn and textile equipment, according to the CNTAC.

Since the establishment of the Lancang-Mekong cooperation mechanism, the import and export trade of textiles and apparel between China and the five Mekong countries has seen steady growth with expanding scale of investment, said Xu Yingxin, the council's vice president.

In 2018, China saw its import and export trade volume of textiles and apparel with the five Mekong countries reach US$29.79 billion, accounting for 9.6 percent of China's total import and export volume of the sector.

"With the ongoing development of export trade and increasing importance of import trade, investment of Chinese textile enterprises in the five Mekong countries continues to expand," said Xu.

In the future, cooperation between China and the Mekong countries will be more diversified, with expansion and enhancement in high-end areas, according to Xu.

At the Lancang-Mekong Cooperation Textile and Apparel Summit held in east China's Suzhou city, a textile and garment industry dialogue mechanism was officially launched in a bid to promote cooperation.

Source: elevenmyanmar.com- Oct 21, 2019

HOME

****

Turkey textile exports down five per cent

Turkey's textile exports decreased 5.5 per cent in the first three quarters of 2019. The share of textiles and raw materials in Turkey's total exports for the first nine months of the year stood at 5.6 per cent. In September, exports to 28 countries in the EU region decreased by 9.5 per cent.

In the first three quarters of 2019, Turkey's textile exports to Italy declined by 7.4 per cent. In September alone, exports to Italy declined by 9.5 per cent. Exports to the US market increased by 12.7 per cent.. However, in the first nine months of the year, Turkey's exports to this country decreased by 2.1 per cent.

Turkish exports of woven fabrics in the January-September period of 2019 decreased by 7.6 per cent. Yarn exports decreased by 4.6 per cent. Home textile exports decreased by 2.9 per cent.

During this period, fiber exports decreased 11.1 per cent. In fiber products group, synthetic and artificial fibers have a share of 62.6 per cent and cotton fibers have a share of 33.8 per cent.

In the January-September period of 2019, exports of technical textiles increased by 8.8 per cent. Nonwoven export increased three per cent. Ready-to-wear and apparel export increased by 0.4 per cent. In September, this figure was up by 3.2 per cent.

Source: fashionatingworld.com- Oct 19, 2019

HOME

****

Vietnam: Garment, textile industry keeps pace with Industry 4.0

By applying modern technology, Vietnamese garment and textile companies have improved their productivities and meet the demand of choosy markets.

In fact, before the free trade agreements became effective, garment and textile industry had attracted several large investment projects. Many enterprises invested a large amount of money in order to adopt modern technology.

For instance, the Garment No.10 Corporation (Garco No.10) is considered to be the enterprise which succeeded in participating in global supply chain by applying modern technology in production and management early. At the present, 80 percent of its production is exported to the US, Germany and Japan.

Garco No.10 has 18 member factories at seven cities and provinces with around 12,000 workers. The company has applied information technology software in management. Owing to that, the production time of a product has been reduced from 1,980 seconds to 1,200 seconds and to merely 690 seconds per item now. Currently, each workers can control two machines instead two workers control one machine like before.

Thanks to technology solutions, Garco No.10 has raised productivity by 52 percent while reducing faulty goods ratio by 8 percent. In addition, the company has also cut working hours by one hour per day, increased income of workers by above 10 percent and lessened production cost by 5-10 percent per year.

An Hung Joint Stock Company has recently started construction of its project in Nam Phu Yen Economic Zone in Dong Hoa District in Phu Yen Province with total investment of nearly VND500 billion. The project includes three main factories with capacity of 8 million items annually, a suit factory with capacity of 600,000 sets annually, a woven factory to produce woven fabric and a knitting factory to produce fashion and sport clothes.

This project is expected to provide jobs for more than 4,000 local labors and reach an export turnover of around US$50 million per year.

Similarly, Regina Group, one of the world's leading companies in designing and producing women' clothes and sportswear for well-known brands, such as Victoria Secret, Adidas and Under Armour, started the Regina Hung Yen project which is expected to be finished at the end of this year with a capacity of 25 million items per year.

By investing in new technology and expanding scale, instead of receiving processing orders, these companies now are able to receive difficult orders like suit, jacket and underwear.

According to Mr. Le Tien Truong, vice chairman of the Vietnam Textile and Apparel Association, there are many enterprises investing in automation, gaining high precision. Extremely-difficult stages are done by robots, replacing up to eight workers at a same stage. Even sophisticated techniques of men's suit-jacket are made by automated machines.

Experts said that for an export industry with a capacity of $45-50 billion each year, the fact that enterprises pay attention to sustainable development, quality of orders and quality of customers is a wise investment move.

However, the current core problems of the domestic garment and textile industry are extremely high cost, lack of knowledge and lack of suitable human resources. These are the main barriers that affect the application of achievements of the Industry 4.0 into Vietnam's garment and textile industry.

Therefore, enterprises, whose financial resources are not strong enough, should partly invest in equipment using digital technology in simple and repetitious stages in production of complicated and high fashion products, such as jacket, suit and skirt. Along with investing in information technology platforms and factory management software like ERP and PLM, they should aim to build smart factories. Garment and textile industry should also develop Nano-thread, antibacterial and fire-proof products, factory management software and 3D apps in product personalization.

Moreover, enterprises need to improve knowledge and skills of human resources in garment and textile industry and train the human resources to serve the application of the 4th industrial revolution into the industry by opening more disciplines in the direction of interdisciplinary.

Source: sggpnews.org.vn- Oct 20, 2019

HOME

****

Bangladesh: A wind of change in fashion industry

We have been promoting the spirits 'Deshi First' and 'Deshi Always' for many years now, all in the hope that Bangladeshi consumers will be more inclined towards buying local produce, from fashion items to fast moving consumer goods.

Our hope with the campaign has been to encourage reliance on local products, boosting productivity, economic development, and creativity, while encouraging the concept of conscious living — which promotes the understanding that we are all in this together and for a better world.

As we discuss conscious living, the extremely trendy concept of slow fashion comes into the narrative. Noble as it may sound, some of us are still confused about the specifics.

What is slow fashion, and how does it help the world?

In the last decade we have seen quite a few 'winds of change' in the world ranging from poverty alleviation, to major initiatives taken to reduce air pollution. These changes have finally reached our fashion industry, in terms of slow and sustainable fashion.

Based on the given principles, an increasing number of fashion brands are rejecting the principles of 'fast fashion' and replacing the capitalist technique with a safer and more sustainable approach — that goes by the name of slow fashion.

Why the sudden fuss?

The answer is quite simple. All because our time in the world is finite and the earth is ageing. If we do not pay heed to the warning bells that come in the name of climate changes and natural calamities, today; there may not be a future at all for the coming generation!

Thus, the term slow fashion has become a statement towards a greener future, because now most of us realise that living days on this planet is numbered and all of us want to make the most of it while maintaining a clean and habitable environment.

What is wrong with fast paced fashion?

Fast paced fashion, although seemingly appropriate for the fast paced life of the twenty first century works on the contrary, using up a huge amounts of predetermined energy, marking a huge carbon footprint with the usage of synthetics and producing tonnes of waste that has to either be buried in the landfills, or get incinerated. Fast paced fashion also adversely affects the consumer mind, forcing them to buy more clothes than necessary, wearing clothes for fewer times, and throwing them away sooner than necessary.

However, this was not always so.

Before the industrial revolution, every country sourced and produced their garments, locally. People would purchase high quality items that would last a long time and sometimes even made their own clothes from locally available resources. Clothing, back then actually reflected the culture of the nation and the people wearing them.

In context to globalisation and the concept of a 'one connected world,' it is no longer possible to stay away from the rest of the world. Modern day slow fashion is slightly different from the pre-industrial notion. Slow fashion, today, encourages high quality production of clothes, encouraging buyers from all over the world to purchase fewer clothing with a brand value and putting more emphasis on the skills of the artisan rather than computerised mechanical copies.

The 'deshi' perspective

Slow fashion helps us splurge on 'deshi' textiles and the handloom industry. This means that we buy more Jamdani, khaadi, Rajhshahi silk and Tangail taants, so that the industry flourishes and the artisans are paid fair wages encouraging them to stay with the industry in the longer term.

Click here for more details

Source: thedailystar.net- Oct 22, 2019

HOME

****

Pakistan: Textile exports up 3pc to $3.371 billion in first quarter

The textile exports from the country increased by 2.95 percent during the first quarter of the current fiscal year compared to the corresponding period of the last fiscal year.

The textile exports during July-September (2019-20) were recorded at $3371.974 million against the exports of $3275.303 million during July-September (2018-19), showing growth of 9.95 percent, according to the latest data of Pakistan Bureau of Statistics (PBS).

The textile commodities that contributed in positive growth in trade included raw cotton, exports of which grew by 53.65 percent, from $7.047 million to $10.828 million.

The exports of yarn (other than cotton yarn) increased by 21.95 percent, from $7.759 million last year to $9.462 million whereas the knitwear exports went up by 11.14 percent, from $701.393 million to $779.548 million.

Likewise, the bed wear exports increased 2.84 percent, from $583.949 million to $600.562 million whereas the exports of readymade garments increased by 11.49 percent, from $598.612 million to $667.361 million.

The exports of art, silk and synthetic textile also increased by 8.37 percent from $72.568 million to $78.641 million while the exports of cotton (carded or combed) witnessed cent percent increase and amounted $0.032 million during the period under review.

The products that witnessed decrease included cotton yarn, exports of which decreased by 6.19 percent, from $313.707 million to $294.280 million, the PBS data revealed.

The exports of cotton cloth also declined by 5.6 percent, from $529.053 million last year to $499.419 million this year, export of towels decreased by 2.31 percent, from $184.431 million to $180.169 million.

The exports of tents, canvas and tarpaulin exports went down from $16.717 million to $15.758 million, showing negative growth of 5.74 percent, made-up articles (excluding towels bed-wear) by 6.58 percent, from $160.152 million to $149.613 million whereas the exports of other textile materials decreased by 13.63 percent, from $99.915 million to $86.301 million.

Meanwhile, on year-on-year basis, the exports of textile group increased by 4.38 percent during the month of September 2019 as against September 2018. The textile exports during September 2019 were recorded at 1068.701 million against the exports of $1023.891 million.

On month-on-month basis, the textile exports however declined by 10.26 percent during September 2019 when compared to the exports of $1190.843 million in August 2019.

It is pertinent to mention here that the country's merchandise trade deficit plunged by 34.85 percent during the first three months of the current fiscal year (2019-20) as compared to the deficit of the same month of last year.

The trade deficit during July-September (2019-20) was recorded at $5.727 billion against the deficit of $8.791 billion during July-September (2018-19).

The exports increased from $5.374 billion during last year to $5.522 billion during the current fiscal year, showing growth of 2.75 percent.

On the other hand, the imports into the country witnessed declined of 20.6 percent by falling from $14.165 billion last year to $11.249 billion during the current fiscal year, the data revealed.

Source: brecorder.com- Oct 21, 2019

HOME

****

Bangladesh: PM for growing trade, commerce with Vietnam

Vietnamese envoy Tran Van Khoa laid emphasis on bolstering cooperation in the fields of trade, tourism, and people-to-people contact between the two countries

Prime Minister Sheikh Hasina has said Bangladesh needs to boost trade and commerce with Vietnam for improving the status of the two countries with mutual benefits.

"We can enhance our trade and commerce to utilize the huge population of Southeast Asia," she said, when outgoing Vietnamese Ambassador in Dhaka, Tran Van Khoa, made a courtesy call on her at her office, on Sunday.

Prime Minister's Press Secretary Ihsanul Karim briefed reporters after the meeting.

Sheikh Hasina said Vietnam has a special place in the hearts of Bangladeshis as both the nations have struggled for their independence, reports UNB.

"The people of Bangladesh always extended support to the Liberation War of Vietnam," she said.

Sheikh Hasina conveyed her regards to the Vietnamese premier through the ambassador.

Recalling her visit to Vietnam in 2012, she said that Sheikh Kamal, the eldest son of the Father of the Nation, also visited Vietnam after its independence.

Vietnamese envoy Tran Van Khoa, laying emphasis on bolstering cooperation in the fields of trade, tourism, and people-to-people contact between the two countries said: "We need to increase the existing annual trade volume between the two countries from $800-900 million, to $1billion.”

He said he highly appreciated Bangladesh's tremendous and impressive development under the leadership of Prime Minister Sheikh Hasina in the last three years during his tenure as ambassador to Bangladesh.

"Bangladesh has made its strong position in the international arena due to this development," he added.

Referring to the existing bilateral ties between the two countries, Van Khoa said Vietnam attaches the highest priority to its relations with Bangladesh.

Both the prime minister and the ambassador expressed hope that the relations would grow deeper in the days to come.

Secretary to the Prime Minister's Office, Sajjadul Hassan, was present at the meeting.

Source: dhakatribune.com- Oct 20, 2019

HOME

****

Bangladesh: T-shirt exports fall 7pc in Q1

Exports of T-shirts, the most exported garment item, have declined significantly in the first quarter (July-September) of the FY 2019-20 due to depreciation of currency within the competing countries and low work order, and low price offered by buyers, said industry insiders.

According to the Export Development Bureau (EPB) statistics, exports of T-shirts witnessed 7 per cent fall in the first quarter of the FY 2019-20, compared to the same period of the previous fiscal year.

According to the EPB figures, T-shirts exported to different countries in the first quarter (July-September) of the fiscal year 2019-20 was worth USD1.34 billion. But, during the period (July-September) of the last financial year (2018-19), the export was worth USD1.45 billion.

Mohammad Hatem, second vice president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), told The Independent that T-shirts were very popular in Western countries and their demand remained almost the same throughout the year.

However, from May to August of the year, the work order for the product was somewhat low. In the current financial year, the work order for T-shirts was lower than usual. As a result, the export of Knit Sector T-shirts has dropped due to the seasonal context, mainly due to the work order crisis.

The export of T-shirt has declined mainly due to the depreciation of the currency within the competing countries. Most of the orders of knit products have gone to Pakistan and India, said Hatem.

High-end knit products have gone to Cambodia and Vietnam because their currency depreciated against dollar, added Hatem.

Moreover, the existing buyers have lowered their purchasing price around 10 per cent during the last three months, he said.

According to the first quarter's export figures for the last five financial years, T-shirt exports have increased steadily over the last three financial years. But, in the current financial year, it has declined. T-shirts exported in the FY 2016-17 was worth USD1.17 billion.

After that, T-shirt exports have increased in both fiscal years 2017-18 and 2018-19.

In those two financial years, T-shirts exported was worth USD1.27 billion and USD1.44 billion respectively. T-shirt exports have dropped by USD1.35 billion this fiscal year, according to EPB.

It is learnt that 80 per cent of the country's export earnings come from the garment sector. During the last four decades, the industry has gradually become the driving force of the economy.

But the basis of this driving force is mainly in five to six products. According to EPB and garment industry, garments are exported from Bangladesh mainly under two categories.

One is the knit, the other is the oven. In these two categories, mainly five types of goods are exported. These are T-shirts, trousers, shirts, jackets and sweaters.

According to Export Promotion Bureau, export earnings from the RMG sector in the first three months (July-September) of the FY2019-20 fetched USD8.05 billion, decreased by 1.64 per cent to USD8.19 billion in the same period of the FY 2018-19.

Exporters have said readymade garment exports in August 2019 fell by 1.64 per cent because of Eid vacation as most of the factories remained closed for at least seven days.

Moreover, some of the factories remained closed even for 12 days which influenced the export performance.

Source: theindependentbd.com- Oct 21, 2019

HOME

****

NATIONAL NEWS

New foreign trade policy may have simpler export promotion schemes

In the new policy, changes are expected in incentives given to goods as the current export promotion schemes are challenged by the US in the dispute resolution mechanism of the World Trade Organisation (WTO).

The commerce ministry is considering rationalising and simplifying certain export promotion schemes such as EPCG in the next foreign trade policy, which provides guideline and incentives for increasing shipments, an official said.

The ministry is in consultation with all stakeholders for the preparation of the next policy (2020-25), as the validity of the old one ends on March 31, 2020, the official said.

The ministry may also include new chapters for services, and e-commerce exports besides simplifying advance authorisation and self ratification schemes.

EPCG is an export promotion scheme under which an exporter can import certain amount of capital goods at zero duty for upgrading technology related with exports.

On the other hand, advance authorisation is issued to allow duty free import of inputs, which is physically incorporated in export product.

Total exports of third party could be counted as export obligation instead of only proceeds realised from third party by EPCG holders, the official said.

Similarly in the advance authorisation scheme, export obligation period could be enhanced from the current 18 months.

For the export oriented units, the ministry is considering getting policy formulation, regulation and administration under one roof.

The ministry's arm directorate general of foreign trade (DGFT) is formulating the policy.

At present, tax benefits are provided under merchandise export from India scheme (MEIS) for goods and services export from India scheme (SEIS).

In the new policy, changes are expected in incentives given to goods as the current export promotion schemes are challenged by the US in the dispute resolution mechanism of the World Trade Organisation (WTO).

Against this backdrop, the government is recasting the incentives to make them compliant with global trade rules, being formulated by Geneva-based WTO, a 164-nation multilateral body.

Exporters are demanding incentives based on research and development, and product-specific clusters under the new policy.

Ludhiana-based Hand Tools Association President S C Ralhan said the new policy should have provisions for refund of indirect taxes like on oil and power, and state levies such as mandi tax.

During April-September 2019, exports were down 2.39 per cent to USD 159.57 billion while imports contracted by 7 per cent to USD 243.28 billion. Trade deficit during the period narrowed to USD 83.7 billion as against USD 98.15 billion in April-September 2018-19.

Since 2011-12, India's exports have been hovering at around USD 300 billion. During 2018-19, overseas shipments grew 9 per cent to USD 331 billion.

The government is targeting to increase the exports to USD one trillion in coming years.

Source: economictimes.com- Oct 21, 2019

HOME

****

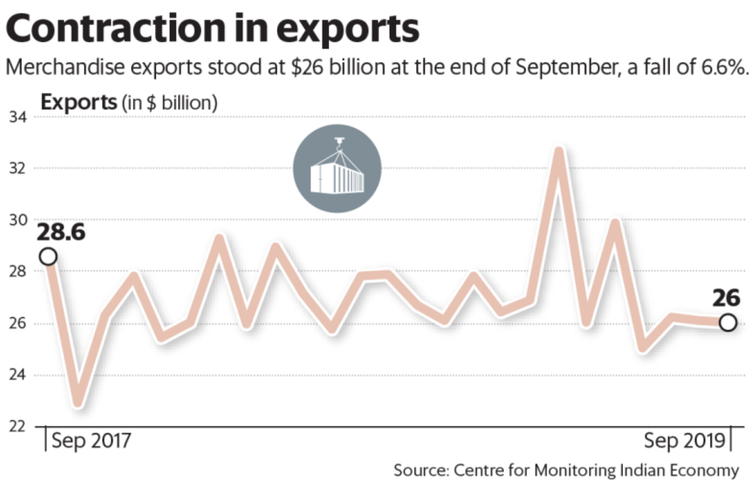
There is no easy remedy to revive ailing exports

Merchandise exports in September fell by 6.6% to $26 billion. Exports during this fiscal have fallen 2.5% to $159.6 billion. The most worrying part is that labour-intensive exports, which create employment in large numbers, have been falling. Mint examines this decline.

Which sectors haven't done well in exports?

Exports of petroleum products have fallen by 7.2% to around $22 billion during this financial year. Exports of non-petroleum products have fallen at a much slower pace of 1.7% to $137.6 billion. But within non-petroleum products, exports of major labour-intensive sectors have fallen at a much faster rate. For instance, agriculture and allied exports declined by 9.2% to $14.4 billion between April and August (the period for which data is available). In case of leather and leather manufacturers (products), exports during the April to September period fell by 8.3% to $2.4 billion.

Which other sectors are flagging?



The history of economic growth tells us that exports from the textiles and ready-made garments sectors are very important for a country to make the transition from "developing" to "developed"—all the more so because they create employment for women. As is well known, the labour force participation rate of women has fallen dramatically over the years.

Between April and August, textile exports fell by 9.7% to $7 billion—this was the steepest fall in five years. When it comes to ready-made garments, exports between April and September increased by a minuscule 2.2% to $7.8 billion.

How are exports of skill-intensive sectors?

When it comes to engineering goods, exports fell by 3.9% to $40 billion, the worst drop in four years.

Engineering goods are by far India's largest exports. There is good news, however, in the case of electronic goods. Their exports jumped by 42.3% to $5.5 billion. Clearly, some sectors have a reason to cheer. There isn't gloom and doom everywhere.

Why have exports fallen in H1 2019?

Export products need to be globally competitive, which isn't the case with many Indian goods. There are specific reasons for this in every sector, other than India not being able to compete on the land and labour front.

But, on the whole, labour-intensive exports have been hurt because of the Indian rupee being stronger than it actually should be. A weaker rupee would help Indian exporters compete on the price front by helping them earn more in rupee terms—thus allowing them to cut prices to stay competitive.

What's holding the rupee back?

India imports the bulk of the fuel it consumes in various forms. In fact, the import dependency of crude oil during the April to August period has jumped to 84.8% against 83.3% last year.

A weaker rupee would make petrol and diesel expensive. Further, governments earn a lot of taxes from petrol and diesel and are not in a position to cut these taxes. It's really a choice between stronger labour-intensive exports and cheaper petrol and diesel.

Source: livemint.com- Oct 20, 2019

HOME

****

Govt likely to extend benefits to exporters under MEIS till March 31

The decision to extend MEIS benefits is expected to draw the biggest cheer from the industry

The government may extend benefits to exporters under the Merchandise Exports from India Scheme (MEIS) till March 31 next year, when the updated Foreign Trade Policy (FTP) 2020-2025 will go live. The current deadline for the scheme to be disabled is December 31, 2019.

The government is also considering key suggestions such as introduction of industry rates for deemed exports and removal of pre-import conditions requirement in the Self Ratification Scheme. The suggestions have emerged out of hundreds of meetings between the government and industry associations, people in the know, said.

Adding an array of agricultural products in the interest equalisation scheme and making extensive changes to schemes such as Export Promotion Capital Goods (EPCG) and Export Credit Insurance Scheme are also under consideration for the upcoming FTP, sources said.

MEIS cheer

The decision to extend MEIS benefits is expected to draw the biggest cheer from the industry, which had opposed its withdrawal. Last month, the government had announced a new scheme named Remission of Duties or Taxes on Export Products (RoDTEP) to replace the MEIS for all goods exports.

Introduced in 2015 under the FTP, the mega MEIS was created out of a merger of five existing reward schemes. It incentivises merchandise exports of more than 8,000 items now and is the biggest of its kind. Exporters earn duty credits at fixed rates of 2 per cent, 3 per cent, and 5 per cent, depending upon the product and country.

Officials said the new RoDTEP would also be based on this method but the rates were yet to be decided.

For the EPCG scheme, the government is considering removal of annual average and keeping only specific export obligations. Also, total exports of a third party will be counted as export obligation instead of only proceeds realised from third party by EPCG holder.

Other changes

Apart from taking a decision to soon implement the recommendations of the Baba Kalyani Committee on revamping Special Economic Zones, policymakers have turned to export oriented units (EOUs) to provide the next level of growth. While duty benefits for infrastructure may not be extended, policy formulation, regulation, and administration may be brought under one roof for EOUs.

For deemed exports, the government may allow a reintroduction of all industry rate for drawback, which is now limited to only the brand rate. The Centre may also include central excise duty on fuel in the drawback. However, a suggestion to double the rate of interest on delayed payment to 12 per cent from the present 6 per cent may not be allowed, sources said.

On the other hand, for the advanced authorisation scheme, composition fee may be rationalised while norms may be fixed at a faster rate. The new FTP is expected to have new chapters on services and e-commerce.

What the updated FTP may allow

- Removal of annual average and keeping only specific export obligations for EPCG scheme
- Policy formulation, regulation, and administration for export-oriented units to be under one roof
- Reintroduction of all industry rates for drawback for deemed exports
- Deletion of pre-import condition in self-ratification scheme

Source: business-standard.com- Oct 21, 2019

HOME

****

Will prepare blueprint for companies moving out of China: FM Sitharaman

She said industry leaders who are contemplating getting their businesses out of China are 'definitely considering India is the pitch'

Union Finance Minister Nirmala Sitharaman on Saturday said she will prepare a blueprint for international companies that are looking beyond China to make India as their preferred investment destination.

She said industry leaders who are contemplating getting their businesses out of China are "definitely considering India is the pitch ".

Therefore, she said, it might be important for the government to now see and meet up with a lot of industry leaders and invite them to India.

"I'd certainly be doing that - go back and design in some way whereby I will identify those multinational corporations, all American businesses or any other country European or a British origin who are moving out of China or who probably are even contemplating.

I will make a blueprint with which I will approach them and put forward to them as to why India is a far more preferable destination," Sitharaman told a group of Indian reporters at the conclusion of her interactions at the annual meeting of the International Monetary Fund and the World Bank in Washington.

That could also be in specific areas in which India has common capacity ecosystem building, whether it's electronics, lithium ion battery or any other semiconductors, she added.

However, Sitharaman said the government's decision is not just going to be purely on the basis of what is happening presently between the United States and China.

"That could either aggravate the situation or probably just influence at some level. But the fact remains that there are companies which are looking at relocating for various other reasons also," she said.

"That is why I gave that little fine line that I'm drawing about companies which would want to locate elsewhere outside of China. Even as I said that, I said that not every company wants to lock, stock and barrel get out of China, there are companies which will remain there to service the Chinese market.

"After all little China as a very big domestic market and the their purchasing power, consumption style may be very different from what it is in India, but I'm making that margin already that companies will probably be there to service the Chinese market tension or not tension," the Union minister said.

She said India wants to create an ecosystem to invite the companies to tap the country's market.

"I'm allowing that margin already. Over in about that for those companies, even if they continue to be in China but still would want to produce from elsewhere either to export or to capture a new hub, domestic market like India," Sitharaman said.

"There was one thing very clear that India is still for them (companies), one of the biggest options to consider," she added.

The minister said it is perceived that the opportunities in Vietnam are not that much attractive.

"In fact, today, one of the conversations that I was having with some of the bank and the government representatives was that even Vietnam now probably is getting saturated. They don't have enough manpower to address expansionary programmes of investment," she said.

"So, given the fact that we've given concessional taxation approach to corporate incomes, corporate tax having been brought down and the problems that I've just mentioned about Vietnam, there's a higher chance that those companies which are moving out those investments which want to get out to China will certainly look at India," Sitharaman said.

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

HOME

****

Trade wars to impact flow of capital, goods and services: Sitharaman

Increased trade integration, geopolitical uncertainties, and high accumulated debt levels necessitate strong global coordination, Finance Minister Nirmala Sitharaman has said.

"We need not wait for the slowdown to become a crisis," she said adding that trade wars and protectionism have generated uncertainties that will ultimately impact the flow of capital, goods, and services.

Addressing the annual meetings at the plenary session of the International Monetary Fund (IMF) and the World Bank Group held here on Friday (local time), Sitharaman called for concerted action to mitigate the disruption on account of synchronous slowdown and invoked the spirit of multilateralism for global growth.

She also attended the working lunch session of the Development Committee, the ministerial-level committee of the IMF and the World Bank, in which members discussed the global economic outlook.

The 40th meetings of the International Monetary and Financial Committee (IMFC) are being held at this year's annual meetings. During the day, three sessions of the IMFC took place.

The IMFC introductory session was focused on global developments and prospects and the discussions centred on the World Economic Outlook released on October 15.

The early warning exercise discussed upcoming risks to a global economy and stability. A special session on IMF resources and governance was also held early in the day in the context of the 15th round of the quota discussions concluding this year. Secretary at the Department of Economic Affairs Atanu Chakraborty led the Indian delegation.

Sitharaman also led the Indian delegation at G20 finance ministers and central bank governors meeting in which the deliberations centred on international taxation and stablecoins.

The ministers and governors also took updates from G20 deputies on quality infrastructure investment, debt sustainability, financing for universal healthcare and building effective country platforms, and from the Africa Advisory Group on the Compact with Africa (CwA) initiative.

On the discussions at the session regarding the work underway on developing a consensus solution on tax challenges arising from digitalisation, Sitharaman said a unified approach to the nexus and profit allocation challenges is a promising one that merits serious attention.

A solution that is simple to implement, simple to administer and simple to comply with is needed.

On the sidelines, she held several bilateral meetings, including with First Deputy Prime Minister and Finance Minister of Russia Anton Siluanov, Finance Minister of the Kyrgyz Republic Baktygul Jeenbaeva, Finance Minister of Switzerland Ulei Maurer, Australian Treasurer Josh Frydenberg and Finance Minister of Maldives Ibrahim Ameer.

Chakraborty also held one-on-one meeting with Director General of the French Treasury Renaud Basso and Chief Financial Officer of the World Bank Anshula Kant. He also addressed investors in a session organised by JP Morgan.

Source: economictimes.com- Oct 19, 2019

HOME

****

RCEP's last leg: E-commerce, 'most favoured nation' are the new hurdles

Based on India's existing free-trade agreement (FTA) with Asean, the RCEP will include all the nations with which the 10-nation bloc has trade deals

Issues like mutual trade concessions under the “most favoured nation” (MFN) clause and e-commerce have emerged as the next big hurdles in the ongoing negotiations on the proposed Regional Comprehensive Economic Partnership (RCEP) pact, say sources.

The RCEP is India's most ambitious trade pact. Based on India's existing free-trade agreement (FTA) with Asean, the RCEP will include all the nations with which the 10-nation bloc has trade deals — New Zealand, Australia, China, India, Japan, and South Korea.

As nations race against time to bilaterally sort out differences in the mega trade deal, talks have faltered on providing MFN status to all partners. This promises that India will provide investment- or services-related concessions given to a trading partner under a bilateral treaty automatically to all RCEP members without any time gap.

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

HOME

****

India tries to loosen RCEP tangle ahead of leaders summit on November 4

At on-going meeting of negotiators in Bangkok, New Delhi tries to safeguard industry, farmers' interest

Indian negotiators are in Bangkok trying to insert crucial provisions in the proposed Regional Comprehensive Economic Partnership (RCEP) pact, including adequate protection against cheap Chinese imports, that could make the proposed deal less threatening and more acceptable for Indian industry and agriculture, a government official has said.

"Negotiators from the 16 nations, including India, China and the ASEAN, have time only till Tuesday to sort out differences in difficult areas such as rules of origin (ROO), investment measures, e-commerce and auto trigger mechanism. After the deadline, the remaining matters will be placed before the Heads of States at the RCEP Leaders Summit on November 4. If big differences remain, it will be difficult for India to be part of the joint announcement for conclusion of the negotiations," the official added.

New Delhi is finding it difficult to accept the onerous obligations of the RCEP, which requires it to take on commitments for tariff elimination for about 90 per cent items from the ASEAN, Japan and South Korea and over 74 per cent from China (China is pushing for over 80 per cent), Australia and New Zealand, without adequate safeguards.

For instance, the ROO (which lay down the compulsory minimum value enhancement to a product to be carried out in the exporting country), in its current form under the RCEP, allow the value addition to take place in any RCEP country and not necessarily within the territory of the exporting members.

This means that if a particular commodity is allowed into India from an ASEAN country under RCEP at zero duty but not from China because of a tariff differential that India insists on to protect against Chinese imports, the Chinese product can enter the Indian market through an ASEAN country at zero duty by qualifying as ASEAN export as value added in China will be considered valid.

“India is fighting to make the ROO tight so that China gets excluded from the cumulation provision. Only then the tariff differentials against the country will have some meaning and protect Indian industry,” the official said.

Auto trigger mechanism

Similarly, Indian negotiators want a larger number of sensitive items to qualify for auto trigger mechanism that will allow imposition of higher import duties automatically when imports cross a threshold limit.

However, trade experts point out that the trigger for the safeguard duties should also be well-defined and serve the required purpose of stopping a sudden increase in imports. “The triggers for imposing the safeguard duty should not be so stringent that it can’t be activated when required,” the official said.

New Delhi is also trying its best to keep the Investor State Dispute Mechanism outside the purview of the RCEP so that the Indian government can protect itself against international suits filed by large foreign companies.

Almost all sectors of the Indian industry ranging from automobiles to chemicals as well as small farmers have sought protection from Commerce and Industry Minister Piyush Goyal against unhindered competition from RCEP countries which, they say, will cause serious damage to them.

The RCEP could result in the creation of the largest trade bloc in the world accounting for 39 per cent of global GDP, 30 per cent of global trade, 26 per cent of global foreign direct investment flows and 45 per cent of the total population.

Source: thehindubusinessline.com- Oct 21, 2019

HOME

****

Cotton prices likely to fall further: Ind-Ra

There is a moderate recovery in apparel exports with the demand stabilising from the US.

Cotton prices continued to decline in August, mainly due to a fall in international prices. India Ratings and Research (Ind-Ra) expects the prices to fall further as global production is likely to be higher than the growth in demand.

Rating agency Ind-Ra in its August 2019 edition of credit news digest on India's textile sector highlighted the trends in the sub-segments of the textile sector, including cotton, man-made fibers, yarns, fabric with a focus on commodity prices, imports/exports, production and recent rating actions.

"With local prices (MSP) being higher than international prices, cotton imports are rising. Till 31 August 2019, the import of cotton was 2.3 million bales, up 0.8 million bales than recorded in the previous cotton season. This would further reduce domestic cotton prices," a release from the agency said.

The release added, "Cotton yarn continues to see reduced exports owing to low demand and increased competition. Exports fell 40 per cent month-on-month (MoM) during July 2019, majorly due to an 80 per cent year-on-year (YoY) fall in demand from China. China has entered into second phase of free trade agreement with Pakistan on goods worth $64 billion and its cotton yarn directly competes with India's."

Man-made fibers saw second consecutive month of stabilisation on stable crude prices in August 2019, however, the instability in prices in September with an attack on Aramco, Saudi Arabia created pressure on margins of synthetic fibers for some time. The prices have corrected 20 per cent subsequently with a positive news of fast recovery of the attacked sites.

There is a moderate recovery in apparel exports with the demand stabilising from the US. The US-China trade war seems to have no major impact as apparels exported by China for July were 35 per cent higher than those in the previous month. India is yet to see any benefit of the trade war, as exports increased by only 10 per cent MoM in July.

"Capital expenditure in textiles has been majorly to replace machines with new technologies and add premium/ niche products in the existing line-up. Outstanding projects have outpaced the completed ones, owing to muted demand, volatility in cotton prices and the US-China trade war," the release mentioned.

Source: economictimes.com- Oct 21, 2019

HOME

****

Textile industry asks Govt to ban import of used clothes from China, Bangladesh and Indonesia

The committee has also sought adequate safeguard measures on imports of fibres, yarns, fabrics and readymade garments

The newly formed National Committee on Textiles and Clothing has urged the government to stop the import of used clothes from China, Bangladesh and Indonesia as the domestic textile industry is reeling under falling exports, rising imports and slowing demand.

The committee has also sought adequate safeguard measures on imports of fibres, yarns, fabrics and readymade garments and called for extending the benefits of enhanced Merchandise Exports under India Scheme and Rebate of State and Central Taxes and Levies on Export of Garments till overall scheme on Remission of Duties or Taxes on Export Product comes into force.

Steering committee

Bogged down by various issues, textile and clothing associations such as Cotton Textile Export Promotion Council, Apparel Export Promotion Council, Clothing Manufacturers Association of India, Synthetic and Rayon Textiles Export Promotion Council and Confederation of Indian Textile Industry have formed a steering committee – the National Committee on

Textiles and Clothing (NCTC) – under the chairmanship of T Rajkumar, Chairman, CITI.

The NCTC has submitted a memorandum to Commerce Minister Piyush Goyal and sought a two-year moratorium on interest and loan repayment or provision for additional liquidity to support the financially stressed textile units as a short-term policy measure to bail out the struggling industry.

The industry also apprised Goyal of the issues related to GST, the ease of doing business and Regional Comprehensive Economic Partnership negotiations.

It has urged Cotton Corporation of India to factor in low international prices when procuring cotton under Minimum Support Price to protect the farmers' interests.

Domestic prices are trading firm due to high MSP while prices in global markets have fallen sharply on the back of a bumper crop. This has led to sharp spike in imports even as some domestic farmers are finding it difficult o sell their cotton at MSP to CCI.

Plea to FM

A NCTC delegation led by Rajkumar also met Finance Minister Nirmala Sitharaman and submitted a memorandum on the urgent need to release the pending claims under various incentive schemes; urging banks to expeditiously upload documents for release of TUF (Technology Upgradation Fund) subsidy, reducing the margin money for raising working capital from 25 per cent to 10 per cent and extend 5 per cent interest subvention to all textiles and clothing export products.

Source: thehindubusinessline.com- Oct 20, 2019

HOME

****

India-US trade talks in full swing: Sitharaman

US Treasury Secretary to visit India next month

Finance Minister Nirmala Sitharaman has said the negotiations between India and the US on a trade deal are going in "full speed" and expressed hope that an agreement will be structured soon.

The ongoing trade deal negotiations briefly came up for discussion during a pull aside between Sitharaman and US Treasury Secretary Steven Mnuchin at the IMF headquarters. Mnuchin is scheduled to visit India early next month.

"In fact, I broadly mentioned it to Secretary Mnuchin, but that is something on which the Commerce Minister and Mr (Robert) Lighthizer (US Trade Representatives) are working. My inputs are that the negotiations are going in full speed and there's a great intensity with which both sides are engaging and hopefully the deal will be structured soon," Sitharaman said on Saturday.

India is demanding exemption from high duties imposed by the US on certain steel and aluminium products, resumption of export benefits to certain domestic products under their Generalised System of Preferences (GSP), greater market access for its products from sectors, including agriculture, automobile, auto components and engineering.

On the other hand, the US wants greater market access for its farm and manufacturing products, dairy items and medical devices, and cut on import duties on some ICT products. The US has also raised concerns over high trade deficit with India.

Responding to a question, Sitharaman said a totalisation agreement with the US has always been on the cards.

A totalisation agreement seeks to eliminate dual taxation with regards to social security and medicare taxes in the US.

An official release issued said Sitharaman had a "fruitful" dialogue with Mnuchin.

Attracting investments

Sitharaman said she will prepare a blueprint for international companies that are looking beyond China to make India as their preferred investment destination.

She said industry leaders who are contemplating getting their businesses out of China are "definitely considering India as the pitch".

Therefore, she said, it might be important for the government to now see and meet up with a lot of industry leaders and invite them to India.

Source: thehindubusinessline.com- Oct 19, 2019

HOME

****

Lack of clarity on cotton crop numbers keeps trade puzzled

Higher crop may push for CCI operations, which may result into increased cheap imports

Amid uncertainty on the crop condition and fearing a strong market reaction to trade-sensitive numbers, the Cotton Association of India (CAI) — the apex cotton trade body — refrained from announcing its crop numbers at the Cotton India 2019 conference last week.

The trade, however, believes that a good monsoon across the cotton growing regions spread across multiple States has brightened the prospects for a good crop for the 2019-20 season.

The US Agriculture Department (USDA) has projected India's cotton crop at a record 390 lakh bales (each of 170 kg), way above last year's output of 312 lakh bales.

The CAI, while maintaining its 2018-19 crop estimate at 312 lakh bales, projected a carry-over stock of 23.50 lakh bales. However, going by the experts' views, the crop and stock numbers over the years appear to have some statistical calculation error.

It requires decision makers' attention because the ground reality and the estimates often fail to match. Last year's decade-low output has failed to create any major impact on the stock position as well as on the prices. This creates a curious case for the trade to understand.

"The crop condition is good and we expect the crop to be around 390 lakh bales. The only concern is that with a higher crop, CCI will begin MSP purchase operations," said J Thulasidharan, President, Indian Cotton Federation, told BusinessLine. "Once that begins, the domestic prices will get a lift. But globally there is not much of an increase in consumption as expected. Therefore, if local prices rise, Indian mills will move to buy from overseas and we may see increased imports despite a higher crop," he said.

Thulasidharan added that the situation in the world's largest fibre producer is no different from the global surplus production scenario. "With the trade war and slowdown in the global economy consumption across cotton consuming countries would remain flat. Due to these factors, global prices would be below our MSP rates," he said.

Favourable ground

This global price situation is likely to create a favourable ground for Indian importers.

Notably, raw cotton prices have already started dipping ahead of full-fledged of arrivals. Cotton prices at the Rajkot markets have touched ₹3,400 a quintal against the Minimum Support Price (MSP) of ₹5,255 for Kharif 2019-20.

Source: thehindubusinessline.com- Oct 21, 2019

HOME

****

Slowdown has hit SMEs in Karnataka: KASSIA

The Karnataka Small Scale Industries Association (KASSIA) has said that the small and medium enterprises (SMEs) in Karnataka are facing difficult situation due to the economic slowdown.

Addressing presspersons in Mangaluru on Monday, R Raju, president, KASSIA, said that the severe slowdown in the automobile, textiles and garments, and other manufacturing segments has severely damaged the potential of the SMEs to sustain.

Stating that Karnataka has around 6 lakh SMEs, he said many units have seen a fall in business ranging from 30 per cent to 70 per cent. The number of shifts operated has been curtailed, and contract and temporary employees have lost their jobs. He said that payments are difficult to come, and the financing of operations is getting to be very difficult.

He said the government has recently taken many measures including direction to banks to go slow on recoveries, enforcement of NPA norms, and also ease the flow of credit to micro and small enterprises.

In addition the RBI has also reduced the repo rate with clear direction to the banks to link this to their lending rates. The Government has effected reduction in corporate taxes both for existing and new units, with new units getting more reduction.

However, Raju said these measures will not be of any help to micro and small enterprises as most are not incorporated.

Though the Government has introduced certain other measures such as infusing additional capital to the banking system, the MSMEs have yet to see any perceptible improvement in demand for their products and supplies, he said.

"While some of these reform measures will, no doubt, have long-term positive impact in the economy, the immediate worry, particularly for the micro and small enterprise, remains," he said.

He urged the government to address these issues by provision of incentives for upskilling, relaxation in GST collection and reduction of GST rates, and improvement in grievances redress mechanism of GST. He also stressed the need for improvement in credit flow to the SMEs.

Highlighting the need to address key issues of the infrastructure deficit, he said investment in infrastructure will result in increased demand for goods and services, thereby helping overcome the effects of recession.

Source: thehindubusinessline.com- Oct 21, 2019

HOME

****

Need for correct Incoterm usage can't be overstated, says expert

Incoterms clearly define the obligations of the seller and buyer, when the risk passes from seller to buyer and who bears what costs

Q. We have been using the Incoterms FOB, CIF and CFR for all modes of transport, without any problem. Now, in your article 'Revised Incoterms take effect from Jan' (Business Standard, October 14, 2019), you say that the terms FAS, FOB, CFR and CIF should be used only for transport by water from port to port, whether through ocean-going vessels, river barges or a combination, and that these terms should not be used for container shipment (even if carried by ships), other modes of transport (e.g. air or road) or multi-modal transport, for which other terms such as FCA, CIP, CPT, etc, must be used. We are confused. Please clarify.

Incoterms clearly define the obligations of the seller and buyer, when the risk passes from seller to buyer and who bears what costs. These are very useful to the parties to a sales contract, the courts, arbitrators, etc. when there is a dispute regarding the said obligations or risks or costs.

So, the need to use the correct Incoterms cannot be overstated. The terms FAS, FOB, CFR and CIF clearly define these obligations in the context of transport by water from port to port, whereas the terms FCA, CIP and CPT specify the obligations for shipments by multi-modal and other modes of transport.

In case of containerised cargo, the seller usually delivers the container to the carrier at its premises or container terminals. The ship may not have even arrived at that time. The seller has no control once the container is delivered to the carrier. He cannot ensure that the container goes on board the vessel or is placed alongside the vessel.

He cannot bear the risk of any damage to the cargo thereafter. This is true even in case of LCL cargo, where the goods are handed over to a carrier at a Container Freight Station for consolidation. That is why the Incoterms clearly say that for containerised cargo, the terms FCA, CIP and CPT should be used.

Q. What is the difference between Delivery at Terminal (DAT) in the Incoterms 2010 and Delivery at Place Unloaded (DPU) in Incoterms 2020?

In the guidance notes to Incoterms 2010, “terminal” included “any place, whether covered or not, such as a quay, warehouse, container yard or road, rail or air cargo terminal”.

The trade, however, took DAT to mean a restricted reference to only some form of transport terminal where the seller will deliver the cargo and from where the buyer would collect the cargo, after completing any regulatory formalities.

The DPU now replaces the DAT to cover delivery at any destination outside the terminal also. That is the main difference between DAT and DPU. This is helpful, for example, when some cargo, such as capital goods, has to be delivered at site.

Also, DPU requires the seller to unload the cargo at the named destination. In that sense, it differs from DAP (Delivers at Place) also, which does not place on the seller the obligation to unload the cargo.

Source: business-standard.com- Oct 21, 2019

HOME

****

Bargain hard but go for RCEP deal: Former NITI V-C Arvind Panagariya

Former NITI Aayog Vice-Chairman Arvind Panagariya on Monday said India should bargain hard for the proposed Regional Comprehensive Economic Partnership (RCEP), but this should not become an excuse for not clinching the deal.

When an economy opens up, it has to set its house in order to compete, which brings the best out of it, he said.

“We need to be a little more aggressive. Compete with the best in the world. It brings the best out of you,” Panagariya, professor of Indian Political Economy at the Columbia University, said at the US-India Strategic Partnership Forum in New Delhi.

He was responding to an observation by former foreign secretary Kanwal Sibal that India needs to bargain hard in RCEP due to security concerns that go beyond trade. Sibal said China was pressing for accelerating negotiations for RCEP due to its trade war with the US. “China wants to dominate RCEP because it is the biggest economy. It did not play by WTO rules, so will it play by RCEP rules? Will there be a dispute settlement mechanism?” he said. Panagariya sought to dispel the myth that import substitution leads to less imports. “If you import less, you export less as well. When India liberalised it imported more, but then it exported more as well,” he said.

AI boost to health sector

At a panel discussion earlier at the same event, Panagariya said there was a huge scope for India to improve medical treatment by taking advantage of technical developments such as AI (artificial intelligence) and data analytics. “With AI, data analytics and all the technology there, treatments can perhaps be done better (in India) as we go forward,” he said.

By taking advantage of the technological changes such as AI and data analytics, India can bring good treatments almost anywhere in the country, he added. On the pricing issue in the medical industry, he said clearly this is being recognised in the trade agreements as well, citing that in some visible cases, prices have been negotiated between the companies (exporting and importing).

Panagariya said the health sector was still evolving and very informal as it was largely dominated by the private sector and the government's role largely had been into setting up medical colleges.

Source: business-standard.com- Oct 21, 2019

HOME

****

Commerce and Industry Minister Piyush Goyal on a Two-Day Visit to Sweden

Commerce and Industry & Railways Minister, Piyush Goyal will attend the 19thSession of the Indo-Swedish Joint Commission for Economic, Industrial and Scientific Cooperation in Stockholm, Sweden on 23rd October 2019. The session will be co-chaired by Ms. Anna Hallberg, Minister of Foreign Trade, Government of the Kingdom of Sweden and Piyush Goyal, Commerce and Industry Minister, Government of India.

Sweden has a long history of investments in India. As per October 2017 data, there are over 170 Swedish joint ventures and wholly owned subsidiaries in India. Sweden is the 20th largest foreign investor in India with cumulative investment of USD 8.51 billion between January 2003 and January 2017.

The existing Swedish MNCs are now expanding not only in manufacturing but also increasingly on offshore IT operations and R&D in India. Sectors that have received the largest shares of Swedish investments in India are automobile industry with USD 362.20 million (33%), industrial machinery with USD162.09 million (15%) andmiscellaneous mechanical & engineering industries with USD115.67 million (10%).

Over the last decade, Indian investment in Sweden has also increased. There are over 70 Indian companies including IT companies currently present in Sweden. Indian pharma and biotech companies like Dr.Reddys, Biocon, Kemwell and Cadila Pharma have formed collaborative relations in Sweden.

There is significant potential for enhancing bilateral collaboration in key areas like green technologies, renewable energy, smart infrastructure, healthcare and defence. Trade in services is large and growing, especially in areas of IT, business services, travel and transportation.

According to the International Trade Centre figures, in 2016, the total bilateral trade in service was worth USD 1.23 billion, which included Indian service exports of USD 767 million to Sweden and Swedish service exports of USD 458 million to India.

According to available statistics, the main items of Indian exports to Sweden were articles of apparel, clothing accessories, textiles yarn, fabrics, manufactures of metals, road vehicles, general industrial machinery and equipment. The main items of Indian imports from Sweden were pulp and waste paper, road vehicles, paper board, general industrial machinery and equipment, iron and steel and power generating machinery & equipment.

Source: orissadiary.com- Oct 21, 2019

HOME

****