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IBTEX No. 17 of 2019 January 23, 2019

USD 71.20| EUR 80.93 | GBP 92.21 | JPY 0.65

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20526	42900	**76.76**

Domestic Futures Price (Ex. Warehouse Rajkot), January

Rs./Bale	Rs./Candy	USD Cent/lb
20780	43430	**77.71**

International Futures Price

NY ICE USD Cents/lb (March 2019)	73.13
ZCE Cotton: Yuan/MT (May 2019)	15,275
ZCE Cotton: USD Cents/lb	**101.77**
Cotlook A Index – Physical	**83.30**

Cotton Guide: The ICE Futures settled with losses yesterday. The ICE March contract settled at 73.13 with a change of (-76), The ICE May and ICE July contracts settled with almost similar decline figures of (-79) and (-76) at 74.53 and 75.83 respectively. The trading started modestly but after 18:00 IST the bears started to take the lead therefore compelling the charts to show red candlesticks and thus settle lower. The high for ICE March was 74.29 whereas the low was 72.75, thus reflecting a 154 point range. The total open interest decreased by 504 contracts to 233,234. The March and May OI decreased by 499 and 5 contracts to 122,621 and 27,853 respectively. We expect the market to remain in a phase of consolidation today.

The MCX contracts on the other hand also settled with lower figures. The MCX January contract settled lower by (-170) at 20780 Rs/Bale. The MCX February contract settled at 21070 Rs/Bale with a negative change of (-160) and the MCX March contract settled lower at 21340 Rs/Bale with a decline of (-130).

The arrival figures in India are estimated to be around 160,000 Lint Equivalent Bales (source cotlook) including 49,000 in Maharashtra, 49,000 in Gujarat and 29,000 in Andhra Pradesh. Shankar 6 was available yesterday at around 42,900 Rs /Candy (Average Price), whereas Punjab J-34 was available at around Rs 4,440 Rs/Maund. Cotlook Index A has remained unchanged at 83.30 cents/lb.

It will be five weeks now, that the cotton market will be having sales data from USDA. The Republicans and the Democrats are not even close to a resolution. However, a resolution is expected next week during the State of the Union Speech scheduled for January 29, 2019.

The double digit loss that we saw yesterday was accounted due to several bearish reports which were linked to the Financial Markets along with News such as China's economic growth rate in 2018 pegged to be lowest in 28 years at 6.6% and some indication coming from the International Monetary Fund (IMF) suggesting that the world was headed for a Major Global Recession. The implications of Brexit "Deal or No Deal" is also being monitored closely by the market participants.

ICE March cotton futures witnessed decline after last week's recovery rally. Meanwhile price is hovering in the band of 73.00-74.45 zone, with RSI in the daily charts at 44 suggesting sideways trade for the day. Only a sustained move above range could bring further buying in cotton futures towards higher levels of 75.30, followed by 76.20. Likewise below 73.00 immediate support exists around 72.40 and 71.90 levels. In the domestic markets trading range for Jan future will be 20640-21080 Rs/Bale.

Currency Guide

Indian rupee may witness mixed trade but overall bias still remains weak against the US dollar. Supporting rupee is correction in crude oil price from recent highs amid signs of higher US crude production from shale resources and demand concerns amid global economic uncertainty. Also supporting rupee is IMF's upbeat GDP growth outlook for India. However, weighing on rupee is mixed trade in global equity markets amid concerns about slower Chinese GDP growth, IMF's downbeat global growth outlook, US government shutdown and Brexit uncertainty. Risk sentiment weakened further yesterday as The Financial Times reported the Trump administration canceled preparatory talks with Chinese officials because of a lack of progress on "forced" technology transfers and "structural" reforms to China's economy. President Donald Trump's top economic adviser Larry Kudlow denied reports on the cancellation of the talks and next week talks were very important. Market players are also positioning for the upcoming Annual Budget. While expectations are high that government may announce relief package for farmers however its impact on fiscal deficit will depend on intensity of the package. Bloomberg reported the additional annual expenditure for the federal government on full roll out of the farmers' relief program will probably be about 700 billion rupees a year. The US dollar has also strengthened against European currencies amid Brexit uncertainty and positioning ahead of ECB meeting. Rupee may witness choppy trade amid mixed factors but general bias is still weak owing to global uncertainty. USDINR may trade in a range of 71-71.55 and bias may be on the upside.

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INTERNATIONAL NEWS

UN's report forecasts global economic growth around 3% in 2019

Waning support for multilateralism, escalating trade disputes, increasing debt and rising climate risks are clouding prospects

The global economy will grow around 3 per cent annually in 2019 and 2020, but waning support for multilateralism, escalating trade disputes, increasing debt and rising climate risks are clouding prospects, the United Nations said on Monday.

The UN's report, the World Economic Situation and Prospects 2019, said signs suggest that the economic growth spurt "has peaked," forecasting that global growth will remain steady at just below the 3.1 per cent expansion of 2018. But the report stressed that growth is uneven and often doesn't reach poorer nations.

Per capita income is expected to stagnate or see only marginal growth this year in parts of Africa, western Asia, Latin America, and the Caribbean, it said.

While economic indicators remain "largely favorable," UN Secretary-General Antonio Guterres said the report "raises concerns over the sustainability of global economic growth in the face of rising financial, social and environmental challenges." "Global levels of public and private debt continue to rise," the UN chief said in the foreword.

"Economic growth is often failing to reach the people who need it most. The essential transition towards environmentally sustainable production and consumption is not happening fast enough, and the impacts of climate change are growing more widespread and severe."

Guterres said one overarching message is clear: While short-term challenges need to be addressed it's critical to advance long-term UN goals including combatting poverty and preserving the environment. This requires nations working together to tackle climate change, mobilise funds to promote development and redress inequality, he said.

The 218-page report was produced by the UN Department of Economic and Social Affairs, the UN Conference on Trade and Development and the UN's five regional economic commissions. The report was issued on the same day that the IMF cut its growth forecast for 2019 to 3.5 per cent from a prediction of 3.7 per cent in October, citing heightened trade tensions and rising interest rates.

And China said its economic growth slowed to 6.6 per cent in 2018, the weakest since 1990. Dawn Holland, chief of the UN's Global Economic Monitoring Branch, said the UN and the IMF use different methodologies. The IMF gives weight to rapidly growing countries like China and India and to developed economies, "which means that the average is about 0.5 per cent higher" than the UN average.

Source: business-standard.com- Jan 23, 2019

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Cambodia Faces Next Trade-Sanctions Move by the European Union

The European Union moved closer to imposing trade sanctions against Cambodia as a result of alleged human-rights violations in the country.

The European Commission in Brussels has asked EU national governments to give the green light by Jan. 29 for suspending a policy that lets Cambodia export all goods except weapons duty-free and quota-free to the bloc, according to two officials familiar with the matter. They spoke on the condition of anonymity because the deliberations are private.

Any go-ahead from EU national capitals would still leave a decision by the commission, the bloc's executive arm, 12 months away. At stake is Cambodia's place in the EU's "Everything But Arms" initiative, the most generous part of the bloc's Generalized Scheme of Preferences for poor countries around the world.

The EU is trying to prod changes in the political behavior of strongman Cambodian Prime Minister Hun Sen while being wary of damaging the country's economy, where a $5 billion garment industry employs 750,000 people and is the biggest exporter.

Hun Sen, who extended his 33-year rule last July when his party won a boycotted election, has so far struck a defiant tone with the European side.

The latest internal EU preparations to withdraw commercial benefits for Cambodia follow a Jan. 21 meeting between European Trade Commissioner Cecilia Malmstrom and Cambodian Foreign Minister Prak Sokhonn. The Everything But Arms—or EBA—accord featured in the talks.

"We discussed the EBA agreement and the possibility of a withdrawal of the tariff preferences," Malmstrom said in a Twitter post after the meeting in the Belgian capital. "Reiterated our concerns on democracy, human rights and rule of law. The EU continues to keep the path of dialog open."

The EU debate over revoking general trade benefits for Cambodia is separate from a decision by the bloc last week to impose tariffs on Cambodian rice for three years as a result of a surge in imports deemed to have hurt European rice producers.

Source: sourcingjournal.com- Jan 22, 2019

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USTR aims for more balanced trade in US-EU trade talks

In negotiations for a trade agreement with the European Union (EU), the Office of the US Trade Representative (USTR) aims to address both tariff and non-tariff barriers and achieve a fairer and more balanced trade in a manner consistent with the objectives that the US Congress has set out in section 102 of the Trade Priorities and Accountability Act.

On October 16 last year, the US Administration notified Congress that President Donald Trump intended to negotiate a trade agreement with the EU.

Though the annual two-way trade between the two sides is worth $1.1 trillion, US exporters in key sectors have been challenged by multiple tariff and non-tariff barriers for decades, leading to chronic US trade imbalances with the EU, USTR said in the' Summary of Specific Negotiating Objectives' released this month.

The trade deficit in goods with the EU was $151.4 billion in 2017. A hundred and fifty public comments were received on the issue and a public hearing was organised on December 14 to hear the testimony of over 30 witnesses regarding negotiating objectives and positions.

"We may seek to pursue negotiations with the EU in stages, as appropriate, but we will only do so based on consultations with Congress," the USTR added.

Source: fibre2fashion.com- Jan 23, 2019

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CPTPP comes to Vietnam Jan 14 with benefits, challenges

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) officially came into force in Vietnam on January 14. Goods exported to countries that have ratified the deal will enjoy new preferential tariffs. Apart from offering huge opportunities, it is expected to throw up challenges, including raw materials for the garment and textile sector.

The agreement will create opportunities for domestic enterprises to seek and expand their markets but is also a big challenge due to fierce competition and rules of origin, according to Vietnamese media reports.

Though the country's garment and textile sector claimed the second position in the world in terms of export turnover with $36.1 billion in 2018, it had to import around 80 per cent of its materials for production, according to Truong Van Cam, vice chairman of the Vietnam Textile and Apparel Association. The heavy reliance on imported material is a serious problem for the industry, he feels.

The country now imports up to 99 per cent of cotton, 70 per cent of fibre and 80 per cent of fabric. The biggest shortcoming, according to Cam, is only 10 per cent of fabric is imported from Japan and countries that are part of the CPTPP.

The biggest bottleneck is that Vietnam has been unable to produce fabrics for export, according to experts.

Among CPTPP's benefits, all Vietnamese textile and garment products will be subject to tariff elimination in the Canadian market.

Enterprises in Ho Chi Minh City, which accounts for one third of the country's textile and garment export turnover, are preparing to take advantage of the opportunities to raise exports to new markets like Canada, Peru and Mexico.

Many of these enterprises are busy carrying out human resource training and changing technology and machinery to gain from CPTPP apart from making themselves aware of issues like environmental compliance, quality and origin of products, said chairman of the Ho Chi Minh City Textile and Garment-Embroidery Association Pham Xuan Hong.

Authorities of the Vinh Phuc province are supporting businesses, while creating the best business environment for local enterprises to grow without being troubled by administrative measures.

According to a preliminary survey by the Vietnam Chamber of Commerce and Industry (VCCI), there are three main groups of issues that are hindering enterprises from taking advantage of the CPTPP. The first is businesses do not understand fully the commitments in the CPTPP because they are too difficult and complicated.

The second, enterprises do not have enough confidence in the capacity of the state management agencies in implementing the CPTPP as well as supporting enterprises to take advantage of the CPTPP. Finally, domestic enterprises are weak to compete in both capital and technology.

Experts hope that the Vietnamese Government will issue a detailed action programme for the CPTPP to ensure smooth and effective implementation of the agreement.

Source: fibre2fashion.com- Jan 23, 2019

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The CPTPP Enters into Force: What Does it Mean for Global Trade?

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) entered into force on December 30, 2018. The Agreement will significantly impact trade among its ratifying Parties—currently including Australia, Canada, Japan, Mexico, New Zealand, Singapore, and Vietnam (with Brunei Darussalam, Chile, Malaysia and Peru to come)—and beyond. The so- called "TPP-11," signed on March 8, 2018, proceeded steadily toward completion following the United States' withdrawal from the predecessor agreement—the Trans-Pacific Partnership (TPP)—in January 2017, and is now a reality.

The anticipated impact of the CPTPP, whose 11 parties represent approximately half a billion people and 14 percent of the global economy, will be immense, as slashed tariffs encourage significant shifts in global supply chains. Further, the CPTPP's high-standard provisions on the digital economy, investment, financial services, labor and the environment establish new "rules of the road" that will have broad country-specific and collective impact.

The Agreement's full impact is challenging to grasp as its geographical and substantive scope is vast, and so much of it is new to governments and companies.

This report summarizes: (i) key provisions, including those changed from the original TPP; (ii) country-specific implications for select Parties; (iv) the politics and technicalities of US re-entry; (iii) next steps for ratification by remaining signatories; and (v) the CPTPP's potential impact on/interaction with other global trade developments.

Overview

The CPTPP, despite the United States' withdrawal and the subsequent minor changes to the TPP text, is a game- changer in that it locks in institutional and rules-based reform, sets new standards for future free trade agreements (FTAs) and provides incentives to consolidate and reorder Asia-Pacific supply chains.

The CPTPP, like its predecessor the TPP, is touted as a "next-generation" trade agreement, building on the core structure of the World Trade Organization (WTO) Agreements and existing bilateral FTAs, but taking WTO and FTA rules further in a number of key areas, such as digital trade and electronic commerce, intellectual property and state-owned enterprises (SOEs).

Thus, not only will the CPTPP have a tangible impact on trade in goods and services among the Parties, it is likely to have repercussive effects as its provisions are used as a model for other agreements. For example, the newly signed United States-Mexico-Canada Agreement (USMCA), the successor to the North American Free Trade Agreement (NAFTA), draws from the TPP for some of its chapters.

The CPTPP's broad tariff cuts—on approximately 90 percent of items upon entry into force, and nearly all others within 10 years—will have an immediate impact on the relative competitiveness of exporters in and out of the Agreement.

For example, US exporters will now be disadvantaged in the CPTPP zone relative in particular to competitors in Canada, Japan and Australia. Similarly, exporters in Thailand, Korea and Taiwan will be disadvantaged relative to competitors in Japan, Malaysia and Vietnam.

In addition to tariff cuts, the CPTPP includes high-standard chapters covering customs and trade facilitation; standards and technical barriers to trade; investment; services; intellectual property; e-commerce; government procurement; SOEs; labor; environment; regulatory coherence; transparency; and more.

The CPTPP is distinguished from other FTAs in that its provisions are deeper and broader, and its basic rules apply equally among all signatories, even though some developing country members (e.g., Vietnam) have longer time periods to implement some of the commitments.

When the Agreement entered into force on December 30, 2018, each of the original six ratifying members immediately benefitted from its provisions, but only as they applied to the other ratifying members.

For example, a company based in Australia will benefit from reduced or eliminated import tariffs in Japan, but not yet Malaysia. Provisions affecting intellectual property, investment, labor and other disciplines were also automatically activated. Vietnam joined soon after, on January 14, 2019.

Click here for more details

Source: lexology.com- Jan 21, 2019

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Sri Lanka handlooms go hi-tech after decades

Sri Lanka's textile and handlooms sector gets a major upgrade this year after many decades when a global technology platform used in complex patterns is presented to domestic craftsmen and designers this year.

"I have been told that modern hi-tech can greatly increase the productivity of our high quality handlooms" said the Minister of Industry and Commerce Resettlement of Protracted Displaced Persons & Cooperative Development Rishad Bathiudeen addressing a progress review of many institutions under his Ministry on 17 January.

Jacquard machines are used by handloom designers to speed up their manual production looms' speed. Jacquard machines give the strength of power-looms to hand-loom machines by speeding up complex handloom designs using a punch card system.

"Our Sri Lankan handloom designers already use punch-card driven Jacquard machines handlooms for their production. However, these machines are not sufficient to meet the speed of today's handloom market.

The Textiles and Handlooms Development Division of the Ministry therefore will replace these punched card machines to digital, computerised Jacquards. I have been told that this modern hi-tech can greatly increase the productivity of looms and appeal of the design" said Minister Bathiudeen.

Accordingly, the Ministry plans to install the first high quality digital Jacquard system at its Sri Lanka Institute of Textile Technology, Ratmalana at an estimated cost of US $ 20,000.

This system will be used to demonstrate and train national level handloom producers as well as private sector suppliers who would be encouraged to import them on their own and competitively sell to local handloom producers.

The Textile Department plans to import eight more digital Jacquards to be given to each province to train the Provincial producers and encourage provincial machinery importers.

Sri Lanka's handloom sector is one of the low cost but high earning industries. The production is labour intensive and the industry consumes less electricity & utilities but generates higher employment. It is estimated that more than 12000 personnel are engaged in it. Wayamba, Western, and Central are the key provinces for Lankan handlooms.

Source: dailynews.lk- Jan 22, 2019

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Vietnam records $1b trade deficit in first half of January

Vietnam had a trade deficit of about US$1 billion in the first 15 days of this year, according to the General Department of Customs.

The total value of the whole country's exports reached $9.2 billion, marking a slight decrease of $71 million compared to the same period in 2018. Meanwhile the total import value reached nearly $10.2 billion, an increase of $646 million.

The nation's trade deficit in the period, after recording a trade surplus of nearly $6.8 billion in 2018, was likely due to the import activity leading up to the Lunar New Year. The holiday causes reduced production and exports coupled with a rise in imports to meet domestic demand.

During the first 15 days of the year, three goods categories recorded an export value of at least $1 billion, including textiles and garments, telephones and computers and electronic products.

The number of export goods did not increase compared to the same period in 2018, and telephones saw a significant reduction in export value, according to the department.

Export value of those products reached $1.3 billion in the first 15 days of this year while it was more than $2.1 billion in the same period of last year. This change contributed to the drop in the nation's total export value.

In addition, computers, electronic products and components also had a slight decrease in export value to nearly $50 million.

Meanwhile, only the textile and garment group achieved export value growth, increasing 13 per cent year-on-year to $1.3 billion.

In 2018, Việt Nam achieved a total trade value of $480.2 billion, a year-on-year increase of 12.2 per cent. Of that number, export value was $243.5 billion, up by 13.2 per cent, and import value reached $236.7 billion, up by 11.1 per cent. The trade surplus stood at $6.8 billion.

The three aforementioned goods categories made the largest gains in export value last year.

Telephones and components continued to have the largest export value at $49.1 billion in 2018, an increase of 8.4 per cent compared to 2017. China was the largest export market for those products with an export value of $9.38 billion, up 31.1 per cent year-on-year. The US market was next with a value of $5.4 billion, a year-on-year surge of 46.1 per cent.

Textile and garment exports ranked second at $30.49 billion, up 16.7 per cent. Largest export markets for Vietnamese textiles and garments included the US, the European Union, Japan, South Korea and China.

Computer and electronic products had the third largest export value last year at $29.32 billion.

Source: vietnamnews.vn- Jan 22, 2019

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Pakistan: FCCI seeks abolition of duty on cotton yarn

The regulatory duty on polyester and cotton yarn must be withdrawn in the upcoming mini-budget to strengthen the domestic manufacturing units, urged Faisalabad Chamber of Commerce and Industry (FCCI) President Syed Zia Alumdar Hussain.

Recalling the visit of Finance Minister Asad Umar to Faisalabad on October 4, 2018, Hussain pointed out that the minister had assured him of numerous corrective measures, which would be undertaken gradually, in order to step up dwindling exports of the country.

Appreciating the measures introduced by the government, the FCCI president welcomed the restoration of advance payment facility and provision of gas at 6.5 cents per million British thermal units (mmbtu) and electricity at 7.5 cents per unit.

He expressed optimism that as per the government's pledge, the issue of outstanding tax refund claims, amounting to Rs250 billion, would be resolved by February 15.

Pakistan's reliance on imported cotton on the rise

"All these efforts have yielded positive results with exports rising 2% and imports narrowing down," he said. "Similarly, foreign remittances also recorded a growth of 10%." He suggested to the government to divert its focus towards the domestic manufacturing sector, which was directly linked with job creation besides heavy contribution to the overall economic development.

Hussain lamented that cotton production had dropped by 400,000 bales. To make up for the shortfall, the government has withdrawn the duty on cotton import. "However, the duty on cotton yarn and polyester still haunts the manufacturers including the power looms."

He noted that businessmen had been assured of swift resolution of the issues confronted by the manufacturing sector. However, he regretted, a powerful mafia was hatching a conspiracy to get regulatory duty imposed for vested interests in order to sell locally made polyester yarn at higher rates.

Source: tribune.com.pk- Jan 23, 2019

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Pakistan: Dullness prevails on cotton market

The cotton market failed to generate activity on Tuesday as buyers and sellers kept to the sidelines. Most of the commodity markets — including cotton — are waiting for the mini-budget scheduled for January 23 (today).

World cotton markets were also weighed down by slow trade.

In the absence of clear economic policies from the government, trade and industry is currently failing to take any direction towards future plans, brokers said.

Cotton dealers and spinners were conspicuous by their absence on the market. Reports suggest that spinners are faced with huge unsold stocks of cotton yarn particularly of fine count since large quantities are being imported from India.

Meanwhile, the current season is expected to wind up much earlier because currently third and last picking is going on. Due to short crop, the expected sized would not be more than 10.8 million bales.

The Karachi Cotton Association (KCA) spot rates were firm at overnight level at Rs8,700 per maund.

There was hardly any trading on the cotton market. Officially no transaction was reported to have transpired.

Source: dawn.com- Jan 23, 2019

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Uzbekistan to hold talks in US concerning lift of boycott of its textile products

Vice Prime Minister of Uzbekistan Tanzila Narbaeva and Minister of Labor Relations and Employment Sherzod Kudbiev will travel to the United States from February 4-6, the Foreign Ministry of Uzbekistan said.

The Uzbek government officials will attend the annual meeting of the Cotton Campaign coalition, which consists of labor and human rights NGOs, investment companies standing for eradication of child and forced labor in cotton production.

The main goal of the visit is to secure mechanisms to lift boycott of textile products of Uzbekistan by major American brands.

The Uzbek government officials will meet human rights NGOs, associations of producers, retailers, trade unions, American Apparel and Footwear Association, United States Fashion Industry Association, American Federation of Labor, Congress of Industrial Organizations, representatives of such brands as Nike, Zara, GAP, Levi's, H&M, UNIQLO, etc.

The Uzbek delegation will also hold talks with the representatives of White House, Department of State, Department of Labor, US Trade Representative Office, international financial institutions.

Source: akipress.com- Jan 22, 2019

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NATIONAL NEWS

India, Mauritius discuss fast-tracking of free trade talks

Mauritian PM to travel to Varanasi for Kumbh and Mumbai to inaugurate subsidiary of State Bank of Mauritius

India and Mauritius discussed initiatives to strengthen bilateral ties including the early finalisation of the Comprehensive Economic Cooperation Partnership Agreement (CEPCA).

Prime Minister Narendra Modi and his Mauritian counterpart Pravind Jugnauth also agreed to work together on proposals for partnership projects in the critical areas of health, disaster management and energy, according to an official release.

A number of cultural initiatives were also discussed. "The Mauritian PM wants to hold a Geeta Mahotsav in collaboration with the Haryana government," said Awanish Awasthi , Additional Chief Secretary, UP government, addressing the media on Tuesday.

Jugnauth is also eager to hold a Bhojpuri Mahotsav in his country. "This is a great initiative as the Bhojpuri spoken in Mauritius is the one that used to be spoken in India several decades back," Awasthi added.

The leaders, who are in Varanasi to attend the Pravasi Bhartiya Divas conclave, also discussed ways to expand further cooperation in areas of Blue Economy and collaboration in Africa.

Mauritius is keen on signing a CECPA with India, which will lower or eliminate tariffs on a number of goods, as it sees scope for exporting items such as textiles and marine products.

On Monday, the Mauritian PM met Commerce & Industry Minister Suresh Prabhu and the discussions were focussed on the proposed CECPA, according to a government official.

Although for India, the scope for increasing export of goods will be limited, it could gain if Mauritius allows more access to its service providers.

India can also make inroads into third markets through the proposed trade pact. Mauritius is also a beneficiary of the Generalised System of Preferences offered by Japan, Norway, Switzerland, the US, and the customs union of Belarus, Kazakhstan and Russia. It is a FTA member of the Common Market for Southern and Eastern Africa and the Southern African Development Community.

Jugnauth will visit Prayagraj on January 24 for the Kumbh Mela and then go to Mumbai to inaugurate the wholly owned subsidiary of State Bank of Mauritius (SBM). In December 2018, SBM became the first foreign bank to receive a licence from the RBI to set up a universal banking business in India through the wholly owned subsidiary mode, rather than as a foreign bank branch. He will attend a bilateral business forum on January 25 in Mumbai.

Source: thehindubusinessline.com- Jan 22, 2019

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Exporters May Get Incentives Based On R&D, Specific Clusters Under New Foreign Trade Policy

Exporters are likely to get incentives based on parameters like research and development, product-specific clusters and production pattern under a five-year foreign trade policy to be released later this year, an official said.

The commerce ministry is working on recasting the existing export incentive schemes in line with the global trade norms of the World Trade Organisation.

The official said that the government is recasting export incentive schemes, which would be in compliance with global trade rules in the new FTP. The new incentives, the official said, could focus on R&D activities, production parameters, product-specific clusters and rebates on state levies.

The last FTP was released in 2015 for five years. It provided guidelines for enhancing exports with an overall objective of pushing economic growth and job creation.

Under an FTP, the government announces incentives for exporters. Currently, duty benefits are provided under merchandise export from India scheme and services export from India scheme.

Recasting of existing support measures assumes significance as the U.S. has challenged these schemes under the dispute settlement mechanism of the WTO. America has alleged that these incentives are harming American companies.

The official said there are several product-specific clusters in sectors such as automobile, textiles and leather and providing direct incentives to them would help boost manufacturing and exports.

Currently, maximum incentives are cornered by big automobile and pharmaceutical companies under MEIS. In this scheme, the government provides duty benefits depending on product and country.

The official said that ideally, the scheme should target MSMEs. For the new FTP, the commerce ministry is engaged with all commodity boards and ministries concerned for identifying the support measures compliant with global trade rules.

According to Federation of Indian Export Organisations, the new scheme should include refund of indirect taxes like on oil and power; state levies such as mandi tax. "The new scheme should help boost the country's exports," FIEO President Ganesh Gupta said.

Since 2011-12, India's exports have been hovering at around $300 billion.

During 2017-18, the shipments grew about 10 per promoting exports helps a country create jobs, boost manufacturing and earn more foreign exchange. cent to $303 billion.

During April-December 2018-19, the country's total merchandise exports grew 10.18 percent to $245.44 billion.

Source: bloombergquint.com- Jan 22, 2019

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India kicks off duty cut talks with China

Under pressure to cut duties on at least 80% of its imports from China under a mega trade agreement spanning 16 countries, India has begun bilateral talks on the modalities of tariff concessions with the country.

The two-day meeting in China beginning Monday comes ahead of a meeting of negotiators of the 16 participating countries in Jakarta, Indonesia, later this week when all the member countries of the Regional Comprehensive Economic Partnership (RCEP) will chalk out timelines aimed at concluding the agreement this year.

“China had invited us for a bilateral last year. The main issue is gap. There will be differential treatment between the two countries but the actual level of commitments is the problem,” said an official aware of the details.

Though the RCEP includes 10 Asean countries, Japan, Korea, Australia and New Zealand as well, India’s major concern is China with which it had a trade deficit of $63 billion in 2017-18. India is also likely to be granted a longer stating period of 20 years to allow these deeper tariff concessions to China.

The agreement is non-reciprocal and Beijing will give higher tariff cuts to its imports of Indian goods than what New Delhi offers but non-tariff barriers in China are a challenge, the official said. India will allow duty cuts on more than 80% of the goods imported from China over at least a 20-year period. It can exclude 20% of its lines including agriculture, finished goods, automobiles and textiles from duty cuts.

“The issue of longer stating period is also there but China is unlikely to push us on that,” the official said.

RCEP countries are yet to conclude negotiations on duty cuts in goods, easier movement of professionals including services, and investment – the three crucial pillars of the agreement. They are scheduled to meet for a round of negotiations in Bali in Indonesia in February and a ministerial in Thailand in April followed by another round of talks in Australia in May.

Source: economictimes.com- Jan 23, 2019

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How have India-China trade dynamics played out since early 2000s

One of the disquieting aspects of India's foreign trade is the rapidly growing imbalance with China, its largest trade partner.

This is an issue that has reverberated repeatedly through the concerns raised by a number of sectoral interests, the textiles industry being one of the more recent ones having petitioned the government for higher tariffs in order to protect their sector.

At the same time, however, there seems to be very little, if any, overall understanding about the implications of the imbalance in India-China trade, specifically the growing penetration of the Chinese products in the Indian economy.

In order to put the India-China trade imbalance in perspective, it necessary to see how the trade policies of the two neighbours have evolved since the beginning of this millennium.

This cut-off has a special significance for China; it became a member of the World Trade Organization (WTO) in 2001. With this step, China realised the goal of almost fully integrating with the global economy, which was set after Deng Xiaoping brought the country out of its isolation and triggered the process of economic reforms in 1978.

That a confident China had emerged following its WTO accession was to be proven by its trade performance in the 2000s. Before it joined the WTO, China's share in global exports had not reached 4 per cent, but by 2006, the share had doubled and by the end of the decade it was 10 per cent. These were definite signs that China had the momentum to capture global markets.

India, on the other hand, fast-tracked its trade liberalisation agenda by the turn of the millennium.

The trigger for doing so was provided by India's accession to the Information Technology Agreement (ITA) in 1998, under which commitments were taken to eliminate tariffs on information technology products by 2005.

Alongside, a decision was taken to unilaterally lower tariffs on most manufacturing products, which incidentally coincided with the phase of high growth. Thus, average tariffs on industrial products, which was 31 per cent in 2000-01, was slashed to less than 12 per cent by 2006.

It is pertinent to note here that this sharp decline in the levels of tariffs happened when the National Manufacturing Competitiveness Council (NMCC), which was established by the UPA Government in 2004, sounded alarm bells over the near stagnant share of manufacturing.

In its "The National Strategy for Manufacturing" unveiled in 2006, the NMCC argued that "one of the major reasons for the reduced level of contribution by manufacturing has been the inability of the country to build and maintain competitiveness needed to meet the global challenges as well as to develop a larger domestic market through low-cost production".

To this day, and after several initiatives to make the manufacturing sector more competitive in the past 12 years, NMCC's observation remains true.

How have the India-China trade dynamics played out since the early 2000s? Before India began its deep tariff cuts, China was outside the list of top five import sources for India, having a share of less than 3 per cent in India's total imports.

In 2000-01, India's imports were $1.5 billion and exports were $831 million, and the trade deficit was a modest $671 million. Imports from China recorded a dramatic increase from 2003-04, up from $4 billion to $32 billion in 2008-09. By 2014-15, Chinese imports were above $60 billion, and in the previous financial year, it had exceeded $76 billion.

On the other hand, India's exports to China remained extremely sluggish, which was hardly surprising in light of the comments by NMCC. From $3 billion in 2003-04, exports reached $10 billion in 2007-08. In 2012-13, Indian exports peaked at $18 billion, but five years thereafter it could export no more than $13 billion.

Consequently, the trade deficit expanded drastically to over $63 billion in 2017-18. In 2016-17, India's trade deficit with China accounted for over 47 per cent of its overall trade deficit; declining a tad in the following year.

More than the increase in imports, it is its composition of trade that is of serious concern. China has targeted the Indian market primarily in two commodity groups, namely electrical and electronic equipment and pharmaceuticals.

Almost 60 per cent of India's import requirements of electrical and electronic equipment were met by China, and more than 75 per cent of the active pharmaceutical ingredient, the raw material used by India's generic pharmaceutical industry, were imported from China.

In 2017-18, China supplied 80 per cent of the antibiotics imported by India, besides supplying the bulk of electronic products and components.

Clearly, some of the key sectors of the Indian economy are critically dependent on China. In sharp contrast, India's top exports were mostly intermediate products and raw materials. These included cathodes, petroleum oils, intermediate products for the producing films, plastic and iron ore and concentrates.

The United Nations Commodity Trade Statistics database provides a useful way of assessing the pattern of trade between countries by classifying trade flows by the levels of technology and production sectors.

According to the figures from this database for 2017, manufactured products constituted 55 per cent of India's non-oil exports to China, while the corresponding figure for China was as high as 95 per cent.

This implies that primary commodities were a significant share of India's exports to its largest trade partner, which is consistent with China's strategy to function as the "factory of the world" by sourcing raw materials from its trading partners.

But for India, this pattern of trade is reminiscent of its colonial past, when Britain fuelled its industries by exploiting its colonies and used the latter as captive markets for its finished products.

Source: wionews.com- Jan 22, 2019

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Cheap labour cost makes Indian textile mills turn to Ethiopia

The reason? Ethiopia offers ready-to-use sheds, income tax breaks, training subsidies, and a tax-free gateway into the US, Europe and China

KPR Mills, one of the major textile mills from Tirupur, Tamil Nadu, has started a unit in Ethiopia to take advantage of lower labour cost, duty savings, and shorter shipment time to the US and European markets.

KPR joins the list of other prominent peers such as Raymond, Arvind, Best Corporation and Jay Jay Mills. All these companies feel it will be difficult to take on the competition from Bangladesh, Cambodia and others, with their made-in-India products. So, they hope their Africa investments would bring a new wave of growth.

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Company name	KPR Mills	Raymond	Best Corporation
Investment	₹25 crore	₹130 crore	₹30 crore
Capacity	10 mn units	2 mn jackets per annum	NA
Employment potential	1,000	NA	NA

Other companies for which investment and other data not available include SCM Garments, Arvind and Jay Jay Mills are some of the other examples who have set up factories in the recent years

KPR has invested Rs 25 crore for a capacity of 10 million units; it will provide employment to nearly 1,000. Raymond has invested around Rs 130 crore in Ethiopia to set up a plant with a capacity of two million jackets, while Best Corporation pumped in Rs 30 crore as Phase-I investment. SCM Garments, Arvind, Jay Jay Mills are some of the other firms who have set shop in the African nation in the recent years.

The reason? Ethiopia offers ready-to-use sheds, income tax breaks, training subsidies, and a tax-free gateway into the US, Europe and China.

Moreover, labour is available for $60 per month compared to $130-$150 in India — almost 50 per cent lower — said an industry representative. "Besides the labour cost, another big advantage is that the Ethiopian government already has the land and buildings readily available. Power, too, is cheap in Ethiopia.

Compared to 10 to 12 cents in India, Ethiopia offers power at three cents. So, it is just a plug and play model," the representative said.

During the last analyst call, P Nataraj, managing director, KPR Mills said Bangladesh has free trade agreements (FTAs) with major countries, which India does not have.

He said, “The government has been negotiating for the last two-three years with other countries, but such agreements have not yet materialised. This is because if these countries sign an FTA with India, they would in turn expect duty reductions for their exports to India as well.”

He further added, “The duty on made-in-India products ranges from 10 to 18 per cent in Europe, which can go up to 28 per cent. However, there is no duty levied on products from Bangladesh. So, in terms cost and price, they have an advantage.”

Now, despite a difference of 10-18 per cent in duty structure, India is still able to compete with such countries because of the abundance in availability of raw cotton. In case of Bangladesh, they have to depend on outside countries.

“India is the only country where we have surplus cotton. With our technical team and technology, we have a very strong foot on textiles. This helps us compete with these countries. Once duty problem is sorted out, there will be a big boom for India,” Nataraj commented.

Nataraj agrees that while incentives and concessions are given in India, getting them implemented takes a long time. He said, "Another major challenge is labour availability and attrition.

Companies have invested a lot of money, but their factories do not run at 50 per cent capacity even after two years of ebing set up."

Source: business-standard.com- Jan 22, 2019

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Allot land for Indian Oil's textile project: Pradhan to Odisha CM

Union Petroleum Minister Dharmendra Pradhan has urged Odisha Chief Minister Naveen Patnaik to order the allocation of 75 acres of land to Indian Oil for its textile project in Bhadrak for manufacturing polyester yarn.

"Non-cooperation from the state government would deprive the state of this opportunity, which would in all likelihood, shift to a more 'industry-friendly' state," said Pradhan in a letter, released to media on Tuesday, to Patnaik.

Indian Oil has committed an investment of Rs. 1,971 crore in the project for manufacturing 300 KT per annum polyester yarn and fibre.

"I am given to understand that the requisite land allocation for the textile project is on hold for non-availability of approval of the textile project from competent authority of Odisha Government," said the Union Minister.

"Indian Oil's polyester yarn unit at Bhadrak will revolutionise the industrial landscape of Odisha in view of the immense scope for numerous upcoming MSME downstream units.

This will offer huge employability and hence herald a new era of Bhadrak emerging as 'Surat of the East'," said Pradhan.

He further said that several downstream units for yarn, fabric processing for apparels would be coming up subsequently in the surrounding area with an estimated investment of more than Rs. 2,500 crore and has the potential to generate 25,000-30,000 jobs.

Source: business-standard.com- Jan 22, 2019

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Maharashtra Govt to develop Textile Park in Koradi

Maharashtra Government will develop a Textile Park on 169 hectare land in Koradi. Mahagenco will provide its additional 169 hectare land for the Textile park. Traders and industrialists of the city will get space in the park.

This was decided in a meeting chaired by Guardian Minister Chandrashekhar Bawankule in a meeting hall of Nagpur Metropolitan Region Development Authority (NMRDA) on Monday. MLA Krishna Khopde, NMC Standing Committee Chairman Virendra Kukreja, NMRDA Chairperson Sheetal Ugale, Textile Director Dr Madhavi Khode, Mahagenco Chief Engineers Abhay Harne, Anant Deotare, Executive Director Shirudkar, Mahagenco Director Sudhir Paliwal, Superintending Engineer Sunil Gujjalwar, General Manager Ajay Ramteke and others were present in the meeting.

Bawankule has directed officials of NMRDA to submit a proposal for the nod of State Government within 15 days. NMRDA will work as nodal agency for the Textile Park, he added. He also directed officials of Textile Directorate, MIDC and Mahagenco to work together over this proposal. The NMRDA will provide all the basic amenities to the park.

At the outset, Virendra Kukreja, Standing panel chief said, traders and industrialist of Gandhibag and others areas should get space in the textile park for their units. All the entrepreneurs will get space, amenities and all facilities at one place. This will help them to grow their business, he added.

Later, Sheetal Ugale, Chairperson of NMRDA gave information about the proposed Textile Park in Koradi. She also directed the officials to prepare a Detailed Project Report (DPR) of the project.

Discussing over another proposal, Guardian Minister said, “Kumbhar community will get land for the manufacturing of brick kiln. Around 400 persons are manufacturing brick kiln over NMRDA and State Government’s land at various places.

Now, they will get land at Mahagenco premises for manufacturing brick kiln from fly ash. The Government will handover 40 plots to them on January 27.”

Krishna Khopde, MLA said, “This will help them to manufacture brick kiln from fly ash. The names of beneficiaries will be decided by lottery system.” Bawankule said, “The land vacated from them will be used for the construction of houses under Prime Minister Awas Yojana (PMAY).”

In another proposal, Guardian Minister said, “State Government has provided special facilities for the devotees coming to Mahalaxmi Jagdamba Temple, Koradi. A special bus depot is being constructed for the benefit of devotees. Around Rs nine crore has been spent on the construction work. NMRDA and Transport Department of Nagpur Municipal Corporation (NMC) will sign an agreement for the maintenance and cleanliness of the bus depot.”

Discussing development work of Tajabag, Guardian Minister stated that Nagpur Improvement Trust (NIT) has completed several developmental works proposed under Tajabag Development Project. The total cost of the project is Rs 132 crore. The work of Rs 60 crore has been completed while development work of Rs 42 crore will start as per the proposal.

Source: thehitavada.com - Jan 22, 2019

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Tamil Nadu’s Global Investors Meet ‘to welcome’ any investment

Global Investors Meet, opening on wednesday, to see signing of numerous MoUs across sectors

A host of new sectors is expected to feature prominently in the list of MoUs (memorandums of understanding) that will be announced by the Tamil Nadu government at the second edition of its two-day Global Investors Meet (GIM), which kickstarts here on Wednesday.

While such summits by several States have highlighted large and mega investments, particularly in the manufacturing sector with a promise of huge job generation, Tamil Nadu’s GIM promises to be inclusive this year with the State machinery supporting investments across segments open to any entrepreneur with plans to invest more than ₹10 crore.

In the first edition of GIM in 2015, the State government, which was headed by the late J Jayalalithaa, signed up close to 100 MoUs across seven departments that included industries, energy, MSME, IT and agriculture.

While the government said it garnered total committed investments of ₹2.42 lakh crore, manufacturing and energy-related investments accounted for ₹1.04 lakh crore and ₹1.07 lakh crore, respectively.

The year’s MoU list will have projects across hospitality and tourism, healthcare and hospitals, educational institutions, retail infrastructure and solar parks. The construction sector will see as many as 50 MoUs under CMDA or related departments.

“In all our road-shows, ₹10 crore was the limit for the medium-scale industry. We had promised to facilitate anyone who invested ₹10 crore and above, in terms of approvals. This has made a lot of difference,” K Gnanadesikan, Additional Chief Secretary, Industries Department, Government of Tamil Nadu, told BusinessLine. The State government has also ensured that the companies had a commitment in the range of 2-5 years for stability.

A mix of all

“It’s a mix of everything this time — greenfield, brownfield, technology-intensive, construction-related, tourism, hospitals, educational institutions. These projects bring in more jobs. If someone is setting up an international school, why shouldn’t we support them? We have undertaken big IT parks, construction projects and retail parks,” he added.

For the players investing under ₹10 crore, the MSME Department will handhold them. While the State has traditional strengths in the manufacturing sector, it has a strong services economy, too. Tamil Nadu is among the four States that have the highest number of taxpayers under the GST.

Hence, the State has been campaigning to promote a dozen sectors promising a better ecosystem for investors.

The State machinery has been working hard to at least garner the investment achieved last time, if not more. With its plan to facilitate projects across categories, the investment number is likely to look bigger, this time.

However, the State government should also work actively after announcing the MoUs to ensure the projects take off at the earliest as Tamil Nadu is in dire need of jobs as the ranks of the unemployed swells.

Source: thehindubusinessline.com - Jan 23, 2019

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Microsoft India launches e-com site for handloom weavers

Microsoft India recently launched a new e-commerce platform, re-weave.in, for handloom weavers under Project ReWeave under its Philanthropies initiative.

It helps artisans directly connect with buyers, helping them reach new markets, and hosts signature collections by weavers, showcasing traditional designs and products created from natural dyes.

This e-market place will help sell to a broad set of customers, raise weavers' income, according to a press release from the company.

Microsoft, in association with the National Institute of Fashion Technology (NIFT), has also curated a special curriculum in 'CAD and Colour for Handloom Weaving' to offer computer-assisted design training for handloom.

At a ceremony hosted at NIFT in Hyderabad, the first batch of 100 handloom weavers was awarded certificates for successful design course completion.

Digital empowerment centres have been steadily expanding to more weaver clusters. Microsoft inaugurated two new digital empowerment centres in Rajoli, Choutuppal and will open another centre shortly in Warangal and Siddipet clusters. The clusters of Pochampally, Gadwal and Narayanpet have been operational for some time now.

"With the introduction of our new e-commerce platform, digital empowerment centers and the new design curriculum, the weavers will be able to build on the rich handloom heritage of India and also reach out to a wider customer base.

ReWeave ties very well into Microsoft's mission to empower every person and every organization in the communities we work in by using Project Sangam, our Azure based technology solution and expertise to democratize opportunities and bridge the digital divide," Anil Bhansali, managing director, research and development, for Microsoft India, said.

Project ReWeave also aims to help the weavers with working capital support through non-profit organisations.

Weavers are trained in the use of natural dyes to enable them to make newer and sustainable handwoven products to meet the demands of the socially and environmentally aware consumer.

Source: fibre2fashion.com- Jan 22, 2019

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Cotton Association of India to launch trader mobile app

Cotton Association of India (CAI) is soon going to launch a 'CAI trader mobile app' for the benefit of all its members who deal in cotton trade. This was announced by CAI president Atul Ganatra at the CAI Members' Annual Gala Dinner held in Mumbai last evening. The app would help cotton traders with fresh market data about prices and arrival.

In addition to data of BSE and MCX rates, the app will also give live data of USD/INR exchange rate and ICE cotton futures price.

"We are also trying to publish CAI spot prices and day-to-day arrival information and NCDEX kapas and khal rates live through this mobile app. That means if you open this app you will have Indian as well as international market idea within 30 seconds.

Otherwise you have to go through many sites to get all those reports. Now the time has changed, and we are into digital world. So, we need CAI to also move with the time," Ganatra said at the Gala Dinner.

The app will have calculators and converters, and will allow users to easily convert from maund to candy to bale to USC/pound. "The app will also allow you to easily calculate ginning situation and make your own MSP predictions.

For example: If you will put kapas rate, cotton seed rate, and expenses, you will get per candy rate automatically in this app," Ganatra explained.

In addition, the app will have a personal trade book, where a user can record his/her own trades and save them in the app. There would also be a provision to easily send trade summary to others. "The app will also provide you summary of long/short position and average price, giving all traders the critical information at their fingertips," he added.

The information would only be on a user's phone and it would not be stored on any server, so other persons would not be able to see the data.

The app would be initially available for android users, and an apple version would be launched in future.

Source: fibre2fashion.com - Jan 22, 2019

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