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USD 64.88 | EUR 79.99 | GBP 90.57 | JPY 0.61

Cotton Market (23-02-2018)

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

Rs./Bale	Rs./Candy	USD Cent/lb
18907	39550	**77.56**

Domestic Futures Price (Ex. Gin), February

Rs./Bale	Rs./Candy	USD Cent/lb
20010	41856	**82.08**

International Futures Price

NY ICE USD Cents/lb (March 2018)	80.54
ZCE Cotton: Yuan/MT (Jan 2018)	15,050
ZCE Cotton: USD Cents/lb	**90.68**
Cotlook A Index – Physical	**88.70**

Cotton guide: Profit booking was witnessed after the surge in the last two trading session for ICE May Cotton futures. The front month ICE May contract posted a close at 79.47 cents per pound; down by 92 points from previous close. Yesterday movement was just a profit taking after the sharp surge in futures witnessed lately.

Since last Friday the cotton price had advanced over 400 points highest gain in last few months. The major reason as cited in our previous report is huge short squeeze in the front month contract ahead of its 1st notice period and general rebounding in the price.

Further mills still have unfixed positions to cover and the speculators have started to add fresh long positions after the recent decline in both March and May contract from around 84.50+ to 75 cents respectively are supporting cotton price to trade on a stronger note.

Also on the technical front market has breached 80 cents indicating the momentum may continue to remain on the positive side and possibly move towards 82 cents with the immediate support of 79 cents.

Interestingly the December 2018 contract has posted a positive close at 76.40 cents. We believe as long as next year crop trades comfortably above 75 cents the market scenario is considered to be healthy and possibly market may remain on a positive trajectory unless clarity fetched for next year's supply number.

Coming onto trading front the volumes were more or less stable around 50K contracts marginally lower from previous day's figure while the open interest gained by 1K in last trading session. Overall open interest held around 253K contracts.

Coming onto domestic market the spot price for S6 variety which was at Rs. 39700 per candy has moved up by 300 points from Wednesday's close. We believe general mills buying at lower levels and international market moving higher may have supported cotton price to trade strong in the domestic market to manage the parity.

Therefore; the futures price in India for February to April have advanced. For reference February which is due to expire this month end has advanced to closed at Rs. 20030 per bale while March and May ended at Rs. 20330 and Rs. 20590 respectively.

For the day we expect cotton price to trade sideways to positive and the trading range would be Rs. 20150 to Rs. 20400 per bale for the MCX Mar futures.

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

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INTERNATIONAL NEWS

US cotton prices go for a toss in 2018-19, despite surge in Chinese imports

The US Department of Agriculture (USDA) reports price of cotton is forecast to fall by 12 per cent next season, despite a steep rise in Chinese imports and the prospect of 20 per cent of the crop in drought-hit US Southern plains being lost.

The USDA, presenting its first full estimates for world cotton supply/demand in 2018-19, forecast the Cotlook, A index of physical prices, will "decline about 10 cents to 73 cents a pound" on a year-average basis.

The forecast came despite an estimate that world cotton stocks will drop by 5.9m bales to a seven-year low of 82.7m bales over the season. Chinese imports may rise 40 per cent to a four-year high of 7.0m bales as the country's drive to erode its huge state inventories, built by a now-scrapped guaranteed pricing scheme.

USDA says, "China's reserve could fall to just about 20 per cent of its peak of 53m bales by the end of 2018-19."

Inventories outside China, which in available to the world market are more significant in pricing, were estimated to rise next season by around 1.4m bales to a record high of 49.1m bales. Increased supplies outside of China are expected to pressure cotton prices in 2018-19.

In the US, officials forecast stocks will stabilise at 6.0m bales next season, due partly to a forecast of exports growth by 1.5m bales, to a 13-year high of 16.0m bales.

Official US meteorologists for the southern Plains reporting on the seasonal outlook mid-February, from "indicates that drought will persist through the end of May for much of the region, with the probability of below-average precipitation forecast".

Source: fashionatingworld.com- Feb 26, 2018

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USA: Apparel sales fall on slower athleisure growth

- Apparel sales are benefiting from millennials, the strength of the athleisure category and the growth of e-commerce, but those factors weakened last year, according to a report from The NPD Group emailed to Retail Dive. U.S. apparel sales last year fell 2% year over year to $215 billion, according to the report.

- In 2017, millennials contributed the highest apparel growth rate of all generations at 4%, (or $2 billion in incremental sales), NPD found. But last year that slowed from the double-digit increases seen over the previous two years, according to the report. And while non-activewear sales declined as activewear sales grew in 2017, last year's rise wasn't as steep as it has been: Activewear sales rose 2% to $48 billion (22% of total apparel sales).

- Finally, while e-commerce remains a "driving force" in apparel sales, considering the decline of apparel sales in physical stores, those stores retain more than three-quarters of annual apparel dollars, according to Slice Intelligence data cited by NPD. The purchase frequency of online apparel consumers increased last year, but they spent 5% less per receipt, according to that research.

Dive Insight:

Americans are spending less on apparel, even in the key athleisure category. Well more than a third (37.5%) of U.S. consumers surveyed by Coresight Research said that clothing is now less of a spending priority. "The prominence of value retailers as switching destinations indicates that shoppers have downgraded apparel as a spending priority," Coresight CEO Deborah Weinswig said in a statement.

Lee Peterson, EVP of brand strategy and design at design firm WD Partners has pinpointed a reason for that: He sees retail in three tranches: discounts, convenience and "third wave," which he defines as a special attribute of cool only attained by cultivating unique designs, aesthetics or experiences. "That's what people want: discount, really convenient or really special," he told Retail Dive in an interview.

And millennials' purchasing patterns are still swiftly evolving, Marshal Cohen, chief industry advisor at The NPD Group said. "The rapid pace of change in millennial consumption is one major change that points back to the importance of evolving consumer segmentation," he told Retail Dive in an email. "The future of the apparel business depends on manufacturers and retailers refocusing on the current needs of each critical consumer segment."

Despite the slower growth in apparel purchases among both millennials and Gen Xers, those two groups were the only generations with increases in apparel dollar sales in 2017, NPD Group found. Baby Boomers, who account for nearly 20% of annual apparel dollar sales, and Gen Z, who generated almost a third of total apparel dollar sales, also both experienced declines in overall spend for the year, according to NPD.

And athleisure, which has seen such strong sales in apparel and even spurred new entrants, like Respect Your Universe, which just announced its first U.S.store, is highly dependent on women, according to that report: Sales of both men's and women's activewear grew in 2017, but women's supplied much of the energy behind the category's growth, reaching $21.9 billion in sales with a 4% increase over 2016.

"Categories like active apparel bottoms, undershirts, and swimwear – which indicate the consumer's concentration on comfort, the staples, and niche products – are the few sources of consistent, long-term growth in today's apparel market," Cohen also said.

"Retail is changing, the consumer is changing, and every industry must understand where spending habits have moved, and adapt to the shifting market dynamics that are impacting their business."

Source: retaildive.com- Feb 24, 2018

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China's Export Machine Is Taking On a Stronger Yuan, and Winning

China’s exporters are shrugging off the surging yuan, even as it nears its strongest level since 2015.

Growth in outbound shipments is expected to build on January’s double-digit increase to climb 6 percent in 2018, though the yuan has posted a 9 percent gain over the past year. While a rising domestic currency over time makes exports more expensive, trade isn’t suffering yet.

Things that can explain trade’s robust performance despite the relative costliness of the yuan: strong external demand, active hedging and a shift toward more high-tech products. Resilience in exports is much needed, as a deleveraging drive and deteriorating China-U.S. trade relations still threaten the sustained expansion of the world’s second-largest economy.

"Strong external demand is the dominating factor supporting China’s exports growth, which will remain resilient throughout this year thanks to global economic recovery," said Nathan Chow, senior economist at DBS Bank Hong Kong Ltd. "As long as the yuan’s appreciation is orderly and gradual, it will not dent outbound shipment significantly."

The yuan traded at 6.3050 per dollar late Monday in Shanghai, close to a level it had last visited in 2015 before China rocked global markets through a surprise devaluation of the currency.

Here are four factors that will shield exports from a surging yuan:

Demand to Stay Strong

Some of China’s largest trading partners, including the U.S., Japan and Germany, have been enjoying a strong economic recovery, with the three nations’ manufacturing purchasing managers indexes climbing in the past year, showing expansion. The growth momentum will continue to boost China’s exports this year, providing that a recent sell-off of global stocks and bonds doesn’t return with a vengeance, according to DBS’s Chow.

Peers Are Rising Too

The yuan's rally against the currencies of its main trading partners, apart from the dollar, hasn't been that steep, meaning China's exported goods are actually not becoming as pricey everywhere. The Bloomberg replica of the CFETS RMB Index, which measures the Chinese exchange rate against 24 peers, climbed 1.2 percent this year, trailing the currency's more than 3 percent appreciation versus the greenback. The yuan is still weaker against peers than it was at the start of 2016.

"In trade-weighted terms, it has not moved a lot," said Louis Kuijs, chief Asia economist at Oxford Economics in Hong Kong. "The competitiveness of Chinese exporters against their key competitors globally has not worsened much."

Exporters Hedge More Than Ever

China's exporters have become more adept at using hedging tools to defend their profits. Jake Tai, a manager at a winter footwear maker in the eastern city of Nanjing, is settling more deals in yuan and euro, using currency forwards to reduce foreign-exchange risks and shortening the length of sales agreements to one month or quarter from one year previously.

"Those tools are like a down coat in the winter," said Li Liuyang, a Shanghai-based analyst at China Merchants Bank Co. who forecast the ratio of trade orders settled in yuan and euro to increase this year. "China's exporters are much more adept at changes and challenges now."

More Value-Added Exports

China's outbound shipments have become less sensitive to increases in the yuan over the years, as an increasing portion of the products are so-called value-added re-exports, said Iris Pang, an economist at ING Groep NV in Hong Kong.

That means local companies first import parts for production and then sell the final goods overseas, so they benefit from currency appreciation as the costs of raw materials are lower, she said.

High value-added electronics and equipment manufacturing exports increased quickly in 2017, with the outbound shipment of locally made vehicles surging 27.2 percent and that of computers jumping 16.6 percent, Huang Songping, the spokesman of the General Administration of Customs said in a briefing last month.

Source: bloombergquint.com- Feb 27, 2018

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UK: British retail industry in sync with govt on transition

The retail industry in the United Kingdom is in complete agreement with the government's position on as transition period post-Brexit. The transition period should be as long as it is required to "prepare and implement the new processes and new systems", says the UK government's published proposals on how it wants the transition period to work.

"We're in complete agreement that the duration of the transition period should depend on the time it takes to prepare and implement the new trade and customs arrangements that will underpin the UK's future relationship with the EU," said Helen Dickinson OBE, chief executive of the British Retail Consortium (BRC), while responding to the report that sets out the UK's position on a transition period immediately after Brexit.

"It will take time to make any changes to the way the UK trades with Europe and we've been absolutely clear on the importance of agreeing customs and border processes that allow goods to continue to move uninterrupted between the UK and European markets. Disruption of any kind to supply will curb availability and add cost for consumers," Dickinson added.

However, the transition period is not expected to be longer than the planned two years. The period will commence once the UK leaves EU in March 2019. But, the EU wants the transition phase to end by December 31, 2020, to coincide with the end of its budget period. Even post-Brexit, UK will abide by new EU laws, and it will need EU's permission to sign trade deals.

Source: fibre2fashion.com- Feb 26, 2018

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Vietnam's garment exports to China touch $3.2 billion

Vietnam's exports of textiles and garments to China have exponentially increased in recent years, surging from $2.7 billion in 2016 to around $3.2 billion in 2017. Economist report the average annual growth of exports remained more than 20 per cent for the past three years.

Data from the General Department of Vietnam Customs show the import value of textile and garment from China touched around $9 billion last year, accounting for over 42.7 per cent of the country's total imports and rose over 12 per cent last year.

Value trade was nearly four times higher than that of Republic of Korea and nearly five times higher than that of Taiwan - the two major import markets of Vietnam in recent years.

China and Vietnam are known rivals in many garment export markets. China's textile and garment exports touched $260 billion annually, while Vietnam's apparel products were initially exported to the Chinese market, surging to over $31 billion last year.

The Vietnam Textile and Apparel Association (VITAS) estimates it will be easier for them to export higher number to China from 2018 following significant growth in Chinese, Russian and Cambodian markets. As per Vu Duc Giang, President, VITA the reasons for the increase is Vietnam's fibre exports to China benefit due to a zero per cent tariff under the ASEAN-China FTA, while products from other markets have to pay 3-5 per cent duty.

Further, the Regional Comprehensive Economic Partnership (RCEP) between ASEAN and the six countries of China, the ROK, Japan, India, Australia and New Zealand is expected to boost Vietnam's exports to China.

By the end of 2017, China was among the top five consumers of Vietnam's textile and garment products valued at over $3 billion. Le Tien Truong, General Director, Vietnam National Textile and Garment Group (Vinatex), says their country has so far been the world's leading textile and garment exporter but Chinese products are dominating the domestic market. However, remarkable improvements have been seen in Vietnam's exports to China.

Source: fashionatingworld.com- Feb 26, 2018

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$5 billion in US scrap exports in jeopardy

China implements import restrictions on scrap and waste

China recently took steps to close its waste and scrap market—the world's largest—to imports, jeopardizing more than $5 billion in exports from the United States, the world's largest waste and scrap exporter.

On July 18, China notified the World Trade Organization (WTO) that it would no longer accept imports of plastic, textiles, unsorted paper, artificial fibers, metal scrap such as steel, copper and aluminum, as well as tires, and glass. The notification stated China's restrictions would enter force in September 2017 and all imports of these items would be blocked by the end of the year.

It's been a relatively short time since these initial restrictions came into effect, and the drop-in volume of scrap shipments to China has been noticeable.

On July 27, China's State Council went further, setting a goal of ending all solid waste and scrap imports by 2019 and replacing them with domestic sources. Chinese regulators have also taken steps that place de facto limits on waste and scrap imports into China. China's Ministry of Environmental Protection (MEP) issued a draft regulation in August setting a maximum contamination rate of 0.3 percent for scrap imports.

According to the Institute of Scrap Recycling Industries (ISRI), a US recycling industry association, China's proposed contamination threshold would constitute a ban on the import of all scrap imports to China, as it would be next to impossible to achieve such low contamination levels.

Approximately one-third of the scrap recycled in the United States is exported, with China being the largest customer of US exporters, according to ISRI.

China has not issued new import permits for plastic or paper scrap for several months, preventing importers whose permits have expired from doing business, according to a report from the US-China Economic and Security Review Commission.

Global Impact

China's closure of its waste and scrap market will have a significant effect on waste and scrap trade worldwide. China has long relied on imported scrap metal, paper, and plastic as a low-cost source of raw materials for its manufacturing sector. Today, China is the world's largest importer of waste and scrap accounting for 22% of global waste and scrap imports in 2015, totaling $24 billion out of $109 billion total imports.

In 2015, China accounted for 57% of global plastic scrap imports, valued at $4.2 billion, 31% of nonferrous metal scrap imports, $11.3 billion worth, 51% of paper scrap imports, totaling $5.3 billion, and 28% of electronics scrap imports, $1.8 billion. China's waste and scrap imports grew from $12 billion in 2005 to $42 billion in 2011, an increase of 246%, before declining to $24 billion in 2015.

China's decision to stop accepting waste and scrap will negatively affect the United States, the world's largest exporter of waste and scrap. In 2015, the U.S. exported $17.7 billion of waste and scrap, accounting for 19% of global waste and scrap exports. China is the largest export market for waste and scrap for US exporters, accounting for roughly $5.2 billion, or 30%, of all US waste and scrap exports in 2016.

While US waste and scrap exports to China have declined—largely due to Chinese concerns over waste and scrap contamination and a Chinese inspection crackdown—they continue to constitute a large share of US goods exports to China. In 2011, US waste and scrap exports to China peaked at $11.6 billion—11% of all US goods exports to China—before declining to $5.2 billion, or 4.5% of goods exports, by 2016.

Despite this decline, in 2016, waste and scrap was the sixth-largest goods export to China for the United States, behind transportation equipment, agricultural products, computer and electronic products, chemical exports, and machinery.

According to the ISRI, China's ban on plastics, fibers, paper, and textiles as described in its July 18 WTO notification would put 18% of US waste and scrap exports to China at risk, or roughly $532 million annually. If China fully closes its market by 2019, the remainder of the United States' waste and scrap trade would be jeopardized, resulting in the loss of more than $5 billion annually.

The move by China has already hit the radar screens of US port planners. Developments in scrap markets are being considered by the Port Authority of New York and New Jersey as part of its ongoing long-term planning, noted Bethann Rooney, assistant director in the Port Authority's port commerce department. "Ports that have a niche in bulk cargoes will have to look carefully at this," she told the AJOT.

According to the ISRI, 40,000 US jobs are directly supported by waste and scrap exports and 94,000 are indirectly supported. More than $3 billion in federal, state, and local tax revenue is collected from US waste and scrap exports.

Ocean carriers will also take a hit on the Chinese scrap ban. Although the carriers don't earn much per TEU carrying scrap as it's a backhaul trade for them—a recent report from Drewry estimates that the Chinese policy could put as much as four- to five-million TEU at risk—nearly three percent of world loaded container traffic. Potentially easing the pain for carriers are increases in exports of beef and other foodstuffs to China.

Representatives of recyclers from the US, the European Union, Canada, Korea, and Australia have raised questions about China's policy at the WTO's Committee on Import Licensing, which oversees the WTO Agreement on Import Licensing. That agreement is designed to ensure that procedures used to administer import licenses are "simple, neutral, equitable and transparent."

The ISRI was among those filing comments, saying it "opposes measures that restrict the free flow of specification-grade commodities around the world." "China's ban on solid waste," the ISRI comments said, "will have a negative economic impact on the recycling industries in the United States and China, the manufacturing sector in China that relies on these highly valuable commodities, and the environmental sustainability opportunities from the use of recyclable materials in China."

ISRI requested a revision of the policy to avoid a disruption in trade as well as clarification of the ban's scope.

The rules under the WTO Agreement on Import Licensing require members to publish and notify new or changed import licensing procedures to other WTO members, to apply simplified procedures without discrimination, and to process import applications within reasonable time limits. The purpose of the rules is to provide transparency to help avoid trade disruptions, and to promote good governance practices among WTO members. The committee meets twice a year, and provides a forum for members to ask questions and seek clarification about draft laws and import procedures.

The WTO may provide members with a forum to discuss processes and procedures and how new rules will be implemented, but it has no authority to demand changes in a member's policies and it is doubtful that China is inclined to reverse its articulated policies on scrap and waste.

Source: ajot.com- Feb 26, 2018

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Taiwan's exports, imports surge in January

Both Taiwan's exports and imports registered double-digit growth in January, mostly due to global economic recovery and demand ahead of the Chinese Lunar New Year holiday, according to a report by the Taiwan Institute of Economic Research (TIER) Monday.

The report showed that Taiwan's exports rose 15.33 percent from a year earlier in January, growing at a double-digit pace for three consecutive months.

Driven by the demand for consumer goods ahead of the Chinese Lunar New Year, Taiwan's imports in January increased 23.3 percent compared with the same period last year.

Taiwan's trade surplus in January stood at 2.42 billion U.S. dollars, down 30.8 percent from the same period last year, according to the TIER report.

As the global economy's growth momentum will continue in 2018, Taiwan's information and communications industry, as well as the manufacturing, service and construction sectors, are optimistic about the economic outlook for the coming six months, the report showed.

Source: xinhuanet.com - Feb 26, 2018

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Bulgarian exports double since 2007: report

Bulgaria's exports exceeded 52 billion Bulgarian lev (32.8 billion U.S. dollars) last year, a double increase compared to 2007, a report revealed here on Monday.

According to the report, released by the Bulgarian Chamber of Commerce and Industry, the country's imports in 2017 amounted to 59 billion lev, an increase of 38 percent on 2007.

Bulgaria's trade balance has been negative for years, and the deficit in 2017 was nearly seven billion lev, mainly due to the large import of petroleum products and gas, the report said.

"It is encouraging that Bulgaria's trade deficit declined compared to 2007 when it stood at 16 billion lev," the report said.

Exports to European Union (EU) countries made up 66 percent of national exports last year, it said.

Meanwhile, Bulgaria's exports to China grew by 36 percent in 2017 to 1.2 billion lev. Refined copper, copper products, and electrical parts were among the leading products in exports to China, it added. (1 U.S. dollar = 1.59 Bulgarian lev)

Source: xinhuanet.com - Feb 26, 2018

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Vietnamese workers to compete with robots for jobs

Visitors to TH True Milk's factory in Nghe An province are amazed when they see only one automatic watering machine working on a vast grass field equal to four football grounds.

In the packing division, there are only a few workers on duty. Meanwhile, only two workers take care of thousands of cows just by looking at a computer screen.

This is the automatic production line sourced from Israel being used by TH True Milk to improve its competitiveness.

Many textile & garment factories in Vietnam have cut the labor force and increased the number of robots. Truong Van Cam from the Vietnam Textile & Apparel Association (Vinatas) commented that automation is a must to improve profits. In the next decade, in some production phases like chemical fiber production, the replacement by robots will be at a very high level.

ILO (the International Labor Organization) warned that low-paid workers in Asian countries will face the risk of losing jobs because of automatic production. The proportion of these workers is 70 percent in Vietnam.

Some analysts have reassured the public that robotization won't affect Vietnam in the immediate time, because the labor market remains competitive, while robots remain relatively expensive.

However, in reality, many enterprises have begun utilizing high technologies and automation in their production despite high spending on technologies as they see the benefits of robotization.

Some analysts believe that robotization will speed up in the upcoming time as businesses have been warned about low productivity. A report from the General Statistics Office showed that Vietnam's productivity was $9,894 in 2016 if calculating purchasing power parity, just equal to 7 percent of Singapore's and 87.4 percent of Laos'.

According to analysts, Vietnam is still in the process of approaching mass production (2.0 industry) and trying to switch to automation (3.0 industry).

So, the question now is not 'will robots deprive jobs of workers?' but 'when will robots deprive jobs of workers?"

International experts say some Asian economies once resisted robotization for the fear of massive unemployment. However, the irreversible trend is that workers with low skills will be gradually replaced by robots.

Stephen Groff from the Asian Development Bank said making investments in manpower is the only way to resist the invasion of robots.

Source: vietnamnet.vn- Feb 26, 2018

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Pakistan: An overly ambitious export target

The draft Strategic Trade Policy Framework (STPF) 2018-23 aims at taking annual exports to as high as $61 billion in the next five years.

The target, although not unattainable, is very ambitious, considering the country's export performance in recent years.

The STPF 2015-18 targeted exports to scale up to $35bn. However in 2016-17, exports were only $20.45bn. From $25.11bn in 2013-14, exports fell to $23.67bn in 2014-15 and further to $20.79bn in 2015-16.

During the current financial year, the decline in exports has been arrested, as proceeds amounted to $11.77bn during the first six months (July to December) compared to $10.62bn during the same period a year ago.

This means exports increased by 10.82 per cent year-on-year during the first half of 2017-18. At this rate, they will reach $22.62bn during the entire year.

If the country achieves only 10pc annual growth in exports over the next five years, the proceeds could go up to $36bn by 2023. With an annual growth of 15pc, exports could rise to $47.28bn. But exports will have to grow by 20pc every year to cross the maximum STPF target of $61.03bn.

The lacklustre exports' performance during the last three financial years has been accompanied by low cotton prices in the international market: 70.41

cents in 2015 and 74.23 cents in 2016. Corresponding to these two calendar years, textile exports went down by 0.88pc in 2014-15, 6.22pc in 2015-16, and by 3.19pc in 2016-17.

In 2017, however, cotton price surged to 85.99 cents, which mainly accounts for the 7.70pc growth in textiles' exports, and 10.8pc increase in overall exports in the first half of 2017-18. Likewise, rice exports went up by 12.48pc during the same period mainly because of price effect.

This correlation makes sense, because the country's export basket remains largely dependent on cotton manufactures, such as home textiles, cloth and garments.

Since as a rule, world commodity prices tend to be volatile, they play a very important part in export receipts. Herein lies one of Pakistan's greatest weaknesses: it remains primarily an exporter of commodities, such as rice, or commodity-based semi manufactures.

High value-added or technology-based products, such as electrical and mechanical goods, have a very low share in export portfolio. This is because our manufacturing base is narrow and commodity-dependent.

Regrettably, nothing worth mentioning has been done over the years to broaden or upgrade the manufacturing base. By contrast, the conventional sectors remain the principal beneficiary of government support.

If firms are wedded to a culture of quality, value-addition and competitiveness, their products will have a high demand in foreign markets. Businesses in Pakistan by and large prefer playing safe: producing the same product mix, and using the same processes with the same management style.

Risk taking, venturing into new areas, product and process up-gradation and innovation — entrepreneurship— which have been the principal drivers of economic development all over the world, are hard to come by in Pakistan.

Nor are government policies geared towards encouraging entrepreneurship, because the well-entrenched business elite may see it as an affront.

Different government institutions and policies may work at cross purposes to the detriment of exports. Here are some examples. For nearly four years, until Dec 2017, the present government did not let the exchange value of the rupee depreciate.

While that decision helped to maintain exchange rate stability as well as keep inflation in check, the overvalued rupee contributed to a fall in exports. The import tariff policy is a perennial area of disagreement.

The Federal Board of Revenue, which is concerned with revenue collection rather than export increase, wants high tariffs to achieve revenue targets.

The ministry of industries and production is geared towards protecting the domestic industry, while in the interest of export expansion, the ministry of commerce advocates that intermediate goods and capital equipment have minimum tariffs.

Low tariffs also serve to drive up the import bill and thus accentuate trade and current account deficits. Last year, with a view to containing imports and increasing revenue, the government imposed regulatory duty (RD) on 136 new items and increased the RD on another 220 items.

(The RDs have recently been scrapped by the Sindh High Court on technical grounds). Being an indirect tax, RDs contribute to raising prices. Besides, higher duties may compel trading partners to reciprocate by restricting market access for Pakistan's products.

In both cases, exports will be affected. Finally, the government's overwhelming reliance on bank borrowing for deficit financing raises interest rates, which crowds out private sector investment by enhancing the cost of borrowing.

This affects manufacturing and thus exports. In recent years, a lot of capital has gone into speculative or real-estate investment at the expense of manufacturing.

Source: dawn.com- Feb 26, 2018

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NATIONAL NEWS

UP govt signs 29 MoUs of Rs 7,436 cr investment in textile sector

The Uttar Pradesh government has signed 29 MoUs worth Rs 7,436 crore in the textiles segment during the recently-concluded two-day UP Investors Summit, state textiles minister Satyadev Pachauri said today.

“The implementation of the MoUs will generate more than five lakh jobs. A four-member committee under the textile commissioner has been formed, so as to maintain a constant touch with the investors and ensure that their problems are resolved,” the minister sai in a statement.

He also said that the state government is committed to providing every possible assistance to the investors.

Source: india.com- Feb 26, 2018

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Stable outlook for cotton textiles, synthetics in India

India Ratings and Research has maintained a stable outlook for cotton textiles and synthetics for fiscal 2018-19 as margins may expand due to softening in cotton prices, better consumer spending outlook and the low base effect of the last fiscal.

However, the possible impact of pink bollworm on cotton and rising crude prices on synthetics are the constraints.

Better margins, modest reduction in working capital requirements and subdued capital expenditure in the next fiscal will lead to an improvement in the overall credit profile in India, according to a press release from the Fitch Group company.

The slowdown in domestic demand growth for textiles due to demonetisation and the implementation of the goods and services tax seems to have bottomed out in the second half of the current fiscal.

A higher-than-expected rise in cotton acreage at 19.0 per cent and a consequent 11.0 per cent increase in crop production in the current and last fiscals are likely to moderate cotton prices in the next fiscal, although domestic cotton prices increased in the last few months due to the pink bollworm issue.

The global stock-to-use ratio for cotton, excluding China, increased to 56.0 per cent in fiscal 2017-18 from 47.0 per cent in the precious fiscal, although Chinese inventory declined by 17 per cent year-on-year.

An increasing crude price is likely to narrow the spread between cotton and synthetic yarns, thereby moderating the pace of switch to synthetics from cotton textiles.

Operating margins of synthetics manufacturers may witness volatile margins due to fluctuations in crude price and delays in passing on cost inflation, the company said.

Source: fibre2fashion.com- Feb 27, 2018

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Govt has vision to turn Maharashtra into 1-trillion dollar economy: Governor

Maharashtra Governor Ch. Vidyasagar Rao today said the state government has a vision to turn the state into a one trillion dollar economy by 2025.

"This will be achieved by increasing growth in sectors like agriculture, textile, tourism," Rao said in his address to the Maharashtra Legislature.

He also said the government has increased investment in infrastructure and agriculture which has resulted in GSDP growing at 8.5 per cent in 2015-16 and 9.4 per cent in 2016-17.

"To usher in one trillion dollar economy, the government has leveraged international funding and alloted substantial state budgetary resources to give a massive push to augment public infrastructure," Rao said, adding to accelerate the high growth rate the government continues to back infrastructure-led growth policies.

Rao further said the state government inherited a crisis-laden agriculture sector.

"From a negative growth of minus 0.5 per cent in 2012-13, the growth rate has increased to 12.5 per cent in 2016-17. This momentum will be sustained in 2017-18. This growth was achieved by making heavy investment in agriculture sector. From Rs 29,000 crore in 2013-14, it grew by 280 per cent to Rs 83,000 crore in 2017-18," the Governor said.

According to the Governor, under the flagship programme of 'Jalyukt Shivar' scheme, nearly 15,000 villages are being made drought-proof by May 2018.

He said 6.1 crore ration card holders have been linked to 'Aadhar' under the National Food Security Act.

"Through this process about 92 lakh people who were earlier not covered under the Act are provided 2kg rice at Rs 3 per kg and 3 kg wheat at Rs 2 per kg. About 10 lakh ineligible ration cards were eliminated," he informed.

According to Rao, 22,670 out of 22,793 gram panchayats and 212 blocks out of 351 have been declared open defecation free.

He also said construction of the first Marina project on the coast will soon be taken up in Panvel creek at Belapur. and in the first phase berthing facilities for 30 boats will be created.

Rao also said to promote innovative financial services particularly to the poor who are not fully served by the formal banking sector and provide employment to educated youth, the government has decided to launch an innovative Fintech policy.

"It provides for setting up Fintech hub in Mumbai with additional FSI, a capital support for setting up common facilities and partnership with banks like the State Bank of India," he signed off.

Source: moneycontrol.com- Feb 26, 2018

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India’s export numbers reached new highs in 2017 and surpassed even China

India’s retail and lifestyle exports saw a 16 percent growth

As per Maersk’s freight forwarding company Damco, India’s exports of retail and lifestyle products were marked by a 16 percent growth during 2017. In the run of exports, India has overtaken China and has gained 3rd position for retail and lifestyle exports. However, it is still behind Vietnam and Cambodia, meaning that India has a long way to go before it reaches the top. The positive performance

India’s growth in the retail and lifestyle segment has been on the rise for the past two financial years. Following its positive performance, India has become a hot favourite among the big traders, globally.

As per Vishal Sharam, CEO of Damco (India, Bangladesh and Sri Lanka regions), the number of shippers for exports of retail and lifestyle products was 1,500 in 2016, which had increased to 1,700 in 2017. In addition to that, the number of sourcing cities in India had also soared to 90 from 70.

India’s exports in this sector have boomed by around seven percent in North America and two percent in Europe. Along with that, new markets like Turkey and Thailand have also increased their sourcing from India in 2017.

The rise in the exports has benefited many Indian states, like Rajasthan, in which the overall exports of retail and lifestyle products have a contribution of 45 percent, followed by Uttar Pradesh at 21 percent. It was observed that exports from these states were largely sent to the US. Along with this, states such as Tamil Nadu, Andhra Pradesh and Gujarat dominated the exports to Europe.

Reason for the rise in exports

Damco stated that “Driven largely by the increasing demand for locally-made home goods and children’s toys in North America, India’s exports have steadily gained popularity in many countries across the world because of a high-quality proposition which combines superior products, shorter lead time and scalability among local manufacturers.”

In addition, India's logistics management system has also improved and is growing at a good pace due to the continuous inflow of investments by the Government and private players. All these factors have helped India attract new foreign markets to import products from and has thus helped in diversifying its partner base.

As a result of this, India's export chain is continuously improving and booming. "While on one hand, it diversifies our risks, on the other hand, it also opens new opportunities for local businesses to explore newer markets that can, in turn, lead to increased local manufacturing, greater innovation and better monetary prospects," said a Damco official.

The conclusion

As per the report, from all the commodities that were exported to other nations, home-made goods and children's toys contributed towards the highest growth of 39 percent and 33 percent respectively.

However, not all products saw a similar rise in demand. Other commodities like Indian-made apparel and footwear had registered a reduction in growth by seven percent and one percent respectively.

As per the Indian government's target, the share of exports in the Indian Gross Domestic Product (GDP) is set to be 40 percent by 2025, from the current level of 18 percent.

India is Asia's third-largest economy and has a good share of exports in many commodities. So, it is very crucial to see how the government manages to achieve the target amidst these difficulties.

Source: qrius.com- Feb 27, 2018

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Ikea to invest Rs 3000 cr in Maharashtra over long term

Swedish furniture retailer Ikea will invest Rs 3,000 crore in India's Maharashtra state over the long-term to set up multi-format stores and experience centres, according to company deputy country manager Patrik Antoni.

The company recently committed to invest Rs 750 crore over the next 2-3 years in setting up its first distribution centre in Pune.

The company could increase investments in India and Delhi-National Capital Region would be another key market for the company, a news agency report quoted Antoni as saying.

Initially, the company had earmarked Rs 10,500 crore to open about 25 stores in the country by 2025.

He attributed the delay in opening the first Ikea store in Hyderabad, scheduled to open early this year, to the company's focus on safety of workers and construction quality.

The company is already working with suppliers in the areas of textiles and plastics, said its Maharashtra market manager Per Hornell. Ikea currently sources from 11 suppliers in India.

It is also exploring options to partner with state governments to source sustainable raw materials like bamboo, jute, rubber wood, banana barks and coir. Hornell said.

Source: fibre2fashion.com- Feb 26, 2018

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Offline mechanism too for delayed GST refunds to exporters

The government has created an alternative offline mechanism to address the issue of delayed goods and services tax (GST) refunds to exporters, which gives them an opportunity to approach a customs officer to correct errors that may have caused the delay.

"Recognising that invoice mismatch has been the major reason why the refunds have been held, it has been decided to provide an alternative mechanism to give exporters an opportunity to rectify such errors committed in the the initial stages," the Central Board of Excise & Customs (CBEC) said in a circular.

The CBEC said because of the efforts, the errors are steadily decreasing, allowing it to sanction more than Rs 4,000 crore of refunds.

Exporters have claimed that the delayed refunds running into thousands of crores are slowing down exports. India's exports grew 9.1% in January, well below the 26% growth in imports.

The analysis of data post October 2017 indicates that while the quantum of errors is decreasing significantly, exporters are still committing mistakes in the information furnished, the CBEC said.

Under the mechanism, a customs officer can verify and sanction refund in those cases where invoice details provided in the GSTN are correct but are at variance with those in the shipping bills.

Source: economictimes.com- Feb 27, 2018

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Textiles of India: The Singh Twins dissect Raj-era trade

A stunning new exhibition featuring 20 new works by The Singh Twins, has opened at the Walker Gallery in Liverpool. The Singh Twins, Liverpool-based identical twin sisters of Punjabi heritage, are renowned not only for their highly stylized, narrative art that derives from the Indian miniature tradition to tell current socio-political stories, but also because they are two individuals who paint together as one, and are always identically dressed at all public appearances.

Titled Slaves of Fashion, this exhibition explores the history and evolution of Indian textiles, particularly under the British Empire. It's a deeply researched study of how trade, enslavement and luxury consumerism of the colonial era fed into each other and thrived, and the contemporary relevance of these issues in the world today.

The idea for the exhibition came about after a chance visit to a French museum dedicated to France's role in the transatlantic slave trade. The textiles on display had been manufactured in India specifically for the French, and exchanged for slaves in Africa.

This revelation that India had played a part in the slave trade intrigued the Twins and their curiosity about the subject led to a year of research to explore the global impact of Indian textile trade across nearly six centuries. It finally resulted in this exhibition, which the Twins describe as the most challenging project they've undertaken to date, taking four years to complete.

From the very beginning, The Singh Twins have seen themselves as "socio-political commentators above everything else and they take their responsibility to educate the viewers of their art seriously, saying, "Educating in the sense challenging different viewpoints and ways of looking at things but also bringing communities together. Our work may be about conflict of the East and the West and colonialism, but our work also says that we are all connected through history.

References to African, American, French Portuguese – it all comes to play in this series. Here more than in any work we've done before we get this story of a spider's web of how it all links together in a common heritage."

Everything stands out about the The Singh Twins' art, from the way they paint together, to how their entire career, in effect, was a rebellion against the British art education that failed to recognise the validity of Eastern painting traditions, to how bold their art is, as a rule unafraid to make politically charged statements by tackling current debates around the (un)ethical practices of those in power. "That's part of the Punjabi characteristics isn't it – quietly rebellious?" they joke. They have participated in more than 50 group and 42 solo exhibitions starting in 1987 in galleries across the UK, Canada, the US and India.

No matter where they show, the one thing they stand firm about is not being defined by any singular characteristic or be boxed under one (usually "Asian") category, thanks to "perseverance on the one hand but also being prepared to take risks early in our career." They cite an example where they had their eye on the Birmingham City Art Gallery and refused to take no for an answer, choosing to not exhibit at all, rather than at some non-descript gallery. The organisers blinked first, and the sisters got the space they wanted.

They'd like to cement their legacy by creating a Singh Twins art gallery, a permanent exhibition space for their works, and make forays into high end home furnishings, fashion accessories and jewellery, obviously ethically produced. But perhaps their most important legacy is "making a difference to the way people from all backgrounds perceive the world around them...."

Source: timesofindia.com- Feb 26, 2018

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Indian e-commerce has a last-mile problem

The growth of Indian e-commerce has been remarkable. Millions of packages are ordered and delivered without glitches every day, a feat never thought achievable even 10 years ago.

The system works perfectly as long as someone is available to receive a package. In case this fails, e-commerce companies have introduced creative back-up solutions. Customers could designate pick-up points from where they could receive packages after validating identity.

This would generally not work for heavier items or those which need assembly, but at least, the option exists.

But the last mile problem — of getting the ordered product safely to the intended recipient — is still an issue for a whole cohort of customers. The most common scenario happens when customers order a product to be delivered to someone else in a single family home with no security guard to receive it.

Ordering for someone else is an administrative headache. Messages about expected shipping dates are constantly sent to the person who ordered the product. The person has to unfailingly communicate these to the recipient, adding layers of duplication.

A mantra in the e-commerce world is to deliver items as soon as possible, even beating the company's original estimated delivery date. But this over-achievement can create havoc at single family home addresses. An aged relative may be out at the bank secure in the knowledge that the package is not due for a few days yet.

Even when recipients are home, couriers know too well that at residential villas, security is a huge concern. Physical, metal barriers are everywhere as one enters a residential property. An unsuspecting courier does not know how to navigate an outside locked gate because a key is placed in a secret compartment. He shouts his arrival out aloud but alas, those inside can't hear him.

Couriers also arrive during sacred afternoon siesta times. Senior citizens have learned to ignore called bells during these hours assuming that intruders are salespeople. The courier leaves disappointed, noting incorrectly that the customer was not available. Two unsuccessful delivery attempts mean that the package is returned to the sender. Resurrecting life to an order which has been returned is a nightmare.

All these last mile delivery problems are not because of deficiencies in physical logistics. They are because e-commerce systems are not designed to effectively communicate with the intended recipient of an order, an issue which should be addressed much earlier in the buying cycle.

The problem starts at the order confirmation page which wrongly assumes that the ordering person is the same as the recipient. A simple fix would be to ask customers to enter contact information of the intended receiver (phone numbers, email) so that it becomes part of the order record — and all communication is sent to both ordering customer and intended recipient.

A better solution is to request information about a second receiver contact as part of the order record — such as a trusted neighbour. Indian households routinely borrow a cupful of sugar from their neighbours, so designating them to receive a package is the most natural thing to do.

On delivery day, even if it is earlier than estimated, the courier negotiates the precise availability of the recipient (or the secondary contact) — not the person who ordered — before proceeding to deliver. Problem solved. So Amazon, Flipkart or Snapdeal - who will lead the way?

Source: thehindubusinessline.com- Feb 26, 2018

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