Cotton Market

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

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<tr>
<th>Rs./Bale</th>
<th>Rs./Candy</th>
<th>USD Cent/lb</th>
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<tr>
<td>21675</td>
<td>45300</td>
<td>82.98</td>
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Domestic Futures Price (Ex. Warehouse Rajkot), July

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<tr>
<th>Rs./Bale</th>
<th>Rs./Candy</th>
<th>USD Cent/lb</th>
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<tr>
<td>21620</td>
<td>45186</td>
<td>82.77</td>
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International Futures Price

- NY ICE USD Cents/lb (December 2019) 65.56
- ZCE Cotton: Yuan/MT (September 2019) 13,685
- ZCE Cotton: USD Cents/lb 90.36

Cotlook A Index – Physical 76.85

Cotton Guide: The ICE Cotton futures shifted onto lower figures on Friday. Today is the first notice day (FND) for ICE July contract. ICE July contract settled at 61.19 cents/lb with a change of -202 points, whereas the ICE December contract settled at 65.56 cents/lb with a change of -40 points.

However we can see some positivity with the ICE December contract this morning. It is currently trading at 66.12 cents/lb this morning with gains of +0.56 cents/lb or 0.85%. The spread (considering closing figures) between the two can be seen around 4.37 cents/lb. Total Volumes were however disappointing with figures 21962 contracts.
**MCX Contracts**

- MCX June
- MCX July
- MCX August

<table>
<thead>
<tr>
<th>Date</th>
<th>MCX June</th>
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<td>17th June</td>
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**Cotlook Index A 2018/2019**

- 76.85 (-1.05)
- Brazilian: 75.00
- Memphis/Orleans/Texas: 76.25
- Memphis/Eastern: 77.50
- Cal/Ariz: 77.75
- Ivory Coast BEMA: 77.75

**Cotlook Index A 2019/2020**

- 76.15 (-1.00)

*Table 1. Cotlook Indices as on 21st June 2019. Prices are in cents/lb. Source: Cotton Outlook*
The MCX Contracts on the other hand, emanated figures of small losses. The MCX June contract settled unchanged at 22,100 Rs/Bale whereas the MCX July contract and the MCX August contract settled at 21620 and 21600 Rs/Bale with a change of -70 Rs each. We need to take a note that the aforementioned contracts are all into backwardation as of now. Volumes were lower at MCX contracts as well, with total volumes touching a figure of 2977 lots. The focus has now shifted to the MCX July contract with greater volumes and open interest as compared to the MCX June contract.

The Cotlook Index A has been adjusted to 76.85 cents/lb with a change of -1.05 cents/lb whereas the Cotlook Index A 2019/2020 settled at 76.15 cents/lb. Prices of Shankar 6 declined by 400 Rs and now the average prices are around 45,300 Rs/Candy.
Demand seems a bit of a concern at the moment in India, where the Spinners are not quite able to offload the yarn stock which is affecting the demand for Cotton. The Chinese Industry has also been showing signs of increased consumption of Polyester as opposed to cotton. While speaking about the spread between Cotton (both domestic and Imported) and Polyester the spread seems to have increased to around 45 cents/lb.

On the other hand the Big Indian Traders are seen to have already sold off 70-80% of their stocks to mitigate risks in the coming future. These two factors are currently strengthening the bears. Whereas the international geopolitical factors can bring some optimism strengthening the bulls, especially during the scheduled meet this week between the two superpowers.

The Indian Basis for the previous week were still not in favour of Exports: Let’s have a look at these figures:

On the technical front, price have taken support of 100% Fibonacci extension level, after giving a break below the downward sloping channel. Prices have witnessed multiple pullback till the lower end of the channel, but failed to sustain above the resistance, however a close below the support of 65.50 would lead price to continue its bearish momentum.

Momentum indicator RSI at 29 within the oversold zone, thus indicating sideways to negative momentum for the price. WEMA of 5 & 9 weeks are at 66.44, 67.82 levels respectively. Immediate resistance for the prices is at 68.40, while the support is at 64.70. From the above analysis we conclude & recommend that prices would trade within the range of 64.70-68.40 with a sideways to negative bias. In the domestic market, Cotton (June) would trade within the range of 21500-22400.

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

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INTERNATIONAL NEWS

No solution to trade war? China to fight US till the end, says state media

The US must drop all tariffs imposed on China if it wants to negotiate on trade, and only an equal dialogue can resolve the issue and lead to a win-win, the newspaper said.

China has the strength and patience to withstand the trade war, and will fight to the end if the US administration persists with it, China’s state-run People’s Daily said in an editorial Saturday.

The US must drop all tariffs imposed on China if it wants to negotiate on trade, and only an equal dialogue can resolve the issue and lead to a win-win, the newspaper said.

The paper, a mouthpiece for China’s ruling Communist Party, said the US had failed to take into account the interests of its own people, and they are paying higher costs due to the trade dispute.

“Wielding a big stick of tariffs” also disregards the condition of the US economy and the international economic order, according to the editorial.

US President Donald Trump and Chinese President Xi Jinping will meet on the sidelines of the G20 summit in Japan next week to discuss the trade war between their two countries. Trump has repeatedly asserted that tariffs on Chinese imports are paid by China, not US consumers -- in defiance of the consensus of economists.

If the US chooses to talk, “then it must show some good faith, take account of key concerns from both sides and cancel all tariffs,” the paper said.

Source: business-standard.com- June 23, 2019
Trade war: US consumers to pay $12.2 bn more for apparel, footwear and toys

Trump and Chinese President Xi Jinping are to meet on the sidelines of the Group of 20 meeting in Japan at the end of next week to discuss the trade issues.

If the United States does impose tariffs on another $300 billion worth of Chinese goods, it would cost U.S. consumers $12.2 billion more for apparel, footwear, toys and household appliances each year, the National Retail Federation (NRF) said on Friday.

The tariffs would result in consumers paying another $4.4 billion on apparel, $2.5 billion on footwear, $3.7 billion for toys and $1.6 billion for household appliances, the retail trade group said, based on a study it had commissioned.

"It would be impossible for all market participants in our industry to simultaneously move sourcing to other countries. The capacity does not exist," David French, NRF's senior vice president of government relations, said in a statement.

"In the short term, retailers would be forced to continue to use Chinese suppliers and pass on higher costs to their customers." Many retailers including J.C. Penney Co and Macy's Inc have opposed more tariffs on Chinese goods and warned of higher prices for domestic consumers.

Separately, on Friday, the United States Fashion Industry Association (USFIA), which represents brands, retailers, importers and wholesalers based in the United States, estimated that additional tariffs on clothing and home textiles would cost American consumers $4.9 billion per year.

"We can conservatively estimate an increase in retail prices for products still made in China...That means a family of four would pay an additional $60 per year just on clothing," USFIA said.

"The fact remains that for many (fashion brands and retailers), China remains the No. 1 supplier in the world, with no realistic options for other sourcing destinations that could replace China," it added.
President Donald Trump has threatened to extend tariffs on another $300 billion worth of goods imported from China. Trump and Chinese President Xi Jinping are to meet on the sidelines of the Group of 20 meeting in Japan at the end of next week to discuss the trade issues.

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

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**Trump's China tariffs could cost billions for consumers**

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Source: khaleejtimes.com- June 22, 2019

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**China's textile, garment exports up 2.8 pct in May**

China's export of textiles and garments rose 2.8 percent year-on-year to 23.8 billion U.S. dollars in May, according to China's Ministry of Industry and Information Technology (MIIT).

In breakdown, the country's export of textiles stood at 11.6 billion U.S. dollars, up 3.9 percent from the same period last year, while garments rose 1.7 percent to 12.2 billion U.S. dollars, the ministry said, citing data from the General Administration of Customs.

In the first five months of the year, textiles and garments export dropped by 2.2 percent year-on-year to 99.6 billion U.S. dollars, the MIIT said.

China's export of textiles was 48.3 billion U.S. dollars during the January-May period, up 1.5 percent compared to a year ago, while that of garments saw a 5.5-percent decline to 51.3 billion U.S. dollars.

Source: xinhuanet.com- June 22, 2019

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The new Cold War

US-China trade conflict has a strategic aspect

Using its economic power to meet non-economic objectives is not new for the US. Sanctions against Cuba and Iran deny those countries access to financial networks and markets, and scare away other businesses who fear prosecution in the US. By Section 301 of the Trade Act of 1974, the US gives itself the ability to initiate actions against countries whose policies affect commerce.

Yet, the present administration has taken the stick of economic power to new levels. The US concluded the US-Mexico-Canada free trade agreement in 2018 to replace the NAFTA that had existed for 24 years. Although President Trump cheered the new agreement, that did not prevent him from overriding it by threatening Mexico with a 5 per cent tariff on all goods rising to 25 per cent by October if the country did not do more to stop the flow of migrants to the US.

President Trump’s constant demand for a border wall between the US and Mexico has led to derision. But the need to stem the flow of people is real. Agencies, in May, apprehended 132,887 people at the border which includes groups travelling as whole families and also thousands of unaccompanied children.

Such an assault on the borders that has been ongoing for several months now only lead to desperate measures. With the US accounting for 80 per cent of Mexico’s exports, tariff threats are a strong leverage. Many of the migrants who originate mainly from Guatemala, El Salvador and Honduras pass through Mexico to reach the US.

China, the second biggest trading partner after Mexico has begun accusing the US of ‘economic terrorism.’ This is meant to encompass the whole range of Trump’s measures against China. This includes specific company targets such as Huawei, considered a spying threat, as also broad tariff measures. Chinese scientists face a greater level of scrutiny when they apply for visa. Chinese companies find it difficult to acquire technology-related businesses, and so on.
What is President Trump trying to get from China? It is more strategic here as compared to Mexico. For one, he wants China to provide a level-playing field to US companies who operate in that country. This would include not requiring the business to operate as a joint venture with Chinese companies, and not requiring technology transfer.

Trump has recognised that China’s openly stated ambitions in its ‘Made in China 2025’ policy, and the manner in which it is implementing the policy for global dominance are a long-term threat to the US. Thus, he has picked up the gauntlet that previous US administrations, who thought they could achieve their objectives by being nice, did not.

It helps him that the US business lobbies are lining up behind the administration after finding that soft policies did not work towards China. New ways of prying China open include a proposed bill that would require Chinese companies listed on US exchanges to comply with US audit requirements.

China has begun to retaliate by advising its citizens about travel to the US, limiting rare-earth exports, and preparing a blacklist of companies that disrupt supplies for non-commercial reasons.

The WTO was meant to develop a global level-trading field. But when the two biggest economies bypass the WTO, and use their economic power to satisfy national non-economic goals, we are seeing a new version of the Cold War.

Source: thehindubusinessline.com- June 23, 2019
US tariffs on China prove a boon for Vietnam

Exports surge as Vietnamese manufacturers and suppliers see business boom

Nguyen Huu Phuc, who runs a small textile marketing company in Ho Chi Minh City, recalls how “very upset” he was when Donald Trump pulled the US out of the Trans-Pacific Partnership trade agreement in 2017. But two years later Mr Phuc is thanking the US president.

His group’s garment-making division plans to double its staff to more than 1,000 by the end of this year because of surging demand for its shirts, trousers, sleepwear and other products.

He says he has Mr Trump to thank for it — the US-China trade war is benefiting Vietnam more than any other country in Asia as more manufacturers, buyers and investors shift their supply chains away from China.

“The trade war between Donald Trump and Xi Jinping’s two countries can make things better for Vietnam — and not only Vietnam but Taiwan, Korea, Myanmar, Laos, Cambodia and Bangladesh, who are also good at textiles,” Mr Phuc said. “That is why we are investing a lot.”
US imports from Vietnam surged by nearly 40 per cent in the first four months of this year compared to the same period last year, according to a Financial Times analysis of data from the United States International Trade Commission. This was the largest rise among the 40 biggest importers to the US.

Over the same period, US imports from China fell by 13 per cent, the second-largest contraction since 2009.

The shift is lifting sales at Vietnamese manufacturers and suppliers not only in textiles, but a range of other sectors ranging from seafood to semiconductors; sectors in which the US has levied tariffs on their Chinese counterparts have made the biggest gains.

In the first four months of this year, US imports of mobile phones from Vietnam more than doubled year-on-year, while imports from China contracted by 27 per cent, according to data from the USITC. Over the same period, US computer imports from Vietnam rose by 79 per cent, against a 13 per cent drop in Chinese imports.

“Nowadays I see a lot of buyers from China and from the rest of the world looking for alternative sources from Vietnam and other countries like Cambodia,” said Vu Ngoc Khiem, country manager in Vietnam for Global Sources, a company that aims to link up global suppliers to buyers.

US and European retailers stepping up their buying in Vietnam include Home Depot, Target, Zara and OBI, Mr Khiem said, and the range of products they are buying include bags, apparel, footwear, steel and aluminium.
For Vietnamese companies such as Minh Phu Seafood, Vietnam’s largest shrimp producer, the “trade war between China and the US will create many chances for us to expand our business,” said Le Van Quang, its founder and chief executive.

While the company’s Chinese competitors used to import raw product from Vietnam and India to process it locally and export it to the US, they have stopped doing so since the Trump tariffs eroded their margins, he said. US imports of fish from Vietnam rose by more than 40 per cent in the first four months of this year, according to USITC data, while imports from China fell.

Vietnam is benefiting in particular because it sells many of the products hit by the tariffs.

“Vietnam is an outlier, and the reason for that is that it happens to sell a lot of the same goods that would be subject to tariffs in China,” said Yasuyuki Sawada, chief economist at the Asian Development Bank.

The ADB has estimated that Vietnam stands to gain up to a cumulative 2 per cent of GDP over three years if the US-China trade dispute escalates further.

The trade war has accelerated a longstanding trend in which some companies — Chinese, US and others — set up factories in Vietnam to escape rising wages, labour shortages and tighter environmental regulations elsewhere. Foreign direct investment in Vietnam reached a record $18bn last year, up nearly 20 percentage points to 58 per cent of GDP — topping most other south-east Asian countries.

“More overseas customers are searching for Vietnam — the demand is better,” said Quach Kien Lan, director of Greenyarn, a Vietnamese fabric producer that is experiencing rising orders because of the increase in US textile tariffs on China.

However, Vietnamese manufacturers and policymakers do not see the trade war as an unalloyed win.

Hanoi is already in Mr Trump’s crosshairs as its trade surplus rises; it was up 43 per cent in the first four months of this year, behind only China, Mexico, Japan and Germany. Last month, Vietnam only narrowly avoided being labelled a currency manipulator by the US Treasury.
Meanwhile, some exporters have sought to capitalise on Vietnam’s status as a relative safe haven by relabelling Chinese goods as “Made in Vietnam” — a practice Vietnam’s customs department vowed earlier this month to crack down on.

Balancing relations with the two great powers is a preoccupation for Vietnamese manufacturers, who are worried about the unpredictability of the trade war — and of Mr Trump.

Greenyarn’s Quach Kien Lan said that the shift could be “more of a challenge than [a] good” because businesses such as his own are investing in factories or stocks without knowing how — or whether — the dispute will be resolved.

“The trade war between China and America might be over at the end of this year, or it could continue,” he said. “And when it ends what will happen? Vietnam and the US have no trade agreement. What will happen to Vietnam then?

“We are kind of afraid of this trade war. How long will it last?”

Source: ft.com- June 23, 2019

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Bangladesh: RMG sector earns $31.73 b during July-May

On the back of value-added products, government policy support, capacity enhancement and completion of 95 per cent factory remediation work set by the Accord and Alliance, the Bangladeshi RMG sector is maintaining a positive trend in export earnings, say industry experts. Bangladesh’s apparel exports to global markets have seen a 12.82 per cent rise to USD 31.73 billion in the first eleven months of the current fiscal year.

According to Export Promotion Bureau’s (EPB) provisional data, the RMG sector earned USD 31.73 billion during the July-May period of FY19, up by 12.82 per cent from the USD 28.12 billion earned during the same period of the previous fiscal year.
Of the total export earnings by the apparel sector, knitwear products earned USD 15.68 billion, which is 12.50 per cent higher than the USD 13.94 billion earned during the same period of FY2017-18.

Woven products earned USD 16.05 billion, up by 13.13 per cent from the USD 14.18 billion earned during the same period of the previous fiscal year. The specialised textile sector saw a 33.79 per cent growth to USD 137.74 million from USD 102.95 during this time, while home textile products saw a negative growth of 2.69 per cent to USD 800.85 million from USD 823 million.

Siddiqur Rahman, former president of the Bangladesh Garment Manufacturers’ and Exporters’ Association (BGMEA), said the three months from December to March formed the peak season for apparel shipment and thus the future prospect is even higher and brighter.”

Our capacity has also increased. We can produce any quantity of garments items as we have expanded our operations over the years” he added. “But”, he said, “the work order flow is not so good and we are not getting the right price from the buyers.” The government had announced a cash incentive for selling in non-traditional market back in 2010, which was 5 per cent at that time. It is now 4 per cent.

But the incentive eventually helped achieve a two-digit export growth rate, he said. Explaining the reason, Rahman said apparel-makers previously did not want to go to those markets because of the difficulties involved and the time spent to enter a new market. But because of getting duty-free access and cash incentives, garments owners have started exploring new destinations and markets.

“China, the world’s largest apparel supplier, has started importing products from us because the Government of China has allowed duty-free access to over 5,000 Bangladeshi products, which eventually enhanced the export growth of the apparel sector,” he explained. About 40 to 50 crore people in China belongs to the high-middle income group, said Siddiquur.

The inspection by Accord and Alliance had helped remediate the factories and prompted factory owners to emphasise workplace safety, which eventually lift the country’s image in front of foreign buyers, said Siddiquur.
Eighty green garments factories currently in operation are completely LEED-certified and another 300 are in the process of getting the certification. Of the top 10 green garments factories in the world, first seven are located in Bangladesh, said former BGMEA president.

However, the Chattogram port needs to facilitate more in order to perform better, said the former BGMEA president. ”We’ve invested around USD 4 billion for ensuring workplace safety and occupational health,” he added. Citing an example, Dr Rubana Huq, current president of the BGMEA said:

“Our production cost has increased by 29.4 per cent, lead time has increased, lack of innovation, deficit of technological upgradation-these are the challenges which need to be addressed immediately.”

Moreover, 30 factories had shut down last year, she added. Responding to a question, she said: “We export basic polo t-shirts worth USD 6 billion dollars. We are emphasising product diversification to compete in the global market in future.”

Source: dailyindustry.news- June 22, 2019

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Pakistan: Govt admits missing exports target by $3b

The government has admitted to missing the exports target by over three billion dollars during ongoing fiscal year despite depreciating currency and providing incentives to exports oriented sectors.

“Exports for 2018-19 are estimated to be around US$ 24,656 million against the target of US$ 27,996 million,” the government stated in Annual Plan 2019-20. The incumbent government had depreciated the currency to boost the country’s exports.

Similarly, the government had also provided cash assistance to major sectors, mainly textile and clothing for increasing the overall exports. Similarly, the government had also announced to reduce the gas and electricity prices for the exports oriented sectors.
However, the country would miss the exports target by wide margin despite giving incentives to exports oriented sectors during last fiscal year. According to the latest data released by Pakistan Bureau of Statistics (PBS), total export proceeds during the 11 months fell by 0.3 percent to $19.164 billion compared to $19.09 billion during the same period last year. Therefore, eleven months data also suggested that the government is unlikely to achieve the target of $28 billion during the fiscal year that would end on June 2019.

However, the government has termed the slowdown in economic growth in the EU, along with spillovers from US-China trade tensions, led to subdued performance in exports. Textile sector remained the most vulnerable sector in these global headwinds.

According to the Annual Plan 2019-2020, there is improvement in exports receipts in certain major groups like; textile and petroleum while decline in food, other manufacture group and all other items exports offset the positive gains and overall exports declined during outgoing fiscal year.

Slowdown in economic activities at our certain export destinations has also affected demand side of exports. On supply side, the Large Scale manufacturing (LSM) has dipped by over 2.93 percent during July-Mar 2018-19 as well as cotton production showed lacklustre performance.

According to the government, the incumbent government is focusing on making the exports a driver of sustainable economic growth. It is endeavoring to improve competitiveness and efficiency of the industry especially export oriented sector and import substituting production, reducing structural anomalies and improving trade by increasing institutional efficiencies and reducing cost of doing business.

The government has taken various initiatives to bolster exports like rationalisation of energy prices for five zero-rated industries – textile, leather, sports, surgical and carpet to make exports competitive; duty on raw material used for exportable goods has been slashed; greater market access under recently concluded FTA-II with China; through Finance Supplementary (Second Amendment) Act, 2019, a mechanism to pay refunds to exporters through sales tax refund bonds has been launched to ameliorate liquidity constraints.
The impact of the said measures along with the depreciation of rupee is likely to become visible in upcoming months.

The State Bank of Pakistan has maintained low rates for export refinancing schemes and fixed investment to allow export sector industries to make investments on competitive basis.

In order to increase exports, the government has continued the five export oriented sectors - including textile, leather, sports goods, surgical goods and carpets - as part of zero rated sales tax regime. Devaluation has surely increased the cost of imported raw materials.

However, this has been largely offset by the generous export incentives provided including larger export rebates, withdrawal of import duties on inputs of raw materials and intermediate goods and, more recently, the issuance of promissory notes against refunds due along with subsidies on gas and electricity consumed. All these measures likely to pay dividend with lag effect.

Source: nation.com.pk - June 23, 2019

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**Pakistan: Dawood to visit China for finalising FTA-II issues**

Adviser to Prime Minister on Commerce, Textile, Industries & Production and Investment, Abdul Razak Dawood said on Friday he would be visiting China on July 15, 2019 to finalise issues related to Free Trade Agreement-II (FTA-II). He was flanked by Chinese ambassador to Pakistan Yao Jing with an objective to brief the media about progress after recent visit of delegation headed by Secretary Commerce Sardar Ahmad Nawaz Sukhera to China. Representatives of provincial governments and private sector were also part of the official delegation.

Both countries signed FTA-II during the Prime Minister Imran Khan's recent visit but implementation of the pact is linked with the approval of Chinese parliament which is yet to be accorded.
Abdul Razak Dawood said a Chinese NGO will visit Pakistan in July and extend technical training in textile sector. He said Chinese companies will manufacture textile products in Pakistan.

Dawood further stated that a Chinese 135-year-old company, Li & Fung, intends to set up a factory of trucks' tyres in Pakistan, adding that for the first time the company has invited any foreign delegation.

According to Secretary Commerce, the company intends to increase its trade target from $1 million to $1 billion from Pakistan. He said Pakistan imports tyres of buses and truck worth $2 million per annum. The Chinese company will manufacture tyres in Pakistan and export the product, in addition to 30 percent sale in local market.

Another Chinese company which makes travel bags has also shown interest to set up a factory in Pakistan, adding that the plant's relocation plan is underway. He further stated that measures are being taken to promote Pak-China joint ventures.

In reply to a question, Dawood said the government has done away with funding visits of businessmen abroad and now the investors/ businessmen will bear the financial burden of their visits designed to promote their business.

Prime Minister’s Adviser, who is unhappy with the government for not giving incentives or concessions to the exporting industry in the federal budget, said that the economy has begun to finally perform.

Chinese ambassador to Pakistan said Prime Minister Imran Khan has held three meetings with the Chinese president and discussed issues relating to trade, agriculture and industry.

He said Pakistan's negotiating team is wonderful and China has opened 90 percent of its market for Pakistani products, adding that Chinese companies are relocating their supply chains to Pakistan.

According to him, with one percent relocation, $600 million investment will come into Pakistan. He said Pakistani produce like mangoes, other fruits and fishery have been given access to Chinese markets.
In reply to a question, Abdul Razak Dawood said Pakistan, as a nation, should promote made in Pakistan products, adding that Prime Minister wants investors to get a handsome return on their investment.

"Our policy is based on three Es: export, export and export," he continued.

Answering another question, Abdul Razak Dawood said that he has no objection if the Chinese company wants 100 percent ownership in Pakistan. However, his preference is that the Chinese companies do joint ventures with Pakistan companies.

Dawood further stated that a decline was witnessed in direct investment last year. However, investment of Rs 90 billion was evident during CPEC's first phase, he said, adding that he does not have any idea about investment in the pipeline.

In reply to a question about sugar prices, he said that 3 million tons of sugar stocks are available which are sufficient for eight months.

"Sugar is a sensitive issue. There is no justification for an increase in price when sufficient stocks are available," he said.

Source: fp.brecorder.com - June 22, 2019

Azerbaijan plans to start exporting textile to Poland, Azerbaijan's trade representative in Poland Nemat Nagdaliyev told Trend.

He noted that the Polish and Azerbaijani sides are currently discussing the matter.

"There is a great demand for textile products on the Polish market. We studied this market, and now we consider exports from Azerbaijan to Poland economically viable and promising. To date, contacts have already been established between the Baku Textile Factory and Polish partners, and we plan to export Azerbaijani textiles to this European country in the medium term," Nagdaliyev said.
The Azerbaijani trade representative noted that negotiations are currently underway in this direction and details of the upcoming bilateral cooperation are being discussed.

"At the present stage, certain agreements have been reached between the Baku Textile Factory and Polish companies on several types of textile exports. In the future, we intend to organize the export of Azerbaijani textile products not only to Poland, but also to other countries of Central Europe," he added.

Last year, the trade turnover between the two countries, according to Polish data, amounted to 80 million euros, of which 68.3 million euros accounted for Polish exports to Azerbaijan.

Currently, the largest trade partners of Azerbaijan are Italy, Russia, Turkey, Israel, Germany and China. Poland is the seventh largest trade partner of Azerbaijan and the sixth largest market in the European Union with a fast-growing economy.

Source: azernews.az - June 23, 2019
NATIONAL NEWS

Many nations offer India GSP benefits, but US move will affect competitiveness

Within the group of countries that provided GSP benefit to India, exports to EU nations were highest, followed by the US, Japan, Russia and Australia, respectively.

Even as the United States has withdrawn preferential tariff benefits to India, provoking New Delhi to impose retaliatory tariffs on many imports of American goods, India continues to enjoy tariff preference from many countries including Australia, Russia and Japan, as well as the European Union (EU), among others.

Indian exports to these countries was nearly five times the total exports to the US in 2018, with the country exporting $6.3 billion worth of goods to the US under GSP in 2018 and availing duty concession to the tune of $240 million last year.

Effective June 5, 2019, the US terminated its preferential tariffs being granted to India under the Generalized System of Preferences (GSP) Scheme.

However, exports to other countries offering preferential tariffs continues to grow.

For instance, Indian exports to 28 countries in the EU under the GSP scheme rose to $25.96 billion in 2018, up from $23.93 billion in 2017 and $20.76 billion in 2016.
Within the group of countries that provided GSP benefit to India, exports to EU nations were highest, followed by the US, Japan, Russia and Australia, respectively.

Exports from India to Japan under preferential tariff arrangement were at $1.71 billion in 2018, as compared to $1.81 billion in 2017 and $1.61 billion in 2016.

Exports to Russia rose to $478.68 million in 2018, from $426.56 million in 2017 and $430.69 million in 2016. Exports to Australia were at $445.76 million in 2018, as against $389.74 million in 2017 and $319.66 million in 2016.

Apart from these countries, exports to New Zealand, Belarus and Kazakhstan were at $29.05 million, $21.25 million and $5.72 million in 2018, respectively.

“Some developed countries including European Union provide unilateral tariff preferences on exports from developing countries/least developing country under their Generalized System of Preferences Scheme,” Commerce and Industry Minister Piyush Goyal had said Friday in a reply to a question in the Rajya Sabha.

“As per WTO, India is a beneficiary of GSP provided by Armenia, Australia, European Union, Japan, Kazakhstan, New Zealand, Norway, Russian Federation, Switzerland and Turkey,” he said.

Source: indianexpress.com - June 24, 2019
Govt announces many 'key reforms' to boost domestic apparel sector: Smriti Irani

Union Textile Minister Smriti Irani on Friday said the central government announced many "key reforms" such as relaxation of Sections of Income Tax Act and incentives to boost the domestic apparel sector to enable it to compete with multinational brands.

"To encourage the domestic apparel sector to compete with multinational brands, government announced key reforms under a special package that includes additional incentives under the Amended Technology Upgradation Fund (ATUFS), relaxation of Section 80JJAA of Income Tax Act and introduction of fixed-term employment for the apparel sector," a press release by the PIB read.

The press release added that a written reply submitted by Irani in the Lok Sabha today cited that the government is providing the whole 12 per cent of employer's contribution towards Employee's Provident Fund and Pension Scheme.

"Under Pradhan Mantri Rojgar Protsahan Yojana (PMRPY), the government is providing entire 12% of employer's contribution towards Employee's Provident Fund (EPF) and Employee's Pension Scheme (EPS). Further, to make the apparel sector competitive, Government is providing a rebate of State and Central taxes/ levies embedded in manufacturing," it read.

It went on to add that in India traditional textiles and synthetic materials cater to different segments in the domestic marker and synthetic fabric's import is 30 per cent of the production of traditional textiles.

"India's traditional textiles and synthetic materials cater to different domestic market segments. Traditional textiles and fabric are primarily cotton focused and cater to niche markets. In India, import of synthetic fabric is approximately 30% of domestic production of traditional textiles," it read. It said, "The share of imported apparel with respect to domestic apparel market in India is nearly 1.4%.

Source: business-standard.com - June 21, 2019
Manufacturing outlook for Q1 is moderate: FICCI

This has been largely due to subdued domestic and export demand, the survey noted.

The outlook for the manufacturing sector is moderate in the first quarter of 2019-20 as the percentage of respondents reporting higher production during the quarter has fallen compared with that of the fourth quarter of 2018-19, according to FICCI’s quarterly survey.

The FICCI Quarterly Survey on Indian Manufacturing Sector mentioned that overall sentiments remain subdued as the proportion of respondents reporting higher output growth during the April-June 2019 has fallen to 41 per cent from 54 per cent in Q4 of 2018-19.

The survey assessed the sentiments of manufacturers in twelve major sectors, including automotive, capital goods, cement and ceramics and chemicals.

It added that the percentage of respondents expecting low or same production is 59 per cent (46 per cent).

Constraints in expansion

The survey said that due to high raw material prices, high cost of finance, uncertainty in demand, shortage of skilled labour, need for technology upgradation are some of the major issues affecting the expansion plans of the respondents.

In most of the sectors covered in the survey, the average capacity utilisation has either decreased or remained almost the same in Q1 of 2019-20 compared with that of the preceding period.

Source: thehindubusinessline.com - June 23, 2019
ITF seeks govt help to curb fall in apparel exports

A shift in the textile manufacturing ecosystem is the need of the hour, say industry insiders

Despite government support by way of special package and incentives, the Indian textile industry has hit roadblocks on exports. The likely reasons may be the industry’s focus on select markets/zones — where it has been unable to compete on the price front with FTA countries — rising manufacturing cost, inability to compete with low-cost destinations, or limited exposure to blended apparels.

The Indian Texpreneurs’ Federation (ITF) listed 13 possible reasons with a request to its members to list three major reasons for the stagnant growth, based on experience and exposure.

A majority of the ITF’s members conceded that they were unable to compete with low-cost countries as the manufacturing costs have spiralled, due to limited market focus and the industry losing manufacturing efficiency.

This pressure on the price front pushed the apparel sector to concentrate on retaining the business, rather than on growth or exploring new markets.

The ITF survey also revealed that the textile and apparel sector has found it difficult to compete with Vietnam and China, as manmade fibre is expensive here, and the industry is ill-equipped to shift to blends and still relies on cotton.

A shift in the textile manufacturing ecosystem is the need of the hour, say industry insiders.

“Growth in the apparel sector’s exports will solve India’s twin challenges of job creation and greater participation of women in the textile industry. To meet this, the industry will require investment of ₹500 crore.

This will help create 40,000 jobs, and an additional $1 billion in exports will create another 1.5 lakh new jobs,” said Prabhu Dhamodharan, Convenor, ITF.
Solutions for growth

The federation has appealed to Union Textiles Minister Smriti Irani to consider forming a taskforce with representations from regional associations, to identify short- and long-term solutions for export growth.

A fibre-neutral policy, single lower GST rate for all textile products, a scheme to promote large-scale apparel manufacture, providing more support to small and medium exporters, and speeding up India’s foreign trade agreements (FTAs) would go a long way in boosting apparel exports, the ITF noted in its appeal.

The Federation has also emphasised the need for branding the sustainability of textiles, particularly in Tamil Nadu, by highlighting the concept of the ‘green process’ (zero-liquid discharge in processing) and green factories across the country.

A ‘Cotton Technology Mission’ aimed at achieving 1,000 kg per hectare would help curb the volatility of cotton prices, which are currently at the highest level, say industry sources.

Source: thehindubusinessline.com - June 21, 2019

Simplified GST, timely credit can help small units go overseas, feel experts

With the emerging global trade war expected to throw up tremendous opportunities for Indian companies, representatives of trade bodies, small industry associations, banks and corporates felt a right ecosystem with a simplified Goods and Services Tax regime, lower taxes and greater lending support will help Indian SMEs tap the export potential.

Speaking at a panel discussion, ‘Tapping into Global Trade — Challenges and Opportunities,’ at the SME Growth Summit presented by ICICI Bank and BusinessLine, the panellists urged the government to provide financial assistance to SMEs, assured orders for a minimum period of 3-5 years, availability of bank credit, tax rebates for Research and Development (R&D) and enhanced export incentives.
“Tamil Nadu is a forerunner in the small-scale industries model and it has the capability to produce goods of any international standards,” said CK Mohan, former General Secretary, Tamil Nadu Small & Tiny Industries Association (TANSTIA). “But small industries must be allowed to establish themselves in the domestic environment before they think of exports,” he added.

**Time-consuming**

R Sundaram, MD & CEO, Aerospace Engineers Pvt Ltd, Salem, said that in some cases companies have to wait for more than 60 months to get their a return on investment, but banks do not wait for such a long period.

“But small companies can do wonders with the available government support and if they are ready to innovate,” Sundaram added.

X Arokianathan, Convenor, MSME Panel, Confederation of Indian Industry (CII) – Chennai Zone, said that timely availability of packing credit, delay in GST refunds, and non-usage of government mandated TReDS platform by large corporates are some of the fiscal issues that hamper small businesses.

He also said that if the government is interested to promote SMEs to export then it needs to work at the ground level in improving logistics since shipments from India take much longer time than countries like China. However, he lauded the government’s efforts in activating Indian Embassies, Consulates and High Commissions to help businessmen build relationships with their counterparts in various countries.

**Open trade model**

Viral Rupani, Retail Business Head-South, ICICI Bank, said that from ‘Make in India’ the country is now progressing towards ‘Making for the world in India’.

He also added that India should emulate the open trade model of Singapore, which has maintained a trade surplus for the last 25 years, and Germany — the third largest exporter after the US and China.
“Technology is now available at throwaway prices. So, SMEs have to come out of the mindset that the technologies are only for large corporates,” said Prince Sudersanam, Head-ERP Product Development & Delivery, Ramco Systems.

Source: thehindubusinessline.com- June 23, 2019

Employment Generated Through Textile Sector

Textile industry is one of the largest source of employment generation in the country with over 45 million people employed directly and another 6 crore people in allied sectors, including a large number of women and rural population.

Government has launched several important schemes for employment generation and providing livelihood in handloom, handicraft, powerloom for all the segments of the textile sector.

1. SAMARTH—Skill development and capacity building scheme.
2. Amended Technology Up-gradation Fund Scheme (ATUFS) for technology upgradation of the textile industry, purpose being to attract investment and boost employment.
5. PowerTex India for powerloom weavers.
6. Silk Samagra—an integrated Scheme for development of silk industry.
7. vii. Integrated Wool Development Programme.
8. Scheme for Integrated Textile Parks.

Scheme for Rebate of State and Central Taxes and Levies (RoSCTL) was recently approved by the Government to rebate all embedded state as well as central taxes/levies up to 31st March 2020 to promote ease of doing business
and avoid procedural delays, rebate of taxes /levies embedded in manufacturing. This applies to Made-Ups and Apparels.

The package is being implemented pan India and will benefit exporters including that of Tamil Nadu.

This information was given by the Union Minister of Textiles, Smriti Zubin Irani, in a written reply in the Lok Sabha today.

Source: pib.nic.in- June 21, 2019

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Japanese textile designers collaborate with Indian artisans in Uttarakhand

Japanese textile designers Chiaki Maki and Parva Tanaka have laid deep roots of Japanese tradition in India by collaborating with the Indian artisans and manufacturing traditional hand-woven Japanese outfits in Dehradun, Uttarakhand.

Chiaki and Parva started working with the Indian artisans and opened their own work station in 2017, Ganga Maki Textile Studio in Bhogpur, Uttarakhand. Rakesh Singh is the Indian director for their textile studio.

Beautiful and distinctive Japanese outfits are manufactured in their studio with the help of hardworking weavers and artisans, putting in their efforts to produce authentic outfits."

We have been working with weavers in Delhi for 27 years, in co-operation with Ms Neeru Kumar, one of the most prominent textile designers in India. We distribute our products through Maki Textile Studio Ltd in Tokyo, Japan" Chiaki told ANI.

Chiaki met Rakesh, a chef in Delhi and hired him for the Indian Cafe in their textile shop situated in Tokyo.

While working there, Rakesh was impressed seeing Chiaki and Parva's Japanese customers admiring their handmade prints and unique designs.
Soon he proposed an idea to Chiaki and Parva to build a bridge between India and Japan by teaching Indian artisans the art of handmade Japanese textile printing and designing and manufacturing the authentic outfits in India.

Parva and Chiaki started organizing workshops in Athurwala, Uttarakhand in 2010, where they trained local villagers in weaving, hand spinning and naturally dying the fabric.

"Our wish is to become a model for villagers to keep their living out of hand work in their village. Currently, there are around 20 families in the villages of Uttarakashi, 10 families in Uttar Pradesh, 10 families in Jharkhand, 20 families in West Bengal, 20 families Chattisgarh and 10 families in Assam, who make handmade yarns for us. " Chiaki said.

They started exporting hand-woven fabrics from India to Maki Textile Studio Ltd in Japan. Gradually they constructed a more comfortable workplace for the Indian artisans in Bhogpur, Uttarakhand. The workplace in Bhogpur is constructed using limestones, bricks, mud, bamboo, wood, etc.

Gradually they started cultivating their fields to grow materials for natural dyes and fibres. They cultivate natural dye plants such as Indigo, Henna, Marigold, Harshingar, Anar, etc in their own fields.

Currently, about 50 workers, including, 10 weavers, five tailors, women workers for various hand-woven tasks, caretakers, and farmers are working at Ganga Maki Textile Studio.

Their products range from woollen coats, jackets, silk scarves, silk shawls, silk dresses, bed covers, table clothes, fabrics to rugs and much more. They conduct exhibitions twice a year, displaying their hand-woven outfits for the visitors.

Source: business-standard.com- June 23, 2019
Government’s transport assistance for farm produce exports under attack at WTO

Australia implies that scheme flouts Nairobi Ministerial meet decision; US wants more information

The new transport and marketing assistance scheme for farmers announced by the Union government in March has raised the hackles of some developed countries which are now questioning it at the World Trade Organization (WTO).

While Australia has said that the scheme may have flouted a decision on limiting such subsidies taken at the WTO’s Nairobi Ministerial meet in December 2015, the US has sought more details on the items being given such subsidies.

“The questions submitted by Australia and the US to India on its transport and marketing assistance scheme will come up for discussion at the Committee on Agriculture meeting on June 25-26. More countries may join the discussion at that time,” a Geneva-based trade official told BusinessLine.

The scheme under scrutiny provides assistance for the international component of freight and marketing of agricultural produce which is likely to mitigate the disadvantage of higher cost of transportation of export of specified agriculture products due to transshipment and also to promote brand recognition for Indian agricultural products in specified overseas markets. These include North America, the EU, some countries in South America, China, the ASEAN, New Zealand and Australia.

It is currently available for exports from March 1, 2019 to March 31, 2020. Its applicability will be specified from time to time.

Pointing out that the assistance provided under the scheme qualified as an export subsidy under the WTO agreement, Australia said that the move went against the Nairobi Ministerial commitment of reducing such subsidies rather than increasing them.

Australia’s submission acknowledged that the Nairobi decision was to allow developing countries to continue to give transportation and marketing subsidies till 2023, but there were also some caveats.
“India is also obliged by the subsequent paragraphs of the Nairobi Decision, which note that members shall not apply export subsidies in a manner that circumvents the requirement to reduce and eliminate all export subsidies; members shall seek not to raise their export subsidies beyond the average level of the past five years on a product basis; and members shall ensure that any export subsidies have at most minimal trade distorting effects and do not displace or impede the exports of another member,” the submission stated.

Australia has asked India to explain how the transport and marketing assistance scheme is in tandem with the Nairobi Ministerial decision and what step the country has taken to ensure that it will have minimal trade distorting effect on other members.

The US asked India to disclose how much the government had budgeted for the scheme in the on-going year and also give details of other subsidies given to products getting assistance under the new scheme.

Source: thehindubusinessline.com- June 23, 2019

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**India exported goods worth $6.3 billion in 2018 under US export incentive : Piyush Goyal**

India is a beneficiary of the GSP provided by few countries including the EU nations

India exported goods worth $6.3 billion to the United States (US) in 2018 under their export incentive programme, Parliament was informed Friday.

The US has rolled back incentives under its Generalised System of Preferences (GSP) programme from June 5.

“The total duty concessions accruing on account of the GSP were USD 240 million in 2018 which was about 3.8 per cent of the value of India’s exports to the US availing GSP benefits in 2018,” Commerce and Industry Minister Piyush Goyal said in a written reply to the Rajya Sabha.

These concessions will no longer be available, he said.
He added that the impact of the withdrawal of the incentives will vary across products.

In a separate reply, he said some developed countries including the European Union (EU) provide unilateral tariff preferences on exports from developing countries/least developing country under their GSP Scheme.

India is a beneficiary of the GSP provided by Armenia, Australia, the European Union (EU), Japan, Kazakhstan, New Zealand, Norway, Russia, Switzerland and Turkey.

“USA has terminated preferential tariff benefits being granted to India under its GSP,” he said. In another reply, he said that the US did not accede to India’s request for withdrawal of duties imposed on certain steel and aluminium products.

Source: thehindubusinessline.com- June 21, 2019

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ITF submits 11-point suggestion to textiles ministry

To help Prime Minister Narendra Modi’s vision of making India a $5 trillion economy by 2024, the Indian Texpreneurs Federation (ITF) has submitted a 11-point appeal and suggestions to the ministry of textiles. The suggestions are based on an online survey carried out by ITF, in which 320 out of 563 ITF-member textile entrepreneurs participated.

The textile-apparel manufacturing cost has increased and hence manufacturers are not able to compete with low cost destinations in low value products, according to the findings of the survey.

The major market focus of India’s textile industry is only to 3-4 countries/zones, where the exporters are not able to compete in prices with countries like Bangladesh. Thirdly, the domestic textile industry is not catching up in terms of manufacturing efficiency; and there is also worker shortage, the survey said.
In addition, expensive MMF raw materials makes it difficult to compete with Vietnam and China. Also, the bulk of Indian apparel are cotton-based and there is not much presence in blended apparel, which are currently in demand.

Some entrepreneurs in the survey mentioned that higher cost of capital is making them less competitive.

Based on the findings of the survey, ITF has urged the Union government, firstly, to consider forming a task force with industry stakeholders particularly with representation of strong regional manufacturing associations in order to identify the short term and long term solutions to trigger the growth of exports.

“In the case of Tamil Nadu, there are certain unique exporting mega clusters like Coimbatore, Tiruppur, Karur and Erode. One Joint Secretary cadre officer from the Union textiles ministry should visit periodically and form a separate task force in this region to facilitate the growth opportunities and also support the industry to resolve the challenges,” the ITF letter to textiles minister Smriti Irani said.

“Bring Fibre Neutral Policy at single and lower GST tax rate for all the raw materials in textile sector to allow Indian textile industry to have a level playing field with competing countries. This will help to shift our focus towards more value-added blended products which leads in high demand across the globe,” the letter, a copy of which was marked to commerce minister Piyush Goyal, said.

Fourthly, the ITF has urged setting up of Cotton Technology Mission to achieve 1,000 kg per hectare in the next few years from the present level of 500 kg per hectare, as most of the cotton growing countries have crossed 1,000 kg per hectare. “This will help Indian textile industry with abundant raw material and also help farmers to double their income. This will help in cutting down the volatility of cotton prices that we are currently facing at its highest level.”

Fifth, there should be a special scheme to promote large scale apparel manufacturing. Sixth, handhold the small and medium textile exporters to reach new and potential markets by appointing special ‘trade officer’ for textiles in the embassies of those countries.
Seventh, brand the sustainability factor of Indian textile industry to use the growing importance of sustainable textiles in world markets. For example, Tamil Nadu textile sector is the best example with zero-liquid discharge (ZLD) in processing sector and more than 50 per cent of the energy consumed is from green energy sources like wind and solar. The concept of green process and green factories need to be initiated across India.

Eighth, the Indian government should speed up signing of free trade agreement (FTA) with Eurasia and other countries. Ninth, India should better engage with the US to gain better market share in US textiles and apparel. In other words, India should take advantage of US-China trade war as currently India’s annual textile and apparel exports to the US stand at $7.672 billion compared to China’s $40.51 billion.

Tenth, the government should resolve the inverted duty structure issue with processing sector in GST. And finally, until all the mentioned challenges are resolved, “the Government should support the sector by way of export incentives to sustain the current volume of business,” ITF convenor Prabhu Dhamodharan said.

Source: fibre2fashion.com- June 21, 2019

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**India to reduce bank lending rate for exporters: Commerce minister**

Piyush Goyal also told a press conference India saw a '$50 billion' opportunity for exporters, due to ongoing global trade wars.

Government is working with the RBI & private banks to reduce lending rates for exporters, said Piyush Goyal.

India's government is working with the Reserve Bank of India as well as private banks to reduce lending rates for exporters, commerce minister Piyush Goyal said on Friday.

Piyush Goyal also told a press conference India saw a "$50 billion" opportunity for exporters, due to ongoing global trade wars, without specifying a time period.
Significant drop in campus placements in NIFT: Textiles Minister Smriti Irani

Bengaluru’s NIFT recorded only 38 per cent placement during 2018-19 as against 97 per cent in the year before.

Placements of graduates from 15 National Institute of Fashion Technology’s (NIFT) campuses fell significantly in percentage terms for the academic year 2018-19 over the previous year, the Parliament was informed on Friday.

The percentage of graduates from New Delhi campus getting placement fell to 37 per cent in 2018-19, Textiles Minister Smriti Irani said in a written reply to the Lok Sabha. There was almost 100 per cent placement in the preceding year.

Similarly, the placement percentage reduced to almost half compared to 98 per cent during 2017-18 at the Kolkata campus.

Bengaluru’s NIFT recorded only 38 per cent placement during 2018-19 as against 97 per cent in the year before.

Irani told the Lower House that companies can extend a job offer to students before the on-campus placement.

Acceptance of the offer is considered as job placement, she said.

Set up in 1986, NIFT was made a statutory institute in 2006 by an Act of Parliament with the President of India as ‘Visitor’.

Source: thehindubusinessline.com- June 21, 2019
**FTAs are against Make in India, need to approach EU pact with caution: SIAM**

SIAM also said bringing CBUs under EU FTA would be unfair to automobile companies who have made substantial investments in India.

Arguing that free trade agreements (FTAs) with competing countries do not benefit Indian automobile industry, SIAM has called for 28 items, including hybrid, electric cars and three-wheelers to be kept in negative list in all such pacts.

Automobile industry body Society of Indian Automobile Manufacturers (SIAM) said "it is extremely concerned about the way India is negotiating FTAs with various nations and groupings", specially with European Union (EU) which has demanded inclusion of import of completely built units to be included in the agreement.

"SIAM has consistently submitted that FTAs with competing countries do not benefit Indian automobile industry, it is against the concept of Make in India for local value addition and local employment," it said in a white paper.

"Hence, CBUs (Completely Built Unit) of vehicles and engines should be kept in India's Negative List under India-EU FTA, RCEP (Regional Comprehensive Economic Partnership) Agreement," it added.

In the paper titled Trade Agreements that may Jeopardize 'Make in India' Programme for Automobiles, SIAM said, "India has signed FTAs with several important partners in the last few years and has witnessed a worsening of trade balance whenever it is with a major manufacturing economy like ASEAN, South Korea, Japan."

India-Thailand FTA framework was signed in 2003, India-Korea and India-ASEAN FTA were signed in 2009 and India-Japan FTA was signed in 2011. Today, the above five countries together account for 11 per cent of India's trade and 23 per cent of India's trade deficit, it added.

Drawing attention to "one of the most demanding FTAs being negotiated" by India with the EU, SIAM said it "needs to be negotiated with utmost caution and after reviewing the results of all other FTAs concluded by India and
taking onboard all the domestic stakeholders who might get affected due to the signing of the FTA”.

"...Giving in to the EU's demand of tariff reduction in CBUs will be very detrimental to the Indian automobile industry," it said.

It further said the negative fallout will seriously compromise the interests of industry's investment, manufacturing value-add and employment at no obvious gain in trade or economic expansion.

"For automobile industry, India-EU FTA will be counter to our 'Make in India' initiative," it added.

On FTA with RCEP, which includes China, ASEAN, South Korea, Japan, Australia and New Zealand, SIAM said, "In our FTAs with Japan, Korea and ASEAN, we have not included automobile CBUs and there is no reason why we should include them under RCEP at this stage."

India's tariff policy and keeping CBUs in the negative list of all FTAs has helped foreign direct investment (FDI) in automotive sector since global companies wanted to avoid high tariff but at the same time could not ignore the fast-growing market in India.

"Reduction of tariff on CBUs under India-EU FTA will be a complete reversal of the policy of high tariffs to force investment, local manufacturing, local value addition and local employment," the industry body said, adding it would jeopardise the entire Automotive Mission Plan 2016-2026 targets of additional employment of 65 million persons for which an investment of Rs 4,50,000 crore to Rs 5,50,000 crore (USD 68-82 billion) would be required.

It further said bringing CBUs under EU FTA would be unfair to automobile companies who have made substantial investments in India.

SIAM said its list of 28 items, including CBUs of hybrid and electric cars and three-wheelers; transport vehicles of ten or more persons and engines, should be kept in India’s negative list in all FTAs.

Source: economictimes.com- June 21, 2019
Explained: Modi’s Bt cotton connection and why his govt needs to wake up on GMO

The word Satyagraha, meaning polite insistence for truth, is associated with political movements of Mahatma Gandhi for civil rights, first in South Africa and later in India. The famous 24-day Dandi March (also known as Salt March), a nonviolent civil disobedience against the British monopoly on salt in 1930, became a symbol of Satyagraha.

But today, it is much in news because of the civil disobedience movement launched by supporters of Shetkari Sanghatana (SS), a farmers’ organisation, to defy the controls by Government of India (GoI) on the planting of Herbicide Tolerant (HT) Bt cotton and Bt brinjal. SS was founded by the late Sharad Joshi, one of the most prominent farmers’ leader in independent India. He gave up his cushy position in the United Nations to fight for the cause of farmers’ freedom to choose the best farm technologies and to sell their produce to the most lucrative markets at home or abroad. Unfortunately, governments since independence, no matter how much they swear by the name of farmers, have constrained our farmers’ access to best farm technologies as well as best markets. That’s a painful fact which has imposed massive implicit taxation on Indian peasantry to the tune of about $700 billion (cumulative) from 2000-01 to 2016-17, as per a 2018 OECD-ICRIER study.

HT Bt cotton is not legally allowed by GoI. But, the government’s own committee has estimated that it is being planted on about 15-17% of cotton area. Growing any GMO crop illegally attracts a five year imprisonment and a fine of Rs 100,000. But so far, no one had been arrested and the illegal trade has been thriving for quite some years. It speaks of not just a massive
governance failure but also its connivance with unscrupulous seed companies where thieves are thriving.

Farmers want that technology and are buying those seeds in black markets, at prices much above those declared by the government for non-HT Bt seeds. Now, when SS supporters are openly defying government regulation, GoI has suddenly woken up and asked for action from Maharashtra government. Newspaper reports suggest that one farmer with HT Bt seeds has also been arrested.

If the government is really serious not to allow this, let it show its might by arresting hundreds of thousands of farmers who have already planted HT Bt cotton. And why not first arrest the fraudulent seed companies that have been selling these seeds illegally and without any patent. Most people in this trade know who these local companies are and whose shelter they have politically. The big multinational companies, who are the original innovators of HT Bt cotton, have stayed away from this messy business and, in fact, have decided to withdraw most of their high biotech farm technology from India.

Let us peep into this brave new world of GMOs for better understanding. GMO’s have been present on the global platform since 1996 and by 2017, for which I have the latest data, were being planted on almost 190 million hectares around the world.

A total of about 67 countries have accepted GM crops, of which 24 are planting and others importing and consuming. GMO crops range from soya bean, corn and cotton, to papaya, brinjal, and even apples and potatoes! And the landscape ranges from developed nations like the US and Canada to developing ones like Brazil, Argentina, India, Pakistan and China (see graph). There have been no cases of human deaths, disease, or injury from their production or consumption.

It may be noted that Bangladesh, not shown in the graph, has also adopted Bt brinjal and area under that is fast catching up. Bt brinjal is an interesting case study as it was cleared by India’s GEAC way back in 2009, but our environment ministry, under pressure from NGOs, could not gather the courage to release it. Now that Bangladesh has taken the same technology from an Indian firm, and is fast scaling it up, will it not be stupid on our part to presume that it will not enter West Bengal, if it has not already done so? GoI needs to wake up!
Almost a similar situation had arisen in March 2002, when it was found that some Indian farmers had planted Bt cotton. The Vajpayee government examined the whole issue considering both bio-safety and farmers’ needs.

Then, it took a bold decision on March 26, 2002 to legally allow planting of Bt cotton, the first GM crop of India and the only one so far. He extended the original slogan of ‘Jai Jawan, Jai Kisan’ given by Shastri to include ‘Jai Vigyan’. He was very clear that our agriculture should be science-based. Look at the results of this one bold decision by late PM Vajpayee.

Today, about 90-95% cotton area is under Bt cotton, and India has emerged as the largest producer and second largest exporter of cotton in the world. In a much more detailed study that I did with Kavery Ganguly, we estimated that due to this ‘gene revolution’ India gained about $67 billion in foreign exchange from extra exports of cotton and cotton yarn, and savings in imports, over the period 2002-03 to 2016-17, compared to business as usual.

But more important are the gains to cotton farmers, whose incomes doubled. And the maximum gain was to Gujarati farmers. In fact, we found that Gujarat’s ‘agrarian miracle’ of 8% average annual growth rate in agri-GDP during Narendra Modi’s regime as CM from 2002-03 to 2013-14 was triggered and lead by Bt cotton. And this was the famous Gujarat development model that also helped him become the PM of India.

It won’t be an exaggeration to say that Bt cotton has been the secret force behind Modi’s political successes! Given this, can India under Modi 2.0 emerge as a leader in bio-farm technologies, including GMO? Only time will tell.

Source: financialexpress.com- June 24, 2019