TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU TEXPROCIL
TEXPROCIL NEWS CLIPPINGS
An ISO 9001:2015 CERTIFIED COMPANY
The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 122 of 2019 June 25, 2019

SD 69.36| EUR 79.08 | GBP 88.44 | JPY 0.65

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
21579	45100	**82.98**

Domestic Futures Price (Ex. Warehouse Rajkot), July

Rs./Bale	Rs./Candy	USD Cent/lb
21500	44935	**82.68**

International Futures Price

NY ICE USD Cents/lb (December 2019)	65.69
ZCE Cotton: Yuan/MT (September 2019)	13,625
ZCE Cotton: USD Cents/lb	89.87
Cotlook A Index – Physical	**76.40**

Cotton Guide: The Cotton Market is almost showing a mixed situation at the moment with various bullish and bearish factors coming into play. However, the bearish factors are seen to outweigh the bullish ones. Notwithstanding the fact the cotton market seems to be in a stage of indecision at the moment. The lower than average volumes confirm the market's confused sentiments. The attitude of the cotton fraternity seems to be towards the lower end however a few factors are giving strength to the bulls to push forward. These factors are currently the extrinsic factors like a weaker dollar and a sanguine grain market. While the rolling of positions into the ICE December contract also seems to have lifted the contracts. Geopolitical factors with respect to US-CHINA and US-IRAN are adding fuel to the fire. Nevertheless, fundamentally, when we look at the demand and supply factors, the trend seems to be downward. The demand of cotton has been on a decline against its competitor – polyester fibre.

This week will be an important week where the Crop Sowing report will be released on June 28, 2019. Markets are expected to display a knee jerk reaction based on the prevailing news (in the near future) but overall shall not show drastic changes otherwise to alter the current trend. Fundamentally we presume slight losses both internationally as well as domestically.

The USDA released the Weekly crop progress report yesterday which displayed a figure of 96% as cotton sowing completed till June 23, 2019.

The ICE December contract settled at 65.69 cents/lb with a change of +13 points. Sentiments seemed mixed where the other contracts displayed a few negative figures. The only huge change was seen at the ICE July contract which settled at 62.30 cents/lb with a change of +111 points. Total volumes were at 18,612 contracts. Another important point to consider is the open interest which decreased by 413 contracts to 175,809 contracts which is at its lowest level since November 25, 2015.

The MCX contracts on the other hand started the week on a lower note, the MCX June contract settled at 22020 Rs/bale with a change of -80 Rs. The MCX July contract settled at 21,500 Rs/Bale with a change of -120 Rs. The MCX August contract settled at 21,370 Rs/Bale with a change of -230 Rs/Bale. Total Volumes were however lower at 2573 lots. The volumes and open interest for the June and the July contract were almost identical, where the see the contracts in a phase of backwardation.

The Cotlook Index A is adjusted at 76.40 cents/lb with a negative change of -0.45 cents/lb and the cotlook forward index A is adjusted at 75.80 cents/lb with a change of 0.35 cents/lb. The Brazilian cotton is still the cheapest (in the world) at 74.75 cents/lb.

For today we feel the both the international and domestic markets will be in a phase of consolidation.

On the technical front, ICE Cotton is trading within a downward sloping channel, but failed to sustain above 23.6% Fibonacci retracement level (67.78). Cotton price have held the support of 65.50-65.40 from the past week & with EMA (5, 9) at (65.90, 66.10) are above the price. However, the immediate resistances for the price is at 67.80-68, which coincides with higher end of the channel & 23.6% Fibonacci retracement level.

Momentum indicator Stochastics (Fast) is at 33 have bounced back from oversold zone suggesting sideways to positive bias for the coming sessions. For the today's session we expect the prices to trade within a range of 67.80-65.40. However, a close above the channel could bring bullish bias for the price. In the Domestic market MCX Cotton June may trade in the range of 21800-22200.

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

NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	USA: New Apparel Tariffs Could Come as Soon as July 2
2	Outlook for US Economy Worsens as China Trade War Persists
3	USA: Amazon's Merchants are feeling the pain of a trade war with China
4	China's Textile and Garment Industry Is in Deep Trouble
5	China's farm imports from US dive from Jan to May
6	Africa free trade area to boost Africa's industrialization efforts
7	USA: Demand Issues Provide Most Impact on Cotton Prices
8	Government policies needed to boost Vietnam's exports to CPTPP countries
9	Bangladesh apparel exports up 12 per cent this fiscal
10	Bangladesh: Record FDI in 2018
11	Pakistan: Textile exports increase 2pc to $11.419 bn: SBP
12	Bangladesh: Withdraw advance tax on textile machinery import: BTMA
13	Pakistan: Free trade talks with Indonesia next month

	NATIONAL NEWS
1	Will India Join the Regional Economic Comprehensive Partnership?
2	India's readymade garment exports stitch recovery, helped by tax break
3	Maharashtra farmer activists plan trials of cotton varieties
4	Fall in Indian cotton production likely
5	Plan to increase the number of MSMES in the country
6	Exporters and Importers can now find answers related to trade-related matters via DGFT Call Centre
7	Global trade war: Some silver lining
8	TEA asks members to transport goods with GPS-fitted vehicles
9	E-commerce rules: Clarifications likely but no change on cards
10	Amazon is largest, fastest growing fashion marketplace in India currently, says exec
11	Tata retail arm Trent to build Zara-like 'fast fashion' empire but at cheaper price
12	Logistics sector to add 1.49 lakh new jobs in April-September period of FY20
13	Tamil Nadu cabinet okays Rs 1,352 crore investment proposals
14	Why India needs to reform its trade policy

INTERNATIONAL NEWS

USA: New Apparel Tariffs Could Come as Soon as July 2

If President Trump can push more China tariffs forward, he will.

That's at least what experts speaking at an invite-only tariff seminar in New York City Monday believe.

The world has been waiting with bated breath until the G20 summit in Osaka starts Friday to see whether President Trump and Chinese President Xi Jinping will in fact meet and, if so, whether they can reach a truce on their heated trade war.

As of now, it's still anyone's guess as to what the outcome will be.

"They've got some of our negotiators [in Osaka] trying right now to at least set a framework for talks or discussion," said Rick Helfenbein, CEO and president of the American Apparel & Footwear Association (AAFA), speaking at the seminar hosted by Sourcing Journal in partnership with MMG Advisors, Alba Wheels Up, CIT, RSM, and Sorini, Samet & Associates, LLC. "Just about anything could come out of it. Right now, the freight train is rolling towards, shall we say, a tariff."

If the Trump administration does press ahead with a final tranche of tariffs, which would target nearly all remaining imports from China, including apparel and footwear, the impact could be felt fairly quickly.

Hearings on the final tranche 4 tariffs are underway in Washington, D.C. this week, with two days remaining. Once the hearings wrap up, a seven-day review process will begin and, according to Helfenbein, "You could be hit with tariffs as soon as…July 2."

Instead of one major blow, however, the administration could dish out the new set of tariffs incrementally.

"My gut is telling me something will happen on July 2, but my gut is also telling me that it's going to look like 10 percent for 60 days, with the threat of going to 25 percent," said Vincent Iacopella, EVP of growth and strategy at Alba Wheels Up International Inc., a customs brokerage company.

"Twenty-five percent is just like the nuclear option. There's really no way to absorb that. Anybody who has orders for July and August that are already locked into POs with big-box stores, those are not going to be renegotiated, those are going to have to be eaten."

There's little way to tell what Trump will decide because, as Andrew Samet, principal at Sorini, Samet & Associates, said, "I don't even think the president has decided on this."

Taking a more positive position on when potential new tariffs could begin to plague the industry, Samet said he would be "surprised" if the tranche four duties took effect on July 2.

"July 2 would be the seven-day rebuttal period. I would think there would be some longer period of time before," he said, agreeing, however, that the tariffs would take effect in stages.

The president may even agree to delay enforcing the tariffs for another 90 days, Helfenbein surmised.

Adding to that, AAFA executive vice president Steve Lamar said, "If the administration does tranche four, the scenario is 10 percent for tranche four for a period of time and then maybe it rises to 25 percent, maybe not…but we could see a scenario where it's 10 percent for a year."

In line with the new way of trade in Trump's administration, what's up ahead remains unclear.

"We might find out what's going to happen on July 2 the night of July 1," Iacopella said.

Source: sourcingjournal.com- June 24, 2019

HOME

****

Outlook for US Economy Worsens as China Trade War Persists

Trade tensions and expectations of substantial tariff increases on imports from China are taking their toll on the U.S. and global economies, according to the June “Forecast Flash” from Global Insight by IHS Markit.

U.S. gross domestic product (GDP) growth is projected to slow to 1.5 percent in the second quarter, and average 1.8 percent through the second half of 2019–several tenths of a percentage point below last month’s forecast, said IHS Markit chief economist Nariman Behravesh and Sara Johnson, executive director of global economics.

First-quarter real GDP growth was reported at 3.1 percent in the U.S. Commerce Department’s second estimate, revised down 0.1 percent from the advance estimate.

“The markdown to near-term growth reflects a soft tone to the incoming data, as well as trade tensions and less-supportive financial conditions,” Behravesh and Johnson said. “This forecast includes the step-up in the tariff rate on imports from China indefinitely. Following 2.5 percent annual growth in real GDP in 2019, we look for 1.8 percent growth in 2020 and 1.7 percent in 2021.”

The economic forecast noted a “whipsaw” effect owed to trade conflicts between the U.S. and China that saw the Trump administration increase tariffs to 25 percent from 10 percent on $200 billion of Chinese exports to the U.S., not to mention threats to add more, including apparel and footwear. The administration also banned U.S. companies from doing business with Chinese telecom company Huawei.

In retaliation, China announced increased tariffs on $60 billion of U.S. exports, suspended soybean purchases, threatened to cut off exports of rare-earth metals to the U.S. and announced “major actions” against U.S. high-tech firms. Meanwhile, the White House removed tariffs on Canadian and Mexican steel and aluminum exports to expedite passage of the U.S.-Mexico-Canada Agreement.

This was immediately put in flux when President Trump announced new tariffs on Mexico and then suspended them in an attempt to force the Mexican government to better control illegal immigration into the U.S.

IHS Markit estimated that the announced trade actions, before retaliation and escalation, will further erode near-term global growth at least 0.2 percent to 0.3 percent.

As for China's economy, IHS said the impact of the U.S.-China trade re-escalation on the country growth "will be noticeable, but not devastating." The direct impact of a 25 percent tariff on $200 billion of Chinese goods will shave China's economic growth about 0.3 percentage points over a year, the economists predicted.

"Moreover, the tariffs' impact on China could be more limited, as a significant share of China's exports is in processing trade–assembling imported components and re-exporting to final markets," they said. "IHS Markit now predicts real GDP growth to be 6.2 percent in 2019, 5.9 percent in 2020 and 5.8 percent in 2021. Our forecast is based on the tariffs currently in place, not threatened tariffs. In response to higher tariffs, the government will most likely ramp up stimulus measures more aggressively to support economic growth."

If the U.S. imposes further tariffs, China's growth rate could be cut as much as 0.7 percent, the analysis noted.

"While all this is going on, there are signs of further softness in China's economy and of rising financial stress, especially among small banks," according to the economists.

In Europe, "the political terrain just got a lot rougher," IHS said. The recent European parliamentary elections have worsened political fragmentation. Center-left and center-right parties lost support, whereas populists gained ground in some countries like Italy and Greens gained in places such as Germany.

"Against slowing global growth and simmering trade tensions with the United States, this change in the political landscape warrants cautious economic outlooks for the Eurozone and UK," the economists said.

Among emerging markets, IHS said despite a few exceptions, the outlook "has deteriorated." Argentina, Brazil and Mexico had real GDP contractions in the first quarter, with some of relation to weakening global growth, especially China. Some of it was also driven by the expanding trade wars.

"The U.S.-China conflict alone is devastating supply chains throughout Asia, although some countries, such as Vietnam, may benefit from trade diversion away from China," the forecast said.

"The recent announcements and revocations of tariffs against Mexico, and the elimination of duty-free exports from India by removing its developing-nation designation have added fuel to the fire. In response to this direct and collateral damage, IHS Markit has lowered the forecasts for many emerging markets in the past two months."

Source: sourcingjournal.com- June 24, 2019

HOME

****

USA: Amazon's Merchants are feeling the pain of a trade war with China

Over the past several years, Shanghai entrepreneur Yung Lin has built a decent business selling wrenches, screwdrivers and other tools on Amazon.com. Then President Donald Trump imposed tariffs on thousands of goods made in China, and Lin faced a difficult choice: eat the additional cost or try and pass it onto his mostly American customers. He chose to raise prices and watched sales of some products dive by as much as one third in just two weeks.

Amazon.com Inc. merchants around the world are scrambling to navigate an unpredictable trade war that's upending their proven business model of buying inexpensive goods in China and selling them at a markup in the U.S. The problem is particularly acute now as Trump weighs another $300 billion worth of tariffs, many on consumer goods.

Mom and pop sellers won't be able to wait for Trump's decision: They have to place factory orders now and figure out pricing if they want to get their goods made in time for the lucrative Christmas shopping season, when they make as much as half their annual revenue. The most obvious solutions—

raising prices, shifting production to other countries, stockpiling inventory—all have costs and complications of their own.

These businesses—many of them one-person shops—are especially vulnerable because they lack big companies' wherewithal to ride out the uncertainty as well as the negotiating power to shift tariff costs onto their suppliers. "The smaller companies have a significant problem," says Joel Sutherland, managing director of U.C. San Diego's Supply Chain Management Institute. "We have an administration that says one thing today and does something else tomorrow, which poses tremendous risks."

Amazon is more insulated than the merchants in the near term but it too could take a hit if sales slow and cut into the commissions and fees the company charges merchants to use its online store.

Much depends on whether the U.S. and China can come to terms. Trump will meet Chinese President Xi Jinping for the G20 summit in Osaka, Japan, on June 28-29, and both sides have agreed to resume trade talks after a weeks-long stalemate. But even if they hammer out an agreement, the trading relationship between the world's two largest economies probably will never be the same.

"We're going to assume the tariffs are here to stay," says Chuck Gregorich, who sells China-made hammocks, patio furniture and 2,000 other products on Amazon. "We can't have this happen in a year or two and get caught with our pants down again."Like many other importers, Gregorich tried to move up orders early last year to beat a Jan. 1 tariff hike on Chinese imports from 10 percent to 25 percent.

He wound up spending an extra $400,000 on shipping only to see the tariff hike delayed. Burned once by the guessing game, Gregorich is looking to shift about 30 percent of his production to factories in Vietnam and elsewhere. He's not alone. Many other Amazon merchants are considering having their goods made in India, Southeast Asia and Central America.

Michael Michelini relocated to China from New York in 2007 to make Italian coffee presses and upscale bar supplies for U.S shoppers. Eight months ago he decided to move with his wife and kids to Thailand, where he's working with a new factory to develop a line of high-end kitchenware. "Now when I think of China, I think of risk," he says.

Moving isn't easy, however. Merchants say finding the right factory, securing raw materials and conducting product quality testing can easily eat up a year. Jerry Kavesh sells cowboys boots and hats on Amazon and recently spent months locating a factory in India that could make his products. But Kavesh discovered he would still have to import raw materials from China, negating any advantage. So as a last resort, he's cutting his holiday inventory by about 15 percent and raising prices by about 12 percent, which he figures will spook enough customers to hurt sales.

"When I hear the [U.S.] administration say just move, that's just not realistic," says Kavesh, the chief executive officer of 3P Marketplace Solutions. "You can't just suddenly turn all of your production over to someone new."

Even as U.S. sellers try to diversify their manufacturing base, their Chinese counterparts are looking for new customers in Europe, Japan and Australia to offset the potential hit to their U.S. business. "If you are a Chinese seller, money is money," says Eddie Deng, a former Alibaba Group Holding Ltd. strategist who now runs an online clothing brand called Urbanic that sells Chinese-made, Western-style clothing in India. "It doesn't matter if it's from the U.S., India or the Middle East."

Amazon has said little publicly about the trade war. It wasn't among 600 businesses including Walmart and Target that wrote the Trump administration earlier this month seeking an end to the trade war because it's bad for U.S. shoppers. Amazon is a member of the Internet Association trade group, which signed the letter.

Behind the scenes, Amazon has agreed to pay some vendors up to 10% more for products affected by tariffs, according to two people familiar with the matter. "Companies of all sizes throughout the supply chain are adjusting to increased costs resulting from new tariffs," Amazon said in an emailed statement. "We're working closely with vendors to make this adjustment as smooth as possible."

But that help will apply only to products Amazon buys wholesale and resells itself. The mom and pops that sell directly to consumers on Amazon's marketplace are on their own.

The hardest part is the uncertainty—the temptation to parse Trump tweets in a mostly vain effort to divine the future. "This could all be a head fake," says Steve Simonson, who sells Chinese-made home goods and electronics and has been scouting factories in India, Vietnam and Central America. "In two months, this could all go away and all of this time and work will be wasted."

Source: sourcingjournal.com- June 24, 2019

HOME

****

China's Textile and Garment Industry Is in Deep Trouble

Foreign trade stagnant and domestic demand weak

Under the impact of the Sino-US trade war, China's economy has continued to decline. Domestic demand is weak, foreign trade is stagnant, and China's textile and garment industry is in deep trouble after a wave of production closures.

According to official statistics released by China Customs on June 10, China's total import and export value in the first five months was $1.79 trillion, down 1.6 percent from last year.

China's exports to the United States declined by 8.4 percent year-on-year, and imports fell even more, declining 29.6 percent year-on-year. In May alone, China's total import and export value was $386.03 billion, falling 3.4 percent. Within this, exports increased by 1.1 percent compared with the same period last year while imports fell by 8.5 percent.

Some analysts pointed out that China's year-on-year increase in May exports was due to the rush to export before new U.S. deadlines to impose a tariff hike on $200 billion of Chinese goods.

Xie Tian, a professor at the University of South Carolina's Aiken School of Business, believes that exports increased slightly in May, and that most products originally flowing to the United States have been redirected to other countries.

He told The Epoch Times that it would still be difficult to maintain the long-term growth of exports. “Because no country has the market and purchasing power of the United States, and no country is able to tolerate China’s surplus other than the United States,” Xie said. “For instance, if China’s exports to other countries such as in Southeast Asia, Europe, and the Middle East increase, then imports will also inevitably increase. These countries will not tolerate a large surplus like the United States, so China’s exports will still have problems.”

Textile and Garment Industry Exports Stagnate

Mr. Chen, the owner of a Hunan Province-based clothing business, told The Epoch Times that July and August are generally the textile industry’s offseason, with most going on holiday. But this year has been one month ahead of schedule.

Starting in June, many garment factories were already on vacation, “especially for those doing foreign trade. The trade war has had a great impact on coastal export enterprises,” Chen said. “My wife’s uncle works on denim clothing for export to the United States in Shenzhen, Guangdong. There have basically been no orders this year, and it is already difficult to maintain the factory.

Chen said that at the end of December 2018, in order to purchase fabric to produce 2019 spring and summer children’s clothing, he made a special trip to the Shaoxing Keqiao textile fabric wholesale market.

The owner of a fabric production factory told him, “Since the trade war began, many large garment factories along the coast that export to the United States have gone bankrupt because U.S. buyers no longer purchase from China. There have been no orders for the fabric factories here either, and more and more factories are closing.”

Zhejiang Shaoxing Keqiao Textile City is China’s largest textile trading market, with most of its products aimed for export. Chen said that there were originally tens of thousands of enterprises there, but it feels as if one-third of those enterprises have closed. “A large number of manufacturers have closed, one after another. Many cloth manufacturers I knew before have also closed. You see the words ‘rental transfer’ written on their doors,” Chen said.

When speaking of the reasons for the collapse, Chen said, “The greatest impact is this U.S.-China trade war. Cloth is a labor-intensive industry, and profits are not high. Countries like the United States don’t produce it themselves; they get all of it from China. U.S. businesses are no longer buying from China. Without orders, manufacturers are of course closing.”

According to customs data from April and December 2018, the overall export of China’s textile industry twice showed negative growth. Huizhou, Guangdong Province-based business owner Mr. Zeng told The Epoch Times that his friend in the recycling equipment business told him that many textile factories in Guangdong have closed down since the trade war.

“He bought a lot of equipment, but now he can’t sell it. No one is willing to open a factory anymore,” Zeng said.

The United States is China’s largest market for textile and apparel exports. China National Cotton Information Center disclosed that Henan Province-based textile enterprises say that textile companies are now under pressure on two ends. On one hand, the price of raw materials purchased in the previous period have increased, which directly increases production costs. On the other hand, sales have been blocked, and downstream customers don’t quote prices or make purchases. In mid-May when the Chinese and U.S. sides began imposing tariff hikes on each other, cotton yarn sales had already stagnated.

The uncertain outlook on trade has made manufacturers too afraid to take orders. Some companies stopped production for a month in June due to the running costs of hundreds of thousands of dollars per day; smaller businesses have long closed production.

According to state media CCTV, hundreds of textile enterprises in Shengze, Wujiang, a major textile town in Jiangsu Province, stopped production. The number of small and medium-sized enterprises that stopped production accounted for about one-third of the total number of small and medium-sized enterprises, causing a stir across the province. Wujiang Shengze, one of “China’s famous silk towns,” has around 2,000 textile enterprises.

Henan business owners expressed that the impact of the Sino-U.S. trade war on the cotton spinning industry chain has far surpassed industry estimates.

In the first quarter this year, China's share of U.S. apparel imports declined slightly. U.S. imports of Chinese clothing have stagnated, and the proportion of many categories of Chinese clothing have declined by double digits. Imports from other countries have increased. Yet after the tariffs increase, it is expected that the rate of decline will further increase, and exports to the United States may decline precipitously.

Textile, Apparel Industry Domestic Demand Is Weak

Chen said that there another reason for the large number of garment factories going on holiday in advance is inadequate domestic consumption. "The children's clothes I make are basically all sold in China. We basically have no orders now, and if we don't have an order, we don't dare do it, because if we do it, we will lose money."

"If we produced 20,000 pieces there, perhaps nobody would buy them even when we sell at a loss of 3 to 5 yuan. A lot of people are unemployed, everyone generally has no money, consumption is weak, and the whole economy is weak."

Manager Liu of a textile company of Xiangyang City, Hubei Province, who is running a shop at the Keqiao textile fabric wholesale market, told The Epoch Times that when the overarching business environment is not good, no business does well.

"It is now a buyer's market. It is easy to spend money and hard to make money. Many factories have been shut down here," Liu said.

A report by Capital Futures, a China-based research firm, pointed out that a pessimistic atmosphere is permeating in the Chinese textile industry, and end consumption continues to weaken. According to the report, May to July is the traditional off-season of the textile industry.

But under the bleak trade prospects, overseas orders have decreased sharply. Some export-oriented enterprises indicated that orders in August and later have shrunk significantly. The signs of shifting to Southeast Asia are very prominent, which directly affects the demand-consumption of cotton and yarn.

The report also said that domestic textile and apparel market consumption continues to be weak. Due to the decline in demand, the passive storage of finished products is a serious problem. Inventory of most textile enterprises increased by more than 50 percent compared with the same period last year. The inventory of individual enterprises increased by 10–15 days' sales compared with the same period in 2018, with some even exceeding 40 days.

The daily increase in cotton and yarn storage has created difficulties for the capital flow of some textile mills to the point of being unable to collect money to buy lint cotton. Some small factories have stopped production, and many have reduced production time for work shifts. Most companies are pessimistic about the overall prospects of the textile market in the second half of the year.

Source: theepochtimes.com- June 23, 2019

HOME

****

China's farm imports from US dive from Jan to May

China's imports of major agricultural products from the US have slumped, and buyers are shifting to other countries because of the tariffs war between China and the US, according to statistics released by the Ministry of Agriculture and Rural Affairs on Monday.

In the first five months of 2019, imports of agricultural products from the US dived 55.3 percent year-on-year to 32.73 billion yuan ($4.76 billion). Specifically, imports of American soybeans decreased 70.6 percent in the first four months, reaching only 4.31 million tons, said the ministry.

In contrast, imports of agricultural products from other markets such as Brazil, the ASEAN countries, the EU, Australia and Canada jumped significantly.

Exports of cotton from the US to China only reached around 60 percent of expectations because of the US-China trade war, and cotton prices also fell, according to the Cotton Council International, a report by yicai.com said on Thursday.

China is the US' second-largest cotton export market, accounting for more than 17 percent of its total exports, the report said.

However, China has increasingly diversified its import sources to ensure domestic supply, said experts.

"Overall, China mostly relies on domestic cotton for its textile industry," Ma Wenfeng, an agriculture analyst told the Global Times on Monday, adding that China has undertaken reform to reduce its dependence on imported cotton.

According to a report by ncpqh.com, in 2017, total imports of American cotton stood at 505,400 tons, accounting for 4.1 percent of the total cotton supply in China.

"In comparison, imports of cotton from other countries, including Brazil and India, have been steadily on the rise," Ma observed.

US industry representatives and farmers have called several times for a halt to the trade war between the world's two largest economies.

"We cannot withstand another year in which our most important foreign market continues to slip away and soybean prices are 20 to 25 percent, or even more, below pre-tariff levels," said John Heisdorffer, chairman of the American Soybean Association, in a statement published on May 13.

Experts said that if the trade war continues to escalate, it's possible that the US agriculture sector will lose more share, which might be difficult to regain.

For instance, "the biggest sources of soybeans are mainly in South America, such as Brazil. Imports from the US make up only one-third of total imports," Jiao Shanwei, editor-in-chief of cngrain.com, a website specializing in grain news, told the Global Times on Monday.

"In the long run, the trade war is hurting and reshaping trade on both sides, and hopefully progress will be made in the upcoming meeting of the G20 leaders," Ma said.

Source: globaltimes.cn - June 24, 2019

HOME

****

Africa free trade area to boost Africa's industrialization efforts

The African continental free trade area (AfCFTA) is likely to boost Africa's industrialization efforts, the UN said on Monday.

Jean-Sébastien Roure, senior officer for trade facilitation and policy for business section at the International Trade Center (ITC) told a regional conference in Nairobi that a major part of the rationale for the pan-African free trade relates to the fact that intra-regional trade offers particular potential to facilitate increased economies of scale as well as diversification and value addition.

Studies also show that establishing the AfCFTA will have obvious positive effects in terms of job and income generation as well as technological upgrading, skills development and local firms' competitiveness, Roure said during the East African Business Council (EABC) regional consultative workshop on the AfCFTA.

The ITC official observed that notwithstanding the high importance of removing tariffs, it is widely accepted that the potential real gains of the AfCFTA would come from the elimination of non-tariff barriers.

Nick Nesbitt, chairman EABC urged east African partner states to address competitiveness impediments for the trading bloc's private sector to harness the benefits brought about the AfCFTA.

Nesbitt said that some of the key challenges of the business environment include high cost of transport and logistics, energy and cost of borrowing.

Source: xinhuanet.com- June 24, 2019

HOME

****

USA: Demand Issues Provide Most Impact on Cotton Prices

Cotton prices continue to stagger from the knockout blow suffered two weeks ago. Prices fell to a three-year low as the nearby July settled the week at 61.25.

As if it needs to be said, nearby demand has come to a standstill, and the few supplies mills are bidding for are being supplied by the bumper Brazilian crop with its fire sale prices. U.S. supplies are readily available, but there are no takers as noted in the weekly negative export sales report. The demand for immediate delivery is nil, and prices have slid to match the lack of demand.

As noted over the past three weeks, the worldwide demand slippage is being led by a significant slowdown in Chinese business, both domestic and export. Despite pockets of very questionable production conditions at various locations around the world, the market has not seen any news yet to question that a record world crop is in the very early stages of production. It is simply too early to discount a record crop.

Thus, prices will likely remain under pressure for at least another month until the world crop is better defined. Particular attention must be given to U.S. and Indian crop conditions during July and August. Look for the 62-68 cent trading range to hold in the December contract into mid-July. Yet, the bias is lower.

Bullish markets are comprised of strong demand and, at times, a hint of reduced production. Yet, demand is the primary driver – always. While cotton demand had been increasing, it is now showing significant signs of weakness. Coupled with global concerns of increasing production and increasing stocks, the bears have feasted on cotton for three months.

Have we reached a market bottom? Likely, the answer is no. Essentially, the entire growing season is still in front of the 2019 northern hemisphere crop.

Granted, there have been some prevented plantings and other acres that have been destroyed by various storms. But it’s still June, and parts of the big dryland Texas crop will still see planters rolling until mid-July – nearly another three weeks.

Too, the problematic monsoon in India, while late, can still be said to be very much on time for the industrious cotton plant. We will have to wait until mid-August to get a better handle on crop conditions and potential crop size. In the meantime, it will be the demand issues that will provide most of the price impact on cotton prices.

Significant parts of the Southwest – Texas, Oklahoma and Kansas – have suffered major production problems. Yet, the U.S. is still expected to produce 20-22 million bales this season. Therefore, the market is not focusing on the problems of the important Texas District 1N. Neither does it find any bullish ideas in the potentially-reduced crops in Oklahoma and Kansas. Presently, the market is saying, "There is too much cotton being produced in 2019." Further, the market is saying, "Cotton is a just another commodity and the only thing that counts is a low price."

Now, we all take issue with such talk. Yet, that is exactly what the market is saying. The market, for all its purity, will cover the cost of production in only 7-8 years out of every ten. Fast forward to August, and we could find that the Indian monsoon is spotty and still late.

Couple that with continued weather problems in the Southwest and too much rain in the Southeast or Mid-South, and then the market will begin to feel the supply demand imbalance coming into line and will respond with higher prices. Yet, for now, all the cotton market sees is bale after bale of cotton and rack after rack of yarn stacking up with no place to go.

The TKO the market suffered two weeks ago still has the market on wobbly legs and ready to fall flat on the canvas. After all, this week's price low fell almost into the dreaded 50s – and to think just a year ago now a few growers did price some 2019 crop in the 82-83 cent range. Of course, the cotton market is a tough task manager. This year it gave the test first and is now giving its lesson.

As stated last week, a resolution to the tariff issue could give the market a minor, but only a quick, reprieve. The price issue is not related to the tariff. It's related to consumer demand and increasing world stocks, especially in the world's exporting countries.

Hoping to find some positive news, someone asked this week about the On-Call report. Of course, it pointed to some very bullish news the past three years. Not so now. I had hoped to just ignore it for a while. It actually points to expectations of a market as bearish as I can recall ever seeing.

We will have to fight this sloppy mid- to lower 60 cent battle some more. However, note that the price bias is lower.

Source: cottongrower.com- June 22, 2019

HOME

****

Government policies needed to boost Vietnam's exports to CPTPP countries

As per Vietnam Textile and Apparel Association, the country's total textile and apparel (T&C) exports during the first four months of 2019 registered a 9.59 per cent growth to touch $11.43 billion.

The US emerged as the largest importer accounting for 39.6 per cent of Vietnam's export turnover.

CPTPP members followed next with their imports accounting for 17 per cent of total Vietnam's exports. Imports by the European Union accounted for 13 per cent and those by Korea accounted for nearly 10 per cent.

Need for policy support to boost exports

Despite this robust performance, Vietnam's T&C exports are mainly targeted towards traditional markets and are not promoted in CPTCPP member countries.

In order to target these markets, manufacturers need to create new sources of raw materials besides improving their competitiveness.

As per HuuHieu, Executive Director, Vietnam Textile and Garment Group (Vinatex) the country's T&A exports, even after four months of CPTPP taking effect, have not shown any signs of growth.

CPTPP is currently valid in seven of the 11 member countries including: Japan, Singapore, Canada, Mexico, Australia, New Zealand and Vietnam.

Among CPTPP member countries, Canada and Australia are ideal markets for the Vietnamese textile and garment exports in the near future.

The EU-Vietnam Free Trade Agreement (EVFTA), is also expected to increase Vietnam's total export turnover to EU by around $16 billion.

Challenges to export growth

One of the challenges the Vietnamese T&A sector faces is high import of raw and auxiliary materials.

To counter this, Vietnamese enterprises should prepare domestic and intra-regional materials to meet the local demand. In order to enjoy tax incentives from CPTPP, Vietnamese textile and apparel products need to be produced in Vietnam and other CPTPP countries only.

Businesses should also pay attention to trade promotion and directly work with customers to avoid unnecessary intermediate costs. Moreover, enterprises should promote joint ventures and links to invest in chains. It is crucial to build centres to supply raw materials for textile and garment enterprises in all regions and areas.

As indicated by export results in recent times, without the preparation of the suitable equipment, the skill level of workers, management methods and initiatives in raw and auxiliary materials, opportunities from the CPTPP will turn into challenges.

Businesses must therefore, meet the standards of foreign markets. State management agencies should also formulate policies to support enterprises and remove barriers in the process of administrative reforms.

Source: fashionatingworld.com- June 24, 2019

HOME

****

Bangladesh apparel exports up 12 per cent this fiscal

Bangladesh's apparel exports rose 12.82 per cent in the first eleven months of the current fiscal year. Earnings from woven products were up 13.13 per cent from the same period of the previous fiscal year. Earnings of the specialised textile sector saw a 33.79 per cent growth.

Since the three months from December to March are the peak season for apparel shipment, future prospects are even higher and brighter. The capacity of the country's garment sector has also increased.

On the back of value-added products, product diversification, policy support and capacity enhancement, Bangladesh's readymade sector is maintaining a positive trend in export earnings.

The cash incentive for selling in non-traditional markets has helped achieve a two-digit export growth rate. China, the world's largest apparel supplier, has started importing products from Bangladesh and grants duty-free access to over 5,000 Bangladesh products. This has enhanced export growth of the apparel sector.

The inspection by Accord and Alliance has helped remediate factories and prompted factory owners to emphasise workplace safety, which has eventually lifted the country's image in the eyes of foreign buyers.

Of the top ten green garment factories in the world, seven are located in Bangladesh. Eighty green garment factories currently in operation are completely LEED -certified and another 300 are in the process of getting the certification.

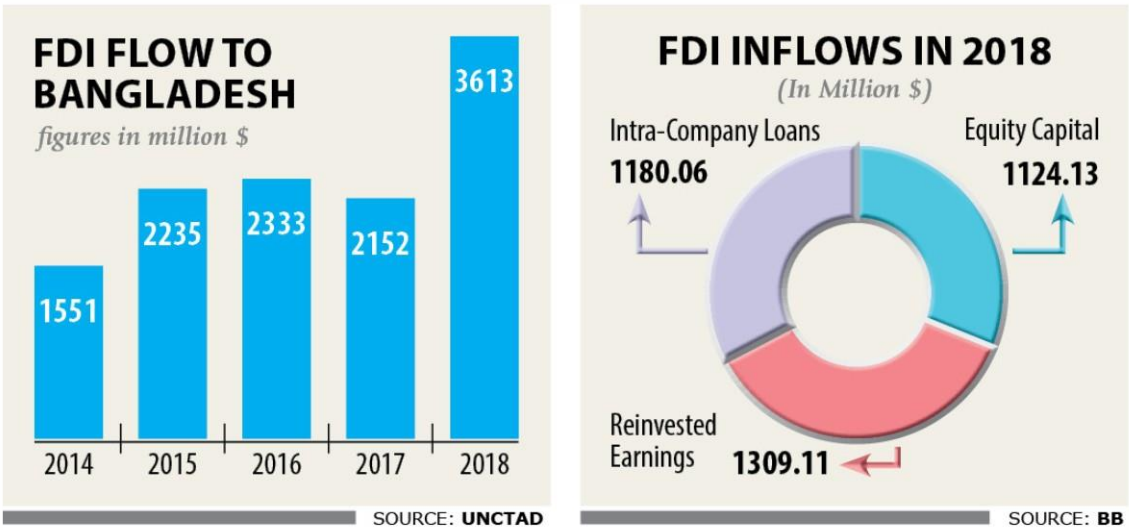
Source: fashionatingworld.com- June 24, 2019

HOME

****

Bangladesh: Record FDI in 2018

Bangladesh received net foreign direct investment (FDI) amounting to $3.61 billion in 2018, its highest yet thanks to the one-off payment of $1.47 billion by Japan Tobacco Inc. to purchase Akij Group's tobacco business.



The inflows are an increase of 67.94 percent from a year earlier, according to the United Nations Conference on Trade and Development (Unctad).

The power sector attracted the highest amount of FDI of $1.01 billion, followed by food at $729.69 million, textile and weaving at $408.08 million, banking at $282.54 million, telecommunication at $219.87 million, leather and leather products at $110.55 million and trading at $101.91 million.

The other sectors received $748.65 million, according to the Bangladesh Investment Development Authority (BIDA), which unveiled the compiled investment data of the Unctad at a media briefing at the capital's Pan Pacific Sonargaon hotel yesterday.

Of the $3.61 billion that came into Bangladesh last year, $1.12 billion were in the form of equity, $1.30 billion as reinvested earnings, and $1.18 billion as intra-company loan.

Country-wise, China was the biggest source for FDI inflows last year at $1.03 billion, followed by the Netherlands at $692 million, the UK at $371 million, the US at $174 million, and Singapore at $171 million.

Japan though does not feature in the top five as Japan Tobacco has thus far released $600 million and that too from the Netherlands.

FDI flows have declined all over the world, but in Asia they increased, particularly in Bangladesh, said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

Merger and acquisition of big companies is one of the reasons for the higher inflows to Asia.

“Such deals indicate that foreign companies’ interest in local assets is growing,” Mansur said.

In future, more deals such as Japan Tobacco’s acquisition of Akij’s tobacco business may take place in Bangladesh.

“Bangladesh is now a proper place for FDI as every indicator of the country is in favour of business,” Mansur added.

The government is working with the BIDA to introduce one-stop service with a view to enhancing the ease of doing of business in Bangladesh, said Salman F Rahman, prime minister’s adviser on private industry and investment.

By next year the government wants to improve in the World Bank’s ease of doing business ranking and move below 100. It has set a target to improve the rank to below 50 within the next two years, he said.

In the most recent iteration of the ranking, Bangladesh came in 176th out of 190 countries, the lowest amongst South Asian nations.

The government is considering withdrawing the proposed 15 percent tax on retained earnings as it is double taxation and investors will feel discouraged, Rahman added.

Some $2 billion worth of investment is expected to come to one of the economic zones within the next two years, said Paban Chowdhury, executive chairman of the Bangladesh Economic Zones Authority (BEZA).

Some major Japanese companies have already signed agreements with the BEZA for investing in Bangladesh.

“I am expecting $5 billion investment from China soon,” he added.

Previously, the economy was confined to exports and imports, but now it is expanding to investment, said Abul Kalam Azad, principal coordinator for the SDG affairs at the Prime Minister’s Office.

Ample scope to make profit accounted for such a big amount of FDI last year, said Kazi M Aminul Islam, executive chairman of the BIDA.

But Bangladesh’s inflows pale in comparison with neighbouring India, up 6 percent to $42.29 billion from the previous year.

In South Asia, Pakistan received $2.35 billion, Sri Lanka $1.61 billion, the Maldives $551.8 million, Nepal $160.8 million and Bhutan $5.9 million.

Source: thedailystar.net- June 25, 2019

HOME

****

Pakistan: Textile exports increase 2pc to $11.419 bn: SBP

The exports of textile and its articles from the country witnessed increase of 2.17 percent during the first ten months of the current fiscal year compared to the exports of the corresponding period of last year, State Bank of Pakistan (SBP) has reported.

The textiles exports from the country during July-April (2018-19) were recorded at $11.419 billion against the export of $11.176 billion during July-April (2017-18), showing an increase of 2.17 percent.

The textile commodities that contributed positively in external trade included articles of apparel and clothing accessories knitted, export of which grew from $2242.023 million last year to $2508.329 million during the current fiscal year, showing growth of 11.87 percent.

The exports of articles of apparel or clothing accessories (not knitted) increased by 2.22 percent, from $2069.823 million to $2115.928 million whereas the exports other made-up textile articles increased by 0.39 percent, from $3383.728 million to $3397.174 million.

The exports of knitted or crocheted fabrics grew by 25.56 percent from $23.330 million to $29.295 million while the exports of man-made filaments increased by 29.58 percent, from $17.944 million last year to $23.253 million, the data revealed.

Meanwhile, the textile commodities that witnessed negative growth in external trade included cotton, exports of which dipped by 1.57 percent, from $2974.768 million last year to $2928.057 million.

The exports of carpets and other textile floor coverings decreased from $69.815 million to $65.929 million, a decline of 5.56 percent whereas the exports of man-made staple fibers decreased by 3.14 percent, from $252.820 million to $244.865 million.

Meanwhile, The country's merchandize trade deficit plunged by 13.62 per cent during the first eleven months of the current fiscal year compared to the corresponding period of last year, Pakistan Bureau of Statistics (PBS) reported.

The trade deficit contracted by 13.62 per cent to $29.207 billion during July-May (2018-19) against the deficit of $33.812 billion recorded during July-May (2017-18).

The exports during the period under review witnessed nominal decrease of 0.3% by falling from $21.330 billion during last year to $21.267 billion during the ongoing fiscal year.

On the other hand, the imports declined by 8.47 per cent to $50.474 billion during the period under review from $55.142 billion last year, the data revealed.

On year-on-year basis, the exports declined by 1.72 per cent, from $2.139 billion in May 2018 to $2.102 billion in May 2019 while the imports declined by 12.8 per cent from $5.782 billion in May 2018 to $5.042 billion in May 2019, the data revealed.

Source: brecorder.com- June 24, 2019

HOME

****

Bangladesh: Withdraw advance tax on textile machinery import: BTMA

The Bangladesh Textile Mills Association (BTMA) recently urged the government to withdraw 5 per cent advance tax on import of textile machinery, spare parts and some raw materials like polyester, tencel fibre and viscose proposed in the 2019-2020 budget, saying the move would discourage investment in the sector and halt expansion of textile mills in the country.

Import of textile machinery is subject to only 1 per cent customs duty now.

The budget also proposed another 5 per cent value added tax (VAT) on manufacturing of yarn.

Local yarn manufacturers were facing trouble due to illegal import of yarn through wrong declaration, while the fresh imposition of VAT would increase the prices of yarn further, according to BTMA. As a result, fabrics manufacturers would not be interested to buy local yarn, said BTMA president Mohammad Ali Khokon.

If the government implements the proposed 5 per cent VAT on yarn, a manufacturer has to pay an additional amount between Tk 9.40 and Tk 23.50 for each kilogram of yarn. Currently, the manufacturers are paying Tk 3 per kg of yarn as VAT.

Hence, BTMA requested the government to keep the yarn out of VAT net or set the VAT amount at Tk 4 per kg yarn, said Khokon.

The association also urged the government to keep tax at source at 0.25 per cent unchanged for the next fiscal as the existing rate expires on June 31.

Source: fibre2fashion.com- June 25, 2019

HOME

****

Pakistan: Free trade talks with Indonesia next month

Pakistan and Indonesia are set to hold talks over the conversion of Preferential Trade Agree-ment (PTA) to Free Trade Agreement (FTA) next month, as the respective ministries have started their homework in this regard.

“The negotiations for converting PTA to FTA will be held next month between ministries of the two countries,” Indonesia’s Ambas-sador to Pakistan Iwan Suyudhieamri said while speaking at the Lahore Chamber of Commerce and Industry (LCCI) on Satur-day.

Talking about bilateral trade relations between the two states, the envoy invited Pakistani businesspersons to participate in the 34th Trade Expo, being held in Indonesia in October this year.

He said the bilateral trade should be enhanced. “Since Pakistani products have great demand in Indonesia, businessmen should avail this opportunity,” he added.

Meanwhile, LCCI Senior Vice President Khawaja Shahzad Nasir said: “Indonesia is a major trading partner of Pakistan. Among the top importing and exporting destinations of Pakistan, Indonesia comes at 5th and 16th places, respectively.”

Source: dawn.com- June 23, 2019

HOME

****

NATIONAL NEWS

Will India Join the Regional Economic Comprehensive Partnership?

Thailand, the current chair of ASEAN, has urged participating countries to rapidly conclude negotiations on an agreement to the Regional Economic Comprehensive Partnership (RCEP).

At a business forum in Bangkok ahead of the ASEAN Summit over the June 22nd weekend, Mr Prayut Chan-O-Cha, former junta leader and the new Prime Minister of Thailand said: "Thailand is trying to expedite the conclusion of the RCEP negotiations this year." He added that this is the agreed intention of all the leaders.

At the same meeting, Philippines' Trade Secretary Mr Ramon Lopez expressed his belief that the negotiations have reached a point whereby the different negotiating parties can be persuaded to be more realistic and pragmatic. He rationalised that the on-going trade dispute between China and the US which has soured the global economic outlook should be an impetus for all to "fast-track" the RCEP deal.

Almost immediately after taking office, President Trump pulled the US out of the TPP (Trans-Pacific Partnership) which was led by the US during the Obama administration.

It now exists as the CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership) but it is less impactful on global trade compared with the TPP. With the US departure, the CPTPP involves 11 nations including Canada, Chile, Peru and Mexico, representing 7 per cent of the world's population and USD10.5 trillion or 12.5 per cent of global gross domestic product (GDP).

It came into effect on December 30, 2018, 60 days after the sixth nation, Australia, ratified the agreement on 31 October 2018. The agreement requires ratification from six out of the eleven countries to come into force.

The original TPP would have impacted 11 per cent of the world and USD30 trillion or 35 per cent of global GDP and took 7 years to negotiate.

The US withdrawal opened the door to the China-led RCEP with the framework endorsed at the ASEAN Summit in November 2012 in Phnom Penh, Cambodia. The first round of negotiations started in May of 2013 in Brunei.

RCEP is a free-trade agreement covering goods, services and investments that is being negotiated between the 10 members of ASEAN (Association of Southeast Asian Nations), India, China, Japan, South Korea, Australia and New Zealand.

If completed, the RCEP will be the largest such trade agreement since the General Agreements on Tariffs and Trade (GATT) which was implemented in 1948. It will encompass 30 per cent of global GDP of USD25.6 trillion, affecting 45 per cent of the world population which contribute to 30 per cent of global income and 30 per cent of global trade.

The pact is seen as vital in securing the region's continued prosperity. The is even more so with China and the US engaged in a trade war that is on the verge of being escalated even further.

Although India is involved in the negotiations, it has expressed reservations for several reasons.

In general, India is concerned that with RCEP in place, imports from RCEP countries may grow even faster than its exports to the bloc. New Delhi is reluctant to cut tariffs and open its markets in the face of strong opposition from it's farming as well as steel and textiles industries.

The dilemma facing India is exacerbated by the fact that strategic rival China is part of the agreement. In particular, it is worried that decreasing tariffs for China would lead to Chinese goods flooding the Indian market widening their trade deficit which in 2018 stood at USD53 billion. India and China do not have an existing free trade agreement.

On the other hand, India would like to see better access for its professionals to the services sector in RCEP countries included in the agreement. The RCEP was first conceived as a traditional trade pact which cuts tariffs on tradable goods whereas India's strength is in the services sector.

India is the sixth largest trading partner of ASEAN having signed the India-ASEAN FTA (free trade agreement) in 2010 and bilateral trade is valued at USD80 billion, but this is seen by economists as far short of its true potential.

Indeed, Singapore's Minister-in-charge of Trade Relations Mr S Iswaran who was speaking in New Delhi last week at the Singapore Symposium co-organised by the Institute of South East Asian Studies and the Confederation of Indian Industry,said that the RCEP can "bring the region together with a farsighted and high ambition agreement" and that it would be a loss if India opted out.

He further added that the RCEP can unite the region and create opportunities for businesses and people.

With the general elections out of the way, it remains to be seen if the Modi government will be able to look further into the horizon, overlook the short term complains from some sectors of the economy and conclude that joining this trade pact will broadly benefit India in the years to come.

The RCEP is a promising vehicle that can help a reluctant India, which traditionally shies away from trade pacts, expands its markets through incorporation into a large regional trading bloc.

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

HOME

****

India's readymade garment exports stitch recovery, helped by tax break

Garment exports rose by nearly 14.05 per cent to $1.528 billion in May 2019 compared to $1.339 billion in the same month last year.

Readymade garment (RMG) exports are picking up after a slump lasting almost two years, buoyed by the government increasing tax rebate and helping the sector with other measures.

Garment exports rose by nearly 14.05 per cent to $1.528 billion in May 2019 compared to $1.339 billion in the same month last year. Experts said Indian products are costlier by 10-15 per cent, but buyers are still interested to source from the country.

Exports decreased year-on-year in the last two financial years, but the industry is now expected to grow by 8-10 per cent.

ALL INDIA EXPORTS

Value in US $ billion

	2014 -15	2015 -16	2016 -17	2017 -18	2018 -19	2019 -20	Growth in 2019-20 over 2018 -19 (in %)
April	1.322	1.444	1.327	1.747	1.349	1.409	4.45
May	1.492	1.569	1.486	1.605	1.339	1.528	14.05
June	1.425	1.582	1.57	1.55	1.357		
July	1.452	1.547	1.455	1.282	1.275		
August	1.383	1.282	1.329	1.338	1.292		
September	1.293	1.139	1.284	1.661	1.103		

Source: DIPP

In 2016-17, the total garment export was worth $17.361 billion. After the introduction of GST and demonetisation, Made-in-India products became costlier and exports started declining. In 2018-19, exports dropped by 3.43 per cent in to $16.14 billion from $16.71 billion in 2017-18.

Identifying issues such as low incentives and cost pressures with the industry, the government increased Rebate of State and Central Taxes and Levies (RoSCTL) by 3.2 per cent for some items and 4.5 per cent for the rest. The government's steps have helped export units, especially MSMEs, come out of downturn, said Raja M Shanmugham, president of Tirupur Exporters Association.

He said in the last six months the average export growth was about 31.15 per cent over the corresponding period in 2017-18 for Tirupur. Government data shows from October 2018, exports increased by 12 per cent.

“I feel that we are finally turning the corner after stagnancy or slight de-growth. The government support has gone up. Bangladesh is becoming expensive and Vietnam is showing signs of reaching the peak of its capacity,” said Rahul Mehta, president of Mumbai-based Clothing Manufacturers Association of India.

China's decision to exit from textile sector, labour in Bangladesh becoming costly, and Vietnam's industry hitting a plateau have helped Indian exports.

Some of the recent reforms including reduction in costs delivered by a refund of the Central and State taxes, new benefits under the Merchandise Exports from India Scheme (MEIS) and renewed 2 per cent duty drawbacks made the industry more competitive. The other advantages for India is design, value added and skill, which no other countries are close to.

Mehta agrees that still Made-in-India products are costlier by 10-12 per cent, in addition to duty concessions which other competing countries enjoy to the tune of 10 per cent. "Today it is not about the cost alone, customers looking for quality and speedy delivery, if we can improve this, then we can once again emerge as strong competitor."

The government has little scope to give more sops, but reforms in GST, banking and labour can help the industry. If the refunds processes are taken care, it will be great benefit for the industry, as there is a struggle for working capital at present, said Mehta.

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

HOME

****

Maharashtra farmer activists plan trials of cotton varieties

Women farmers in Maharashtra have now joined the wave of pro-GM crop protests in Maharashtra by sowing the unauthorised varieties of herbicide-tolerant Bt (HT Bt) cotton in Pusada village, Amravati, on Sunday.

The Kisan Satyaghara was led by Women Front members of the Shetkari Sanghatana and the planting took place at the field of Maya Patil Pusadekar, a farmer herself.

About 150 women farmers attended the event.

Saroj Kashikar, a member of the Shetkari Sanghatana, said that officials of the agriculture department were present and had urged them not to plant the banned variety of the seed. However, since the agriculture minister was to visit Amravati, they did not stay for a long time and said that they would come back to collect samples of the seeds.

Kashikar said that farmers should be given the freedom to select technology of their choice.

Anil Ghanwat, national president, Shetkari Sanghatana, said that another three instances of HT Bt planting took place in Akola, Buldhana and Yavatmal districts.

Now, that the monsoons have arrived, more farmers will take the planting of the unapproved varieties of HT Bt Cotton, he said.

The Sanghatana intends to begin a new campaign of planting three varieties of cotton — non Bt, BGII and HT Bt varieties of cotton in various fields of farmers across Maharashtra and scientifically monitor the progress of the crop.

Ghanwat said the campaign called 'Shetkari Chachani' (Farmer Supervisions) will attempt to show to people that HT seeds are genetically modified to tolerate some specific herbicides.

Source: financialexpress.com - June 25, 2019

HOME

****

Fall in Indian cotton production likely

India's cotton production in 2018-19 is estimated at 343 lakh bales, less than the previous year's harvest of 348 lakh bales. Steadily falling global prices along with weak demand for cotton yarn may drag domestic prices lower in the months ahead.

Output is seen taking a hit as high summer temperatures, delayed onset of monsoons and water shortage especially in key cotton growing states of Telangana, Andhra Pradesh, Karnataka and Maharashtra have affected cotton yield, which has driven prices higher. Domestic spinning mills are inclined to import and save costs.

However, it is hard for small and medium enterprises to import, as they may not have the financial muscle to buy and store.

On the other hand, weak garment exports have been weighing on the demand for yarn. So the trend of rising domestic cotton prices may reverse over the next few months. At present, imported cotton is nearly Rs 3,000 to Rs 4,000 cheaper than the domestic price.

Fall in global prices has tempered the rise in domestic cotton prices. In global markets, cotton prices have declined largely as the escalating US-China trade war has hit demand for the commodity. While the US is one of the largest exporters of the commodity, China is the largest consumer.

Source: fashionatingworld.com - June 24, 2019

HOME

****

Plan to increase the number of MSMES in the country

The Ministry of Micro, Small and Medium Enterprisesis striving to increase the number of micro and small industries in the country on a sustainable basis through implementation of various schemes andprogrammes. The Ministry provides better credit facility, technology upgradation and skilling to boost the entire MSME eco-system.

Followings are the major schemes being implemented by Ministry of MSME:

(i) Prime Minister's Employment Generation Programme (PMEGP): This is a credit-linked subsidy programme aimed at generating self-employment opportunities through establishment of micro-enterprises in the non-farm sector by helping traditional artisans and unemployed youth. The Scheme was launched during 2008-09. A total of 5.45 lakh micro enterprises have been assisted with a margin money subsidy of Rs.12074.04crore, providing employment opportunities to an estimated 45.22 lakh persons since PMEGP's inception till 31.03.2019.

An amount of Rs. 2247.10 crore has been allocated under PMEGP for financial year 2019-20 which is substantially higher with respect to allocation in earlier financial year which would further lead to increased number of units assisted and employment generation.

(ii) Scheme of Fund for Regeneration of Traditional Industries (SFURTI): It is a cluster-based scheme for development of khadi, village industries and coir clusters by providing them with improved equipments, common facilities centers, business development services, training, capacity building and design and marketing support, etc. SFURTI Scheme has been revamped in 2015. A total of 34,791 artisans have benefitted with an assistance ofRs. 143.15 crore during 2018-19.

(iii) A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE): was launched on 18.3.2015 to set up a network of technology centres and to set up incubation centres to accelerate entrepreneurship and also to promote start-ups for innovation and entrepreneurship in agro-industry. Under ASPIRE, 74 Livelihood Business Incubation (LBI) centres and 11 Technology Business Incubators have been approved since inception of the scheme.

(iv) Coir Board: Ministry of MSME, through Coir Board, is also implementing various Schemes/programmes to assist entrepreneurs to set up new Micro, Small and Medium Enterprises (MSMEs) in all coconut producing states. Under Coir VikasYojna, 36,30,653 employment opportunities have been created since 2014-15 till 2018-19 in the Coir Sector.

(v) Credit Guarantee Scheme for Micro and Small Enterprises (CGTMSE): The scheme facilitates credit to the MSE units by covering collateral- -free credit facility (term loan and /or working capital) extended by eligible lending institutions to new and existing micro and small enterprises. The Scheme has extended guarantee cover to over 35 lakh enterprises leading to approx. 1 crore employment generation. During FY 2018-19, a total of 4,35,520 proposals have been approved providing guarantee to a tune of Rs. 30,168 crore.

(vi) Credit linked Capital Subsidy Scheme (CLCSS): CLCSS facilitates technology upgradation of small scale industries, including agro & rural industrial units by providing 15% upfront capital subsidy (limited to maximum of Rs.15.00 lakhs). Since inception of the scheme in 2000-01 till date, a total of 62,827 MSE units have been assisted utilizing subsidy of Rs.3888.13 crore.

During 2018-19, a total of 14,155 MSE units have been assisted utilizing subsidy of Rs. 980.44 crore.

(vii) Micro & Small Enterprises-Cluster Development Programme (MSE-CDP): The Ministry of Micro, Small and Medium Enterprises (MSME), Government of India (GoI) has adopted the Cluster Development approach as a key strategy for enhancing the productivity and competitiveness as well as capacity building of Micro and Small Enterprises (MSEs) and their collectives in the country. A cluster is a group of enterprises located within an identifiable and as far as practicable, contiguous area and producing same / similar products / services.

During 2018-19, 17 Common Facility Centres and 11 Infrastructure Development projects have been established.

This information was given by Shri Nitin Gadkari, Union Minister for Micro, Small and Medium Enterprises in reply to a question in Rajya Sabha today.

Source: pib.nic.in- June 24, 2019

HOME

****

Exporters and Importers can now find answers related to trade-related matters via DGFT Call Centre

A call centre to address the doubts/queries/questions of exporters and importers has been inaugurated by Director General of Foreign Trade, Shri Alok Vardhan Chaturvedi on his visit to Mumbai today. General information about foreign trade policy and international trade also can be obtained via the call centre.

The public can reach this call centre at the numbers 022-20820961, 022-20820962, 022-20820963 and 022-20820927, from 10:00 am to 5:30 pm on all working days. A specially trained dedicated staff is looking after the call centre. The call centre has been set up by the Mumbai office of Directorate General of Foreign Trade, Ministry of Commerce & Industry.

During his visit to the office of Additional DGFT, Mumbai, Shri Chaturvedi reviewed the work and chaired a meeting with Regional Chairmen and Directors of several Export Promotion Councils, wherein several issues faced by the exporters-importers were discussed. Shri K L Dhingra, Regional Chairman EEPC (Engineering Export Promotion Council); Shri Ajay Kadakia of CHEMEXCIL (Chemicals Export Promotion Council) and Shri

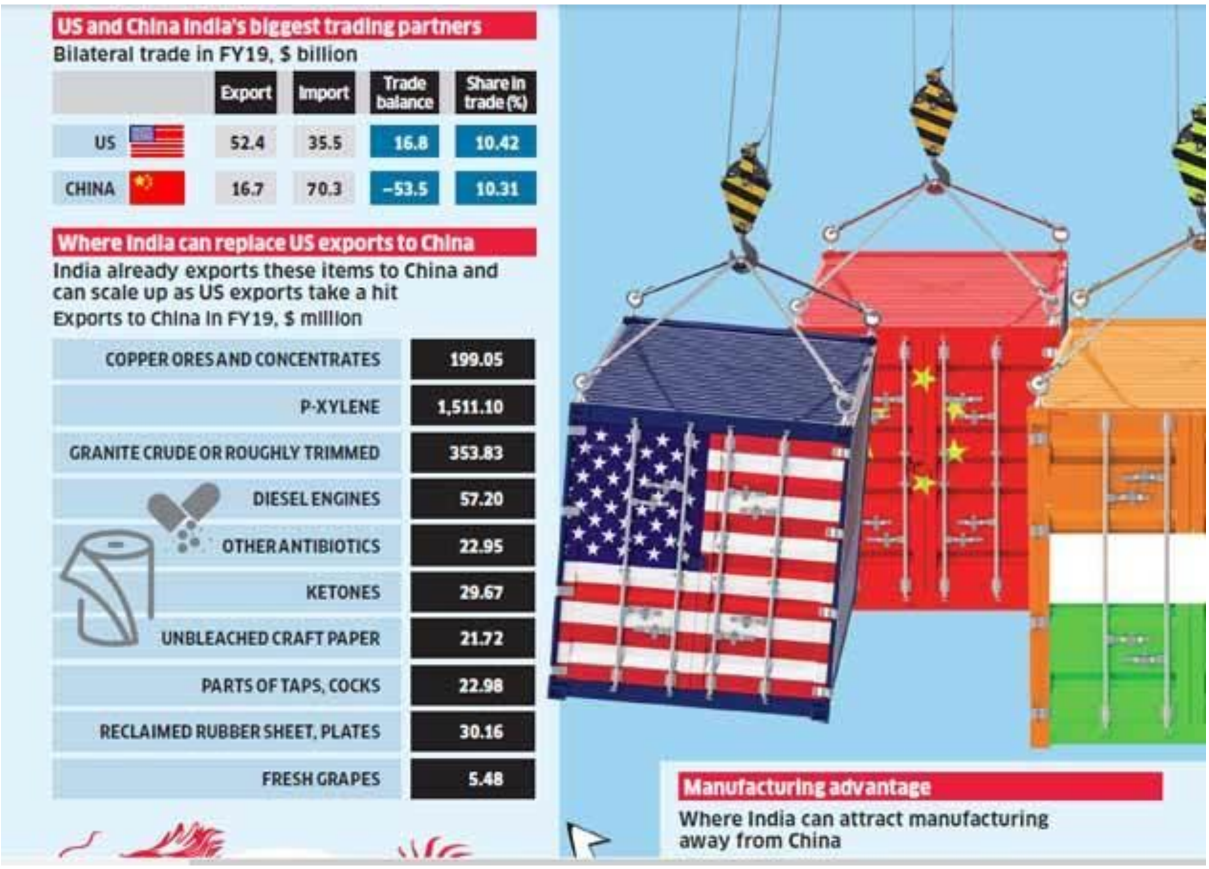
Paresh Mehta of FIEO (Federation of Indian Export Organisation) were present and shared their views. Additionally, inputs from the industry have also been sought for resolving their issues

Source: pib.nic.in- June 24, 2019

HOME

****

Global trade war: Some silver lining

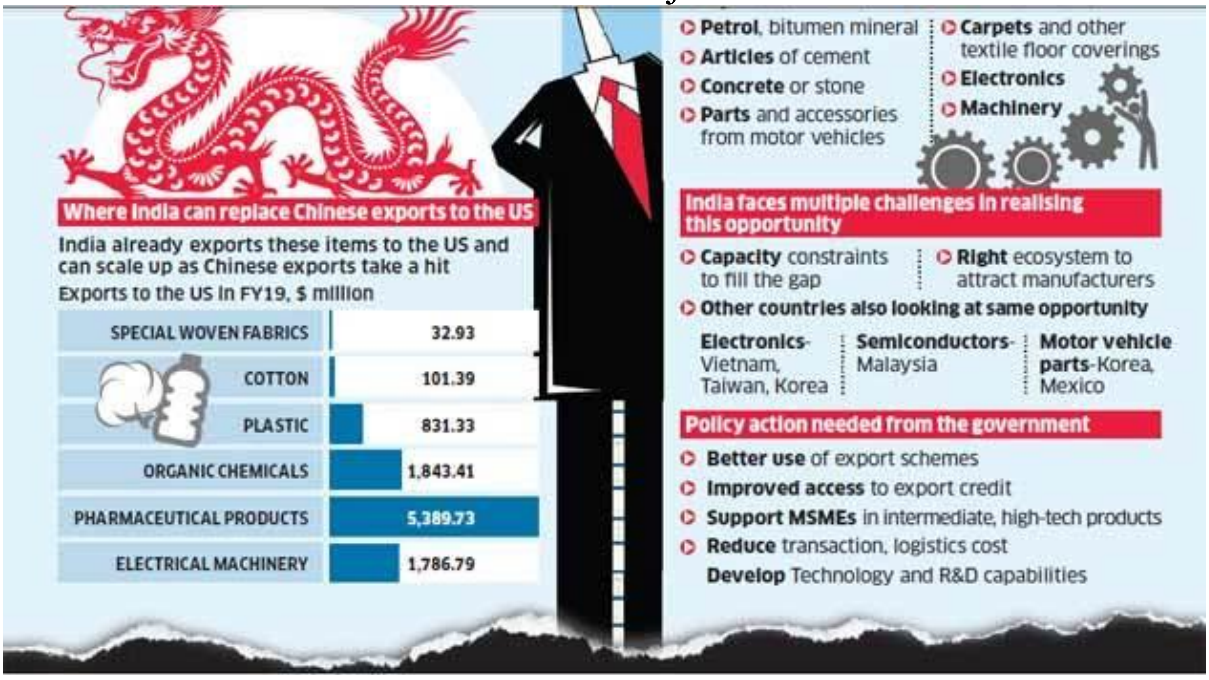


Amid trade war, there is likely to be big disruption in flows and a certain manufacturing diversification of risks away from China.

India already exports these items to the US and can scale up as Chinese exports take a hit Exports to the US in FY19, $ million.

As US-China trade war unfolds, there is likely to be big disruption in flows and a certain manufacturing diversification of risks away from China.

Is there an opportunity for India in this upheaval even as the country fights its own battles with the US. Kirtika Suneja takes a look.



Source: economictimes.com- June 25, 2019

HOME

****

TEA asks members to transport goods with GPS-fitted vehicles

India’s leading knitwear/readymade garment cluster — Tirupur Exporters’ Association (TEA) has asked its member companies/exporters to send their consignments through GPS-fitted vehicles to stop garments theft on the way to Tuticorin port.

In a press release issued here on Monday, TEA president Raja M Shanmugham said four of their members exporting goods transported through lorries to the Tuticorin port were stopped at a location called Pandalkudi, near Virudhunagar town and a notorious gang was opening and taking away the pieces randomly from the carton boxes and the theft is known to the exporters only when 100% inspection was carried out at the Tuticorin customs.

The complaint and FIR process are now going on. The culprit is arrested and is now under police custody. The bitter part is that the lorry drivers were also hand-in-glove with culprit and they were tipped to the tune of `5,000 for stoppage of lorry near the place.

Source: financialexpress.com- June 25, 2019

HOME

****

E-commerce rules: Clarifications likely but no change on cards

Goyal holds meeting on the provisions of Press Note 2

The Centre may come up with some clarifications on Press Note 2 (of December 2018) to remove ambiguities in the provisions relating to e-commerce players, but will not change the rules framed specifically to plug loopholes in the policy that were being exploited by some FDI-funded marketplace players, a government official has said.

“Commerce and Industry Minister Piyush Goyal held a meeting on e-commerce rules on Monday and indicated that there will be no new rules to counter Press Note 2, but there could be some clarifications,” a government official told BusinessLine.

Foreign players, including Amazon and Walmart, were upset with the provisions of Press Note 2, issued by the Department for Promotion of Industry and Internal Trade (DPIIT), as they placed a number of restrictions on FDI-funded marketplaces.

The Note also prohibited such marketplaces from selling products of entities in which they have an equity interest. It also disallowed deals with brands to sell product exclusively on their platforms.

Moreover, Press Note 2 stipulated that the inventory of a vendor will be deemed to be controlled by the marketplace if more than 25 per cent of the vendor’s purchases are from the marketplace entity, including its wholesale unit.

Goyal, in a previous meeting with e-commerce and social-media companies, had stressed that India will not allow multi-brand retailing by foreign companies.

Source: thehindubusinessline.com- June 24, 2019

HOME

****

Amazon is largest, fastest growing fashion marketplace in India currently, says exec

Amazon Fashion claimed of having "the largest inventory (of products) with over 84 million units" that has grown by 55 million units in its current season of wardrobe refresh sale from December 2018.

Amazon Fashion, the fashion arm of Amazon India is the largest and fastest growing marketplace in India currently even as one out of every three new customers on Amazon starts their shopping with fashion category, Mayank Shivam, Director of Category Management at Amazon Fashion told Financial Express Online.

“We are the largest growing market place in India right now. We continue to be the fastest growing., said Shivam in an interview to Financial Express Online, adding that it is among Amazon’s largest categories and also the fastest in terms of acquiring new customers for Amazon India “with one out of every three new customers start their shopping journey with fashion.”

Amazon Fashion claimed of having “the largest inventory (of products) with over 84 million units” that has grown by 55 million units in its current season of wardrobe refresh sale from December 2018, the company said.

Mayank, however, declined to comment on Amazon Fashion’s market share in India’s online fashion market and growth rate. “There are third-party reports that have been published earlier, this is not something we internally claim,” he said.

As per an IMRB study, Amazon Fashion recorded the highest order share in terms of the standalone marketplace during 2017 festive season. The study captured 32,000 people in 200 cities.

Mayank also declined to comment on competition as Amazon Fashion competes with Flipkart Fashion, Myntra, and Jabong primarily. "We don't spend much time on (looking at) the competition. It is not that we don't care but it is clear that India is a large country (in terms of opportunity) and we are just getting started online. Everything else is a distraction," he said.

Amazon Fashion, according to the company, witnessed 'exponential' growth in terms of adding 22,000 new sellers and close to 2 million 'styles' this year to overall 86,000 sellers and over 8.7 million styles out of which more than 1.3 million styles are Prime enabled.

For 2018, Amazon's overall online retail market share stood at 31.2 per cent behind Flipkart's (excluding Myntra and Jabong) 31.9 per cent. Myntra stood at 4.7 per cent while Jabong had 1.7 per cent market share, as per a Forrester report on the online retail market published in May this year.

"As Myntra remains the preferred destination for online fashion buyers, fashion is the category that is preventing Amazon from taking over Flipkart in terms of market share," the report said.

For its recently concluded fifth edition of wardrobe refresh sale, Amazon Fashion offered more than 3 lakh styles from 1,200 Indian and international brands.

Source: financialexpress.com- June 24, 2019

HOME

****

Tata retail arm Trent to build Zara-like 'fast fashion' empire but at cheaper price

For nearly a decade, Tata Group has been Inditex SA's partner running Zara stores in India. Now, the country's largest conglomerate is building its own apparel empire as trend-focused as Zara — but at half the price.

Its retail arm, Trent Ltd., has fine tuned its local supply chain to deliver "extreme fast fashion" which can get runway styles to customers in just 12 days, the same compressed timeline that's turned Inditex into a $90 billion empire. Zara owner, the world's largest apparel retailer, is known for its lightning-quick product turnarounds and bringing new designs from the drawing board to store shelves in just a few weeks.

Trent now plans to open 40 outlets of its flagship Westside chain every year and hundreds of its mass market Zudio stores, where nothing costs more than $15, across India, said chairman Noel Tata in an interview in Mumbai. The target audience: a consumer population that is newly trend-conscious and globalized, but whose low average incomes means that clothing from Zara itself is still mostly out of reach.

While Trent was founded in 1998, it's only recently started ramping up store expansion efforts in response to growing demand.

"The middle class is growing, incomes have grown, Indians are traveling more and they have more money to spend," Tata said. "Now that we've built this capability and this model that's working so well, it's time to grow faster."

Trent, part of the $111 billion salt-to-software Tata conglomerate, is hoping its quick and responsive supply chain will help it become as ubiquitous in Asia's third-largest economy as Zara is in the West. But it'll need to fend off competition from both local brick-and-mortar stores as well as e-commerce giants to do so.

Does Sprints

India's total household spending will quadruple from $1.5 trillion now to $6 trillion by 2030, making it world's third largest consumer market, according to a January report from the World Economic Forum.

The population's "sense of fashion" has evolved, especially over the last three to four years due to smartphones and Internet data penetration, said Abhijeet Kundu, an analyst with Antique Stock Broking Ltd. "Every consumer wants to wear the latest fashion. Even if that consumer is from a smaller town, he will try to dress like a movie actor."

That's why Trent does sprints once a month: turning a trend spotted on Instagram or a foreign catwalk into a limited run in select stores in 12 days. If the product does well, it goes into a full run, which usually takes 60 days to go from designer's sketches to store shelves.

Increasingly, the retailer is finding it can slash that time to 40 days, using Zara-inspired tricks like holding fabric stock itself, Tata said.

All 'Buys'

While India's fashion consciousness has surged, its purchasing power hasn't kept pace. Less than a quarter of Indian households had annual incomes of $8,500 or more in 2018, according to the WEF report, putting brands such as Zara or H&M beyond the reach of most consumers.

Trent's lower prices are a better fit. "The value proposition we offer is much stronger than the international brands," Tata said.

Trent is hiring employees who can pick the next trends and introduces 300 new styles across its stores each week, said Kundu. It spends 65% more on personnel per square foot than its Indian competitors.

All 11 analysts who track Trent's stock recommend buying it. The stock has advanced 13% this year while comparable Indian fashion retail chains such as Aditya Birla Fashion and Retail Ltd. and Shoppers Stop Ltd. have either lagged or declined.

That comes after five straight years of annual gains during which Trent's stock appreciated 143% compared to a 31% rise in the benchmark S&P BSE Sensex. The company's operating profit margin has nearly tripled since 2014.

Chaotic Cities

Still, Trent's ambition to be like Zara will be hampered by India-specific challenges. It's faced difficulty finding space for new stores, because traditional high streets are a rarity in India's chaotic, congested cities, said Tata.

It'll also have to compete with local rivals who offer a similar mix of Western wear and ethnic Indian styles at even cheaper prices.

Trent views trendiness as its main advantage over these competitors. To that end, it's working to make its fast fashion supply chain even faster, said Tata.

"It makes us more responsive to what that customer is looking for," Tata said. "By looking at our sales and because we don't have a long supply chain, we are able to respond to the trends much faster."

Source: financialexpress.com - June 24, 2019

HOME

****

Logistics sector to add 1.49 lakh new jobs in April-September period of FY20

The report was based on a research done across 19 sectors and 14 geographies surveying 775 enterprises in India as well as 85 businesses across the globe

The logistics sector is likely to add 1.49 lakh new jobs in the April-September period of this financial year mainly triggered by the growing online seller base in smaller cities, according to a report.

The TeamLease Services biannual 'Employment Outlook' report for the April-September 2019-20 estimated that the logistic sector will witness a growth of 3 per cent adding 1.49 lakh jobs.

The report was based on a research done across 19 sectors and 14 geographies surveying 775 enterprises in India as well as 85 businesses across the globe.

"Currently the logistics sector employs around 82.4 lakh people as of second half of 2018-19. The penetration of e-commerce companies to tier II and III cities has created an increased demand for talent in this sector," Teamlease Services head of industrial, manufacturing and engineering vertical Sudeep Sen said.

The sector is forecast to witness 14.19 per cent job growth. Railways, waterways, air freight and warehousing are the areas wherein talent absorption will be the highest, Sen said.

As per the findings of the report, with 31,480 new jobs Mumbai tops the list of cities with maximum opportunities for talent in logistics sector followed by Delhi with the addition of 28,510 new jobs in the same period.

Tier II cities witness a huge rise of five per cent in hiring sentiment in the April-September 2019-20, followed by tier-III towns and rural areas of two per cent growth each, it said.

Further, the report revealed that all tiers of the hierarchy in the sector, except the senior levels, will witness a healthy increase in hiring sentiment.

The hiring outlook for mid-levels is expected to grow by four per cent and the entry and junior levels by three per cent each, it added.

The report said attrition rates in the logistics sector will not be that significant from the October-March, 2018-19, which was at 17.27 per cent.

In the overall scenario, medium-sized businesses is expected to see a huge jump of five per cent, large businesses will report a growth of two per cent and small businesses by one per cent, it added.

Source: thehindubusinessline.com- June 24, 2019

HOME

****

Tamil Nadu cabinet okays Rs 1,352 crore investment proposals

Amid criticism of poor industrial climate, Tamil Nadu cabinet on Monday cleared Rs 1,352 crore expansion plans of two textile firms and an auto component unit, offering structured package of incentives. These units are estimated to provide jobs to 2,225 people.

MM Forgings tops the list of proposed investment. It seeks to expand an auto component unit in Sivaganga at Rs 511 crore. “The cabinet gave its nod to the expansion plans with subsidy on capital and training and exemption on electricity tax for five years to all the three units,” said an official source.

MM Forgings will get 10% subsidy for over ten years and 110 KV dedicated feeder at government cost for its Viralimalai plant. Besides, training subsidy of Rs 4,000 per month for 600 people for six months is also being extended to encourage the unit.

Mothi group has committed Rs 451 crore investment to expand the textile unit in Namakkal, which will provide employment to 1,150 people. The four-year investment period began in May 2018. The government is offering 5% capital subsidy for five years.

PKPN, another textile unit, is all set to expand its Dindigul unit at Rs 390 crore, the investment period of which began in April this year. “As many as 475 people will get jobs at the unit as per the estimates,” the source said. The company is also entitled to get a capital subsidy of 5% for five years, besides training subsidy.

The cabinet previously sat three times to clear 38 proposals for subsidies, ahead of the second edition of the global investors meet in January this year. The EPS government has been under tremendous pressure to show improvement in the industrial sector. The government received investment commitments to the tune of Rs three lakh crore and 304 memoranda of understanding were signed in various sectors to provide a million jobs. One of the proposed projects is Rs 27,000 crore investment by state-run CPCL for a petroleum refinery in Nagapattinam. All the projects are in the preliminary stage.

“Even the investment proposals of the first edition are moving at a snail’s pace. Only 22% of the plans have been realized so far, which itself is remarkable, given the feat of other states, including Gujarat,” said a senior official.

Jayalalithaa government, in the previous global investors’ meet held in 2015 signed 98 MoUs with investment commitment of Rs 2.4 lakh crore. The AIADMK government also has concerns with FDI equity inflows falling to $2.613billion in 2018-19 from $3.475billion the previous fiscal. The cumulative inflows for the 19 period, ending 2019 suggests that Tamil Nadu and Puducherry received only 7% of the total inflows.

Source: timesofindia.com- June 25, 2019

HOME

****

Why India needs to reform its trade policy

The Generalized System of Preferences (GSP) is a US trade programme designed to promote economic growth in the developing world by providing preferential duty-free entry for up to 4,800 products from 129 designated beneficiary countries and territories. It is a unilateral and non-reciprocal agreement extended by the US to support a large number of developing countries.

Under this scheme, India was allowed duty concessions on over 3,000 imported products to the US valued at $5.7 billion since 1976, making India the largest beneficiary of GSP. To qualify as a beneficiary developing country (BDC) or a least-developed beneficiary developing country (LDBDC), a country has to meet the required criteria as per 19 USC 2462(b)(2) code, a US law. It includes for a country to not be communist, to support free international trade of vital commodities, to not aid or abet anyone wanted for international terrorism, to ensure worker rights, to abolish child labour and to respect workers' rights.

In March 2019, Donald Trump announced the US's intentions to end India's BDC treatment, following a 60-day notice period. This was put on hold due to general elections in India. With effect from June 5, 2019, India no longer receives preferential treatment as a BDC under GSP. Trump put forward his concerns that as India has not assured the US that it will provide equitable and reasonable access to its markets, it would be appropriate to terminate India's designation as a BDC. In fact, 11 more countries are under review for termination from GSP.

India has been maintaining a trade surplus with the US for quite some time, which has not gone down well with the Trump administration. India's trade surplus in merchandise goods with the US stood at $23 billion at the end of 2017. As per US regulations, a beneficiary country must meet 15 discretionary and mandatory eligibility criteria established by Congress to qualify for GSP.

These include providing the US with equitable and reasonable market access, combating child labour, respecting internationally-recognised worker rights, and providing adequate and effective intellectual property rights protection. The US believes that India has failed to provide reasonable access to its markets and hence failed to meet the mandatory criteria, making India ineligible for GSP.

According to a report by the US Chamber of Commerce, India remains a challenging market for intellectual-property-intensive investments, even as the bilateral trade relationship continues to improve. The US is keen on getting reasonable access to Indian markets primarily for its three industries—pharmaceuticals, telecom and the dairy industry. It has expressed concerns over the new Draft Pharmaceutical Policy proposed by the Department of Pharmaceuticals, and India's new telecommunication security requirements. The US commerce secretary Wilbur Ross during his visit to India in May 2019 to attend the 11th Trade Winds Business Forum and Mission had listed out alleged unfair trade practices by India, including on data localisation, price control on medical devices and the higher tariffs on telecommunication equipment. S

So while patented medicines are excluded from price controls, the draft policy explicitly reserves the right to issue compulsory licences, which does not go very well with foreign pharma companies. On the other hand, in the telecom sector, high tariffs on imported telecom devices have been due to the new security requirements by India. This raises potential WTO-compliance concerns, which may act as a dangerous precedent for governments that may be inclined to use national security claims to undermine global trade.

As far as dairy industry is concerned, India had imposed tariffs on imported dairy products from the US during the AB Vajpayee government as India required that dairy products be derived from animals that have never consumed feeds containing internal organs, blood meal, or tissues of ruminant origin. This criterion is non-negotiable to India and had also rejected the 'labelling solution' of a red-dot sticker on grounds of protecting cultural and religious sentiments of Indians.

In 2018, India's total exports to the US were $51.4 billion, with $6.35 billion in exports under GSP—India gained duty concessions of only $190 million in 2017 under GSP, which is rather a small amount relative to the value of exported goods traded with the US. Products that had GSP benefits of more than 3% are most likely to be hit due to GSP. Major sectors that will be impacted include imitation jewellery, leather industry, pharma, chemical and plastics, and processed agri-goods.

According to the ministry of commerce and industry, exclusion of India from GSP and ending the preferential trade status would have a moderate impact on exports, as the trade concession on exports is a small fraction of the total exported volume.

At the same time, India has argued that GSP benefits are “unilateral and non-reciprocal in nature extended to developing countries” and that it is wrong for the US to use it for its own trade benefits. Despite Trump’s decision to stop India’s preferential treatment, India will continue building strong ties with the US, both economic and people-to-people. Before this official announcement, India was considering raising import duties on more than 20 US goods, but it wasn’t done. Commerce minister Piyush Goyal has said that India accepts the decision gracefully and won’t push the US for benefits further. “We will work to make exports more competitive,” he said.

Irrespective of GSP, it is imperative that India needs a strong export culture and needs to be more competitive to survive and get greater access to markets across the world. India needs to focus on diversification of exports and look for new countries and innovative products to ensure that its exports do not decline and its trade deficit remains manageable.

However, the government did take retaliatory action and the first response from the new government has been announced—retaliatory tariffs on 29 products. This list was drawn up after the US imposed tariffs on steel and aluminium. This is only the beginning of the multiple challenges India is likely to face on the trade policy front. Large-scale trade reforms are the need of the hour and Modi 2.0 has its task cut out with regard to reforming India’s trade policy.

Source: financialexpress.com- June 25, 2019

HOME

****