



**IBTEX No. 43 of 2019**

**February 27, 2019**

USD 71.01 | EUR 80.79 | GBP 94.07 | JPY 0.64

<b>Cotton Market</b>		
<b>Spot Price - Shankar 6 ( Ex. Gin), 28.50-29 mm</b>		
<b>Rs./Bale</b>	<b>Rs./Candy</b>	<b>USD Cent/lb</b>
20096	42000	75.39
<b>Domestic Futures Price (Ex. Warehouse Rajkot), March</b>		
<b>Rs./Bale</b>	<b>Rs./Candy</b>	<b>USD Cent/lb</b>
20480	42803	76.83
<b>International Futures Price</b>		
NY ICE USD Cents/lb ( May 2019)		72.02
ZCE Cotton: Yuan/MT ( May 2019)		15,315
ZCE Cotton: USD Cents/lb		103.68
<b>Cotlook A Index – Physical</b>		<b>81.10</b>
<p><b>Cotton Guide:</b> A pessimistic wave drove the prices with a drastic change yesterday. All the nearby ICE contracts were on the lower grounds with changes nearing the one cent range. The ICE May contract settled at 72.02 cents/lb with a decline of (-108) points. It settled near its low figure of 71.91 cents/lb. The ICE May managed to touch the high figure of 73.04 but in vain. The candlesticks started showing red post 6 pm IST which lasted till 9 pm IST making the prices to touch the day's low. Later the bulls tried to fight back trying to take the prices towards 72.62 mark but with little success thus ending the day at 72.02 cents/lb. The ICE estimated Total volume was at 21,816 contracts as compared to the previous 20,516 contracts with the ICE May contract having a volume of 14,692 contracts. The total open interest decreased by 688 contracts to 218,417 contracts. We still expect a sideways trend today, with a bullish bias.</p>		

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The MCX contracts on the other hand also emanated the vibes of ICE. All the MCX contracts ended in negative numbers. The MCX February contract settled at 20,170 Rs/Bale with a negative decline of -140 Rs. The most active contract the MCX March contract settled at 20,480 Rs/Bale with a negative decline of -150 Rs whereas the MCX April contract settled at 20,770 Rs/Bale with a negative decline of -150 Rs. The total volume recorded yesterday for were 4148 lots as compared to the previous figure of 6126 lots.

The ZCE futures were again susceptible to the trade talks scheduled between the two major economies of the world. The ZCE futures contract settled with 3 digit losses with a net change of -145 at 15,315 Yaun/MT. The Volume at ZCE for the month of May was at 296,858 whereas the Open Interest was at 461,598.

The arrival figure estimate is 137,000 lint equivalent bales (source cotlook), including 41,000 registered in Maharashtra, 39,000 registered in Gujarat, and 28,500 registered in Andhra Pradesh. Due to rain in the Northern Part of India, the arrivals are low. The domestic average prices of Shankar 6 remain steady at 42,000 Rs/Candy. The Cotlook Index A has been adjusted slightly lower by -0.15 to 81.10 cents/lb.

The Total Procurement done by CCI has crossed 850,000 Bales and it is anticipated that 1.5 million bales will be procured. The farmers in the states of Maharashtra and Telangana under the MSP scheme, have shown keen interest in selling to CCI as compared to traders.

On the Technical front ICE cotton May futures slipped to the support zones of 72 (lower band of the channel) as it failed to sustain above the 21 day EMA at 73.36. Meanwhile positive divergence between price and the strength indicator (RSI) restricted the downside in price. RSI in the daily charts is hovering around 42 levels suggesting sideways trend for the day. So for the day price is expected to remain in the range of 71.80-73.54 with sideways bias. In the near term strong supports exists around 70.00, followed by 69.50 levels. Likewise crucial resistance seen around 74.40 and 75.68 levels. In the domestic markets trading range for Mar futures contract will be 20400-20680 Rs/Bale.

#### **Currency Guide**

Indian rupee may witness mixed trade against the US dollar but general bias remains weak. Weighing on rupee is increased geopolitical tensions with Pakistan. Tensions rose after India sent fighter jets to bomb a major terrorist camp on Pakistani soil. Pakistan's army has warned it will respond to India's aerial bombing and said: "It is your turn now to wait and get ready for our surprise." Also weighing on rupee is recovery in crude oil price after recent sell-off. Brent crude trades near \$65 per barrel supported by unexpected decline in US crude oil stocks and OPEC's intention to continue with production cuts. Choppiness in equity markets has also brought a halt to recent gains in emerging market currencies. Equity markets turned choppy as initial optimism about US-China trade talks waned while market players assess the impact of Brexit delay. Rupee however remains supported by the general weaker trend in US dollar on reduced safe haven demand and lower bond yields as Fed reaffirmed patient stance. Fed Chairman Jerome Powell said with inflation pressures muted and ongoing government policy uncertainty, a patient approach to future policy changes was warranted. Rupee may remain under pressure amid geopolitical risk and general firmer outlook for crude oil. USDINR may trade in a range of 70.8-71.3 and bias may be on the upside.

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## INTERNATIONAL NEWS

### **UN Analysis Shows More Work Needed on WTO Trade Facilitation Implementation**

Two years after the World Trade Organization's (WTO) Trade Facilitation Agreement (TFA) went into effect, a new analysis from United Nations Conference on Trade and Development (UNCTAD) shows that the initial step—implementation and assistance—remains a pending goal for nearly 50 percent of developed and developing countries.

According to the report, the two-year mark on Feb. 22 was a critical implementation date.

While 141 out of 164 WTO members have ratified the TFA, the remaining 22 are all developing countries, half of which are classified as Least Developed Countries.

As commerce between WTO members accounts for 98 percent of world trade, the TFA aims to speed up the movement, release and clearance of goods across international borders, and enhance effective cooperation between customs services.

“We provide support to countries implementing the TFA because faster clearance at the border means families pay less for food, clothes, electronics and more,” Shamika N. Sirimanne, director of UNCTAD's technology and logistics division, said. “This is especially important in poorer countries, where trade costs 1.8 times more than elsewhere because of border delays.”

Full implementation of the TFA would decrease trade costs by an average of 14.3 percent, according to the WTO. In turn, it offers a significant opportunity to boost global commerce, promote public prosperity and help countries meet the UN Sustainable Development Goals.

However, the UNCTAD report said developing and Least Developed Countries seeking to qualify for “special and differential treatment” provisions of the TFA must comply with the implementation notification requirements set out in the agreement.

“These notifications are part of the deal,” Sirimanne said. “Developing countries cannot expect to reap the benefits from these flexibilities if they do not comply with their part of the deal. But they are not alone in this journey. They can count on development partners like UNCTAD to assist them.”

UNCTAD assists countries in the implementation of the TFA by various means, including the Empowerment Program for National Trade Facilitation Bodies, which has five modules that provide information and the tools needed to implement trade facilitation reforms.

From establishing a committee to creating a national roadmap for mainstreaming trade facilitation, UNCTAD tailors these modules to the needs of the countries as needed, ensuring its sustainability by training trainers to pass on knowledge.

The Automated System for Customs Data (ASYCUDA) facilitates trade efficiency and competitiveness by reducing transaction times and costs, promoting sustainable development by cutting down the use of paper, enhancing transparency and improving revenue collection. ASYCUDA has reportedly made customs processes easier and faster in 115 countries.

UNCTAD also developed trade portals for 34 countries. These include step-by-step procedures, forms and documents, costs and duration of each action, contact information of people in charge, and the legal basis and complaints procedures.

Also available are implementation plans and roadmaps for trade facilitation reforms. So far, UNCTAD has assisted some 60 countries in the drafting of national implementation plans and roadmaps for comprehensive trade facilitation.

Source: [sourcingjournal.com](http://sourcingjournal.com)- Feb 26, 2019

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## **Trump Says There'll be No Increase in China Tariffs on March 1**

When it comes to hiking already in place tariffs or rolling out even more on the remaining goods the U.S. brings in from China, for the last 90-days it's been a question of, 'will he or won't he?' as the world waited to see what the U.S. president would do.

For now, it seems, Trump has decided there'll be no changes to tariffs on what has been the impending March 1 deadline.

Announcing his official stance in a series of Twitter posts late Sunday night, the president said: "I am pleased to report that the U.S. has made substantial progress in our trade talks with China on important structural issues including intellectual property protection, technology transfer, agriculture, services, currency, and many other issues. As a result of these very...productive talks, I will be delaying the U.S. increase in tariffs now scheduled for March 1."

Continuing, Trump said, "Assuming both sides make additional progress, we will be planning a Summit for President Xi and myself, at Mar-a-Lago, to conclude an agreement."

During remarks at the 2019 White House Business Session with U.S. governors Monday, the president said he expects the forthcoming Mar-a-Lago Summit to be a signing summit as the two sides are getting "very, very close" to a deal.

As part of wrapping up talks on their future trading relationship—for which there's been little talk about what will happen with already-in-place tariffs—Trump said part of the deal will include China criminalizing the sale of fentanyl, a powerful opioid drug, to the United States.

The president has said the drug "seems to be made 100 percent in China," thus posing what has become "a tremendous problem." Since his inauguration, Trump has been taking strides to combat what the Administration has dubbed the country's 'opioid crisis.'

On tariffs and what's to become of them, however, there was little said that hasn't been said before.

“Now, China is paying us, right now, billions and billions of dollars of tariffs a month. Every month, billions of dollars. I love it. Personally, I love it. But they’re paying billions of dollars.

The next round of trade talks between the U.S. and China look, as Trump noted, “like they’ll be coming back quickly again,” though the president didn’t provide any more definite information about a date.

Source: sourcingjournal.com- Feb 25, 2019

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### **Egypt's cotton exports up 45% in Q1 2018-19: CAPMAS**

Cotton exports from Egypt increased to 128,300 metric quintals during September-November 2018, registering an increase of 45.1 per cent over exports made during the corresponding period of the previous agricultural year, the Central Agency for Public Mobilization and Statistics (CAPMAS) said in its quarterly newsletter for the first quarter of 2018-19.

The consumption of cotton in the domestic market, however, fell to 25,700 metric quintals during the period under review, showing a fall of 42.2 per cent year-on-year, the newsletter said. The sharp drop in domestic consumption was due to suspension of manufacturing activities by some textile factories in the country.

In December last year, the Egyptian government appointed an official steering committee to safeguard the future of the Egyptian cotton brand. Egyptian cotton fibres are considered by many to be the best because of their length, strength, and softness.

The new steering committee, appointed by the minister of trade & industry, is responsible for the licensing and promotion of Egyptian cotton globally, as well as policing the integrity of the supply chain to ensure full compliance, traceability, and transparency. The Cotton Egypt Association (CEA) is also a part of the new structure.

Source: fibre2fashion.com- Feb 27, 2019

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## **Is the era of outsourcing textile production ending? American Merchant says yes**

More than a decade after most of the domestic home textiles industry that once made billions of dollars' worth of sheets and towels decamped for Asia, manufacturing in the category is slowly starting to return to the United States.

The latest entry in the Made in the USA movement comes from a new company called American Merchant, which is putting the final touches on its first manufacturing facility in Bristol, Virginia—a town of 17,000 in the southwestern corner of the state, part of a Tri-Cities region that also includes Johnson City and Kingsport, Tennessee, and that is perhaps best known as “The Birthplace of Country Music.”

The new textiles mill, which will use American-grown cotton and American-spun yarn, expects to be up and running (and shipping towels) by the second half of this year.

It promises to be a dramatic moment in the nascent effort to return textile production to this country. While the U.S. remains the third-largest cotton grower in the world, virtually the entire home textiles industry (other than some spinning capacity and cut-and-sew finishing) moved offshore in the early 2000s following the lifting of quotas on its products.

The trend has started to reverse itself in the past few years, starting with the Pakistani company 1888 Mills, which opened a towel plant in Georgia several years ago, largely to service a Walmart program that trumpeted its Made in the USA origins.

A second company, Standard Textiles, an Ohio-based, vertically integrated textiles business founded in 1940 that specializes in health care, hospitality and institutional textiles, is now starting to target the retail market.

American Merchant is rapidly completing work on its manufacturing plant, with nearly 90 percent of its equipment in place. When complete, its operations will include warping and weaving its locally purchased yarn on a suite of 24 new high-speed air jet looms.



Batch dying, drying and cut-and-sew facilities will round out the facility's manufacturing process in the facility, which previously housed a Ball jars plant. While it has not decided specifics on its product lineup yet, the company expects to be primarily an OEM (original equipment manufacturer) provider for other brands and retailers, but will manufacture its own brand, Cotton Queen, as well.

The company has modest expectations on its launch, but expects to be producing up to 400 tons of towels a month by the time its facility is fully up to speed. The company, a subsidiary of Hong Kong-based Merchant House International, believes there is a void in the marketplace for the kind of better-to-best products it will produce.

“When we looked at the American market, we said, Something is missing,” says Robert Burton, a longtime industry veteran with 35 years of experience in textiles manufacturing and sourcing who is chairman of the new company. “We didn't see a high-quality Made in the U.S. towel, so that's what we're focusing on,” he told Business of Home from the company's Virginia offices.

But Burton says that the brand's market positioning has to be more than just a domestic production story: “It has to have a strong price-value relationship,” he explains. “We believe there's room in retailers' assortments today for us.”

The company's team also includes another industry veteran: general manager Allen Oakley, who spent much of his early career with erstwhile North Carolina-based textile producer Fieldcrest-Cannon—producer of the Cannon, Charisma, Fieldcrest and Royal Velvet brands—which was purchased by Pillowtex in 1997 but filed for bankruptcy in 2003.

Burton says that parent company Merchant House, publicly traded on the Australian stock market, chose towels for its American venture because it already operates a terry facility in southern China that specializes in seasonal products for the kitchen and dining segments.

(Merchant House is also involved in the footwear business, and established its first American manufacturing facility—Footwear Industries of Tennessee, Inc.—in Knoxville in 2013.)

Burton says that being a responsible supplier will be a critical part of the company's market positioning; the company will seek Oeko-Tex and BCI (Better Cotton Initiative) certification once it is up and running. And while the current political climate promotes a return to domestic manufacturing, Burton says that the company has been eyeing U.S. production for the past three years. "We looked at the supply chain, asked where it was going, and the answer was America," he explains.

"We feel we'll be competitive with the rest of the world," he says, though he admits that the company will be a relatively small player on the global scene at the start. "We know how big we are and how big the shoes are. But we think of ourselves as the little caboose that could."

Source: [businessofhome.com](http://businessofhome.com)- Feb 26, 2019

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## **Garment manufacturers in Philippines eye comeback**

Garment manufacturers want more tax incentives to help the struggling industry, urging the government to take advantage of the Chinese companies who are interested to set up shop here.

Foreign Buyers Association of the Philippines (Fobap) director Ding Buendia said there was a need for government subsidies, particularly for labour and power expenses, to bring down the cost of doing business in the country. He added that some Chinese firms had already asked them about either setting up shop here or partnering with local factories.

"So we should take advantage [of this], we should give incentives for them to come," he said.

The Philippine Exporters Confederation Inc had talked about Fobap's need for more tax perks at a time when such perks are being rationalised.

### Trabaho bill

The Duterte administration is currently pushing for the Tax Reform for Attracting Better and High-quality Opportunities (Trabaho – which means

“labour” or “work” in the Filipino language) bill, which will slowly lower the corporate income tax while revamping the tax incentive system.

“Benefits of tax incentives in the Trabaho bill should not be removed. In fact, we should give more. Subsidise power [and] labour enhancement, skills training. Garments [manufacturing] is very labour-intensive,” he said.

It is not clear at this point if Fobap was in favour or at least has some reservations about the bill. For one, the Trabaho bill already includes an option to have up to 50 per cent additional deduction in labour expense if there is an increase in direct employment.

The textile and garment industry used to be competitive in the export market and was even considered a sunrise industry during the 1990s, according to the Board of Investments (BOI), an attached agency of the Department of Trade and Industry.

Export performance, however, dropped since the abolition of textile quotas by the World Trade Organisation in 2005.

As a result, garment and textile enterprises in the Philippines that relied on quotas underwent difficulties, leading to the closure of factories and downsizing, BOI said.

In a press briefing in August last year, Globe Textile Industries Corp manager William Ang complained about the garment industry receiving little to no support from the government.

The Philippines could have achieved more, he said. “We have a lot of talented designers. We should be the Paris of Asia but what’s happening? Never in my lifetime had the government asked what it could do to help us in the industry,” Ang said, who represented the Garments Manufacturers Association of the Philippines during that time.

For his part, Fobap president Robert Young said that once the garments sector had been revived, the Philippines could penetrate more markets, especially Southeast Asia, aside from the US.

“The neighbouring countries such as Bangladesh, Vietnam, Sri Lanka and even Myanmar are all now getting filled up. In others words, they have no

more space for fresh new production and this is the time that the Philippines should open up so we get all these new ones,” he said.

Source: phnompenhpost.com- Feb 27, 2019

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## **Turkey textile exports up seven per cent**

In 2018, Turkey’s textile exports increased seven per cent compared to the previous year. There are approximately one million people employed in the country’s textile and readymade clothing sectors. This number reaches two million if sectors such as retail and merchandising are included.

The Turkish textile sector has a strong image in the global market. The sector stands out with its state-of-the-art technology, flexible production ability, capability of producing special products and high-quality workforce. It is the biggest textile manufacturer in Europe. It continues to make significant breakthroughs not only in design and fashion but also in technical textiles.

Turkey is the seventh biggest cotton producer in the world. It has the biggest machinery park in the world. The biggest factory manufacturing quilt covers is in Turkey.

The country is one of the top three towel suppliers in the world. The share of Turkey in global textile exports stands at three per cent, at 4.5 per cent in home and interior textiles and 1.5 per cent in technical textiles.

The Turkish textile sector has a very high potential especially in terms of value added production. The Turkish textile and readymade clothing sector as a whole has the highest foreign trade surplus.

The sector ranks first in the country in terms of share in the gross domestic product and in terms of parameters such as domestic input use.

Source: fashionatingworld.com- Feb 26, 2019

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## **Bangladesh on the path of industrialisation?**

Countries like Bangladesh may lose competitive advantage in attaining economic growth to come out of poverty by creating mass urban employment in the garment industry, a Bloomberg article says.

It has pointed out that automation is making textile manufacturing less labour-intensive.

“This is a crucial question because as technology advances, there’s a concern that the traditional path out of poverty might be closing,” reads the article titled “Bangladesh Versus India in the Development Race”.

The author, Noah Smith, observed that technological advancement might cause the industry to migrate back to rich countries like the US, “where labour is expensive but capital is relatively cheap”.

“The developing world is at risk of premature deindustrialisation. If Bangladesh fails due to competition from rich-world robots, it will bode ill for countries such as Ethiopia that are looking to hop on the escalator to prosperity,” the article said.

“That would leave India’s service-centric development model as the only feasible path.”

It mentioned that Bangladesh is one of the biggest beneficiaries of the process of rising wages in developed countries and shifting of low-tech, labour-intensive manufacturing industries to counties with cheaper workers.

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

“But overall, the tried-and-true industrialization strategy seems to be working.”

Referring to some economists’ argument, the article said automation “hasn’t closed off the traditional path, and that there is still plenty of work for industrious people in poor countries.”

It raised a twin question: “Will Bangladesh, with its traditional approach to growth, catch up and overtake India? Or has India stumbled upon a new development model that cuts out the need for a country to do a stint as the workshop of the world?”

The article further observed that Bangladesh is scrambling to diversify into more valuable manufacturing industries such as autos and electronics.

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

“If Bangladesh grows faster, it will suggest that manufacturing, starting with textiles, is still the ticket to industrialisation; but if Bangladesh falters and India sustains its growth, it will imply that poor countries should look to services first,” the author concluded.

Source: en.prothomalo.com - Feb 25, 2019

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## **Bangladesh terry towel exports down four per cent**

Bangladesh’s terry towel exports declined 4.40 per cent year-on-year in the last fiscal year. This is true of Bangladesh’s exports of home textiles in general. Around a dozen small and medium factories have reportedly shut down.

Currently, some 90 factories are in operation. The sector’s growth started to decline from January 2014 when the European Union (EU) allowed zero-duty benefit to Pakistan under its GSP Plus scheme on export of home textiles and some other products. As a result, the impact was too severe for local manufacturers and exporters.

A relatively new item in the country’s export basket, terry towels demonstrated great promise due mainly to the easier production process and market access made easy by the EU’s EBA (Everything but Arms) scheme allowing duty free facility to all LDC exports, except arms. Coupled with it, there is the preferential duty facility under the EU GSP scheme meant only for less developed countries like Bangladesh.

Home textiles include mainly terry towels, bed sheets, linen, curtains and pillow covers. The very fact that exports of home textiles are in a bad shape is clear from the abundance of these products in street shops sold at throwaway prices.

Bundles of terry towels are lodged on the shoulders of hawkers at busy road intersections instead of being packaged to be exported to North America and the EU countries.

Source: fashionatingworld.com- Feb 26, 2019

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## **Vietnam January trade turnover at highest level in years**

Vietnam's trade turnover reached US\$43 billion in the first month of 2019, the best January performance seen in the last few years, according to the General Department of Vietnam Customs.

This figure is \$2.9 billion higher than in January 2018 and nearly double the average figure of \$23 billion per month recorded in the 2012–18 period. In addition to the record turnover, the department's statistics showed many positive signs for Viet Nam's foreign trade activities.

In particular, the trade value of domestic enterprises grew at a faster pace compared to the foreign direct investment (FDI) sector in January, with an increase of \$1.92 billion against the \$973 million of the latter. Another good sign is related to the trade balance. While Viet Nam suffered a trade deficit of nearly \$1 billion in the first half of January, a sharp increase in exports in the second half led to a trade surplus of \$816 million for the whole month.

For key export products, Viet Nam posted an export value of \$22.07 billion, an increase of \$1.8 billion year on year. The textile and garment, equipment and parts, and footwear sectors contributed the most to this positive performance. Textiles recorded an increase of \$810 million from the same period last year, equipment posted an increased of \$415 million and footwear was up \$351 million. These three groups of commodities were among Viet Nam's top five export staples with an export value of more than \$1 billion each for the month.

In January, Viet Nam imported goods worth \$21.26 billion, up \$1.09 billion against January 2018. Significant growth of import turnover was seen in equipment and parts with an increase of \$522 million, crude oil with an increase of \$390 million, all types of cars with a \$256 million increase and coal with a rise of \$205 million.

Source: english.vietnamnet.vn- Feb 26, 2019

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## **Pakistan: Active trading on cotton market**

Trading activity improved on the cotton market on Tuesday as renewed buying interest from some needy textile spinners emerged towards closing stages.

Reports of violation of airspace by Indian air force jets over line of control in Azad Kashmir did not deter trading. Shortage of quality cotton forced many spinners to rush and replenish their stocks.

Another factor which pulled buyers into the trading ring was spinners facing cotton shortage as there is no hope of importing cotton from India due to mounting tension between the two countries.

Large number of buying orders were placed by Pakistani traders with Indian cotton exporters to meet the 3.5-4 million bales shortage.

The Karachi Cotton Association spot rates were firm at overnight level at Rs8,600 per maund.

The following deals were reported to have changed hands on ready counter: 3,200 bales from Rahimyar Khan were done at Rs8,000-8,600; 1,000 bales, Shujabad, at Rs7,200; 1,000 bales, Chowk Mundra, at Rs7,500; 400 bales, Rajanpur, at Rs8,875; 530 bales, Pul Bagar, at Rs8,425; 800 bales, Sadiqabad, at Rs8,750; 200 bales, Bahawalpur, at Rs7,650 and 1,400 bales from Alipur were done at Rs8,600.

Source: dawn.com- Feb 27, 2019

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## NATIONAL NEWS

### India, Italy discuss ways to boost ties

India and Italy on Tuesday discussed ways to increase cooperation in areas such as machinery, infrastructure, engineering and agriculture to promote trade and investments between the countries.

These issues were discussed during the meeting of 20th India-Italy Joint Commission for Economic Cooperation (JCEC) here.

The two-day session is being co-chaired by Commerce and Industry Minister Suresh Prabhu and by Deputy Minister of Economic Development Michele Geraci from the Italian side.

The bilateral trade between the countries increased to \$10.41 billion in 2017-18 from \$8.8 billion in 2016-17.

Source: thehindubusinessline.com- Feb 26, 2019

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### India extends tariff deadline on US products

The government has extended the deadline to impose retaliatory customs duties on 29 US products, including almond, walnut and pulses, till April 1.

The Commerce Ministry had asked its finance counterpart to again defer the implementation of a notification in this regard.

A notification said that implementation of increased customs duty on specified imports originating in USA has been postponed from March 2, 2019 to April 1, 2019.

In June 2017, India decided to impose retaliatory tariffs after the US imposed high customs duties on certain steel and aluminium products.

As part of the imposition of higher import duties, New Delhi has notified higher tariffs on several products.

While import duty on walnut has been hiked to 120 per cent from 30 per cent currently, duty on chickpeas, Bengal gram (chana) and masur dal will be raised to 70 per cent, from 30 per cent currently. Levy on lentils will be increased to 40 per cent, from 30 per cent.

Senior officials of India and the US are in discussions to finalise a kind of trade package. Both sides are holding two track discussions -- to increase trade in short and medium term, and identify long-term trade potentials.

Source: thehindubusinessline.com- Feb 26, 2019

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## **India and Afghanistan Open Massive Trade Corridor**

Afghanistan has started exported through the Iranian port of Chabahar and in doing so has opened a trade route which connects the landlocked country to the shipping lanes of the Indian Ocean.

According to Reuters, the first exports took place on February 23, 2019, and the Afghan government hopes the new trade passage will improve the war-torn nation's economy by giving it access to global markets.

23 trucks carrying goods ranging from dried fruits, textiles, carpets and mineral products were dispatched from the western Afghan city of Zaranj to Chabahar port in south-east Iran.

The cargo will be shipped directly to Mumbai, India's biggest port and massive sub-continental trading hub.

It is the result of an infrastructure partnership with India, which has helped Afghanistan develop the route.

A brand new Port Technology technical paper looked at the critical points of the supply chain and how they can be improved.

For its part, India, which owns a section of the Chabahar port, has sent approximately 1.1 million tonnes of wheat and 2,000 tonnes of lentils to Afghanistan through the port.

The two countries established an air corridor in 2017 and the new land-sea route will boost trade between them. In 2018, Afghanistan exported US\$740 million of goods to India, making it its largest export partner.

At an inauguration ceremony for the new trade route, Afghan President Ashraf Ghani said it will improve regional cooperation and help reduce the country's deficit.

He said: "Chabahar port is the result of healthy cooperation between India, Iran and Afghanistan this will ensure economic growth."

Source: porttechnology.org- Feb 26, 2019

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### **Extend IGST exemption under EPCG beyond March 31: TEA**

The Tiruppur Exporters' Association (TEA) has sent a representation to the Union commerce minister for extending (i) IGST exemption for import of capital goods under EPCG scheme and (ii) inputs under Advance Authorisation scheme beyond March 31, 2019. The association has sought extension for another two years to help the domestic industry bounce back.

"After implementation of GST, TEA had requested for exemption from the payment of IGST while importing capital goods under EPCG scheme or inputs like specialty fabrics under Advance Authorisation scheme and considering the need, the Government permitted for exemption from payment of IGST for a period of six months on each occasion and finally, till March 31, 2019," TEA president Raja M Shanmugham said in a press release.

Continuous modernisation/expansion is regularly taking place in Tiruppur, comprising the sector having more than 80 per cent in MSMEs to enhance the quality for fulfilling the buyers' requirements and also increase the productivity.

At this juncture, the exporting and job working units are having doubt on continuation of IGST exemption beyond March 31, 2019, and the major concern is that the IGST paid for Capital Goods could not get adjusted/refunded.

Due to this, the units are under confusion whether to place the order with machinery suppliers by presuming that the exemption would continue beyond March 31 or to wait for a clarification from the Government side, Shanmugham said.

“Once the election code of conduct is announced, probably in the second week of March, and if the IGST payment exemption notification has not been issued, then it would be a big setback for the units, particularly MSMEs going for modernization,” he added.

Source: fibre2fashion.com- Feb 26, 2019

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## India seeks better trade, connectivity with ASEAN

India is hoping that better connectivity will help boost trade ties with ASEAN and decrease its trade deficit with the 10-member bloc.

ASEAN is India’s second largest trading partner after China and total bilateral trade between ASEAN and India reached US\$81.3 billion last year – an increase of more than 28 times the US\$2.9 billion recorded in 1993.



Source: Indian Ministry of Commerce & Industry

Bilateral trade between the two parties was US\$21 billion in 2005-06, and although it has increased nearly fourfold since then, the ASEAN-India Free Trade Area (AIFTA) which came into effect in 2010 hampered India’s exports and its trade deficit

with ASEAN rose from US\$7.7 billion in 2009-10 to nearly US\$13 billion in 2017-18.

However, the AIFTA does not cover the services sector and its encompassing industries such as engineering and information technology (IT) - in which India's strength lies.

India's trade deficit of US\$162 billion in 2017-18 was due to higher oil, gold and electronic imports – with China accounting for US\$104 billion of that sum, South Korea US\$12 billion and Japan US\$6 billion.

Speaking at the 4th India-ASEAN Expo and Summit held in New Delhi from 21-23 February, Rajnath Singh, India's Minister of Home Affairs said India is currently working with ASEAN on multiple connectivity projects to further consolidate and deepen trade ties via road, rail and air.

“Exploring opportunities through connectivity projects will help India to remove physical impediments to trade with ASEAN countries and further integrate the two regions for better economic and security relations,” said Singh in a press release from India's Press Information Bureau.

“Our engagement with ASEAN has acquired a new dimension with our Prime Minister's vision to ‘Act East’,” he said, referring to Indian Prime Minister Narendra Modi's Southeast Asian stand outlined in 2014.

### **Act East**

The Act East policy is an evolution of the Look East policy introduced by former Indian Prime Minister Narasimha Rao in 1992 which focused on trade and attracting investment.

Seen as a counter to China's growing influence in the region, the Act East policy is pillared around commerce, culture and connectivity.

Key to unlocking greater commercial benefits for ASEAN and India is the Regional Comprehensive Economic Partnership (RCEP) which is expected to be completed this year.

The RCEP is a 16-country regional trade deal in which ASEAN hopes to integrate its economy with India, China, Japan, South Korea, Australia and New Zealand -creating a market comprising nearly half the world's population and a third of the world's gross domestic product (GDP).

RCEP negotiations were formally initiated in November 2012 at the ASEAN Summit in Cambodia and among the issues yet to be ironed out include competition laws, trade obstacles, the rule of origins, e-commerce and intellectual property rights.

It is seen as an alternative to the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP – formerly known as the TPP), a free trade agreement which reduced tariffs in 11 Pacific Rim countries and came into effect late last year.

The 11 CPTPP countries – Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam – make up more than 13 percent of the global economy and have a combined GDP of US\$10 trillion, making it the third largest free-trade agreement in the world.

There have been suggestions by both, Indian and ASEAN officials that the yet to be completed India-Myanmar-Thailand Trilateral Highway – an Indian-led initiative mooted in 2002 which aims to build a 1,360 kilometre (km) highway from India to Thailand – should be extended to Cambodia, Lao PDR and Vietnam.

Apart from the India-Myanmar-Thailand Trilateral Highway, ASEAN and India are also working on the Kaladan Multi-Modal Transit Transport Project which will provide an alternative route through Myanmar for the transportation of goods to the northeast region of India.

### **Digital villages**

India has provided ASEAN with a US\$1 billion line of credit to promote infrastructure connectivity and is also actively investing in digital connectivity – an example being its digital villages.

A leader in information and communications technology (ICT), India is helping to enhance rural connectivity in Cambodia, Lao PDR, Myanmar and Vietnam by setting up digital villages which provide easier access to banking, education, health and financial services.

With historical and cultural links which date back more than 2,000 years, India and ASEAN can improve their already strong ties by establishing more digital and physical linkages and opening up the Indian services sector.

Source: theaseanpost.com- Feb 26, 2019

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## **Cotton futures edge higher on hopes of U.S.-China trade truce**

ICE cotton futures settled higher on Monday as investors bid for the natural fiber in anticipation of a possible trade deal between the United States and China.

\* The most active cotton contract on ICE Futures U.S., the May contract , settled up 0.09 cent, or 0.12 percent, at 73.1 cents per lb.

\* The contract traded within a range of 72.86 and 73.81 cents per lb.

\* Cotton was higher on the optimism around the U.S.China trade talks, said Louis Rose, director of research and analytics at Tennessee-based Rose Commodity Group, adding, "a trade agreement will probably be worked out because both China and U.S. need it."

\* U.S. President Donald Trump said he would delay a planned hike in tariffs on Chinese imports and that he was "very, very close" on a trade deal.

\* On Monday, Trump also said he was optimistic that a final trade deal could be reached with China and that he would hold a summit to sign any pact, but cautioned an agreement may still not happen.

Cotton prices fell about 8.2 percent in 2018, the first yearly decline in four years, largely due to the trade tussle between top exporter the United States and China, the biggest consumer of the natural fiber.

\* "There is strong support near 71.00 cents and strong resistance near 76.0077.00 cents," Rose added.

\* Total futures market volume fell by 26,558 to 16,751 lots. Data showed total open interest gained 2,512 to 219,105 contracts in the previous session.

\* Certificated cotton stocks <CERT-COT-STX> deliverable as of Feb. 22 totaled 127,974 480-lb bales, up from 127,973 in the previous session.

Source: cnbc.com- Feb 25, 2019

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## **MSME Minister urges banks to extend collateral free credit to MSMEs**

Union Minister for Micro, Small and Medium Enterprises (MSMEs), Giriraj Singh has urged the banks to extend collateral free credit to MSMEs to create entrepreneurs who will then be able to generate greater employment opportunities.

Minister said this at the first ever conclave on 'Empowering Women Entrepreneurs 2019, Financing & Enabling Women from Marginalized Sections'.

Singh said that since the government had increased the extent of collateral free credit up-to Rs 2 crore to trading establishments in the country, the number of beneficiaries has crossed 18 lakh.

"Banks need to ensure that they provide need-based finances to the small entrepreneurs. Government has already increased the credit limit for collateral free lending to Rs 2 crore from Rs 1 crore. But banks should now do the handholding," Singh said at an event organized by National SC-ST Hub, Ministry of MSME.

"There are women entrepreneurs who need collateral free loans. If banks fear lending without collaterals then let me assure you, based on my experience, that there is recovery. Participation of women in entrepreneurship is a must for leading the nation forward," the minister said.

He informed the gathering that the corpus of the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) scheme has been raised from Rs 2,500 crore to Rs 7,500 crore.

He further said that after increasing the limit, loans have been disbursed to 18 lakh entrepreneurs under this scheme till last month and we hope this will cross 20 lakh by March 31, this year.



"Almost 5 crore people have been given loans under MUDRA. Many woman entrepreneurs are reaping the benefit of micro-finance schemes as well," he added.

Source: knnindia.co.in- Feb 26, 2019

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## **Farmers switch cotton seeds in bid to chase higher yields, says study**

Farmers in Telangana are frequently switching to newer brands of genetically modified (GM) cotton seeds in a desperate chase for higher yields, a new study has found.

The study conducted from 2012 to 2018, led by social scientists from Purdue University of the US, and published in American Anthropologist, suggests introducing fewer seeds each season to help make better choices.

Lead researcher Andrew Flachs surveyed cotton-growing villages in Telangana, which has seen a high number of farmer suicides.

Researchers spoke to farmers about their experience with GM cottonseeds to understand how they choose their seeds in a growing market. "Most farmers say, 'I'm doing this to achieve 'manci digubadi' (Telugu for 'good yield')'. That makes sense if you don't think about it too much. However, four years in, I had data saying this decision has nothing to do with yield," Flachs says.

Since 2008, farmers in the region who planted one brand of seeds switched to another the next year in the hope of achieving a better yield, the study says. However, when researchers compared yields for six most popular cotton seeds, they found all were in the same range. Yet, farmers continued to switch seeds. "This suggests that farmers don't have a reliable measure for what constitutes a good yield," states the study.

"Using genetically modified seeds they see in flashy advertisements is their way of using modern technology. It's something they see people doing in the rich villages. They're using technology to be as successful as they can so that they can help their families. That's at the core of these agricultural decisions," argues Flachs.

Policymakers should slow down the influx of new seeds each season, the study says. "There needs to be a way to reduce anxiety and choice-overload associated with agricultural decisions," says Flachs.

More than 1,200 brands of GM seeds have been released in the Telangana market so far. The seasonal deluge of accelerated and consumerist seed marketing has diminished the value of experiential knowledge in favour of the expansion of GM seed sales, says the study.

There is also a need to improve the quality of life for Indian cotton farmers, including better roads or more reliable irrigation, said the researchers. "This (condition of cotton farmers) is a social problem about justice, not just an agricultural problem about crop pests," he says.

Source: livemint.com - Feb 26, 2019

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## **India to execute ₹900-cr worth silk projects in North East**

India is trying to implement sericulture projects worth ₹900 crore in the North East region to empower farmers and weavers, Indian textiles minister Smriti Irani said recently while launching the Integrated Large Scale Eri Farming project in Arunachal Pradesh in state capital Itanagar under the North East Region Textile Promotion Scheme (NERTPS).

Irani said the government has decided to provide financial assistance to 4,000 beneficiaries under the scheme in the state.

She also assured to impart skill training to sericulture farmers and weavers under the Samarth Scheme for capacity building in the textile sector, according to a news agency report.

There are 27000 looms and 33000 hand-loom weavers in Arunachal Pradesh. Initially the project would cover five districts—Papumpare, East Kameng, Siang, East Siang and West Siang.

If any registered weaver wants to upgrade his old loom, then 90 per cent financial assistance will be provided, she added.

Source: fibre2fashion.com - Feb 26, 2019

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## **Gujarat: Textile units using 'good bacteria' to battle pollution**

Even as industries in Vadodara GIDC face closure due to poor effluent treatments, they can perhaps look at the good bacteria to come to their rescue.

A Chennai-based company's products is being used by several textile units in Ahmedabad and Gujarat to help them battle pollution and reduce the level of chemicals in their effluent.

Proklean Technologies Pvt Ltd makes eco-friendly products for industries like textile, leather and paper that otherwise depend on heavy chemicals for a substantial portion of their production process.

The products developed by the startup replaces chemical products with those that are biodegradable and non-toxic. The company has developed a proprietary technology platform to achieve this. The technology makes use of probiotic microorganisms (beneficial bacteria) to make its products.

Dr Sivaram Pillai, CEO, Proklean said that in many industries Proklean's products have helped replace at least 10% to 15% of the chemical products used earlier. It is developing more products and aims to cover as high as 50% of the chemicals used in some industries. "With this, the overall input of chemical in an industry has come down and this has an automatic impact on the effluent being generated," said Dr Pillai.

Giving an example, he said the first process in any textile industry is washing and cleaning the raw material. "Earlier only chemical products were used to clean this but we have developed cleaning products that are non-toxic and biodegradable and environmentally friendly.

This considerably reduces the pollutants being generated from stage one of the production process," said Dr. Pillai. He said another advantage of the products was that it resulted in saving water up to 20% compared to chemical products and this alone was a substantial saving.

Vishal Karia, director Pradeep Overseas that is into the textile business and is one of the units that have made use of the company's new products in their production process said that it has definitely shown results. "Overall the level of BOD and COD in the effluent has reduced.

The pollution is 20% to 30% less than what it is when compared to chemical products," said Karia. He added that since their unit has a zero discharge process, the use of biodegradable products helps decrease the overall expenditure in recycling the effluent water.

It should be noted that Infuse Ventures, the Cleantech fund of IIMA's Centre for Innovation Incubation and Entrepreneurship (CIIE) sustainability had also in 2015 invested Rs3.5 crore in Proklean Technologies Private Limited.

Source: dnaindia.com - Feb 26, 2019

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## **Next level of consumer growth in India in 2019 through e-commerce: Deloitte**

The sector is poised to grow close to US\$ 1.2 trillion by 2021, said Anil Talreja

Despite all the regulatory challenges surrounding the e-commerce sector in India, the segment is well equipped to drive the next level of Indian consumer growth this year, according to a report.

Consultancy firm Deloitte India, along with the Retailers Association of India (RAI), in a report has said that the India's e-commerce marketplace is poised to grow to \$1.2 trillion by 2021 from the current market of \$200 billion.

The report, titled 'Unravelling the Indian Consumer', said that e-commerce is currently growing at CAGR 32 per cent and would further rise on back of factors such as increasing internet penetration.

It further added that mobile wallets are also a reason for the growth of the e-commerce sector. The mobile wallet transactions in the country has increased from ₹200 billion in FY16 to ₹3,000 billion in FY18.

Besides, e-commerce has changed the shopping patterns in India as the number of smartphone users have increased both in urban and rural markets.

Millennials are one of the major reasons for the growth of e-commerce. According to the report, 28 per cent millennials purchase products due to social media recommendations, and 63 per cent millennials stay updated on brands through social media.

Huge potential

Anil Talreja, Partner, Deloitte India said, “India continues to hold a strong position as far as its market potential is concerned and is on its way to becoming the third largest consumer market in the world, poised to grow close to US\$ 1.2 trillion by 2021.”

He added that the Indian consumer is empowered with the decision-making capability and adoption uptick going beyond the urban areas. This is further facilitated by digital technology.

Moreover, the use of innovation by way of offering experiential retail has picked up of late with the use of advanced data analytics, bots and drones, beacons, cloud-platforms, AR and VR to understand the real need of the consumer, he added.

The report further added that even though the retail industry is growing, its convergence is evident from the number of M&A deals that rose by 25per cent between 2017 and 2018.

In terms of sub-sector performance within consumer retail, the report highlights interesting insights.

While the F&B and apparel, footwear and accessories space contribute a bigger share to the consumer retail pie, FMCG and automotive companies have much higher numbers for total market capitalisation when compared to the former.

Source: thehindubusinessline.com - Feb 27, 2019

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