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The Cotton Textiles Export Promotion Council (TEXPROCIL)

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IBTEX No. 100 of 2019 May 23, 2019

USD 69.52| EUR 77.51 | GBP 87.87 | JPY 0.63

Cotton Market		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
21388	44700	**81.90**
Domestic Futures Price (Ex. Warehouse Rajkot), May		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
21120	44141	**80.88**
International Futures Price		
NY ICE USD Cents/lb (July 2019)	66.75	
ZCE Cotton: Yuan/MT (September 2019)	13,650	
ZCE Cotton: USD Cents/lb	89.65	
Cotlook A Index – Physical	**78.30**	

Cotton Guide: As presumed correctly, the bearish trend still continues. The ICE July futures settled -57 points lower at 66.75 cents/lb. Usually the major changes happen when the US Market is open after 6 pm IST when the intensity of trading is high. However yesterday we witness that the ICE Futures had a major dive between 10:30 am IST through to 1 pm IST. We can say that the Asian countries have played a big role here to drive the markets lower. The Low that the ICE July contract saw was 66.12 cents/lb whereas the high was 67.45 cents/lb that means it had a trading range of 1.33 cents/lb. The total volumes have been showing lower figures from a few days. Yesterday's figure was at 22,962 contracts down by 6,944 contracts.

The MCX contracts on the other hand were in tandem with the ICE contracts, however the long term outlook is still positive. The MCX May contract settled 21,120 Rs/Bale with a change of -130 Rs. The MCX June and the MCX July settled at 21390 and 21550 Rs/Bale with a change of -110 Rs and -130 Rs. The total volumes have been decent at 6777 lots. The volumes have now started to shift from MCX May to MCX June with figures of 2417 lots and 3203 lots respectively. The open interest has also shifted and is now at 6,216 lots and 11,931 lots respectively for MCX May and MCX June.

The Cotlook Index A has been adjusted to 78.30 cents/lb (CFR Far Eastern Ports) with a negative change of -0.50 cents/lb. The average prices of Shankar 6 remain unchanged at 44,700 Rs/Candy.

Based on the news regarding the international trade tensions, an agreement, truce or any kind of interim measures is not to be seen on the cards. What we understand that the negotiations have come to a standstill for now as both the sides are showing dislike to each other's policies.

On the other hand the reason why the futures were lower yesterday was attributed to larger harvest expectations. Weather seems to be favourable at Texas where the planting is on. There is also news that the moisture in the soil this year in the US is better as compared to the previous year which will be favourable for the plants thus we can expect larger harvest. Fundamentals and technicals for the international market are showing a bearish trend for the near future.

The ZCE Futures were hit hard with the ZCE September contract showing a net change of -280 showing settlement figures for ZCE September at 13,650. The other ZCE futures were also down in the range of -190 and -405. In the State Reserve auction all crops were seen to be sold with an average price of 13232 yuan per tonne.

While we look at crude oil, the prices of WTI Crude have slumped and is trading at 61 $/barrel. Earlier in the week it touched a high of 63.80 $/Barrel. Crude has the highest correlation with cotton prices.

On the technical Front, Prices made a bearish inside candlestick pattern in the bear flag with lower tops and lower bottom formation is suggesting the base trend is down. Immediate support level is at 65.50 and the resistance is placed at 68 levels. Relative strength index (RSI) is at 32.36 made a low of 17.09 recovered from the oversold zone suggesting the weakness in the prices. For the day we are recommending to trade in the range of 68-65.50. In the domestic market cotton (May) trade in the range of 20900-21200.

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	China must prepare for difficult times, says Xi
2	Tariffs prompt US firms to rethink China business: survey
3	US Drops Turkey From GSP Trade Preference Program, Further Squeezing China Plus Sourcing Options
4	World cotton consumption to increase by 2.6 per cent
5	"BD textile and apparel industry should embrace software technology towards industry 4.0"
6	Pakistan: Industrial development
7	Big plans for Ukrainian technical textiles sector
8	Pakistan: Govt decides to end subsidy for zero-rated industry
	NATIONAL NEWS
1	India projected to grow at 7.1% in FY'20: UN report
2	Japan, India, Sri Lanka to sign MoU for container terminal at Colombo Port : Reports
3	US tariff hike on China may increase textile export by 25%
4	Draft of new GST return form unveiled
5	Indian and VN enhance co-operation in silk sector
6	NCC Praises Steps to Advance USMCA Approval
7	RCEP may hurt India's competitiveness

INTERNATIONAL NEWS

China must prepare for difficult times, says Xi

'Today, on the new Long March, we must overcome various major risks and challenges from home and abroad'

China must prepare for difficult times as the international situation is increasingly complex, President Xi Jinping said in comments carried by state media on Wednesday, as the U.S.-China trade war took a mounting toll on tech giant Huawei.

The world's two largest economies have escalated tariff increases on each other's imports after talks broke down to resolve their dispute, and the acrimony has intensified since Washington last week blacklisted Chinese telecom equipment company Huawei Technologies.

The listing, which curbs Huawei's access to U.S.-made components, is a potentially devastating blow for the company that has rattled technology supply chains and investors, and saw several mobile carriers on Wednesday delay the launch of new Huawei smartphone handsets.

During a three-day trip this week to the southern province of Jiangxi, a cradle of China's Communist revolution, Mr. Xi urged people to learn the lessons of the hardships of the past.
"Today, on the new Long March, we must overcome various major risks and challenges from home and abroad," state news agency Xinhua paraphrased Xi as saying, referring to the 1934-36 trek of Communist Party members fleeing a civil war to a remote rural base, from where they re-grouped and eventually took power in 1949.

"Our country is still in a period of important strategic opportunities for development, but the international situation is increasingly complicated," he said.

"We must be conscious of the long-term and complex nature of various unfavourable factors at home and abroad, and appropriately prepare for various difficult situations."

The report did not elaborate on those difficulties, and did not directly mention the trade war or of the U.S.

No further trade talks between top Chinese and U.S. negotiators have been scheduled since the last round ended on May 10, the same day President Donald Trump increased tariffs on $200 billion worth of Chinese goods and took steps to levy duties on all remaining Chinese imports.

Open for talks

Negotiations between the U.S. and China have stalled since early May, when Chinese officials sought major changes to the text of a proposed deal that the Trump administration says had been largely agreed.

However, Chinese Ambassador to the U.S. Cui Tiankai, speaking to the Fox News Channel, said on Tuesday that Beijing was still open for talks.

Repercussions of the blacklisting mounted for Huawei, with some mobile operators, including the Ymobile unit of Japan's Softbank Corp and rival KDDI Corp putting launch plans for Huawei's new P30 Lite smartphone on hold.

Another big Chinese tech firm, video surveillance equipment maker Hikvision Digital Technology Co Ltd, could also face limits on its ability to buy U.S. technology, the New York Times reported, citing people familiar with the matter, sending the firm's Shenzhen-listed shares down 5.54%.

Retaliation

While China has not said whether or how it may retaliate to the measures against Huawei, state media have taken an increasingly strident and nationalistic tone.

U.S. firms said in a survey released on Wednesday they were facing retaliation in China over the trade war. The American Chamber of Commerce of China and its sister body in Shanghai, said members reported that they faced increased obstacles such as government inspections, slower customs clearances and slower approval for licensing and other applications. It also said that 40.7% of respondents were considering or had relocated manufacturing facilities outside China.

Of the almost 250 respondents to the survey, which was conducted after China and the United States both raised tariffs on each other's imports this month, almost three-quarters said the impact of tariffs was hurting their competitiveness.

To cope, about one third said they were increasingly focusing their China operations on producing for Chinese customers and not for export, while one third said they were delaying and cancelling investment decisions.

Long considered a solid cornerstone in a relationship fraught with geopolitical frictions, the U.S. business community has in recent years advocated a harder line on what it sees as discriminatory Chinese trade policies.

The United States is seeking sweeping changes to trade and economic policies, including an end to forced technology transfers and theft of U.S. trade secrets. Washington also wants curbs on subsidies for Chinese state-owned enterprises and increased access for U.S. firms in Chinese markets.

China for years has blocked major U.S. tech firms, including Google and Facebook, from fully operating in its market. Those and other restrictions have fueled calls from within the U.S. business community for Washington to pursue more reciprocal policies.

Mr. Cui told Fox News Channel that U.S. restrictions on Huawei ”are without any foundation and evidence” and could undermine the normal functioning of markets.

“Everybody knows Huawei is a privately owned company. It is just a normal Chinese private company,” Cui said. “So all the action taken against Huawei are politically motivated.”

Source: thehindu.com- May 22, 2019

HOME

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Tariffs prompt US firms to rethink China business: survey

US businesses in China are increasingly worried about the trade conflict between the US and China. They are bearing the brunt of tariffs and non-tariff barriers adopted in recent months, a new survey said.

Three-quarters of US companies in China say they are being hit hard by the ongoing US-China trade dispute, according to a new survey released Wednesday by the American Chamber of Commerce in China and its sister organization in Shanghai.

The poll was conducted between May 16 and 20, days after Washington more than doubled duties on $200 billion (€179.3 billion) worth of Chinese goods. Beijing retaliated by charging higher tariffs on $60 billion of American products.

Trump's China tariffs are about more than just trade

Firms manufacturing in China were the hardest hit, with more than 80% reporting adverse affects from both US and Chinese tariffs. Nearly half of the 250 respondents said they have experienced non-tariff retaliatory measures in China since last year. About one in five US companies experienced increased inspections, similar to the proportion reporting slower customs clearance.

Accelerating relocation?

Furthermore, the tariffs and rising protectionist tendencies have prompted many American companies to change their supply chain strategies, the survey revealed. It showed that 35% of companies would adopt an "in China for China" strategy — sourcing within China and targeting the domestic market — as a result of tariffs. But over 40% said they were "considering or have relocated" production facilities outside China, with Mexico and Southeast Asia the preferred alternatives.

However, US President Donald Trump's efforts to persuade American firms to move their production lines back home don't seem to be effective, as fewer than 6% of the surveyed businesses said they have moved or are considering moving their factories to the United States.

No end in sight

The Trump administration initiated the trade row last year and began slapping tariffs on imports from China, in a bid to extract major economic concessions from Beijing. The US also accuses China of unfair trade practices such as forced technology transfers, intellectual property theft and favoring domestic firms over foreign companies.

After a six month ceasefire, trade talks between the two sides broke down earlier this month, prompting the US decision to increase punitive duties on Chinese imports and Beijing's subsequent retaliation.

Read more: US-China trade war: Huawei's loss is Samsung's gain

The two sides have so far exchanged tariffs on more than $360 billion in two-way trade. The conflict has widened recently with Washington taking steps to bar US tech sales to Chinese telecom giant Huawei.

'Changed its mind overnight'

Meanwhile, China's Ambassador to the United States Cui Tiankai on Tuesday blamed the United States for the collapse of trade talks. Tiankai said in a Tuesday interview with Fox News that Washington repeatedly "changed its mind overnight" and sunk deals that could have ended the two countries' trade war.

Despite the rising tensions, more than half of respondents in the survey said they favor protracted trade negotiations to continue in order to address "structural issues to allowing them to operate on a more level playing field."

Others wanted a quick deal and a return to the "pre-tariff predictability and stability" that existed before the world's two biggest economies began their trade conflict.

Source: dw.com- May 20, 2019

HOME

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US Drops Turkey From GSP Trade Preference Program, Further Squeezing China Plus Sourcing Options

The United States has eliminated Turkey's trade privileges under its Generalized System of Preferences (GSP) program, meaning imports from the country can no longer enter the U.S. duty free.
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The news could pose additional problems for companies looking to Turkey for sourcing as they pull back from China.

Turkey had been participating in the trade program—which provides trade opportunities and duty breaks for developing countries—since 1975, but now President Trump says, based on Turkey's economic development, "It is appropriate to terminate Turkey's designation as a beneficiary developing country effective May 17, 2019," according to a Presidential Proclamation released Thursday.

Trump had announced his intent to change Turkey's designation in March, with the Office of the United States Trade Representative saying at the time, "Turkey's termination from GSP follows a finding that it is sufficiently economically developed and should no longer benefit from preferential market access to the United States Market."

USTR also mentioned the president's intent to terminate the trade privileges for India, too. Though its status as a GSP beneficiary is still intact for now, negotiations regarding the country's eligibility remain ongoing.

A recent report from the Coalition for GSP, a Washington, D.C.-based group of U.S. businesses, consumer and trade organizations, on "How GSP Termination Would Hurt American Businesses and Workers," found both India and Turkey among the biggest beneficiaries of the GSP program.

To skirt extra tariffs and in light of the tenuous trade situation between the U.S. and China, companies had been increasingly turning to countries like Turkey and India to source product. And particularly amid the latest increase in Section 301 tariffs on $200 billion worth of goods from China from 10 percent to 25 percent, sourcing diversification is top of mind for most companies—and many have been looking to GSP beneficiary countries for relief.

Now, however, those that may have turned to Turkey may need to reconsider the move.

“Products hit by Section 301 tariffs when imported from China account for 90 percent of increased GSP imports in 2019,” the Coalition found. For Turkey specifically, the Coalition said U.S. imports under the GSP program that are also on the China tariff target list, increased by $40 million. Ninety-seven percent of the increase in GSP imports from Turkey are on the China tariff lists.

“Not only would terminating GSP for India, Turkey, or others under review (Thailand, Indonesia) hurt many American companies and workers that have relied on GSP for years. It would also reduce viable sourcing options for companies looking to buy less from China in response to Section 301 tariffs—thereby undermining the President’s own objectives,” the Coalition said.

U.S. textile and apparel imports from Turkey totaled $1.69 billion in 2018, a 12.3 percent increase over 2017, according to data from the Office of Textiles and Apparel (OTEXA). For the year through March, textile and apparel imports from Turkey have already outpaced 2018’s total, reaching $1.73 billion, an 8 percent jump year over year. For comparison, India’s textile and apparel imports in 2018 totaled $7.7 billion, up 3.7 percent.

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Source: sourcingjournal.com- May 21, 2019

HOME

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World cotton consumption to increase by 2.6 per cent

According to the initial projections by the US Department of Agriculture (USDA), world cotton consumption is expected to increase by 2.6 per cent to reach 125.9 million bales in 2019-20 as against the previous year.

World cotton production is forecast to reach nearly 125.5 million bales in 2019-20, a 6 per cent increase from 2018-19's global crop that had weather-related reductions in some of the major producing countries

The moderate production growth forecast for 2019-20 is largely the result of increased crop expectations for the US and India. Based on USDA's initial projections, India, China, and the US—the leading producing countries—are forecast to account for a combined 62 per cent of global cotton production in 2019-20, slightly above 2018-19.

Source: fashionatingworld.com- May 22, 2019

HOME

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"BD textile and apparel industry should embrace software technology towards industry 4.0"

The Analyst, a software company offers 360-degree consulting for companies and successfully proposes the best IT solutions in the market, able to satisfy all needs in every field including ERP management software, enterprise performance management, financial management and analysis, business analysis and control of management, investment analysis, risk analysis, accounting and tax solutions, supply chain, marketing, web and Industry 4.0.

The Analyst since May 2018 is a new partner and reseller of Datatex products for the Bangladesh market. Currently, Beximco, Liz Fashion Industries Ltd., and EOS Textile Ltd. has Datatex software and two other organizations Jamuna Group, and Purbani Group about to take this software service.

Bhaskar Ranjan Saha, Managing Director, The Analyst Ltd recently shared many insights about implementing automation in the Bangladesh textile industry and the challenges with Textile Today.

Textile Today: Please update us on Analysts' activities?

Bhaskar Ranjan: The Analyst Ltd. is focused on evolving the textile and apparel industry towards automation. Automation in a sense, we hear a buzz, 'Enterprise Resource Planning.' And we call it 'Integrated Business Process Management System' through software as a service, it is called SAS. Means in any types of business and other organizations, at least four pillar management functions act as the foundation of the organization (fig-2).

And these four are called supply chain management system or the value chain management system. And if the value chain management system doesn't function smoothly then ultimately every function will be affected.

For ensuring a smooth function of supply/value chain management system, it essentially requires a flow of information's, flow of documents, and flow of data. These three components are integrated into a computer software known as ERP System or Business Integrated Management Information System.

The Analyst Ltd is working and calling upon the textile and apparel industry to address these issues and to facilitate the industry people to choose a real ERP, which shall serve this purpose.

Textile Today: How Datatex will be merged with industry 4.0 and automation?

Bhaskar Ranjan: Industry 4.0 concept originated in Germany around 15 years ago. The German government called upon the industry and academic people and elaborated that the future is with the internet. So, how will we face this revolution in the production floor and management floor?

So, Industry 4.0 means machine will be operated through software. And via the internet, it will be communicated to the management. Meaning, the dependency on man, pen and paper will be diminished.

Datatex products are a combination of all these areas: for machine product life cycle system you have the software, in the production floor you have automation, product inspection software, etc. So, it is a combination of around 7 to 10 modules together, which are addressing industry 4.0.
Four pillar management functions
Figure2: Four pillar management functions act as the foundation of an organization.

Textile Today: The existing internet infrastructure in Bangladesh, we have 4G and 5G is also near. But in the true sense, are we getting the proper service of even 3G, which is directly linked with industry 4.0 concept or ERP software handling. How are you seeing this threat?

Bhaskar Ranjan: Definitely internet is the pre-requisite of automation or integrated business process management system or machine learning process. Because the slogan of industry 4.0 is IoT (Internet of Things)/IoP (Internet of People) or the latest one is IoIT (Internet of Industrial Things).

Generally and principally the internet is the focus point. In Bangladesh, most of the ERP users are facing the negative effect of slow internet. Leading to some claims like ERP is not good. Which is the opposite, as slow internet system is the main barrier of ERP slowdown.

All of our client's factories are out of Dhaka city. Most of the internet service provider of 3G/4G is Dhaka and Chattogram based, and not covered by 4G in the industrial belt. That is why it is a mammoth shortcoming in the way of achieving industry 4.0.

If we do not address this issue of getting 4G in the industrial level. The benefit of industry 4.0, machine learning, ERP system etc. will not to up to the level of expectation.

These are the issues which have to be addressed through the government, nation, even the industry owners also.

Textile Today: On this vital point, when the factory owners are saying they do not have enough internet speed coverage, whereas ERP is an internet based product. So, there is a coordination gap between mobile companies and BTCL.

And as BTCL is Govt. owned, ultimately it is going to Bangladesh government's end. Overall to whom are you specifically addressing, the ones who can provide this service?

Bhaskar Ranjan: You see, BTCL is giving infrastructure support. Ultimately at your factory, to what extent you need the volume of internet, you have to asses.

But most of the factories management is not assessing the exact requirement or volume of internet speed they need. Most of the businesses and industrial outline in Bangladesh are using 20 years back technology.

But, we are in the age of transformation and the attitude is building. Industrial owners are feeling the need of that. But their decision gets stalled, when they hear the amount of finance is required and say, "Oh! It requires so much money for the software, which is not visible or making any garment piece, then why will I invest 20 to 30 million BDT?"

But on the invisible side, this 20 to 30 million BDT on ERP will generate how much business volume you will get, this is not actually assessed by the factory owners. And the owners go for a cheaper one or work in MS Excel, MS Word. It is really a short understanding of the people.

But we are hopeful with the next generation coming in the industry. Most of whom are studied abroad – their accustomed with computer and software's – and assessing their requirement, and we are hopeful that within two to three years, the scenario would be totally changed.

Textile Today: You were saying that you are trying to penetrate the Bangladeshi market, giving services to some factories. So, what is your vision in the next 5 to 10 years?

Bhaskar Ranjan: Datatex is 100% textile-focused. The software is made by textile engineers. It addresses solely textile management issues. In Bangladesh we have studied, who can appeal the cost of this software system and found around 1000 factories. So, out of 1000 factory, if 50 factories take the Datatex system in the next 5 to 10 years Datatex will be very much content. Currently, Datatex is serving 450 customers in 32 countries.

Textile Today: At ITMA 2019, what new innovations will you showcase?

Bhaskar Ranjan: At ITMA 2019, our main innovation is how the production floor would be automated into the mainstream of the management system. At stall hall: 8.1, stand: A103.

Textile Today: Anything you would like to add?

Bhaskar Ranjan: We have some plan to do 2 to 3 joint programs yearly on the textile sector ERP system, industry 4.0 or automation in the soft floor with the management system. In that case, through Textile Today our expectations from the industry is that the Bangladesh textile and apparel industry should embrace the technology. And that has to be management technology.

Cause ultimately, only the production technology will not serve the industry growth. Management technology and management efficiency are paramount. A factory's production will only be enhanced through the management efficiency and to achieve this, the integrated data-driven management system is only way-out.

Source: textiletoday.com- May 22, 2019

HOME

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Pakistan: Industrial development

Industrial development is crucial for development and exports promotion. This article refers to some literature (Ahmed et al. 2015, Sánchez-Triana et al. 2014) in this article to review issues of industrial development.

The government plans pin high hopes on the industrial development. However, the industry in Pakistan has not proven to be the driver of economic growth and higher productivity-oriented employment. The uneven economic growth patterns have had adverse impact on favourable outcomes for the growth of industry.

Industry adds the highest value addition in the production processes, yet its share of total employment in Pakistan is lowest at around 20 percent. Less than optimal industrial growth patterns are linked to the macroeconomic framework that is tilted

towards promoting consumption rather than investment in manufacturing. The appreciated exchange rate equilibrium further fuels growth based on consumption. It is illustrated by the fact that in the recent past, the financial institutions in the country focused on providing personal loans rather than the manufacturing sector loans.
The industrial development is critical to boost exports and to help plug the current account deficit. Manufacturing contributes 80 percent to total exports of Pakistan.

The top five manufacturing sectors account for more than 70 percent of exports overall volume. One of the critical top five sectors, textiles and garments' share has been declining in the recent past, whereas the share of small and medium enterprise (SME) manufacturing and cement exports, amongst others, has gone up. Despite the decline in the textiles and garments share, it still accounts for more than half of exports of Pakistan. Therefore, exports growth policy cannot plan for increasing the total exports of Pakistan in the medium term, unless it provides for a higher growth of the textiles and garments exports.

One of the challenges is low value addition in the textiles and garments sector. Pakistan is the second largest cotton yarn exporter in the world for the low and medium count yarn, yet there is not much value addition during the spinning phase. Initially, spinning and weaving of cotton were central in driving exports, investment and employment in the manufacturing sector. However, this initial success became an impediment later on since it restricted import of manmade fibers (MMF) or a cotton-MMF mixture. Both of them are required to increase exports in the textiles and garments sector. Due to this restriction, Pakistani exporters in the textiles and garments only part of a small portion of the world exports in this sector.

Despite the decline in the textiles and garments share, it still accounts for more than half of exports of Pakistan. Therefore, exports growth policy cannot plan for increasing the total exports of Pakistan in the medium term, unless it provides for a higher growth of the textiles and garments exports. The prevalent government policies also favour low value addition in the textiles and garments sector. There is a need for an alternative export policy focused on the higher value addition that would both impose duty on export of low count yarn as well as remove import barriers for MMF fibers, fabrics and yarns. As a result of this perverse incentive structure, Pakistan's share of higher value-added textiles and garments has decreased and lower value added cotton yarn and fabric has increased.

Pakistan's exports in the garments sector are overly dependent on medium count cotton yarn and fabric and therefore produce only limited range of products. The textiles sector and government bureaucrats' nexus is strong in perpetuating the vested interests of the cotton-oriented production lobby and this nexus prevents formulation and implementation of policies that would diversify to MMF fibers and fabric.

Other than the need to add value to the textiles and garments sector, other medium-term drivers of exports are SME production, agricultural products such as the cotton and rice, and other higher value products of the agriculture sector. Other factors that provide the enabling environment for increasing exports such as infrastructure development and improving the regulatory system in the country also needs to be focused on.

In terms of the regulatory framework (covered in literature other than cited above), there is also the need to both focus on the need for higher productivity of labour as well as to ensure their occupational health and safety. In terms of higher labour productivity, skills development and a focus on human development is crucial. For occupational health and safety, better regulation of safety standards in agriculture, construction, garments, ship breaking and coalmines, amongst others, are needed. Shipping can be hazardous and better freight facilities need to be provided. Similarly, there is need to promote establishment of industrial clusters as backward and forward linkages of the industrial clusters to the production processes play a key part in boosting productivity.

A conducive environment for innovation also needs to be promoted to improve production, quality and designs. Manufacturing in the industrial clusters is intrinsically linked to offer product innovation. A survey of 400 manufacturing units revealed that a unit's presence in the industrial cluster increases the probability of it offering new production processes and products.

SME sector has major potential as it employs 80 percent of the non-agricultural labour force, contributes 40 percent to the country's GDP and accounts for 25 percent of exports in the manufacturing sector. However, 87 percent of SMEs have five or less than five employees per unit. Small size of the units poses a challenge in terms of their access to markets for inputs of raw material and output. SMEs also often lack infrastructure and skilled workers. Given its immense potential, there is need to enhance productivity in the SME sector.

The literature recommends to restructure the SMEDA for this purpose. Promotion of industrialization in Pakistan also needs to be viewed through the prism of social and environmental sustainability. Cleaner and socially compliant production processes have a higher chance of creating a niche in the market. Social and environmental standards must be made part of the production processes and the capacity of relevant government departments and ministries must be strengthened for this purpose.

Source: The Daily Times- May 22, 2019

HOME

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Big plans for Ukrainian technical textiles sector

Ukraine plans to attract up to US$ 300 million of investments in the development of the domestic technical textiles and nonwovens industry in the next several years, according to the Ukrainian Cabinet of Ministers.

This is seen as a response to the recent plans of the Russian government to make heavy investments in the development of technical textiles, mainly to be supplied for the ever-growing needs of the Russian defence sector.

According to Vladimir Groysman, Ukraine's Prime-Minister, the majority of funds for the implementation of these plans will be provided by private domestic and foreign investors, while the remaining will be allocated from the state sources.
Measures and strategy

The news has been confirmed by the Ukrainian Presidential Administration. The Ukrainian authorities are counting on support from the US businesses, which in recent years have significantly increased the volume of investments in different sectors of the Ukrainian economy, including technical textiles.

Several days ago, the Ukrainian government delegation concluded its visit to the US, where it discussed the funding opportunities.

In addition, the national government and a former Ukraine's President Petr Poroshenko have recently started developing a special agreement with the US in the area of technical textiles. It is expected that Ukraine's newly elected President Vladimir Zelensky will continue this work. Such an agreement would help the US business to better protect its investments and interests within Ukraine.

Inside Chaikovsky textile, Ukraine's leading technical textiles producer.
Inside Chaikovsky textile, Ukraine's leading technical textiles producer.

The Ukrainian government also completed a roadmap aimed at making the Ukrainian technical textiles and nonwovens industry more attractive to investors. The implementation of this strategy will be evaluated by the US government and the country’s business sector already by the end of the first quarter of this year.

New production facilities

According to the Ukrainian Ministry of Industry and Infrastructure, a state agency responsible for attracting investments in Ukrainian technical textiles industry, the majority of allocated funds will be used for the establishment of production facilities, specialising in the production of technical textiles and end-products, to be located in different parts of the country.

Most of these facilities are initially expected to be established in central part of the country, as well as in Western Ukraine, a region not traditionally well-known for textiles production.

Historically, most of the Ukrainian technical textiles and chemical production has been concentrated in the eastern part of the country, and in particular, the Donbass region. However, due to the current control of the area by pro-Russian rebels, the majority of the existing production facilities were lost.

According to the government, from 2019-2021, up to US$ 300 million will be invested in the establishment of at least five-six large and medium size enterprises. To support the investments strategy, the Ukrainian government also announced its intention to provide investors with significant stakes in the newly established enterprises.

Source: Ukraine.com- May 22, 2019

HOME

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Pakistan: Govt decides to end subsidy for zero-rated industry

In a major setback to the flagship initiative to increase exports of the country, the government has decided to take back the energy package (RLNG at $6.5 per MMBTU, and electricity at 7.5 cents per unit) earlier extended to zero rated sector till June 30, 2019.

The government has also extended assurance to the International Monetary Fund (IMF) that it will do away with zero rate status to five industrial sectors (textile, leather, carpet, sports, surgical).

“Yes, from next budgetary year, there will be no energy package that earlier the government had extended to zero-rated industry, and the decision has been reversed under IMF pressure,” a senior official close to a government adviser confirmed this to The News, but in the next instance he added that the final decision is yet to be taken by the cabinet after due process.

This will certainly trigger, the official said, to massive decrease in exports which may touch this year $24 billion. The government earlier had carved out the plan under which export industry was provided the RLNG at $6.5 per MMBTU and electricity at 7.5 cents per unit at par with the provision of the two inputs of regional economies of India, Bangladesh and Vietnam to ensure the products of Pakistan competitive in the international market but withdrawal of the energy package from the export industry and doing away with the zero-rated sector will make the export industry non-competitive in the global market.

He said that the IMF which is not allowing any kind of subsidy has stepped up pressure on the government and to end the zero-rate industry and withdraw energy package. The IMF also pinpointed saying that a Karachi-based textile industry has been provided subsidised gas and electricity tariff for increase in exports, but the major chunk of its production is sold out within the country to meet domestic needs.

Patron-in-chief of All Pakistan Textile Mills Association (APTMA) Gohar Ejaz responded to the new but bad development responded saying this decision will bring down the exports from $24 billion to $21 billion and it will put the exports of Pakistan in jeopardy resultantly country will suffer the most.

He mentioned that industry in Sindh is getting gas at $4 per MMBTU and 70 percent textile industry of country which is in Punjab will be getting the gas at $12 per MMBTU. 'This step motherly treatment will put an end to textile industry in Punjab.'

Ejaz said high level delegation of APTMA is going to meet today (Thursday) with Adviser to PM on Commerce, Textile, Industries and Investment to this effect and will raise concerns on the decision to take back energy package and zero-rated status to export industry. In addition, APTMA will also meet Adviser to PM on Finance and Revenue and Economic Affairs Dr Hafeez Shaikh and FBR Chairman Shabbar Zaidi.

Source: thenews.com.pk- May 23, 2019

HOME

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NATIONAL NEWS

India projected to grow at 7.1% in FY'20: UN report

The estimates for India, however, reflect a downward revision from the projections made in the World Economic Situation and Prospects 2019 report released in January this year.

India, projected growth, UN report, United Nations, economy news, China, WESP 2019, india growthIndia projected to grow at 7.1% in FY?20: UN report

India's economy is projected to grow at 7.1 per cent in fiscal year 2020 on the back of strong domestic consumption and investment but the GDP growth is a downward revision from the 7.4 per cent estimated in January this year, according to a report by the United Nations. The World Economic Situation and Prospects (WESP) 2019 Mid-year Update, released here Tuesday, said that the Indian economy, which generates two-thirds of the regional output in South Asia, expanded by 7.2 per cent in 2018.

"Strong domestic consumption and investment will continue to support growth, which is projected at 7.0 per cent in 2019 and 7.1 per cent in 2020," the report said.

The estimates for India, however, reflect a downward revision from the projections made in the World Economic Situation and Prospects 2019 report released in January this year. That report had estimated that India would grow at 7.6 per cent in fiscal year 2019 and 7.4 per cent in 2020. It must be noted that despite the downward revisions, India remains the fastest growing major economy in the world, ahead of China.

The WESP mid-year update noted that growth projections for 2019 have been revised downward in all major developed economies. The growth outlook for many developing economies has also weakened, it said, adding that despite downward revisions, growth in India remains "strong" amid robust domestic demand. "The global growth outlook has weakened amid unresolved trade tensions and elevated international policy uncertainty. Across both developed and developing countries, growth projections for 2019 have been downgraded.

Alongside a slow-down in international trade, business sentiments have deteriorated, casting a cloud on investment prospects," the report said. World gross product growth is now expected to moderate from 3.0 per cent in 2018 to 2.7 per cent in 2019 and 2.9 per cent in 2020, reflecting a downward revision from WESP 2019 forecast released in January. In tandem with slowing industrial production, international trade activity has visibly weakened, reflecting in part unresolved trade disputes between the United States of America and China.

In the US, the growth momentum is projected to moderate as headwinds from trade policy are compounded by the waning effects of fiscal stimulus. Growth in China is projected to moderate gradually from 6.6 per cent in 2018 to 6.3 per cent in 2019 and 6.2 per cent in 2020. In China, recent monetary and fiscal stimulus measures are expected to bolster domestic demand, partially offsetting the adverse impact of trade tariffs on overall growth. Nevertheless, these measures could also exacerbate domestic financial imbalances, raising the risk of a disorderly deleveraging process in the future.

South Asia remains on a strong growth path, even as forecasts have been revised downward. Following an expansion of 5.7 per cent in 2018, GDP growth is estimated at 5.0 per cent in 2019 and 5.8 per cent in 2020. However, across the region, output continues to be constrained by infrastructure bottlenecks.

The report added that India's exports remain more robust, as around half of exports are destined for faster-growing Asian markets, while geopolitical risks continue to confront Afghanistan and Iran. The slowdown in global economic activity has triggered a shift towards easier monetary policy stances across many developed and developing economies, it said, adding that this shift is taking place in an environment of subdued global inflation, amid weakening demand and a moderate outlook for global commodity prices.

Further, the report said that given increased uncertainty over growth prospects, a few large developing economies, including Egypt, India and Nigeria, reduced their key policy rates. The report projects that with major downside risks prevailing, there is a significant possibility of a sharper slowdown or more prolonged weakness in the global economy that could impact development progress.

"A further escalation of trade disputes among the world's largest economies poses a significant risk for both short and medium-term global growth prospects. Alongside unresolved trade tensions with China, the United States recently signalled its intention to impose additional tariffs on the European Union, primarily targeted at the aircraft and food industries," the report said. "The impact of a spiral of additional tariffs and retaliations would not only dampen growth of these large economies, but also have severe spillover effects on the developing economies, particularly those with high export exposure to the impacted economies."

Source: financialexpress.com- May 21, 2019

HOME

****

Japan, India, Sri Lanka to sign MoU for container terminal at Colombo Port : Reports

This is part of China's Belt and Road initiative, an ambitious plan announced in 2013 by President Xi Jinping

The governments of Japan, India and Sri Lanka have agreed to develop a container terminal at the Port of Colombo, which has attracted major investment from China under its Belt and Road initiative.

According to media reports, the three nations will sign a memorandum of understanding (MoU) in the coming months for the east container terminal. This is located at the newly expanded south part of the Port of Colombo. The MoU will enable the concerned parties to develop a facility to allow large container ships to enter.

Japan's foreign ministry was not immediately available for comment. Japan has also pushed its plans to be a player in the region under its Free and Open Indo-Pacific Strategy.

Sri Lanka has been one of the countries drawn to China's Belt and Road Initiative, an ambitious plan announced in 2013 by President Xi Jinping to build an estimated $1 trillion of infrastructure to support increased trade and economic ties and further Chinas interests around the globe.

One project in the country includes Port City Colombo being built by China Communications Construction Co, or CCCC. The plan envisions a financial district -- pitched as a new hub between Singapore and Dubai -- with a marina, a hospital, shopping malls, and 21,000 apartments and homes.

State-owned CCCC, one of the world's largest companies with annual revenue greater than Procter & Gamble Co or FedEx Corp, says its portfolio of 700 projects in more than 100 countries outside China has a value of more than $100 billion. It is also one of the most vexed. CCCC and its subsidiaries have left a trail of controversy in many of the countries where they operate, with many of its projects criticized as debt traps.

The nine-year-old Hambantota port in southern Sri Lanka -- with almost no container traffic and trampled fences that elephants traverse with ease -- has become a prime example of what can go wrong for countries involved in Belt and Road. Sri Lanka borrowed heavily to build the port, couldnt repay the loans, and then gave China a 99-year lease for debt relief.

Source: thehindubusinessline.com- May 21, 2019

HOME

****

US tariff hike on China may increase textile export by 25%

Surat: Textile exporters in Surat, the country's largest man-made fabric (MMF) sector, are upbeat over the ongoing trade war between the US and China, as they forsee a major advantage of increase in fabric and readymade garment exports to the US following imposition of import duty by America on Chinese products. The Synthetic and Rayon Export Promotion Council (SRTEPC) has even predicted around 25% growth in the textile exports in 2019-20 from this political turn. Chairman of SRTEPC, Narain Agarwal told TOI, "There is an ample opportunity for the Indian textile companies to grow and increase the share of textile exports to the US in the next year."
The US has hiked tariff on $200 billion imports from China to 25 per cent with effect from May 10, 2019, including on textile related chapters

50-60. An analysis reveals that this hike will put India at an advantageous position. "India is the largest exporter of MMF textiles to US. In comparison to China, the imports of textile products from India stood at $1.71 billion in 2018. In 2018, it is expected to cross $2.2 billion," Agarwal added.

Amid the enthusiasm, exporters are worried that in order to offset loss, the Chinese textile manufacturers may dump cheap goods in India creating problems for the indigenous manufacturers. They believe that the hike is likely to create a reverse impact on local Indian businesses.

Textile exporter and chairman of Pratibha Textile group, Pramod Agarwal told TOI that he apprehends a reverse impact from the tariff hike on China. "It's going to affect both ways — rise in export of fabrics and garments from India to US, but also India becoming a Chinese manufacturers' dumping yard."
The new government in the Centre must frame a policy to safeguard the Indian textile manufacturers against the Chinese onslaught, asserted the SRTEPC chairman, adding that it should also introduce major hike in the anti-dumping duties to protect indigenous manufacturers.

Source: timesofindia.indiatimes.com- May 23, 2019

HOME

****

Draft of new GST return form unveiled

Stakeholder comments invited; formal rollout expected in July

The Goods & Services Tax (GST) Authority has come out with a draft of a new and simplified return form. The new form is expected to be formally rolled out in July.

Through this exercise, made public on Wednesday, the authority aims to obtain feedback on the user interface and its functionalities. The users can fill the template and mail the same.

The new GST Return will have Form GST RET-1 (Normal), Form GST RET-2 (Sahaj) and Form GST RET-3 (Sugam) on either monthly or quarterly basis along with the Annexure of Supplies (GST ANX-1) and the Annexure of Inward Supplies (GST ANX-2). The template can be accessed on https://demoofflinetool.gst.gov.in/instructions.

Two categories

Stakeholders can share their comments on 'feedback.newreturn@gstn.org.in', said GSTN, the IT backbone of the GST regime. As on date, there are 1.21 crore assessees under the indirect tax regime that are clubbed mainly into two categories: composition scheme and others. The composition scheme assessees are required to file the return on a quarterly basis, while others have to file on a monthly basis. Beside this, all of them have to file annual returns. Since the introduction of the new regime, over 27-crore returns have been filed.

The new filing system will have functionalities such as drop-down menus, invoice upload, and upload of purchase register for matching with system-created inward supplies. The suppliers will have to file a detailed return in Form GST RET-1. Businesses that supply only to consumers (B2C) have to file return form 'Sahaj'. It includes details of outward supplies and inward supplies, attracting reverse charge as well as summary of inward supplies for claiming the input tax credit (ITC).

Besides, businesses making supplies to both businesses (B2B) and consumers (B2C) have to file the return form 'Sugam'. It includes summary of supplies made and tax liability and summary of inward supplies for claiming the ITC, along with details of interest due and tax payment.

The new return filing format would replace the current requirement of filing final sales return GSTR-1 and summary sales return GSTR-3B. The GST Council in July last year decided that the simplified GST return forms — Sahaj and Sugam — would be rolled out on a pilot basis from April 1, 2019, while mandatory filing across the country would kick in during second quarter of fiscal 2019-20.

According to Rahul Dhuparh, DGM (GST) Taxmann, unlike the traditions, the government has provided prototype of 'New Return Forms' on the GST common portal to enable the taxpayers and consultants to experience and learn the new functionality before it goes live. The portal has also given an option wherein taxpayers can share their feedbacks. This is a good practice ever started by any Department before implementing a new compliance process. "The prototype does not make any arithmetic calculations but it provides a complete walk-through of the figures reported in the return forms," he said.

Source: thehindubusinessline.com- May 22, 2019

HOME

****

Indian and VN enhance co-operation in silk sector

A delegation of business executives representing 30 Indian companies led by the chairman of the Indian Silk Export Promotion Council met their Vietnamese counterparts at the Buyer-Seller meet held in HCM City on Tuesday.

The visitors were from companies producing silk, fabrics, ready-made garments, silk scarves, stoles, Pareo shawls evening wear, beachwear, fashion accessories, tops, bottoms, trousers, jackets, kaftans, bags, embroidered shawls, silk blended products, natural silk carpets and others.

Dr. Bimal Mawandia, chairman of the Indian Silk Export Promotion Council, said: "India is promoting exports of all textiles. We are presenting the silk sector in India and as per the guidance of the Government of India, we want to increase exports and we are exploring different markets worldwide.

"We come here to promote export of not only silk but also other fibers in this market."

The trip was the first to Việt Nam for all of the participating companies, he said.

Phạm Xuân Hồng, chairman of the HCM City Association of Garment Textile Embroidery-Knitting, said trade relations between Việt Nam and India in the garment and textile sector had increased significantly but was still modest compared to the potential of the two countries.

The event is expected to enhance connection between businesses of the two sides in the sector, where there is still a lot of potential, he said.

"Vietnamese garment and textile companies want to have stronger co-operation with Indian counterparts. They have high demand for importing raw materials from India."

According to the Việt Nam Textile and Apparel Association, there are 7,000 enterprises in the industry, providing jobs for three million workers in the country.
Việt Nam's garment and textile exports increased by 12 per cent last year to reach over US$36 billion and exports is expected to top $40 billion this year.

Source: vietnamnews.vn- May 22, 2019

HOME

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NCC Praises Steps to Advance USMCA Approval

The National Cotton Council (NCC) has commended President Trump and his Administration for the recent outcome of negotiations with Mexico and Canada to remove the U.S. Section 232 tariffs and the corresponding retaliatory tariffs.

"While cotton and cotton textile products have not been subject to retaliatory tariffs in these key markets, this action represents one of the necessary and significant steps to create a pathway for Congressional approval of the U.S.-Mexico-Canada Agreement (USMCA) this year," NCC Chairman Mike Tate said. "The cotton industry appreciates the focus by President Trump and the Administration to remove the tariffs."

Tate, an Alabama cotton producer, noted that the NCC will continue to help educate Members of Congress "on the importance of timely USMCA approval to restore certainty in the North American market, which represents significant export market share for both U.S. cotton and cotton textile products."

Source: cottongrower.com- May 21, 2019

HOME

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RCEP may hurt India's competitiveness

The Regional Comprehensive Economic Partnership (RCEP) agreement may hurt India's export competitiveness. The free trade agreement could lead to flooding of goods from member countries into the Indian market. India's imports may increase during the post-RCEP period, implying a revenue loss by as much as 1.3 per cent of GDP. For India, issues of tariff rate are as important as other areas under negotiations, mainly because India does not have trade agreements with all the countries involved in RCEP.

For instance, India does not have a trade agreement with China, and the negotiations with Australia and New Zealand have not come into effect. RCEP could have a negative impact on sectors like steel, pharma, e-commerce, and food processing. India is already facing challenges from Singapore, Australia and New Zealand in the agriculture and dairy sectors. On the services front, India may have to negotiate its proposals such as greater mobility for professionals through measures like visa fee waivers. India had registered a trade deficit in 2018-19 with as many as 11 RCEP member countries.

RCEP comprises 10 Asean members (Brunei, Cambodia, Indonesia, Malaysia, Myanmar, Singapore, Thailand, the Philippines, Laos and Vietnam) and their six free trade agreement partners - India, China, Japan, South Korea, Australia and New Zealand.

Source: fashionatingworld.com- May 22, 2019

HOME

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