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IBTEX No. 130 of 2018 June 25, 2018

USD 68.09| EUR 79.33 | GBP 90.29 | JPY 0.62

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
21871	45750	**85.72**

Domestic Futures Price (Ex. Gin), June

Rs./Bale	Rs./Candy	USD Cent/lb
22060	46144	**86.45**

International Futures Price

NY ICE USD Cents/lb (July 2018)	83.21
ZCE Cotton: Yuan/MT (Jan 2019)	16,905
ZCE Cotton: USD Cents/lb	**100.68**
Cotlook A Index – Physical	**96.95**

Cotton guide: Cotton future in the gone by week for December contract ended at 85.30 cents down by 4.50 cents per pound from the previous week's close. However, it had made weekly low of 82.94 cents. Basically market has taken strong support of 83 cents though it breached the same but neither it made a daily close nor a weekly close. We believe market would now take gradual support and try to move higher. However, we are also not seeing it moving so soon to the recently made high. We could see a sideways trend in cotton price on today's trading session.

This morning on Monday while writing the report the cotton for December future is seen trading higher by more than a per cent at 86.20 cents so is the case of ZCE cotton. We are seeing lower level buying, weakness in USD supporting commodity to revive and technical support level making market to move higher.

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As per last week speculative funds have cut their long positions marginally however, we believe a fresh start of trade positions could be planned out. The tariff and trade war issues have weighed heavily on cotton and other markets in the last week and we believe the effect might last longer in the market.

On the trading front on Friday the volumes were lowest at 18K contracts, lower in last two months. Total open interest dropped for the 6th consecutive session Friday. It began at 261,946 contracts, down 3,880 contracts previous day and down a cumulative 48,667 contracts in 6 sessions. . For detailed report please get in touch with Kotak Commodities Research Desk.

Currency Guide:

Indian rupee has depreciated by 0.38% to trade near 68.08 levels against the US dollar. Rupee has depreciated amid weakness in global equity market amid deepening US led trade war. As per reports, the US Treasury is expected to release plans for fresh rules on Chinese investment in technology companies. Also weighing on rupee is sharp volatility in crude oil price post OPEC decision.

Brent crude dipped over 2% today after a 3.4% rally in previous session. OPEC and allied indicated that they would raise output however there was not much clarity on amount and how it will be allocated. This resulted in choppiness in crude price. Rupee may remain under pressure unless we see significant improvement in risk sentiment. USDINR may trade in a range of 67.8-68.25 and bias may be on the upside.

Compiled By Kotak Commodities Research Desk , contact us : mailto:research@kotakcommodities.com, Source: Reuters, MCX, Market source

Indicative Prices of Overseas Ring Spun Cotton Yarn in Chinese market:

Indicative Prices of Cotton Yarn in China Date: 24/06/2018	***Prices in US$ FOB***	
Country	**20s Carded**	**30s Carded**
India	2.80	3.10
Indonesia	2.56	2.85
Pakistan	2.44	2.82
Turkey	3.10	3.30
Source: CCF Group		

China yarn

Trade of cotton yarn continued weakness, but with support of previous orders, most cotton yarn mills were reluctant to discount.

Price of polyester yarn went down further amid falling feedstock and wait-and-see mood in downstream. Price of rayon yarn kept stable and that of blended yarn moved down.

International yarn

In Pakistan, price of Pakistani cotton was flat and devaluating PKR favored export.

Price of Pakistani cotton yarn exported to China may have downward potential after default appeared.

Source: CCF Group

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INTERNATIONAL NEWS

Revised Turkey-EFTA FTA to shed light on Customs Union with EU

Turkey and the European Free Trade Association (EFTA) will sign a new Free Trade Agreement (FTA) at EFTATrade Ministers Conference, which will be attended by the Economy Minister Nihat Zeybekci, in Iceland today.

The FTA, which was previously signed between Turkey and EFTA countries in 1991 was revised in line with today's conditions.

In this context, in addition to the new agreement, bilateral agreements on basic agricultural products will also be signed between Turkey and Switzerland.

Zeybekci noted that with the new FTA, which was prepared to replace the former agreement signed before the establishment of World Trade Organization (WTO) and generally focused on the removal of customs duties, the trade in goods documents, such as the rules of origin and general and institutional provisions, were updated.

"We will update the FTA with EFTA countries with the signatures to be appended tomorrow [June 25]," the economy minister said. "The revised FTA is a more modern and broader agreement than the existing Customs Union with the EU. We want it to set an example for the Customs Union update."

The economy minister said that with the new regulation, cooperation and consultation mechanisms beyond the WTO provisions were established in trade defense instruments, and the "trade facilitation" provisions, which facilitate the customs transactions and operations, have become part of the agreement.

He added that the Mechanism for the Settlement of Dual Disputes to be introduced in all disputes that take place in FTA's implementation or interpretation was also established in the revised FTA.

Minister Zeybekci explained that the Pan-European-Mediterranean preferential rules of origin, to which the agreement is subject, are linked to regional conventions that extend to include the Balkan countries, enabling cumulation with the economies in larger geographies, stressing that trade and investment opportunities have been expanded in this regard.

He said according to the revised FTA, taking into account production and export targets set forth in human medicines, reciprocity was provided for the first time in terms of protection of data in these products. "In the meantime, by emphasizing the relationship between technology transfer and intellectual property rights, cooperation provisions for facilitating technology transfer were included in one of Turkey's FTAs for the first time," Minister Zeybekci said.

Stressing that with the inclusion of rules and commitments on service trade, a more predictable trading environment for service providers and investors will be created in the country, Zeybekci argued that EFTA states are also ensured to undertake comprehensive commitments regarding road transport and tourism services, which are among the most important service exports items in Turkey, suggesting that quotas for dual and transit road transport to EFTA states should be lifted and that carriers are protected from being subject to discriminatory charges.

The economy minister noted that under the agreement, an annex on healthcare services was signed with Switzerland, ensuring patient mobility between the parties to receive private health, elderly care and other health services.

Zeybekci also announced that within the scope of his visit to Iceland, he will meet with his counterparts from EFTA member countries to evaluate commercial and economic relations.

The Turkey-EFTA FTA, was signed in Geneva on December 10, 1991 and entered into force on April 1, 1992, it is the first FTA concluded by Turkey. Thanks to the existing preferential regime organized as part of the agreement, Turkey's total foreign trade with the afore-mentioned countries reached $9.7 billion last year.

With the renewed FTA, it is expected for bilateral trade with EFTA countries to continue and for EFTA-originated direct investments in Turkey to increase.

Source: dailysabah.com- June 25, 2018

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Sri Lanka: The need to rethink free trade agreements

The yahapalana government came into power at a time when the wisdom of free trade arrangements was being questioned in the very citadels of capitalism like the US, the UK and so on. One of the main issues that featured in the 2016 presidential election at least in the Trump campaign, was the various free trade agreements that the US had inked or was in the process of entering into. Earlier in the same year, Britain had voted to leave the European Union.

These were the very countries that in the not-so-distant past had been among the main proponents of free trade agreements. The yahapalana government which came into power with the blessings of these powers that were rethinking the free trade agreements that they had entered into, however, does not seem to have learnt anything in that regard from their foreign patrons. Since this government came into power, it has been angling to expand the FTA with India to include the trade in services, but had to drop it due to stiff opposition from the public.

The Sri Lanka-India FTA was a spectacular failure with it benefitting India but not Sri Lanka. Everything that India wants to sell to Sri Lanka readily finds its way here, but very little of what Sri Lanka wants to send to India makes its way there. Despite the existence of an FTA with India, there is no free trade between the two countries.

The proponents of expanding the scope of the SL-India FTA were not inclined to even talk of the shortcomings of the exiting FTA in the trade in goods between the two countries. One gets the impression that these free trade agreements are not assessed on their results or merits, but they have become an article of faith among some people and is irrationally pursued even when there is evidence that it is not working to the advantage of this country.

According to the Customs Department website, Sri Lanka has signed several FTAs. There is the well known FTA with India. Then there are less known FTAs with Pakistan, the South Asian Free Trade Area (SAFTA), the Global System of Trade Preferences (GSTP), which involves countries as far away as Cuba and Chile, the Asia Pacific Trade Agreement (APTA), which includes China and Laos and the latest addition to these is the Sri Lanka - Singapore FTA.

Most people in this country would not have heard of any of these FTAs except for the FTA with India and now the FTA with Singapore because of the controversy it has stirred up. What is known of the SL-India FTA is mostly that it has been of little benefit for Sri Lanka. That is the same kind of fear expressed about the SL-Singapore FTA, which is not even operational yet. If most of the FTAs that Sri Lanka has entered into are not even known by the public and the remaining two are known for not conferring any benefit on this country, then the question arises as to what use these FTAs are.

What are the practical benefits?

Can the government explain to the public the practical benefits that accrued to Sri Lanka through the FTAs with India and Pakistan, and the SAFTA, APTA and GSTP? If there were actual benefits for the people or at least the business community in Sri Lanka, there would be a clamour to sign more and more FTAs.

But the public is largely apathetic to these FTAs obviously because there aren't that many people who have actually benefitted from any of these FTAs. When the Sri Lanka-Singapore FTA was signed, the government's sales pitch went as follows:

"There are two compelling arguments supporting the agreement; at the bilateral level, it provides reciprocal benefits for both countries. It will enhance bilateral trade, improve the economic and investment relationship, and provide more secure and open access for goods, services, and investments in Sri Lanka and Singapore.

But more importantly, it will help Sri Lanka advance the government's policy of trade liberalisation, and signal its commitment to economic reforms, by signing a deal with one of the most liberal economies in the world."

This passage highlights more than anything else the reality of these FTAs. Even though they talk of enhancing bilateral trade, improving the economic and investment relationship and providing more secure and open access for goods services and investment, the main objective is nothing more than sending a 'signal' as to our openness. Could there be a clearer signal that these FTAs are heavy on rhetoric but light on actual results? The FTA was signed with India obviously with a view to having access to the vast Indian market. If the Indian market was actually open to Sri Lanka there wouldn't be enough goods in Sri Lanka to export to India.

The entire Sri Lankan population is about the same as the inhabitants of a single Indian city like Mumbai. If Sri Lanka's FTA with India was working there wouldn't be any room for more FTAs with any other country.

Finance Minister Mangala Samaraweera is reported to have said, a few days ago, at a gathering at the Ceylon Chamber of Commerce that Sri Lanka was in the process of implementing comprehensive unilateral trade liberalisation by removing or reducing para-tariffs and entering into strategic trade agreements with key regional economies.

So we see that what the government is doing is unilateral liberalisation. Certainly, that is what has been operating with regard to the India -Sri Lanka FTA and what is envisaged in the SL-Singapore FTA as well. In a situation where Singapore already grants zero duty entry for all Sri Lankan products we have undertaken to implement zero duty immediately for 50% of the product categories and to expand this to 80% of product categories over a period of 12 years.

When SL did get practical benefits

When speaking of trade liberalisation, and zero duty access, it has to be said that Sri Lanka did benefit in the past from the zero duty access that was provided for exports to developed markets like the EU and the US under the General System of Preferences which was set up in the late 1960s by the advanced nations to stop underdeveloped nations from embracing Communism. Providing the less developed countries with zero duty access to the developed markets was their way of giving a share of the pie to the underdeveloped nations.

In 1968, it was the United Nations Conference on Trade and Development (UNCTAD) that recommended the creation of a ‘Generalised System of Preferences’, under which industrialised countries would grant trade preferences to all developing countries across the board. It must be stated that these schemes did produce results and many countries like Japan, South Korea, the ASEAN nations and even China owe their rise to free access to markets of the developed nations.

Even Sri Lanka benefitted from the GSP schemes, especially in the development of its apparel industry from the late 1970s onwards. The question we have to ask ourselves is why it is that no one can say the same thing about the various free trade agreements that Sri Lanka has entered into up to now? The subject of trade agreements will have to take centre stage in this country since we are now on the threshold of being phased out of the EU GSP scheme after achieving a per capita GDP of USD 4,035.

Within the next few years, Sri Lanka will lose all trade preferences to the EU and we will have to pay the usual duties when exporting goods into the EU. So it is about time we started looking for new markets to absorb our exports. Entering into trade agreements is one way of creating those new markets. However, we will have to enter into trade agreements in the correct way so that there is some benefit to our country.

We certainly should not enter into any trade agreements that work the way the India-Sri Lanka FTA has done up to now. Nor should it work out the way the North American Free Trade Agreement (NAFTA) between the US, Canada and Mexico worked out. The USA complains that it has lost its manufacturing industrial base to Mexico and Mexico claims that it has lost its agricultural production base to the USA.

All over the world, from NAFTA of 1993 to the Sri Lanka – India FTA of 1998, the touted benefits of the agreements have, more often than not, been the imaginings and rhetoric of their promoters.

The yahapalana government should halt all negotiations for FTAs until a proper public discourse takes place on this still very esoteric but increasingly vital subject.

Indeed the starting point for any public debate on free trade agreements to find a free trade agreement somewhere in the world that has really worked by way of conferring benefits on all contracting parties and studying the success of that agreement with a view to following that example.

Source: island.lk - June 24, 2018

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New EU tariffs to hit US fashion imports

The European Union has announced that fashion items including denim and cotton clothing, swimwear and certain types of footwear from the US will be hit by additional tariffs as part of an escalating trade war between the two economic blocs.

The tariffs will see a range of men's, children's and women's clothes hit with 25% rise in tariffs if imported from the US.

The list of EU tariffs include a 25% charge on T-shirts, singlets and other vests made from cotton, or are knitted or crocheted.

Also hit are T-shirts, singlets and other vests made of wool or fine animal hair or man-made fibres, knitted or crocheted.

Also included in the tariff list are women's or girl's denim trousers and breeches, women's or girl's cotton shorts, as well as a selection of men's footwear options.

A higher 50% rate of tariffs will be implemented across another range of clothing including men's women's and children's breeches or trousers made from cotton or synthetic fibre, as well as certain types of footwear.

The tariffs cover goods across a range of sectors including steel, cigars, motorcycles and food, as well as textiles, and have a value of £2.5bn. The tariffs by the EU were drawn up in response to US tariffs on EU-derived aluminium and steel production.

Source: drapersonline.com- June 23, 2018

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Myanmar earns $538 Mn from CMP garment exports in Apr-May

Myanmar has earned $538 million from cut-make-package (CMP) garment exports in April and May this year, according to the country's commerce ministry.

Such exports worth $277 million also topped the export list in the same period last year. CMP garment exports were worth $1 billion in fiscal 2012-13 and have reached $3 billion in 2017-18, the ministry said.

The country exported products worth $2.4 billion during April and May this year, according to a report in a Myanmarese newspaper.

The CMP garment sector is running with ten factories in 2017 under fully online licence system and is now expanded to over 300 factories.

Source: fibre2fashion.com- June 22, 2018

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Vietnam: Textile, garment export markets grow

Vietnam witnessed a growth in textile and garment exports to most of the major markets in the first five months of 2018, reported the General Department of Việt Nam Customs.

Exports of textiles and garments to the markets of the member countries of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) accounted for 17.1 per cent of the country's total garment export turnover, reaching US$1.87 billion.

Of this, the exports to Japan saw the highest increase at 22.6 per cent, reaching $1.39 million. The exports to Singapore rose by 22 per cent to $39.16 million, to Canada by 17.4 per cent, reaching $230.29 million and to Australia by 16 per cent, touching $79.41 million.

CPTPP will come into effect in early 2019 and is expected to open a great opportunity for the Vietnamese textile and garment industry, pushing its export value up by 3 to 6 per cent per year.

According to the General Department of Việt Nam Customs, the January-May period saw the national textile and garment export growth reach 16.2 per cent year-on-year to $10.91 billion, accounting for 11.2 per cent of the total export value of Việt Nam.

It said the value to almost all the major markets increased against the same period last year. The United States was the largest export market for Việt Nam' textile and garment products, with a growth of 12.4 per cent in value, reaching $5.15 billion.

It was followed by the European Union with a growth of 12.1 per cent to $1.43 billion; Japan, up by 22.6 per cent to reach $1.39 billion; and South Korea, up by 22 per cent to touch the $1.09 billion mark.

Meanwhile, the exports to Turkey jumped sharply by 96.8 per cent, reaching $19.23 million; Poland, 69.3 per cent, reaching $23.43 million; Myanmar, 65.9 per cent, reaching $9.19 million; Egypt, 65.2 per cent, touching $2.33 million; Hungary, 60.4 per cent, reaching $1.84 million.

The garment and textile exports of foreign-invested enterprises accounted for 60.6 per cent of the total garment export value, reaching $6.62 billion, up by 16.8 per cent over the same period last year.

Source: vietnamnews.vn- June 25, 2018

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Source Africa Trade Show Promotes African Apparel and Intra-regional Trade

The sixth annual Source Africa Textile and Apparel Show opened at the Cape Town International Convention Centre, showcasing the continent's creativity, fashion sense, and business opportunities.

The June 20 – 21 event features 140 exhibitions by textile, shoe and clothing producers, suppliers and service providers from across Africa.

The purpose of the show is to promote African-made products to national and international buyers and manufacturers and encourage intra-regional trade between African countries.

Source Africa is owned by the global exhibition firm Messe Frankfurt. The United States Agency for International Development (USAID) Southern Africa Trade and Investment Hub supported the development and launch of Source Africa in 2013 and continues to encourage buyers and producers to take advantage of business opportunities available through the U.S. African Growth and Opportunities Act, known as AGOA. The trade preference program offers duty-free access to the U.S. market for some 6,500 African product lines.

USAID Southern Africa Mission Director John Groarke opened the 2018 event, saying that Source Africa offers a model for private sector-led economic development in Africa, where untapped sourcing and export opportunities abound. "I look around through this hall today, and I see what Africa can be, and what private sector development can do for this continent.

I hope that you have a great show over the next two days, and I hope that you learn more about the USAID Southern Africa Trade Hub, I hope that you learn more about the African Growth and Opportunity Act, and I hope to see more African and expatriate businesses get together because there is so much potential here in Southern African and throughout the continent," Groarke said.

Source Africa brings together industry leaders and decision-makers from across Africa, Europe and the United States, providing opportunities for buyers, manufacturers, suppliers and service providers to network and find new business opportunities.

The USAID Southern Africa Trade Hub advances enterprise-driven solutions to unlock Africa's growing markets. Through innovative public-private sector partnerships, the Hub promotes trade and investment to drive international commercial expansion and encourages resilient economic growth.

Source: einnews.com- June 21, 2018

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Bangladesh: Apparel exports to Asian markets on the rise

Garment shipments from Bangladesh to its major Asian markets—India, China and Japan—are rising by the day thanks to competitive prices the country offers and spiralling production cost in China.

Bangladesh's strength in formal garment production and higher economic growth in populous Asian countries have also helped such shipments to increase, which could hardly reach a few million dollars only five years ago, experts said.

Garment export to these three markets grew 17.79 percent year-on-year to $1.39 billion in July-May period of the current fiscal year, according to data from the Export Promotion Bureau (EPB).

Japan, with a retail garment market worth nearly $50 billion, is the largest export destination for Bangladesh among the Asian nations. In July-May period, Bangladesh sent $787.13 million worth of garment items to Japan, which is a 13.04 percent year-on-year rise.

The overall export to Japan has already crossed $1.05 billion mark in the first 11 months of the current fiscal year from $945.47 million last year.

Garment export to Japan will cross $1 billion soon as major Japanese retailers are increasing their footprint in Bangladesh for formal garments like woven shirts and t-shirts, said Anwar-Ul Alam Chowdhury Parvez, former president of the Bangladesh Garment Manufacturers and Exporters Association. Japan is the only nation where Bangladesh exported goods worth more than $1 billion apart from its traditional markets -- the EU, the US and Canada.

“Among the Asian destinations, garment export to Japan from our group is on the rise,” said Shahidullah Chowdhury, CEO of Noman Group, which exports over $1 billion worth of apparel items a year.

“Especially, export of formal woven shirts and bed sheets to Japan is higher than other products.”

Another promising market in Asia is India, which is also a destination of more than $50 billion worth of garment items.

Garment shipments to India from Bangladesh more than doubled year-on-year in the first 11 months of the fiscal year.

Between July last year and May this year, apparel items worth $253.07 million were shipped to the neighbouring country, in contrast to $117.21 million a year earlier, according to the EPB data.

The reason for the exponential rise is bulk purchase by Western brands with operations in India and Indian clothing chains, which are finding Bangladesh's garment items to be more competitively priced for India's bulging middle-class demographic.

Bangladeshi garment exporters face a 12.5 percent countervailing duty on shipments to India, although India announced duty-free facility on all Bangladeshi products except some alcoholic and beverage items in 2012.

Overall exports to India increased 24.67 percent year-on-year to $792.88 million in the July-May period.

The demand for formal wear in India is high due to growing middle-income office-going population, Parvez said. Moreover, the government's 3 percent stimulus package for the emerging markets also acted positively for higher growth to India and other new destinations, he said.

China itself is becoming a major garment export destination for Bangladesh because of higher cost of production, enactment of stringent laws on garment production in China aimed at protecting the environment and shifting of manufacturing bases in China to machinery and electronic gadgets, Parvez said.

Moreover, China is a densely populated country in Asia. Two thirds of the global population reside in Asian countries, of which China alone has more than one billion people.

So, for having a larger consumer base, China is turning into a major garment export market for Bangladesh, he said.

Garment exports to China in the July-May period fell 2.82 percent year-on-year to $347.08 million, the EPB data said.

Overall export to China also declined by 28.91 percent year-on-year to $626.75 million during the period.

“The export to any country might be lower on a particular year for some reasons, but this is not any permanent problem,” Parvez said.

Garment export to China may rebound soon as Bangladesh enjoys duty benefit for export of nearly 5,000 goods to the Chinese market, exporters said.

Source: thedailystar.net- June 24, 2018

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Pakistan textile exports jump to $1.20bn in May

Textile exports of Pakistan clocked in at $1.204bn for May, up 28.4% year-on-year and 4.8% month-on-month, official data showed on Thursday.

Pakistan Bureau of Statistics (PBS) data showed that textile exports amounted to $938mn in May last year and $1.148bn in April. Analysts attributed a nominal sequential surge in exports to the part release of exporters' stuck refunds. The last government disbursed refunds worth Rs31.5bn in the last week of May.

PBS data showed that textile exports rose 9.82% to $12.336bn in the first 11 months of the current fiscal year of 2017/18. Textile exports amounted to $11.23bn in the same period a year earlier.

In May, total exports stood at $2.144bn, up staggering 32.4% year-on-year, but they were marginally up 0.52% month-on-month. The country's total exports rose 15.3% to $21.345bn in the July-May period.

Muffasar Malik, president of Karachi Chamber of Commerce and Industry (KCCI) said exports had sharply descended to several destinations around the world in the past because of rising cost of doing business.

"It must be kept in mind that rising dollar would lead to costlier imports and the exporters will also bear the brunt due to rise in cost of imported raw materials," Malik said.

"Any further devaluation would increase their cost and make Pakistani exporters less competitive, plunging the economy into further deep crisis."

Rupee lost around 14% since December last year as the government let the rupee depreciate against the US dollar.

The Federation of Pakistan Chambers of Commerce and Industry (FPCCI) said textile sector's share in the country's total exports remained stagnant at 60% for long.

"The area of concern is that Pakistan's competitors have set targets for textile exports, while Pakistan remains far behind them," FPCCI said in a report. "Pakistan's total exports declined to $20bn from $25bn."

An exporter said the country is only getting spillover orders and that too would stop coming once the competitors increase their capacity. “The government should come with a concrete and sustainable policy to facilitate exporters,” the exporter added.

In May, cotton yarn exports increased 41.3% year-on-year to $130.13mn; knitwear exports rose 39.2% to $258.86mn; bed wear exports surged 27.9% to $199.97mn; readymade garments exports climbed 23.99% to $223.37mn while cotton cloth fetched $199.6mn in May, up 22.08% over the same month a year earlier.

PBS data showed that imports increased 14.2% to $55.232bn during the first 11 months. In May, total imports amounted to $5.814bn, up 14.8% year-on-year and 13.8% month-on-month.

Source: gulf-times.com- June 23, 2018

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NATIONAL NEWS

India, Australia trade ministers to discuss bilateral, regional trade pacts

India and Australia will discuss ways to re-start the long pending proposed bilateral free trade pact and iron out obstacles in the on-going negotiations for the ambitious Regional Comprehensive Economic Partnership at the Joint Ministerial Commission meeting in Canberra next week.

Commerce and Industry Minister Suresh Prabhu, who will co-chair the meeting with his Australian counterpart Steven Ciobo on June 25, will also meet some Australian super funds interested in investing in India, according to a government official.

"The long-pending Comprehensive Economic Cooperation Agreement with Australia, which got stuck over some issues such as market access for dairy items and financial products, will be a major area of focus for both Ministers," the official said.

The RCEP negotiations, involving 16 members including India, Australia, China and the 10-member ASEA, will also be discussed as India is trying to sort out sensitive areas of the negotiations with certain members bilaterally.

High returns

The Minister will also try to assure Australian superannuation funds interested in investing in India because of high returns and safety of their investments, the official added.

The JMC will focus on strengthening of relations in the fields of commercial, economic, scientific and technological cooperation, the official said.

Prabhu is also scheduled to deliver a speech at the Asia Society, in Sydney on 'India's growth Story: Opportunities for Australia' and meet the Premier of the New South Wales Government.

Source: thehindubusinessline.com- June 25, 2018

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Revenue from e-commerce in India to touch $52 billion by 2022, says report

The revenue from e-commerce amounted to USD 25 billion in India in 2017, and is likely to grow by 20.2 per cent per year to hit USD 52 billion by 2022, says a report. According to a report by Admitad, in 2017, 37 per cent of the population comprised of internet users, 14 per cent of whom made online purchases regularly.

This population's share of internet users is expected to grow to 45 per cent by 2021. The number of online buyers is expected to grow to 90 per cent. Most purchases (56 per cent) are made via desktop. Smartphones account for 30 per cent of purchases, said the digital and affiliate marketing company's report.

However, with mobile penetration expected to reach 54 per cent of the population by 2020, m-commerce has a high potential in India, and will likely be responsible for 70 per cent of e-commerce revenue.

The report noted that about 57 per cent of Indians prefer to pay on delivery, while 15 per cent prefer to pay with debit cards, and 11 per cent credit cards. "However, this is all likely to change in the near future.

With a growing number of mobile users and the government encouraging citizens to use non-cash payment, there should be an increase in digital transactions in the coming decade," it said.

Interestingly, India ranks second in the world for the number of internet and smartphone users, outpacing the US. Meanwhile, China is the global leader in terms of a number of internet users and online buyers.

In 2017, the percentage of internet penetration rose to 53 per cent. Even more, 42 per cent of the population made online purchases regularly.

Source: financialexpress.com- June 24, 2018

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Govt plans to introduce direct delivery scheme at inland container depots

To save time, cut cost of import cargo

Buoyed by the success of the direct port delivery (DPD) scheme introduced at seaports, the Government proposes to implement a similar concept at inland container depots (ICDs) or dry ports to cut time and costs for cargo imported in containers.

Under DPD, import containers are delivered directly to pre-approved clients at the port instead of waiting at a container freight station (CFS) located outside for clearance, which reduces cargo dwell time and costs for shippers. DPD was first implemented in the Jawaharlal Nehru Port, India's biggest container gateway, and later extended to all the gateway ports, including Chennai Port and privately-run Mundra port.

"Going by the success of DPD at JNPT and encouraging figures at other gateway ports, the Central Board of Indirect Taxes and Customs (CBIC), intends to implement a similar concept at ICDs under the name 'Direct Inland Delivery' or DID," Pranab Kumar Das, special secretary and member, CBIC, wrote in a June 18 communication to Chief Commissioners of Customs. BusinessLine has reviewed a copy of the communication.

The procedure, Das wrote, would be applicable for the ICD-bound containers only after entry inwards have been granted at the gateway port.

From a slow start about two years ago, the share of DPD in the overall imports has crossed 40 per cent, from about 5 per cent.

The government has since decided not to grant permission for fresh proposals to set up CFSs in the vicinity of Jawaharlal Nehru Port Trust (JNPT) and Chennai Port Trust. The ban has now been extended to Visakhapatnam Port Trust and Mundra Port also, a Shipping Ministry official said.

A CFS is an off-dock facility licensed by the customs department to help decongest a port by shifting containerised cargo and for carrying out customs-related activities outside the port area.

An ICD also provides similar services, the only difference is that it is located in the hinterland (cargo generating and distributing areas) far away from the ports.

Duty payment

Under the direct inland delivery scheme being worked out by the CBIC, importers would have to file the import declaration before the arrival of the goods from the gateway ports at the ICD.

The importer would pay the duties accordingly or on deferred payment basis.

Currently, custodians at ICDs offer free period to importers before they clear containers carrying imported goods.

“There is a need to take up this aspect with the respective custodians so as to devise a tariff structure (which acts as a financial incentive) where under the importers voluntarily opt for DID clearance for pre-identified containers rather than avail the free period at ICD as non-DID container,” Das told Chief Commissioners.

“The tariff structure could provide that if the DID container is not picked up within 24 hours of the out of charge (granted) by the Customs, the custodian may impose an additional graded fee depending upon the number of days the DID container overstays,” Das added.

Source: thehindubusinessline.com- June 24, 2018

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Why is Modi govt imposing tariff barriers when India has gained so much from free trade?

Over the years, the World Trade Organization (WTO) has emerged as the single greatest success story of international institutionalism. In its previous avatar as GATT, and now WTO, it has helped uphold free trade for over seven decades now. It helped the western economies develop after war, led to the rise of Asia, and has helped pull millions out of poverty.

But it has been a turbulent few months for global trade. On 1 June, the US imposed tariffs on aluminium and steel imports from the EU, Mexico, and Canada. President Donald Trump has also threatened tariffs on a range of Chinese goods worth $200 billion. In return, the US' trading partners are planning to impose tit-for-tat retaliation tariffs on goods imported from the US. These events have severely heightened the risk of a global trade war.

In an unprecedented move, the US justified its tariffs using the "national security exception" in WTO rules. Interestingly, as pointed out by my McGill University's Krzysztof Pelc, while the American tariffs are legal, possibly the retaliation by the EU and others is not.

The American usage of the national security exception is nothing short of bizarre. In the past 70 years of trading history, this is only the sixth occasion when it has been used. This WTO exception is a tool of the last-resort and there has been a long held precedent of staying away from it. But the existence and the usage of the national security clause compel us to inspect the diplomatic roots of WTO and the global trade cooperation.

GATT (General Agreement on Tariffs and Trade) and now WTO are first and foremost purely diplomatic institutions. WTO does not derive its power from some special kind of rights to execute or punish its various members. At best, it is an impartial referee in trade disputes between states. There are three specific diplomatic reasons that underpin WTO's massive success.

First, trade negotiations since the formation of GATT in 1947 have practiced a very clever tactic – never touch politically sensitive topics. Textiles and agriculture, for example, are some of the most sensitive sectors for the vast majority of countries.

Since 1947, all trade negotiations have completely left out textiles and agriculture. We see instances of this over and over again, where successful trade negotiations ignored the politically sensitive areas and aimed to maximise liberalisation everywhere else.

India has also been a beneficiary of this practice. Over the years, India has succeed in getting a lot of exemptions from WTO rules, such as restrictions over food subsidies. It is also a recipient of GSP (Generalised System of Preferences) – according to which India gets preferential access to western markets, but is not expected to provide that reciprocal access to its western trading partners.

GSP is a classic example of WTO's negotiating strategy. The core rationale of WTO is reciprocity. A large number of developing states were given preferential access to developed world markets through GSP. While they were not expected to open their markets reciprocally, they ended up joining GATT/WTO and became members of the global trading regime.

Second, the cornerstone of WTO's success has been its dispute resolution mechanism. As aforementioned, while the current US steel and aluminium tariffs are legal, the EU's retaliation is not. Retaliation is only legal under a specific scenario.

According to WTO rules, when a country finds its partner using unfair trading practices, it can bring the dispute to a WTO panel. Only when the panel rules against the unfair practice and there is no compliance from the side of the aggressor can the country retaliate by equivalent tariffs.

Fascinatingly, this long process is the reason for its success. Majority of disputes brought to WTO are resolved at the consultation stage and do not even make it to a ruling. Most countries fear that an adverse ruling might affect their international credibility. This makes them negotiate a settlement diplomatically before it get to the ruling stage. It is this diplomatic basis that has made WTO enviably successful.

Last, trade agreements recognise the role of politics. Most political leaders face massive competition from domestic interests groups to provide them protection against foreign competition.

Trade agreements allow political leaders to tie their hands internationally, and guard themselves against domestic pressures. As argued by Pelc here, trade agreements don't ignore, but leverage politics.

While WTO's diplomatic roots are responsible for its success, they have the potential to lead to its unravelling. The global trading system is based on mutual gains and diplomatic goodwill. And in the absence of any enforcing power, there are no repercussions to countries ignoring WTO precedents. It would take no time for this precedent-driven system to unravel if its members decide to do so.

On his recent global outings, PM Narendra Modi has made it a point to pay lip service to the gains from free trade. But contrary to his rhetoric, his government has continued to put more protectionist policies in place. Free trade has helped India immensely over the years. Even some of India's inability to harness the gains from free trade is due to its own failings, such as the severe lack of labour mobility.

Today India is Asia's third largest economy, and only second to China in terms of future optimistic trends. It has a lot to gain by ensuring that the global trading regime remains intact in its current form. Perhaps, it is time India starts acting like a major power and does more than just paying lip service to free trade.

Source: theprint.in- June 24, 2018

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GSP: win-win for Indo-U.S. trade

It remains a key aspect of overall commercial engagement

The Generalised System of Preferences (GSP) is one of the oldest trade preference programmes in the world, and was designed to provide zero duties or preferential access for developing countries t o advanced markets. The U.S. GSP programme was established by the U.S. Trade Act of 1974, and promotes economic development by eliminating duties on thousands of products when imported from one of the 129 designated beneficiary countries and territories.

In April 2018, the Office of the United States Trade Representative (USTR) announced that it would review the GSP eligibility of India, Indonesia, and Kazakhstan. The proposed review for India was initiated in response to market access petitions filed by the U.S. dairy and medical device industries due to recent policy decisions in India, which were perceived as trade barriers.

Big impact

For over 40 years, GSP has fulfilled its purpose of promoting economic growth in a large number of developing countries by allowing increased exports of eligible products. This tremendous benefit to the global economy is a small aspect of the U.S. trade balance; for example, of the total $2.4 trillion U.S. imports in 2017, only $21.2 billion arrived via GSP, amounting to less than 1% of total U.S. imports.

Despite GSP's low significance in the U.S. trade balance, its benefits ultimately help U.S. consumers and exporters by contributing to lower pricing of final products.

Most of the 3,500 Indian products imported by the U.S. under the GSP are raw materials or important intermediaries of value chains.

In many cases, Indian exports are less-expensive, high-quality alternatives that reduce the costs of final products, thereby creating value that is subsequently exported the world over by U.S. companies or directly conveyed to the U.S. consumer. Indeed, this enables the U.S. economy to be more globally competitive.

In 2017, the top 10 GSP products exported by India to the U.S. were motor vehicle parts, ferro alloys, precious metal jewellery, monumental or building stone, rubber tyres, travel goods, certain sweetened or flavored waters, polyacetals/polyethers/polyesters, electric motors and generators, and insulated cables and wires.

With the exceptions of precious metal jewelry and sweetened water, all of these products are intermediate goods, many of whichare not competitively produced in the U.S. given their lower role in manufacturing value chains. Thus, the benefits accruing toU.S. companies and consumers offset the relatively small concessions of the GSP programme.

GSP should be continued

Despite continued economic growth over the last two decades or so, India is a lower middle-income country. GSP allows Indian exporters a certain competitive edge and furthers the development of the country's export base. It also allows India to integrate with global value chains (GVC) and hence, with global markets.

These advantages provide opportunities for small enterprises and help in the overall livelihood creation endeavour in India. Further, it is important to note that Indian exports to the U.S. under the GSP programme are mostly intermediaries, and are not in direct competition with U.S. producers — ultimately, these goods benefit the U.S. economy. India's continued eligibility for GSP makes good economic sense given the low value, high-quality, and nature of its imports.

In addition to the economic perspective, the U.S. should consider continuing India's GSP eligibility as a gesture of goodwill that reaffirms its commitment to the mutually beneficial relationship between our two countries. The India-U.S. relationship has continued to grow stronger as India liberalises along a positive and steady trajectory.

India has made systematic efforts to reduce trade imbalance with the U.S. and has enhanced purchases of shale gas and civilian aircraft. Adhering to the rules-based international trading system, India is in the process of examining its export subsidies. As per a CII survey, the U.S. remains a favoured destination for Indian companies which have invested $18 billion in the U.S. and support as many as 1.13 lakh jobs.

Today, our two countries engage in countless areas of mutual cooperation, and a supportive stance in recognition of our greater goals and shared values would promise significant progress in the future. If viewed through a transactional prism,the broader strategic dimensions of the partnership could get blurred.

India and the U.S. will continue to intensify their economic relationship and interdependencies, and it is, therefore, critical to maintain the vision of the potential this partnership offers. The GSP remains a central aspect of the overall trade engagement and must remain available for Indian exporters keen to address the U.S. markets.

Source: thehindu.com- June 24, 2018

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E-way bill: Government allows central registration for transporters

The government has allowed central registration for transporters registered in multiple states/Union Territories (UTs) for the purpose of generating e-way bills under the goods and services tax (GST). However, transporters would not be eligible to use any of the GST identification numbers (GSTINs) once a unique enrollment number is generated by the system.

To avail of the facility, transporters need to have a single permanent account number (PAN) for multiple GSTINs. The application process would involve submitting details in form GST ENR-02 using any one of the GSTINs. Once validated, this common enrollment would entitle the transporter to generate e-way bills for all registrations on a single handle.

“Although its a revolutionary concept, the benefits would be restricted to generation of e-way bills. Ideally, the government should agree to the need of single registration for all taxpayers,” Rajat Mohar, partner, AMRG & Associates, said. Under the GST, a taxpayer operating in more than one state/UT is mandated to separately register on the GST Network for each jurisdiction.

Source: financialexpress.com- June 22, 2018

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Big boost for 'Khadi' soon: Modi government plans to position it as 'Indian brand' with bigger play abroad

The government is eyeing massive international exposure for khadi by positioning it as an "Indian brand" which only the KVIC is entitled to promote or claim as its own, along with a bigger footprint in foreign missions and exhibitions, a senior official has said.

The move may throw a spanner in the works of companies, especially foreign firms that are trying to register khadi as a trademark. A German company, named Khadi Natureprodukte GbR, had registered 'khadi' as a trademark with the European agency, OHIM (Office for Harmonization in the Internal Market). Spain-based OHIM is the nodal agency looking after trademarks and design registration in the European Union.

A meeting chaired by Commerce Minister Suresh Prabhu with top officials from several government departments was held last week to chalk out the strategy for promoting khadi as an exclusively Indian brand using an institutional mechanism, and measures to boost exports of products made using the indigenous hand-spun fabric.

"We need to have a proper branding, we are now discussing that with the commerce ministry. Once you start branding khadi as an Indian product, as something only the KVIC is entitled to promote or claim as its own, then the other people would not really do that," MSME Secretary Arun Kumar Panda told PTI in an interview.

"The commerce ministry also has an institutional mechanism about branding and they said they are going to also help us in getting the khadi brand promoted internationally," the MSME secretary said, adding that secretaries from other government departments including commerce, DIPP, textiles and chemicals were also present in the meeting coordinated by the Directorate General of Foreign Trade.

India Brand Equity Foundation (IBRF) is a trust established by the Ministry of Commerce and Industry. IBEF's primary objective is to promote and create international awareness of the 'Made in India' label in markets overseas and to facilitate dissemination of knowledge of Indian products and services.

“(For) khadi, we are trying to have more international exposure, more export, bigger footprint in international exhibitions and in missions abroad,” Panda said, adding the MSME ministry was also thinking that a detailed road map in this regard should be formulated with the help of the Indian Institute of Foreign Trade.

The MSME Ministry which exercises administrative control over the KVIC is also working towards positioning of niche khadi products within the country like ‘premium and super premium’, in an endeavour to further boost sales of products made using the hand-woven fabric by ushering in a change in the mindset of millennials or young adults, Panda said, adding “khadi can be a top notch absolutely fashionable product.”

According to him, sales of khadi products may witness a quantum jump in the current financial year ending March 2019 on the back of initiatives taken by the government.

“We are expecting quite a considerable jump (in sales of khadi products), minimum 40 to 50 per cent jump on a broader base,” the MSME secretary said.

The MSME secretary said efforts were being made for opening khadi outlets abroad based on a franchisee-based revenue sharing model, under which the Khadi and Village Industries Commission (KVIC) may enter into agreements with big stores, as one of the strategies involved in branding the products as ‘Indian’.

Source: financialexpress.com- June 24, 2018

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Tread carefully about trade

Amidst the hullabaloo at the recent G7 summit in Quebec, Canada, there has been little conversation around the politics of trade beyond its theatrics. Trade is inherently political, and for the longest time after several developing countries were pushed into economic liberalisation and structural adjustment programmes, they had to bear the brunt of free trade.

Bangladesh, India, South American countries and others mostly suffered deficits with the economically stronger US and parts of Europe. And then, everything turned on its head — with the establishment of the World Trade Organisation (WTO) to regulate international trade and skyrocketing levels of growth in developing nations.

In FY18, India's exports to the US amounted to $47.9 billion, while its imports from the US were only $26.6 billion, resulting in a trade balance of $21.3 billion in India's favour. Contrast this with the massive India-China trade imbalance. Between April 2017 and January 2018, India's exports to China were worth $10.3 billion, against imports from China worth $63.2 billion, resulting in a trade surplus of $52.9 billion for China.

The politics of trade, therefore, aren't entirely misplaced. The leaders of a country may enter into a trade agreement, and only upon execution realise that its costs outweigh the benefits for their country. It's acceptable, therefore, to re-evaluate and restructure these agreements. US President Donald Trump's outbursts and untactful diplomacy at G7 may be the centre of media attention, but they actually reveal the fear of unfavourable trade relationships that can have a catastrophic impact on the economy in general, and on jobs in particular.

In India, the establishment of the goods and services tax (GST) was such a prolonged process precisely because of the politics of domestic trade. There was a lack of consensus on how goods and services should be taxed. It would also take power away from states to levy their own duties. It is not only natural, then, that international trade is political, but it may also be healthy if it helps nations safeguard their interests.

Consider the startling statistic mentioned earlier: India had a $52.9 billion trade deficit with China between April 2017 and January 2018. In 2017, India's electronic imports surpassed its gold imports. By 2020, electronic imports are projected to balloon to $400 billion and outpace India's oil imports as well. India meets over 65% of its electronics demand through imports, and most of these come from China.

Because of this massive demand, China has been able to establish itself as a flourishing manufacturing hub, and provide jobs to millions. Similarly, in the defence sector, India's consumption has allowed exporting countries like Russia to provide jobs to their people. This not only hurts Indian jobs, but it's also detrimental to our balance of payments. India's current account deficit (CAD) in FY18 jumped 42% to 1.9% of GDP, or $160 billion.

Also, strategically, it may be dangerous for India to continue importing electronics and military equipment in such vast volumes, given the threatthat spyware in foreign equipment could pose to our security. As Minister of State, I had helped facilitate the introduction of the National Policy on Electronics in 2011, which included the establishment of over 200 electronic manufacturing clusters.

However, such policies are not enough. We need to establish a system of preferential access. If electronics or defence firms are selling crores worth of equipment, at the very least, they must be manufactured in India.

India has a plethora of inefficiencies that makes it uncompetitive against China on a level playing field. China has roads, power and other crucial infrastructure, as well as quick and efficient land acquisition and no unions. Simply a rhetoric of 'encouraging' manufacturing in India is not enough. We need strategic duty-based models and ensure that sectors benefiting from India's growth are mandated to manufacture in India.

Anxieties about trade policy are neither misplaced nor unwarranted. Trump, for instance, may have constructed a bizarre political rhetoric encompassing the wall, 'America First', and 'Make America Great Again'. But at the heart of the matter, this rhetoric is simply a manifestation of the anxieties of blue-collar American workers whose jobs are being outsourced to China, with barely any steel or electronics manufacturing taking place in the US.

Trade has always been political in India, such as during the time of economic liberalisation when rigid controls on private investment and foreign trade were dissolved. The India-China trade deficit is cause for new anxieties and as it widens, it creates a political space that's up for grabs. It's not long before

'Trumpian' fears translate into a similarly compelling political narrative in India. Perhaps, we'll even have a billionaire businessman emerge as apowerful political leader who will spearhead the weaving of these fears into a nationwide narrative.

The political rhetoric of Trump's 'wall' that seeks to keep outsiders away from American jobs already has various manifestations in India. India's 'wall' may be identity-based lynchings. It's fairly easy for political leaders and communities to point the finger at vulnerable sections of society and minorities for problems that have nothing to do with them.

China has been a hugely disruptive force in trade. Economies can't sustain themselves on services and agriculture alone. Manufacturing is a crucial component. India needs to learn and grow from China's experience to rectify its manufacturing paucity if it wants to prevent a boundless 'politics of the wall' from being unleashed in the country.

Source: economictimes.com- June 23, 2018

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SEZ overhaul may see sops being linked to job creation

The overhaul of the Special Economic Zones (SEZs) policy being planned by the government may see sops for the zones being linked to employment generation against the current fiscal-based incentives.

"The group of eminent persons constituted by the Centre to study the SEZ policy and suggest changes, in its first meeting on Friday, stressed on the need to ensure that the zones led to generation of employment, which is one of the biggest challenge for the economy," a government official told BusinessLine.

Bharat Forge's Baba Kalyani, who chairs the group on SEZs, suggested a shift from fiscal incentives to employment-based incentives, re-framing of the boundaries and introducing grandfathering clauses for existing provisions, the official added.

"The idea is that while incentives for SEZs would be linked to generation of employment so that more labour-intensive zones come up, the present investments would not be hurt as existing provisions would be grand-fathered and new provisions would apply only on future investments," the official said.

The details of the employment-based incentives have not been fleshed out yet by the committee, and more clarity is to emerge by the next meeting in July, the official added.

Commerce & Industry Minister Suresh Prabhu, who also attended the meeting, asked the panel, comprising industrialists, State-government representatives and Commerce Ministry officials, to come up with its report by the end of August.

The Export Promotion Council for EoUs and SEZs, which represents the interest of SEZ developers and units, earlier expressed its disappointment for not being included despite representing the actual stakeholders.

At present, SEZ units get 100 per cent income tax exemption on export income for first 5 years, 50 per cent for next five years and thereafter 50 per cent of the ploughed back export profit for next 5 years. However, the exemption comes with a sunset clause to be effective from April 1, 2020.

SEZ developers, on the other hand, get income tax exemption for a block of 10 years in a period of 15. The sunset clause for developers is already effective from last year. SEZs also get exemption from import duties and local taxes.

MAT, dividend tax issues

Although, initially, the SEZs were exempt from the Minimum Alternate Tax and Dividend Distribution Tax, they were introduced in 2012 and 2011 respectively, leading to protests from the SEZ community.

Many SEZ developers have given up their investment plans over the past years stating that the introduction of MAT and DDT had brought in instability and made returns unattractive. "Although the Commerce Ministry has been trying to persuade the Finance Ministry to remove MAT and DDT from SEZs, the issue continues to be unresolved," the official said.

Prabhu has asked the panel to review the entire eco-system of SEZs and suggest changes to make the policy simple and transparent with a view to remove regulation in industry to revive the spirit in SEZs without compromising on environmental concerns.

While some of the employment-based incentives, to be considered by the panel, may continue to be fiscal in nature, the government could also consider sharing a part of expenditure on employees undertaken by the SEZ units, the official explained.

The other industrialist members of the panel include Ravindra Sannareddy, MD, Sricity SEZ; Neel Raheja, Group President, K Raheja Group; Anita Arjundas, Managing Director, Mahindra Life Space Developer; Ajay Pandey, MD and Group CEO, Gift City SEZ Ltd; Srikanth Badiga, Director, Hyderabad Phoenix Developer; and Anil Misra, MD Tata Steel SEZ Ltd.

Principal Secretaries of Gujarat, Maharashtra, Telangana, Andhra Pradesh, Tamil Nadu and Karnataka, and the Additional Secretary and Director in charge of SEZ in the Department of Commerce are also members of the group.

There are a total of 223 operational SEZs in the country as of March 2018 with 5,146 approved units. Total investments of ₹4,74,917 crore have flown into the SEZs so far creating jobs for 19,77,216 persons.

Source: thehindubusinessline.com- June 25, 2018

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Double whammy: Spike in dye, cotton prices worry textile industry

It is a double whammy for the textile industry as the prices of cotton have firmed up on the one hand and the cost of dyes and chemicals has also gone up substantially on the other hand. The increase in prices of these key raw materials used in textiles manufacturing has pushed up the input cost of textile mills and processors. This will pinch the industry and dent its profit margins, say industry experts.

“Cotton prices have increased by 20% whereas the cost of reactive dyes has almost doubled. The price of caustic lye has also increased by 40% and even coal prices have increased by 60%,” said Naresh Sharma, vice-president, Ahmedabad Textile Processors Association.

Costlier raw materials have led to an increase in input costs. “Our input costs have increased significantly and unfortunately, we cannot pass it on to our customers as the market demand is low. Increasing the costs would only mean losing out on business,” said Dhruv Patel, managing director of a city-based textile mill.

Echoing a similar view, Bhavin Parikh, CEO of a city-based textile manufacturing company, said, “Consumer confidence is overall down due to several reasons and thus, we will have to absorb the costs. This will dent our profits to a great extent. The same price competitiveness also hurts us in the global market; we might only be able to pass on a part of the cost to our clients.”

Higher imports of dyes raw materials by China from India has resulted in dyes prices in the domestic market surging by 30% in the last two months.

The price of Shankar-6 variety of cotton has currently settled at Rs 47,500 per candy (one candy is 356kg) after touching a six-year high of Rs 48,500 per candy this week. “The carry-over stock for 2018-19 is low both domestically and internationally.

The price could firm up further if the US-China trade war continues. Based on the current scenario, the cotton prices may remain 15-17% higher in 2018-19,” said Arun Dalal, a city-based cotton trader.

He, however, also made it clear that the price trend would largely be dependent on cotton sowing and progress of monsoon in months to come.

Industry experts said that the government must intervene in the matter. “Even as cotton prices are up, they are in tandem with the global prices. This, together with an increase in prices of chemicals and dye due to a shut-down in Chinese production houses as well as crude oil price hike, will certainly have an adverse impact and the government must intervene,” said Sanjay Jain, chairman, Confederation of Indian Textile Industry (CITI).

Source: timesofindia.com- June 23, 2018

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Uttarakhand sets up silk development production

Oak Tasar, silk development project has been launched in Uttarakhand. This development project is being supported by the Textile Ministry’s Central Silk Board. It is expected to provide a new dimension to employment of farmers associated with the silk industry.

Increasing production of silk in the state can lead to additional income generation for farmers. Apart from a grant of a crore, land will be provided for the Oak Research Center. Like Himachal Pradesh, Uttarakhand will arrange funds for silkworm farmers.

This ambitious project will increase silk production in the state. India produces about 3,3,000 metric tons of silk. The production of mulberry silk in Uttarakhand is now 33 metric tons and the target is to produce 55 metric tons. In Uttarakhand, oak grows naturally in good quantities. The weather is ideal for Manipuri Oak.

Uttarakhand can take advantage of the current situation as silk production has decreased in plains. Experts feel in the hills, adequate agricultural land is available and farmers can cultivate silk by raising oak and mulberry plants. Farmers and the silk department will have to make efforts to increase the production of oak and mulberry.

Source: fashionatingworld.com- June 23, 2018

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