USD 71.02 | EUR 80.53 | GBP 92.80 | JPY 0.64

**Cotton Market (Feb 22, 2019)**

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

<table>
<thead>
<tr>
<th>Rs./Bale</th>
<th>Rs./Candy</th>
<th>USD Cent/lb</th>
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</thead>
<tbody>
<tr>
<td>20048</td>
<td>41900</td>
<td>75.03</td>
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### Domestic Futures Price (Ex. Warehouse Rajkot), March

<table>
<thead>
<tr>
<th>Rs./Bale</th>
<th>Rs./Candy</th>
<th>USD Cent/lb</th>
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<tr>
<td>20540</td>
<td>42929</td>
<td>76.88</td>
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### International Futures Price

- **NY ICE USD Cents/lb (May 2019)**: 74.01
- **ZCE Cotton: Yuan/MT (May 2019)**: 15,355
- **ZCE Cotton: USD Cents/lb**: 103.61

### Cotlook A Index – Physical

- **80.30**

**Cotton Guide:** A few words of US President Mr. Trump “agriculture will do very, very well”, has taken the International Cotton Futures to another level with changes of almost +2 cents/lb for the nearby months. The May Contract settled at 74.01 cents/lb with a change of +185 points. It settled near the high figure of 74.35 cents/lb.

The July contract settled with a change of +165 at 74.99 cents/lb. The difference between the May and the July contracts stands at 0.98 cents/lb. The volume on the other hand was estimated to be higher at 48,700 contracts as compared to the previous 35,622 contracts. ICE March is set to see it’s first notice day today. The Open interest for March was reported to be at 4,926 contracts. The total open interest decreased by 6,618 contracts to 223,795 contracts. The MCX contracts on the other hand also settled with positive numbers. The MCX February contract settled at 20,230 Rs/bale with a positive change of +150 Rs. The MCX March contract settled at 20,540 Rs/Bale with a change.
of +170 Rs. whereas the MCX April Contract settled at 20,810 Rs/bale with a positive climb of +140 Rs. The focus has now shifted to the MCX March Contract for which volumes were reported to be 3429 lots as compared to the previous figure of 2606 lots. The Open interest for the MCX March contract also increased by 15 % to 8997 from the previous figure of 7773 lots.

Arrivals in India are India are estimated to be 140,500 lint equivalent bales (170 kg), including 41,000 registered in Maharashtra, 39,000 in Gujarat and 28,000 in Andhra Pradesh. The gain witnessed in ICE has not been completely reflected on the Indian cotton prices. Shankar 6 is steady with prices of Rs 41,900 per candy. Cotlook Index A is unchanged at 80.30 cents/lb CFR main Far Eastern Ports.

Cotton has been insulated to Macro factors rather than its own fundamentals. The other agriculture commodities like soybean, oil and corn prices too moved higher amid stronger USD. The consolidated weekly export sales report of last 6 weeks will be released by USDA today and other regular CFTC report will also be published.

As far as Indian Cotton Futures is concerned it held steady around Rs 20,300 for March which moved higher along with ICE’s positive trend and settled at Rs 20,500. Since that market is making a base near Rs 20,000 at futures, spot is holding up near Rs 42,000 and the MSP has the support to the trend, we think buying slowly on cotton is recommended.

On the technical front, ICE cotton May futures witnessed sharp recovery and moved above the 13 day EMA at 72.60. Price got support from the oversold momentum indicator (stochastic), which has reversed from the 20 zones towards 36 with positive divergence. More over price closed above the 26 day EMA at 73.77, supporting recovery in prices. So for the day price is expected to remain in the range of 73.10-75.68 with sideways bias. In the near term strong supports exists around 71.90, followed by 70.50 levels. Likewise crucial resistance seen around 75.68 and 76.40 levels. In the domestic markets trading range for Feb futures contract will be 20050-20440 Rs/Bale.

**Currency Guide**

Indian rupee may witness mixed trade against the US dollar but overall bias remains weak. Weighing on rupee is higher crude oil price, choppiness in global equity markets and increased geopolitical tensions. Brent crude has come off recent highs but continues to trade near $67 per barrel supported by OPEC’s production cut pledge. Asian equity markets trade largely lower after losses in US equity market. Risk sentiment has weakened amid disappointing economic data from major economies, ECB’s cautious tone on economy and Fed’s not so dovish tilt. Fed maintained upbeat outlook for US economy keeping door open for another rate hike. Tensions between India and Pakistan are high post recent terror attack in Kashmir and market players fear further flare up. Adding to political uncertainty, Fitch Solutions says in a report that Prime Minister Narendra Modi’s party may struggle to win a simple majority in polls. Rupee and other emerging market currencies have however benefitted from signs of progress in US-China trade talks. As per reports, President Donald Trump is said to plan a meeting with China’s top trade negotiator Friday. Meanwhile, Reuters reported that the two sides were drafting language for six memorandums of understanding on proposed Chinese reforms. Rupee may witness choppy trade as market players await more clarity on US-China trade talks however bias may remain weak amid higher crude price and weaker risk sentiment. USDINR may trade in a range of 71-71.4 and bias may be on the upside.

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

Dialectic of global trade policy: US shift to protectionism improves functioning of global economy

What initially was viewed as an unfortunate US shift to protectionism may, in fact, have opened a window to improve the functioning of the global economy and world trade.

There is a subtle yet important change occurring in how political leaders think about international trade, including how to remedy long-standing problems. It results from a key distinction between the “what” of trade (where there is relatively broad-based agreement among countries) and the “how” (where differences have tended to undermine important relationships, whether transatlantic or between China and the world’s advanced countries).

As a result, there is some room for greater optimism than is suggested by talk of damaging trade wars, stifling investment restrictions, technological conflicts, and multiplying great-power tensions. The relatively wide agreement in the international trade area tends to focus on four main hypotheses that are supported by a body of research and evidence:

Firstly, free and fair trade is in the interest of most people in most countries, but it is not sufficient for inclusive prosperity. Specific segments of society can be displaced, marginalised, and alienated.

As such, trade is not just an economic issue. It also entails important institutional, political, and social dimensions. Secondly, trade is inherently underpinned by a mutually beneficial set of voluntary interactions that are best conducted, to use the language of game theory, as a cooperative game.

Thirdly, an accumulation of legitimate grievances undermines both the ideal and reality of free and fair trade. These grievances relate mostly to what economists call non-tariff barriers, including issues such as intellectual property theft, the weaponisation of economic and development tools, forced technology transfer, insufficiently effective and credible multilateral institutions, and a less-than-stable global economic and financial order. Lastly, fixing these problems has proven frustratingly slow.
That is where the major areas of disagreement begin. How should the accumulating set of problems that undermine free and fair trade be addressed? Over the years, conventional wisdom has stressed that the best option is to maintain an approach focused on cooperative resolution.

This implies negotiations that are best conducted free of actual or threatened punishment such as tariff imposition, and it favours reliance on the rules-based framework established by existing multilateral institutions.

The other approach is that adopted by the US president Donald Trump’s administration. Noting that past efforts to reverse the growth of non-tariff barriers have not worked and will not work, this strategy is more open to the use of tariff penalties to influence behaviour modification, and the threat of escalation in response to any and all retaliation by trading partners.

First widely dismissed as an unfortunate policy pivot, more people now are beginning to wonder whether the new US approach—provided it is not used repeatedly—could, in fact, serve as a beneficial disruption that helps reset international trade relationships and place them on a firmer footing.

It is a view that is underpinned by evidence (the shift from retaliation to resolution by such countries as Canada, South Korea, and Mexico) and the prospect that, due to its limited options, China will have no choice but to do the same by addressing some of its non-tariff barriers.

The task for the international community is to take advantage of the emerging window to move more comprehensively on implementing measures to counter slowing growth, reduce the risk of financial instability, and ensure more inclusive prosperity.

Such measures are less a problem of engineering (in the sense that most economists agree on what is needed) than of politics (the need for decisive leadership and sustainability).

For starters, domestic pro-growth policies must be re-energised, both as an urgent standalone priority and to take pressure off trade. This is particularly important for China and countries in Europe, including six of the EU’s largest economies.
The focus must be on productivity enhancement, structural changes to respond better to the realities of the global economy of today and tomorrow, more effective safety nets for the most vulnerable and displaced segments of society, and addressing market and government failures that frustrate growth and investment.

Moreover, existing trade arrangements need to be modernised, not only to fix existing problems, but also as part of a broader effort to enhance these arrangements’ agility in the face of rapid technological change.

Particular attention needs to be devoted to improving the approach to big data, technology transfer, digital infrastructure, artificial intelligence, networks, and mobility. It will be no less crucial to continue reforming the multilateral institutions in order to enhance their effectiveness and credibility.

Finally, the international community must guard against regional arrangements, such as China’s Belt and Road Initiative, which are intended to promote development but can end up undermining partner countries.

This requires steps to enhance transparency on the terms and conditions of projects and debt undertaken through such initiatives, encourage greater reliance on local labour, and ensure that recipient countries are not encumbered with excessive liabilities.

Excessively one-sided debt-for-physical-assets swaps, which can also raise genuine national security concerns, must also be resisted.

It is often said that with risk comes opportunity. What initially was viewed as an unfortunate US shift to protectionism may, in fact, have opened a window to improving the functioning of the global economy and world trade. The next few months will be critical.

Source: financialexpress.com- Feb 23, 2019
Export-dependent Asian countries feel ripple effects of trade tensions

Most export-dependent Asian economies posted slower growth in 2018 under the shadow of trade frictions between major economies, and the same frictions are affecting this year's prospects.

The world's two biggest economies, the United States and China, were also the biggest export markets for most Asia-Pacific countries, and analysts have said their trade dispute was one of the factors that weakened global demand and restrained Asian growth last year.

Japan's GDP slowed to 0.7 percent last year from 1.9 percent in 2017, while South Korea's GDP slowed to a six-year low of 2.7 percent. In Southeast Asia, Singapore's GDP was 3.2 percent, Malaysia's was 4.7 percent and the Philippines posted a three-year low of 6.2 percent, according to official information.

The China-US trade dispute continued to weigh on most Asian economies so far this year, driving forecasts into cautious territory even with the news that constructive negotiations were taking place.

Japan's exports shrank by 8.4 percent in January from a year earlier while imports also edged lower, according to customs data released on Wednesday, suggesting a deepening impact from China's economic slowdown, The Associated Press reported. Singapore's non-oil domestic exports contracted by 10.1 percent year-on-year, while South Korean exports contracted by 5.8 percent.

According to Trinh Nguyen, senior economist at the French investment bank Natixis, the trade dispute dampened Asian business sentiment in the first half of last year. At that time, most Asian economies were already reeling from rising US interest rates and weaker European demand.

"By the fourth quarter, the Asian region, especially the countries that are highly linked externally, entered full deceleration mode," she said.

Manu Bhaskaran, CEO of research and advisory firm Centennial Asia Advisors in Singapore, said the dispute has led to a "huge increase in uncertainty and reduced business confidence".

He said weak business sentiment has also pushed companies to postpone big investment decisions, as they wait to see if the ongoing negotiations between the US and China will end trade tensions.

Analysts said investors and policymakers in the Asia-Pacific region are closely monitoring the trade talks because the results will have a significant impact on the region's economy.

"The trade conflict isn't just about trade but also investment, and so it will have medium-term implications for the reshuffling of the supply chain," said Nguyen of Natixis.

For Centennial Asia's Bhaskaran, a resolution of the trade dispute will bolster business confidence, renew investment interest and support economic growth in the region.

"If, on the other hand, a full-blown trade war erupts, then there will be a collapse in business confidence and spending, resulting in a significant slowdown across Asia," he said.

Bhaskaran said export-dependent countries such as South Korea, Singapore, Malaysia, Thailand and Vietnam are more likely to be hurt most if the trade dispute escalates.

Apart from exporters, Bhaskaran said, the trade dispute will also dent investor confidence, pushing them to withdraw capital from emerging markets they see as having greater risks.

Japanese investment house Nomura said in its latest monthly economic report that an export slump will reduce investment spending and employment opportunities in Asia.

"This could add to the strains on domestic demand in many countries," Nomura said.

Given the uncertainties posed by the trade dispute, analysts said Asian governments need to implement measures that will keep their economies resilient.
Bhaskaran said Asian economies need countervailing fiscal and monetary policies to spur domestic demand and sustain growth. He also called for intraregional trade deals to lessen dependence on US and Chinese export markets.

Nguyen of Natixis said Asian economies have learned their lesson from the Asian financial crisis, which has encouraged them to be more fiscally prudent and beef up their international reserves.

She said the buffer will allow Asian governments to ease monetary and fiscal policies to protect their economies if the China-US trade dispute remains unresolved.

Source: elevenmyanmar.com- Feb 24, 2019

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US, China extend trade talks into the weekend

Negotiators representing the US and China agreed on Friday to extend trade talks into the weekend, media reported.

The extension was announced at the White House, where US President Donald Trump received the leader of the Chinese delegation, Deputy Premier Liu He.

The top US negotiators, Trade Representative Robert Lighthizer, Treasury Secretary Steve Mnuchin and Commerce Secretary Wilbur Ross, were also present for the meeting in the Oval Office, reports Efe.

Trump said that the two sides had reached a "final agreement" on the issue of currency manipulation, though he did not provide any specifics.

US politicians have long accused China of manipulating the value of its currency to make its exports more competitive.

Negotiators are working to meet Trump's March 1 deadline for an agreement to avert an increase, from 10 per cent to 25 per cent, in the tariffs the US imposed last year on $200 billion in Chinese products.
Trump and Chinese President Xi Jinping agreed during a December 1 meeting in Buenos Aires to observe a 90-day truce in the trade battle between the world’s two largest economies.

"Ultimately, I think the biggest decisions and some even smaller decisions will be made by President Xi and myself. And we expect to have a meeting some point in the not too distant future and I can only say talks are going along well, but we're going to have to see what happens," Trump said on Friday.

This week's round of talks in Washington was originally scheduled to last two days.

Trump said he is willing to delay the deadline, originally set for March 1, for increasing tariffs on imported Chinese goods.

The trade war between the world's two largest economies, triggered by the US president's aggressive protectionism, has sparked anxiety and volatility in global financial markets.

Both the International Monetary Fund and the World Bank have lowered their forecasts of global economic growth as a consequence of the tensions over trade between Washington and Beijing.

In pursuit of an accord, China has already adopted several goodwill measures, such as lowering tariffs on imported vehicles from the US, resuming soy purchases from the US and introducing an initiative that would prohibit forced technology transfer from American countries doing business in the Asian nation.

Source: business-standard.com- Feb 23, 2019
Sustainable Cotton Challenge spurs shift in market

The Sustainable Cotton Challenge is a catalyst to spur a shift in the market toward the use of more sustainable cotton. By committing to use cotton from the respective initiatives and standards, brands are ensuring that the intentions of their sustainable sourcing strategies are maintained and the integrity of their commitments are uncompromised.

This first annual 2025 Sustainable Cotton Challenge Report has included information and statistics on the achievements and impacts that cotton programs are having on water, communities, soil quality, biodiversity and social considerations and regulations.

The Challenge was formed in 2017 when the Prince of Wales convened a group of CEOs through the work of his International Sustainability Unit that existed to address critical challenges facing the world. Those original 13 CEOs committed to work together to accelerate the use of sustainable cotton, which paved the way for other industry leaders to follow – resulting in now more than 39 companies committed to sourcing 100 per cent sustainable cotton by 2025.

At the time of its inception, the Challenge was known as the 'Sustainable Cotton Communique' and its purpose was, and still is, to increase the uptake of organic and preferred cotton, therefore increasing the income of smallholder farmers, eliminating highly hazardous pesticides, eliminating or reducing the amount of pesticides and synthetic fertilizer used, reducing water use and improving water quality and soil health, which includes positive carbon impacts as a result of more sustainable practices.

Today, 17 per cent of the world’s cotton is more sustainable, stated the report. By 2025, it is the vision of this Challenge that more than 50 per cent of the world’s cotton is converted to more sustainable growing methods. The report has set the base line for tracking progress for the 2025 Sustainable Cotton Project corporate participants and the sustainable cotton initiatives they have partnered with to advance on their journey.

Source: fibre2fashion.com- Feb 23, 2019
Vietnam improves localisation ratio in textiles, garments

Though poor supporting industries have been traditionally considered by experts as the major reason hindering Vietnam’s path towards joining global supply chains, that no longer holds true for the textile and garment industry, thanks to policy measures and enterprises’ preparations for free trade agreements (FTAs), which set high requirements on product origin.

Vietnam had to import four-fifths of input materials and accessories for domestic textile and garment production in the past. That figure has fallen to 30-40 per cent now, according to a report in a Vietnamese newspaper.

According to Pham Tat Thang, a senior researcher at the ministry of industry and trade, the country’s supporting industries for the textile and garment sector had witnessed slow growth until two years ago, but have now invested in strengthening themselves based on commitments made in FTAs.

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), for example, sets the ‘yarn forward’ principle, and therefore, Vietnam has made bigger investments in yarn production projects to be eligible for preferential tariffs stipulated in the agreement.

Ho Chi Minh City-based Hung Xuong Chemicals has obtained Bluesign, an European certificate on environment-friendly products and workplace safety, which is considered a solution for sustainable textile production.

Vietnam has also developed fabric manufacturing projects to satisfy the ‘fabric forward’ principle stipulated in the Vietnam-EU FTA.

Problems still remain in setting up weaving, dyeing and trimming units close to each other because of reluctance of local authorities to offer land because of pollution and in production optimization—the scale of production now is not big enough to cut production costs.

Source: fibre2fashion.com- Feb 23, 2019

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Afghanistan begins export to India through Iran’s Chabahar port

Afghanistan has begun exports to India through Iran’s Chabahar port, as the landlocked country turns to overseas markets to improve its economy. At the inauguration of the new export route on Sunday in Zaranj city in western Nimroz province, President Ashraf Ghani said Chabahar port is the result of healthy cooperation between India, Iran and Afghanistan.

He said, with the opening of the Chabahar route, Afghanistan’s exports will increase to two billion dollar from the current one billion dollar in the next year. Speaking at the ceremony, Indian ambassador Vinay Kumar said Afghanistan’s exports to India have increased by 40 percent after the launch of air corridor between Kabul and New Delhi.

Officials said 23 trucks carrying 57 tonnes of dried fruits, textiles, carpets and mineral products were dispatched from Zaranj to Chabahar port to be shipped to Mumbai. The Iranian port provides easy access to the sea to Afghanistan and India has helped developed this route to allow both countries to engage in trade bypassing Pakistan.

Source: newsonair.com- Feb 25, 2019

Bangladesh: Any option for home textiles exporters?

Export of home textiles from the country is facing difficulties and with the passage of time things are becoming increasingly difficult for the local manufacturers and exporters to ride out the crisis.

The very fact that export of home textiles comprising mainly terry towels and bed sheets is in a bad shape is evidenced from the abundance of these products in street shops sold at throwaway prices.

Bundles of terry towels have lodged on the shoulders of hawkers at busy road intersections of the capital and elsewhere instead of being packaged to be containerised for export to North America and the EU countries.
Home textiles include mainly terry towels, bed sheets, linen, curtains and pillow covers. Terry towel, the most important segment, is experiencing the shock most of all. Terry towel export declined 4.40 per cent year-on-year to $42.35 million in the last fiscal year, according to the Export Promotion Bureau data.

The sector's growth started to witness a decline from January 2014, when the European Union (EU) allowed zero-duty benefit to Pakistan under its GSP-Plus scheme on export of home textiles and some other products.

As a result, the impact is too severe for the local manufacturers and exporters. Around a dozen small and medium factories have reportedly been shut down. Currently, ninety factories are in operation and most are staying in business in the hope that they might find alternative markets elsewhere.

A relatively new item in the country's export basket, terry towel demonstrated great promise due mainly to the easier production process and market access made easy by the EU’s EBA (Everything but Arms) scheme allowing duty free facility to all LDC exports, except arms.

Coupled with it, there is the preferential duty facility under the EU GSP scheme meant only for LDCs like Bangladesh. The scheme has been revised a few years ago and dubbed GSP-plus with a major shift in its eligibility criterion.

The GSP-plus scheme is an extension of the GSP system, in that it includes developing countries also as eligible to avail the benefits of preferential duty -- provided they have proved their commitment to sustainable development and good governance. Most duty rates are 'zero' under this scheme. So, it is clearly the erosion of competitive advantage that Bangladesh has been enjoying as an LDC for so long.

Extension of the facility to exporters of developing countries like Pakistan and Sri Lanka, among others, has exposed Bangladeshi exporters to fierce competition from these countries, especially Pakistan which as a traditional home textile producing country is now in a more advantageous position to increase its products-particularly terry towels.
There is apparently no option but to be increasingly competitive for the Bangladeshi terry towel producers to stay in business. Sector insiders are of the opinion that facilitation in respect of cotton procurement might lower the present production cost.

Also, exploring the market segments in overseas markets could result in finding better avenues for export. The government in consultation with the sector people may consider taking some facilitating steps as well.

Source: thefinancialexpress.com.bd - Feb 25, 2019

Will Brexit push Cambodia into economic crisis?

As the UK prepares to leave the EU, we look at Brexit's potential effect on Southeast Asian economies.

Cambodia has been one of the best performing economies in the world over the past two decades. But there are threats on the horizon, including the UK's impending exit from the European Union.

The German Development Institute has studied how a no-deal Brexit could affect least developed countries, and it found Cambodians living on the brink of poverty are at risk - that's if the country's garment producers lose access to UK markets.

The country's economy has been largely built on agriculture and textile exports, two sectors it very much relies on. Cambodia's textile industry is a major supplier to the UK fashion industry and it has favourable entry terms under the EU's Everything But Arms (EBA) trade scheme, which unilaterally grants duty- and quota-free access to 49 least developed countries - excluding weapons.

As Brexit looms, the country could faces higher export tariffs into the UK - at a time when the EU has started the process of temporarily suspending Cambodia from the EBA due to human rights concerns, as reported by Al Jazeera.
Cambodia's economy has "never been that healthy ... they have few advantages ... in textiles, and one of the benefits they had was entry into the European Union through the UK," explains Reuben Mondejar, professor for Asian Initiatives at IESE Business School, University of Navarra.

The same is true for neighbours Myanmar and Vietnam, but "Cambodia is more particular because they'll be hit very hard when Brexit goes into effect. All their financial facilitations through the UK would stop. They will have to find a new way."

Additionally, "Cambodia's economy has been dependent on China, and now that China's having a trade war with the US, anything that happens to China will affect them very hard. So, that's the story for Cambodia until they reform."

"I am not worried that a decline in economics will mean a decline in the political strength of the current administration ... a decline in GDP wouldn't mean that [Cambodia's PM] Hun Sen will be removed. He'll be more entrenched than ever until he decides to leave," says Mondejar.

"Cambodia will have to find other sources of growth and some ways to employ their people. Agriculture is still strong for them, and has been one of their mainstays.

They'll have to ask for infrastructural help from China in building of roads, and China's quite generous with Cambodia. So it's not in the interest of China for Cambodia to slide down economically. It's one of the loyal states to China."

Click here for more details

Source: aljazeera.com- Feb 23, 2019
Nepal's 1st garment processing zone to be complete by Apr

Nepal’s first garment processing zone in Bara district’s Simara is likely to be completed by April. The Rs 2.5-billion facility will facilitate export of Nepalese readymade garments (RMG) and minimise production costs, enabling those to compete in the international market, according to the Garment Association of Nepal. There are 52 RMG units in the country.

The garment processing zone, whose construction started in January last year, is expected to compensate high transport and shipment costs due to Nepal's landlocked status as the zone is located near the country's only rail-linked dry port in Birgunj.

The garment processing zone concept gained traction after the United States extended zero tariff preference for 66 products, including apparels, into its market through Trade Facilitation and Trade Enforcement Act.

The price of Nepali RMG rises 15-20 per cent when those reach global markets, said association president Chandi Prasad Aryal.

The government’s a 3-per cent cash incentive to RMG exporters is not sufficient to make Nepalese products competitive in the global markets, a report in a Kathmandu daily quoted Aryal as saying.

The production costs of Nepali readymade garments are high due to the high cost of raw materials, imported mainly from India and China, he said.

According to Nepal Rastra Bank, the country exported readymade garments worth Rs 2.27 billion in the first six months of the current fiscal year, against Rs 2.29 billion in the same period in the last fiscal year. Nepal’s garment exports totalled Rs 5.9 billion in the last fiscal year.

Aryal said Nepal’s RMG industry collapsed after the expiry of the Multi Fibre Agreement in January 2005, which provided duty-free access for Nepali garments to the United States. More than 85 per cent of the RMG factories shut down after that.

Source: fibre2fashion.com- Feb 25, 2019
Pakistan: Textile, clothing exports likely to increase to $15bn

All Pakistan Textile Mills Association (APTMA) Chairman Syed Ali Ahsan has said the export enablers ensured by the government are likely to increase textile and clothing exports to $15 billion during remaining period of the current fiscal year.

Addressing a press conference at the APTMA Punjab office on Friday, he appreciated the government for recognizing the importance of exporting industry and providing regionally competitive energy to 5 zero rated sectors. He said the government should ensure supply of energy on regionally competitive price in order to ensure stability.

Speaking on the occasion, Patron-in-Chief APTMA Gohar Ejaz said the availability of energy at regionally competitive price has increased textile exports by 8.5 percent in the month of January 2019 against the corresponding period.

“The textile industry exports is likely cross $15 billion mark in case it continues to grow by 10 percent on an average for the remaining period of current fiscal,” he said and added that it would likely be a record achievement of textile exports in such a short span of time. According to him, the exports of $3.5 billion yarn and fabric annually may boost textile exports to $14 billion in case closed capacity worth $3 billion exports is revived through the enablers ensured by the government.

He proposed to constitute a task force on cotton production to achieve 15 million bales and to ensure implementation of the vertical & horizontal growth of cotton, acquisition of high yield cotton technology, broad basing of sustainable cotton production, provision of agricultural extension services and provision of direct support to farmers to reduce their input cost.

He said the government should liquidate all textile industry refunds of sale tax, income tax, policy & package initiatives.

To promote investment, he urged the government to allow LTFF to indirect exports and enhance credit limit for investment under LTFF to Rs. 3 billion per project. Also, he demanded a fast track establishment of Integrated Textile & Apparel Parks enabling plug and play facilities for local and foreign investors.
He said a special task force on revival of closed mills is an urgent need of the hour.

Regarding trade with India, Gohar said India was exporting products worth $2.5 billion against merely $500 million exports from Pakistan. He proposed the government to reciprocate India in the same coin that has imposed 200 percent duty on Pakistani products. He said the domestic industry is capable to produce the products imported from India.

He has also urged the government to revisit agreements with the independent power producers, as the energy mix is becoming cheaper world over.

He said both the availability and affordability of energy has been a big problem for the exporting industry and unrealistic terms and margins on returns should be revised in line with the regional compatibility.

Source: nation.com.pk - Feb 23, 2019
NATIONAL NEWS

Huge investment opportunities for ASEAN companies in India: Chaudhary

India has relaxed several laws and regulations under its Make in India initiative to attract investments, he said

There are huge opportunities for south east Asian companies to increase investments in India in areas such as medical devices, fishing and ship-building, Minister of State for Commerce and Industry C R Chaudhary said Friday.

To enhance economic cooperation between the two regions, companies from India and Association of South-East Asian Nations (ASEAN) can also form joint ventures and set up entities to start manufacturing here, he said, adding that increasing trade and investment is critical for both regions as each side hold huge potential

India has relaxed several laws and regulations under its Make in India initiative to attract investments, he said here at the fourth India-ASEAN Expo and Summit 2019.

“I would like to request the ASEAN companies to enhance increasing cooperation in MSME sector.

We can increase investments in various sectors like airlines, fishing and ship building. We need medical devices and apparatus, and ASEAN companies can get an opportunity in this area,” he said.

Further, the minister said that both the sides need to think and discuss areas where trade can be enhanced.

Although the bilateral trade between the regions have increased to $82.33 billion in 2017-18 from $21 billion in 2005-06, “the pace of growth is not up to the mark,” he added.

Source: thehindubusinessline.com- Feb 22, 2019
India-US trade deal may be wrapped up soon

India and the US may announce a trade deal shortly that could address the issue of penal duties on steel and aluminium imposed by Washington on Indian exports.

“A trade deal is in the works between the Commerce Ministry and the US Trade Representative's (USTR) office. It is likely to be finalised shortly,” a government official told BusinessLine.

The deal could include greater market access for certain agriculture and dairy products in both countries brought about by removing non-tariff barriers, including lowering standards, the official added.

India’s timeline of March 2 for imposing retaliatory duties on US items in response to American duties on its steel and aluminium is now likely to be postponed by a few days. “There are talks of postponing the imposition of retaliatory duties by another 15 days as a deal seems very likely,” the official said.

The Donald Trump regime, which has been pressing India to increase imports from the US to bridge the trade imbalance between the two countries, wants India to provide greater market access in a number of areas such as dairy, agriculture, energy and health equipment.

India has already responded by buying oil and gas from the US in 2008 worth an estimated $3 billion. “The oil purchase from the US will be increased further in 2019 bringing down the trade deficit further,” the official said.

The trade deficit between India and the US bridged by almost six per cent in 2017 to $22.9 billion, according to the ‘Trade Estimate 2018’ released by the USTR earlier this year.

In March last year, the US imposed stiff penal tariffs of 25 per cent on steel and 10 per cent on aluminium imported from India, China, the EU, Mexico, Russia and Canada, citing security threats.

New Delhi announced retaliatory tariffs on 29 items from the US in June 2018 but has been delaying implementation hoping for a deal with Washington.
How India and Vietnam can increase bilateral trade

Vietnam is India's fourth largest trading partner in Association of South East Asian Nations (ASEAN)- the first three being Singapore, Indonesia and Malaysia. The India-Vietnam trade has been consistently growing- clocking double-digit rates. It has grown almost 80 per cent over the last five years.

India is among Vietnam's top ten trading partners.

Data from the Indian Department of Commerce shows that trade between India and Vietnam grew 11.5 per cent to USD 14.2 billion in 2018 compared with a year ago. The two countries targeted bilateral trade to hit USD 20 billion by 2020 in 2015. This now seems a little bit of a stretch considering the compounded annual rate of growth since 2013 was 12 per cent and for this to happen, it will have to grow at around 19 per cent per year in the next two years.

It should not be a surprise that Vietnam and India currently enjoy strong diplomatic and trade relations. The strong ties date as far back as to the cold war days of the 1950s. India not only supported Vietnam's independence from France, it also objected to the US involvement in Vietnam in the 1960s and was one of the first countries to recognise a united Vietnam in 1975 after the war with the US.

Today, India sees Vietnam as a pivotal state in its "Act East" policy, the same way that China sees Pakistan as a strategic counter-balance to India. Vietnam and India share the same apprehension of China's growing power and influence in the region.

To this effect, India is leveraging Vietnam and other ASEAN states to protect its interest in the resource-rich South China Sea which China has been aggressively growing its assertiveness. This is reflected in its build-up of weapons systems on the artificial islands it has constructed in the area.

It is with this background of common security interests that bilateral trade between the two states have strengthened in recent years.
The partners established extensive economic ties since 1992, starting with cooperation in oil exploration, agriculture and manufacturing. Trade took a giant leap forward after both nations liberalised their economies and Vietnam following up by backing India for a more prominent role in ASEAN.

Today, Vietnam's main exports to India include electronics and electrical products, textiles, handicrafts, cashew nuts, coffee, tea, mate, spices, canned food, building material, pharmaceutical products, precious metals, copper and rubber.

In return, India top exports to Vietnam are agriculture and farm products, meats and seafood, cotton and pharmaceutical products.

In terms of investments in each other countries, India is the 26th ranked investor in Vietnam with almost 210 projects worth around USD 880 million. These projects are in telecommunications, information technology, energy, mining, pharmaceuticals and electrical appliances. Vietnam's direct investments in India is negligible.

That there is interest in improving trade between the countries at a faster clip is not in doubt.

Vietnam had a strong presence in last week's ASEAN-India expo in New Delhi. The event is co-organised by the Indian Ministry of Commerce and Industry, the Federation of Indian Chambers of Commerce and Industry, and the ASEAN-India Business Council. More than 20 Vietnamese firms representing industries as diverse as farm produce, transportation services, tourism to handicrafts were present.

How can India and Vietnam work towards meeting the 2020 target?

Tourism could very well be the "low hanging fruit". There is a mutual visa-on-arrival programmes already in place for each other's citizens. Increasing the number of flights as well as joint promotion of each other's destinations would go a long way towards enticing the growing middle class in both countries to visit.

Secondly, both countries have significant pharmaceutical industries and cooperation in this field would improve efficiencies and enhance the industry's growth in both countries.
In the longer term, Vietnam can increase its investments in India by taking advantage of the Indian government's loosening up of foreign direct investment (FDI) quota for foods and beverage sector as well as the 100 per cent allowance of FDI in the in e-commerce and foods manufacturing industries.

Increasing trade between India and Vietnam is not without challenges. There is a significant cultural, custom and language gap between people from both countries. Furthermore, the two countries are geographically far apart with flight time between most major cities around seven hours. This not only affects tourism but also impacts the import and export of goods and business exchanges.

Source: business-standard.com- Feb 25, 2019

Can Bangladesh beat India in development race? Here's what economists say

Although the leaders of Bangladesh and India have similar goals, the difference in the country's development models is making for an interesting experiment

There’s an old theory that as an organism develops, it progresses through the same evolutionary stages travelled by its ancestors. Traditionally, economic development has worked in a similar way.

When a country first shifts from agrarian poverty to industrialization, it tends to start out in light manufacturing, especially textiles. Later it masters more complex manufactured products, and finally, it progresses to inventing its own cutting-edge technology. Thus, each country’s development tends to look a bit that of nations that already went through the process.

That certainly seems to describe the experience of South Korea and Taiwan, which reached developed-country status relatively recently. It’s also the path being followed by China. As these countries got richer and their wages rose, low-tech labour-intensive manufacturing industries tended to migrate to countries with cheaper workers.
Recently, one of the biggest beneficiaries of this process has been Bangladesh. The garment industry accounts for more than 80 per cent of the South Asian nation’s export revenue, and about a fifth of its gross domestic product. In 2017, Bangladesh was the world’s second-largest apparel supplier after China, with 6.5 per cent of the market, outpacing neighbouring India despite the latter’s much larger economy.

This economic development path has no doubt come at a real human and social cost -- Bangladesh’s workers suffer harsh working conditions and many industrial accidents, including a horrific factory collapse in 2013 that killed more than a thousand people.

But overall, the tried-and-true industrialization strategy seems to be working. Real GDP per capita has doubled since the turn of the century, and Bangladesh appears to be on a similar exponential growth path as its neighbour India:

India, meanwhile, has generally underperformed in manufacturing. The country does have a few bright spots -- for example, it’s now the world’s sixth-biggest auto manufacturer, with an immense factory cluster in Gujarat, and has been increasing its production of smartphones. But overall, manufacturing has declined as a share of the economy:

This isn't to say that India’s leaders have ignored manufacturing -- indeed, they have long called for a big effort to industrialize. Prime Minister Narendra Modi has courted foreign manufacturers, but so far the effect has been limited. Most observers agree that a lack of infrastructure and an excess of regulatory red tape are the reason India remains a difficult place to make things.

Despite its struggles in manufacturing, however, India is growing rapidly -- even faster than Bangladesh, in most years. The reason has been growth in service industries. India’s famous outsourcing companies are just the tip of the iceberg -- software, finance, online services, tourism, logistics, media, health care, and other services have been the biggest driver of India’s impressive growth.

Some have suggested that India has discovered a development model that could leapfrog manufacturing entirely, going straight from agrarian poverty to a post-industrial economy. Others are more skeptical.
This all leads to a very important question. Will Bangladesh, with its traditional approach to growth, catch up and overtake India? Or has India stumbled upon a new development model that cuts out the need for a country to do a stint as the workshop of the world?

This is a crucial question because as technology advances, there’s a concern that the traditional path out of poverty might be closing. Automation is making textile manufacturing less labour-intensive. For one thing, that means that poor countries might no longer be able to create mass urban employment in the garment industry. But even more troubling, it might cause the industry to migrate back to rich countries like the US, where labour is expensive but capital is relatively cheap. Some of this reverse migration might already be happening.

In other words, the developing world is at risk of premature deindustrialization. If Bangladesh fails due to competition from rich-world robots, it will bode ill for countries such as Ethiopia that are looking to hop on the escalator to prosperity. That would leave India’s service-centric development model as the only feasible path.

Some economists argue that automation hasn’t closed off the traditional path, and that there is still plenty of work for industrious people in poor countries. Bangladesh, meanwhile, is scrambling to diversify into more valuable manufacturing industries such as autos and electronics.

So although the leaders of Bangladesh and India have similar goals, the difference in the country’s development models is making for an interesting experiment.

Countries in Africa hoping to follow these two South Asian giants’ growth trajectories should be watching keenly. If Bangladesh grows faster, it will suggest that manufacturing, starting with textiles, is still the ticket to industrialization; but if Bangladesh falters and India sustains its growth, it will imply that poor countries should look to services first.

Source: business-standard.com- Feb 25, 2019

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GST Council may take up exporters’ plea to switch to better
duty refund option

Recommendation made by committee of CBIC, DGFT officials to be examined

The GST Council may take up a plea by exporters to be allowed to switch over from duty drawback scheme to I-GST refund for the three-month transition period to the new Goods & Services Tax (GST) regime last fiscal, when they were allowed to choose between the two.

Exporters say many were not aware that refund of input duties under I-GST would be much higher. “Following the request made by exporters to be allowed to repay the duty drawback already collected for the three-month period and claim I-GST refund instead, the Commerce Minister had set up a committee comprising officials from the Central Board of Indirect Taxes and Customs and the Directorate-General of Foreign Trade to sort out the matter. The GST Council, in its meeting on Sunday, may examine the suggestions made by the committee and take a decision,” a government official told BusinessLine.

After the new GST regime was put in place in July 2017, exporters were given the option of continuing with the popular duty drawback scheme (at a higher rate for some items) for three months (July-September) for refund of the input duties paid by them if they agreed to forego refund of IGST.

A large number of exporters availed of the option and claimed their duty drawback refund only to realise later that if they had opted for refund under IGST, the amount they would have received would have been much higher.

“Many exporters at that time did not understand the details of the GST regime. Their decision to opt for duty drawback was a mistake which they realised. Exporters are willing to give back the drawback received with the interest due if they are allowed to claim IGST,” explained Ajay Sahai, Director General, FIEO.

The GST Council, on Sunday, is also expected to examine and decide on a new scheme for compensation of taxes paid by exporters as under the GST regime exporters are compensated only for the basic customs duty paid on inputs.
Govt releases draft e-commerce policy

It proposes conditions for data storage abroad

The government on Saturday released the draft national e-commerce policy proposing setting up a legal and technological framework for restrictions on cross-border data flow and also laid out conditions for businesses regarding collection or processing of sensitive data locally and storing it abroad.

The draft policy said the framework would be created to provide the basis for imposing restrictions on cross-border data flow from specified sources including data collected by IoT devices installed in public space, and data generated by users in India by various sources, including e-commerce platforms, social media, search engines.

The 42-page draft addresses six broad issues of the e-commerce ecosystem - data, infrastructure development, e-commerce marketplaces, regulatory issues, stimulating domestic digital economy and export promotion through e-commerce.

Monetisation

“It is almost a cliche today that data is the new oil. Unlike in the case of oil, data flows freely across borders. It can be stored or processed abroad and the processor can appropriate all the value.

Therefore, India’s data should be used for the country’s development and Indian citizens and companies should get the economic benefits from the monetisation of data,” the draft ‘National e-Commerce Policy - India’s Data for India’s Development’ said.

A business entity that collects or processes any sensitive data in India and stores it abroad, shall be required to adhere to the certain conditions, according to the policy draft. The conditions state that all such data stored abroad shall not be made available to other business entities outside India,
for any purpose, even with the customer consent. Further, the data shall also not be made available to a third party for any purpose and it would also not be shared with a foreign government, without the prior permission of Indian authorities, the draft said.

“Suitable framework will be developed for sharing of community data that serves larger public interest (subject to addressing privacy-related issues) with start-ups and firms. The larger public interest or public good is an evolving concept. The implementation of this shall be undertaken by a ‘data authority’ to be established for this purpose,” it added.

**Online marketplaces**

The policy laid out strategies to protect misuse of data while maintaining the spirit of existing regulations, it said adding that e-commerce warrants a framework which extends across segments, due to the cross-cutting nature of issues. On e-commerce marketplace businesses, it said the policy aims to invite and encourage foreign direct investment (FDI) in the marketplace model “alone”, which is being carried out by companies like Flipkart and Amazon.

“An e-commerce platform, in which foreign investment has been made, therefore, cannot exercise ownership or control over the inventory sold on its platform. In this manner, foreign investment is not seen as a threat by small offline retailers of multi-branded products,” it said.

Online marketplaces should not adopt business models or strategies which are discriminatory and which favour one or few sellers/traders operating on their platforms over others, the draft clarifies.

It enlists certain steps which has to be followed by all e-commerce websites/applications. Besides, all e-commerce sites/apps available for download in India must have a registered business entity in India as the importer on record or as the entity through which all sales in India are transacted.

**Safety and security**

“This is important for ensuring compliance with extant laws and regulations for preventing deceptive and fraudulent practices, protection of privacy,
safety and security,” the draft, which has been floated for seeking public views, said. It has also suggested measure to contain sale of counterfeit products, prohibited items and pirated content. This is the second draft being prepared by the department for promotion of industry and internal (DPIIT) as several concerns were raised over the first draft of the department of commerce. On the regulatory regime of the sector, it said the governments are finding existing regulations and structures inadequate to deal with issues thrown up by the digital economy.

Existing statutes and laws, the draft said, need to evolve to take into account the changing ways of doing business and changing business models. On taxation related issues in the sector, the draft policy said the current practice of not imposing custom duties on electronic transmissions must be reviewed in the light of the changing digital economy and the increased role that additive manufacturing is expected to take. On export promotion through e-commerce, it said there is a need to incentivise and reduce administrative requirements for outbound shipments through this medium.

**Digital economy**

“The existing limit of Rs 25,000 shall be increased to make Indian e-commerce exports attractive even for high-value shipments through courier mode,” the draft said. It also stressed on developing physical infrastructure for a robust digital economy and suggested steps for developing capacity for data storage in India.

“An assessment needs to be done regarding how data-storage-ready the available infrastructure in the country. Creation of infrastructure for storage would take some time. A time-frame would be put in place for the transition to data storage within the country. A period of three years would be given to allow industry to adjust to the data storage requirement,” it said.

Source: thehindubusinessline.com- Feb 23, 2019
Preparing plan for $100 billion FDI inflow: Suresh Prabhu

Commerce and industry minister Suresh Prabhu on Saturday said that the government is working on a blueprint to increase FDI inflows to $100 billion through a targeted approach.

“We have removed almost all sectoral restrictions. I have asked Invest India to identify those who can get that amount.

I am getting research done on companies who have the cash, where they will invest, what is the sectoral intent and I am personally talking to Fortune 500 companies and requesting them to come.

We will make sure that we will take it to a new level,” he said at the Global Business Summit. In 2017-18, FDI flows into India were estimated at over $61 billion.

Prabhu also said that India’s merchandise exports are expected to close the financial year at a record high and for the first time goods and services exports could top the $500 billion mark.

The minister outlined his strategy to create a win-win partnership with other countries and retain the focus on a collaborative approach to global trade at a time when countries such as the US were seeking to undermine the relevance of the World Trade Organisation.

“We are now working in partnership with Russia to import diamonds, which will give us access to raw material and work together. With the Middle East, we are working on creating a supply chain where we will invest, they will invest and we will export it back to them...

We will forge strong ties that will benefit India and the world,” he said, while adding that the collaboration with West Asia was for food products.

Source: timesofindia.com- Feb 24, 2019
Messe Frankfurt India and MEX Exhibitions Enter Into a Strategic Alliance to Create an Integrated Business Platform for Textile Sector

With portfolio expansion and future development of the industry in sight, the organisers of Texprocess India and Gartex India have entered into a strategic alliance to form a unified industry platform 'Gartex Texprocess India'. The event will be part of Messe Frankfurt's Texpertise Network leveraging on the group's strong global network and expertise in the sector.

Leading in both apparel consumption and exports, India holds the second largest textile manufacturing capacity globally with the textile machinery sector witnessing a growth of 8-10 percent year-on-year. As the world's second largest exporter of textiles and clothing projected to reach USD 300 billion by 2024, Indian apparel manufacturers are moving towards increasing their manufacturing capacities and upgrading technology, giving rise to automation garmenting processes to enter the Indian market.

Having made its debut in 2016, both Texprocess India and Gartex India received tremendous response from the industry with leading associations and companies in the garment and textile machinery sector coming forward to support the shows.

At the internationally renowned Texprocess, exhibitors from around the world converge to present the latest machines, plants, processes and services for the manufacture of garments and textile and flexible materials. While Texprocess India was launched as a pavilion to create an innovation platform for garment-manufacturing and textile processing at Techtextil India tradeshow in Mumbai, Gartex India exhibition was held annually in New Delhi and has grown wider in scope covering not just garment and textile manufacturing value chain but has also added segments like innerwear manufacturing zone, Laundry & Denim show along the way in addition to digital textile printing, embroidery and other existing verticals.

With the merger of the two strong textile trade fair brands, the organisers, Messe Frankfurt Trade Fairs India Pvt Ltd and MEX Exhibitions, aspire to work in collaboration for India’s textile industry development, facilitating global sourcing and networking in the textile value chains.
Gaurav Juneja, Director of MEX Exhibitions Pvt Ltd, said: "Gartex India has grown multifold in size since its debut in 2016, making the event wider in scope and greater in significance year after year. It has created new standards for the industry in terms of enhancing awareness, excellent networking, knowledge dissemination and industry bonding. Now, it is time to take it to the next level and this Strategic Alliance with Texprocess of Messe Frankfurt Trade Fairs India, Gartex India will realise its true potential and soar to even greater heights."

While the show will continue to maintain a strong focus on garment and textile manufacturing solutions, embroidery machines, digital textile printing sector, sewing machines, laundry solutions, innerwear manufacturing, denim show, fabrics, accessories among others, the organisers aims to expand its exhibit segments to cover complete textile process chain in the coming editions. This includes technologies involved from design, cutting, sewing, knitting and embroidery to finishing, refining, IT and logistics which will supplement its textile technologies portfolio through the association with Texprocess.

Talking about the alliance, Raj Manek, Executive Director and Board Member of Messe Frankfurt Asia Holding Ltd, said: "Our shared commitment for industry development has led to the decision of working in collaboration with MEX Exhibitions. Together, we are positioned to grow and more importantly provide industry stakeholders with a strong brand of enhanced offerings through a single-source business platform - 'Gartex Texprocess India'. Moreover, the alliance has set pace for our brand expansion strategy as India is one the most promising textile markets."

With a unique portfolio of 50 international fairs for the textile sector, Messe Frankfurt is the world's market leader when it comes to trade fairs for the textile sector. Gartex Texprocess India will now be part of Messe Frankfurt's Texpertise Network which is a combination of the world's most important textile trade fair worldwide that highlight innovations and show what is driving the global textile industry. The unified Gartex Texprocess India edition will be held from 10 - 12 August 2019 at Pragati Maidan, New Delhi in India.

Source: business-standard.com - Feb 22, 2019
Gujarati Ajrakh craftsman showcases fine-printed textiles in Delhi

Delhi's textile lovers can now head to an exhibition-sale of the unique textile craft of Ajrakh, showcased as saris and stoles by UNESCO-recognised master craftsperson Abdul Jabbar Khatri.

Ajrakh, a resist dyeing block printing technique, has been part of the Indian culture since centuries, says Khatri, a ninth generation member of Gujarat's traditional textile-making family, and a key player in transforming Ajrakh as a fashion fabric for global urban markets.

Saris, stoles and yardage, crafted by him in cotton and silk in natural dyes, are on display at the Dastkari Haat Studio here. The exhibition has been organised by non-profit Dastkari Haat Samiti and can be viewed till March 9.

The exhibition features Khatri's contemporary yet traditional textiles in earthy hues and intricate patterns, ranging from rich floral to complex geometric combinations, reflecting what the painstakingly-done Ajrakh printing is famous for.

Dastkari Haat's 76-year-old president Jaya Jaitly recalled seeing Jabbar at work as a teenager. "That time, his father used to say he is not working properly.

Now he has grown into a true master craftsman. His other brothers specialise in fine Ajrakh printing, block and natural dye-making. Jabbar is now designing much finer and smaller blocks. He wants to design on his own too," Jaitly, a former Samata party leader, told IANS.

Terming Jabbar a committed guardian of India's craft heritage, Jaitly said the exhibit-sale invites craft connoisseurs to see and own Khatri's masterpieces.

A platform to bring the consumer closer to Indian craft, it is also an opportunity for the 2003 National Craft Award recipient to display his work and "show what all can be done with the Indian textiles and traditional techniques", the master craftsman said.
Khatri has been awarded the prestigious UNESCO Seal of Excellence both in 2006 and 2007, and he now helms a large block printing enterprise, which generates income for several hundred women in Dhamadka, his village in Gujarat.

Source: business-standard.com - Feb 24, 2019

Textile exporters sever business links with Pakistan

Exporters from the country's largest man-made fabric (MMF) hub in Surat have stopped exports of fabrics to Pakistan in the aftermath of dastardly attack by a terrorist of Jaish-e-Mohammed (JeM) on a CRPF convoy in Jammu & Kashmir's Pulwama district a few days ago. Over 40 CRPF personnel were martyred in the attack by the terrorist of the Pakistan-based organization.

Two biggest fabric markets in Pakistan- Aza cloth market in Lahore and Lucknow market in Karachi- depend on polyester fabrics, saris, lenghas and dupattas imported from Surat. Many shops in these markets have signboards that say they sell saris and dress material imported from Surat.

Southern Gujarat Chamber of Commerce and Industry's (SGCCI) textile committee chairman Devkishan Manghani said, "A delegation from Surat had visited Azam and Lucknow markets in Karachi and Lahore last year. Majority of traders import cheap saris, lenghas and other fabrics from Surat and sell them after value addition. Small traders there will be finished if our exporters don't supply raw material to them."

Even foreign companies dealing with textile companies in Surat have taken a tough stand against Pakistan after the terror attack in Pulwama. Laxmipati Group managing director Sanjay Saraogi told TOI, "Our company uses fibre manufactured by American company.

This American company supplies the fabric manufactured by us to Pakistan and they had a sales office there. We told our American counterparts to stop the fabric supply to Pakistan or else we will not use their fibre after Pulwama attack. The American company shut down its Pakistan sales office two days ago."
Lucky Gondalia, owner of Gondalia Textile Exports, said, "After the dastardly attack on our soldiers in Pulwama, we have severed business links with Pakistani traders. Earlier, we used to export saris, dress material, lenghas, bemberges and bleech fabrics to the tune of over Rs4 crore per annum to them."

Srikant Mundra, owner of Sudarshan Textile Private Limited, said, "We can't sell dresses to women of Pakistan many of whose husbands, brothers and relatives are killing our soldiers and civilians. Two days ago, we winded up our Karachi office. Earlier, we were supplying more than Rs10 crore worth of textile fabrics to Lahore and Karachi."

Before 2014, the MMF exports from Surat to Pakistan stood at Rs2,400 crore. The exports of MMF fabrics from Surat to Pakistan was predicted to touch Rs3,000 crore by 2018. However, latest figures of Synthetic and Rayon Textile Export Promotion Council (SRTEPC) suggest that exports between Surat and Pakistan have fallen sharply in the last couple of years and that they were less than Rs1,000 crore per annum now.

Source: timesofindia.com - Feb 24, 2019

MSMEs contribute State’s 50% GDP, 45% exports

As many as 3.67 lakh recorded MSMEs contribute towards 50 per cent of the GDP and 45 per cent exports of Odisha, informed MSME Additional Chief Secretary LN Gupta at a CII meeting at Jajpur on Sunday.

Gupta further informed that the State has 17 lakh farm and nonfarm enterprises, including trading business. He said the focus sectors in the State for MSMEs are food processing, chemicals and petrochemicals, textile, electronics, ancillary and downstream.

He also proposed if there could a MSME park at Kalinganagar and every large industry support at least 10 MSMEs.

The conference, called ‘Connect2Indutries’ held by the CII North Odisha Zonal Council at Jajpur focused on connecting MSMEs and startups to mega
industries. The conference provided a platform for the MSMEs to interact and understand the requirements of the large industries.

Council Chairman SS Upadhyay mentioned that MSMEs are the backbone of a developing economy and they are the India’s the biggest employer.

NINL VC and MD SS Mohanty stated that the Kalinganagar Industrial Complex, home to six large industries, is one of the largest Industrial complexes in the country. He opined that Kalinganar should be able to produce 30 per cent of steel produced in India.

VISA Steel director Manoj Kumar proposed a vote of thanks.

Procurement heads from the Tata Steel, VISA Steel, Balasore Alloys Ltd, Jindal Stainless Ltd and Neelachal Ispat Nigam Ltd gave their respective presentations and invited MSMES and start ups to explore opportunities with them.

Source: dailypioneer.com - Feb 25, 2019

Industrial policy for India

The notion of industrial policy is one that has been around for decades. Some economists think it is an idea that never worked, whereas others still see merit in the concept. India certainly had an industrial policy, conceptualised in terms of developing heavy industry through state-led efforts. It was the nature and quality of this implementation, rather than the idea of industrial policy itself, that let India down. Economists now often shy away from the idea that governments can “pick winners,” in crafting industrial policy. But again, the reality is not one-sided.

It still seems reasonable to argue that Japan got things right in developing its automobile industry almost seven decades ago. Apparently, this was considered unrealistic and foolhardy by some observers at the time, and it took Japan’s automobile firms over two decades and some luck (two oil price spikes in the 1970s) to make their presence felt in global markets. Whatever the challenges of implementation, the economic logic was clear: automobiles were a product with a high income elasticity of demand, and significant
knowledge spillovers in production. As the consumer good with the most complexity in terms of production, if Japan could make them successfully, it was more than likely that it could also make a range of other manufactured products that required engineering expertise.

By contrast, India treated automobiles as a luxury good for its own population, did not consider exports as an option, and churned out a few obsolete models for decades. Perhaps automobiles were not the place for India to start its industrialisation path just after Independence, but there was little else where India’s policymakers charted a strategic vision and mapped out a supportive policy framework for industrial growth and dynamism. Even more labour-intensive products, with lower engineering complexity, did not become categories where India established world-class quality and globally-efficient scale.

There have been some successes after the economic reform process began, but almost three decades later, India is still struggling with upgrading and expanding its manufacturing sector, and that seems to be an obvious reason why it has not achieved double-digit growth rates to match those of the Japanese miracle or China’s later economic ascent. What is missing? One argument is a new version of the export pessimism that constrained economic policy thinking at the time of Independence, in India and many other developing countries. Now, the suggestion is that India missed that boat, and neither the global trading environment nor the pace of economic growth in advanced economies is as favourable as when Japan and China raced ahead.

But this seems to be a self-fulfilling form of pessimism, just as it was seven decades ago. Global growth is strong, just not necessarily distributed as it was in the past. Tariffs are not that high, despite short-run hiccups due to Brexit and the Donald Trump administration’s nationalist approach to international trade. Indian policymakers just do not seem able to make a clear enough assessment of where growth will occur, where India’s opportunities are, and how to create a playing field in which the most dynamic and well-run Indian firms can grow and prosper.

In terms of physical needs, India is going too slowly in creating the logistical infrastructure to allow India to connect to global—and especially regional—production networks. There are financing constraints as well as constraints in terms of expertise, but there seems to be little sense of urgency or strategic
intent in this respect. Relaxing the constraints by tapping global capital and multinational expertise seems to be proceeding only fitfully, nor does Indian policymaking seem to think carefully enough about complementarities in various kinds of infrastructure for supporting industrial innovation and growth.

In terms of the technologies and the products and services that will matter over the next few decades, the candidates are obvious. Digital technologies matter everywhere, for making products and for delivering services. India’s software industry has proved its resilience and dynamism many times over, completely belying the pessimists who derided its start at the lower end of the digital value chain, and even called its employees “techno-coolies.” But India desperately needs to upgrade and extend its digital infrastructure, and increase the numbers and skill levels of those who will maintain this infrastructure, and those who will use it to deliver a continuing stream of new digital products and services.

There are other obvious areas of global growth. Technologies and products that combat global warming, and those that serve the needs of rapidly ageing populations in many countries, will be the opportunities for growth. Effective industrial policy will mean listening to innovators, and providing them with the conditions they need to serve new markets. India’s policymakers still seem to lack a full understanding of the private enterprise and how to encourage it. Continuing examples of corruption and incompetence among India’s corporate giants make matters even more difficult, but illegality has to be distinguished from honest mistakes and failures.

None of the above means a neglect of basic education and health, including sanitation infrastructure. India remains very unequal in these respects, and denying basic needs to all the citizens is as big a scandal as corruption among politicians and capitalists. But even after decades of economic planning, India’s policymakers still struggle to put all the pieces together, including industrial policy, for sustained growth at levels shown possible by Japan and China.

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