TEXTILE INTELLIGENCE CENTRE
iBtex.
INFORMATION BUREAU
TEXPROCIL

TEXPROCIL
NEWS CLIPPINGS

The Cotton Textiles Export Promotion Council [TEXPROCIL]
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai - 400 004. Maharashtra State. INDIA
W. www.texprocil.org E. enews@texprocil.org T. +91-22-2363 2910 to 12 F. +91-22-2363 2914

IBTEX No. 132 of 2018 June 27, 2018

USD 68.42| EUR 79.82 | GBP 90.57 | JPY 0.62

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
22254	46550	**86.99**

Domestic Futures Price (Ex. Gin), June

Rs./Bale	Rs./Candy	USD Cent/lb
22180	46395	**86.71**

International Futures Price

NY ICE USD Cents/lb (July 2018)	85.04
ZCE Cotton: Yuan/MT (Jan 2019)	16,805
ZCE Cotton: USD Cents/lb	**98.48**
Cotlook A Index – Physical	**93**

Cotton guide: Cotton futures had another quiet session with prices trading in fairly narrow 4-day ranges. Settlements were modestly lower across the board. December contract settled at 84.51, down 41 points from previous close. July settled at 85.04, down 90 points. The other months settled from 29 to 59 points lower.

Volume was 14,325 contracts, the lightest volume since December 26th (12,599 contracts). Cleared yesterday were 17,134 contracts. However, the aggregate open interest continued to reduce. Open interest began Tuesday at 258,821 contracts, down 461 contracts from previous day. That was its 8th consecutive decline for a total drop of 51,792 contracts.

With the cut in so much OI at any point now cotton could attempt a fresh move (either up or down).There are no new developments of US-China trade talk and no clarity how it could affect cotton market globally.

For detailed report please get in touch with Kotak Commodities Research Desk.

Currency Guide:

Indian rupee has depreciated by 0.3% to trade near 68.45 levels against the US dollar. Rupee is pressurized by sharp gains in crude oil price and general recovery in US dollar. Brent crude trades above $76 per barrel after a sharp 2.4% rally in previous session led by supply concerns relating to Libya, Canada and US attempts to restrict oil purchases from Iran.

The US dollar index trades little changed today after 0.4% gain yesterday. The US dollar remains supported by Fed forecast of two more rate hikes. Also weighing on rupee is continuing worries about economic impact of US led global trade war.

Rupee may remain under pressure unless risk sentiment improves significantly. USDINR may trade in a range of 68.2-68.65 and bias may be on the upside.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

USA: Why Apparel Brands Should be First Movers with Blockchain

When it comes to blockchain, apparel brands would be wise to emerge as first movers rather than fast followers, said experts at the recent PI Apparel in New York City.

From demanding millennial consumers to a growing interest in sustainability, environmental stewardship and social responsibility, a potent cocktail of factors is driving corporate interest in blockchain and bringing targeted solutions to market aimed at solving concrete—and persistently stubborn—challenges.

“Blockchain offers the opportunity to figure out where the problems in the apparel value chain are and to police a part of it,” Elizabeth Rich, coordinator of Forum for the Future, said.

Blockchain remains a bit of a question mark for many, as the technology behind the popular Bitcoin cryptocurrency has been considered overhyped as a panacea for every social and corporate ill. In essence, however, “putting something on the blockchain” really just means uploading contextual data on a ledger or database that can’t be altered (though leading minds fear blockchains will be hackable and alterable someday soon).

The benefit of storing and sharing data on a blockchain is that, especially where complex supply chains are concerned, the many stakeholders involved can observe the data on any given product as it moves from point to point with greater peace of mind about its origins, interactions and destination.

To date, Coca Cola and the State Department have used blockchain technology to combat forced labor, the sock brand DeFeet used it to fight counterfeiting and numerous players are jumping on applications for logistics, shipping and supply chain.

Shawn Wolfe, business strategy manager for Kurt Salmon, a part of Accenture, pointed to factory labor as one area of opportunity, noting that an apparel brand approached the firm with concerns over how to enforce labor standards at its manufacturing partners.

Implementing a method, like blockchain, that would allow the brand to track specific metrics around labor could go a long way toward ensuring compliance with its criteria, Wolfe said, though the data uploaded onto a blockchain is only as trustworthy as the people managing that information.

Currently, this apparel brand only performs a compliance check once annually, but with the right technology in place, the company "should be able to do it computationally on the fly," Wolfe added.

Rich advocated for the apparel industry to come together and work on solutions that benefit the sector as a whole instead of separate players developing disparate solutions.

"We don't think any 'one' should own the entire process because the industry needs a collaborative approach," she explained. Of all the stakeholders, brands have the greatest incentive to map their supply chains all the way back to the suppliers, Rich added, because they could suffer the greatest risk of not knowing this information. Plus, brands have the privilege of speaking directly to the consumer and communicating the journey of each item of clothing from source to shoppers.

Given that 90 percent of millennials prize authenticity, proving that a product is the real deal via traceable technology like blockchain will only grow in importance for brands, Wolfe said.

Devery.io is one blockchain solution that focuses on product authenticity and verification especially for e-commerce, because grey-market bad actors can interfere with the journey of a legitimate product from warehouse to retail store.

The startup was selected by China's JD.com as an inaugural participant in its Beijing-based AI Catapult accelerator. Andrew Rasheed, Devery's founder and CEO, said that though blockchain is promising, scaling the technology to manage high transaction volumes efficiently remains a significant challenge.

Wolfe cautioned against taking a "wait and see" approach to implementing blockchain projects, even if there still are many kinks to be worked out as the technology evolves.

"You don't have to go 'Big Bang' on this," he said, encouraging apparel brands to start small and focus on a pilot project or proof of concept initiative.

First movers in the space will have the advantage of contributing to and shaping blockchain standards. Laggards who adopt blockchain further down the road will be stuck with how pioneers chose to design the electronic databases.

Source: sourcingjournal.com- June 26, 2018

HOME

****

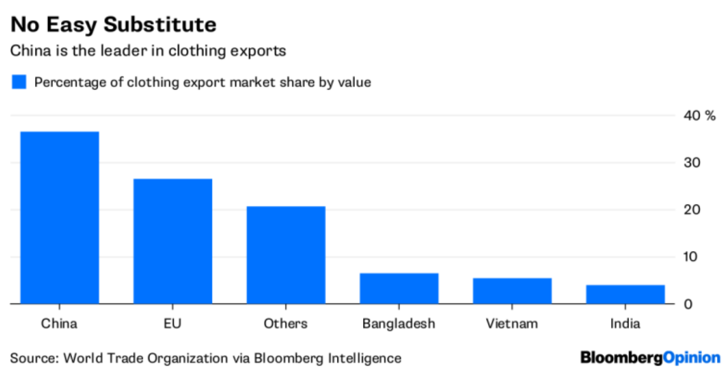
USA: Trade war may force fashion retailers out of China to countries like India

US retailers face a dilemma: alleviate tariff impact by shifting sourcing to other countries, or wear the extra cost.

Tariffs wouldn't be a good look for fashion retailers.

Right now, clothing and footwear aren't included in the list of Chinese products threatened with punitive duties by the US. But as my colleague, David Fickling has noted, adding another $200 billion would probably mean consumer goods being drawn into the fray.

Clothing accounts for about $35 billion of China's annual exports to the US, and footwear $15 billion, around 10 per cent of the total, according to Dylan Chu, China consumer discretionary analyst at CLSA Ltd.



Manufacturing outside of China has developed over the last five to 10 years, partly in response to the country's rising wage costs.

Bangladesh has taken some share, thanks in part to zero-tariff access to Europe for its textiles, as has Vietnam.

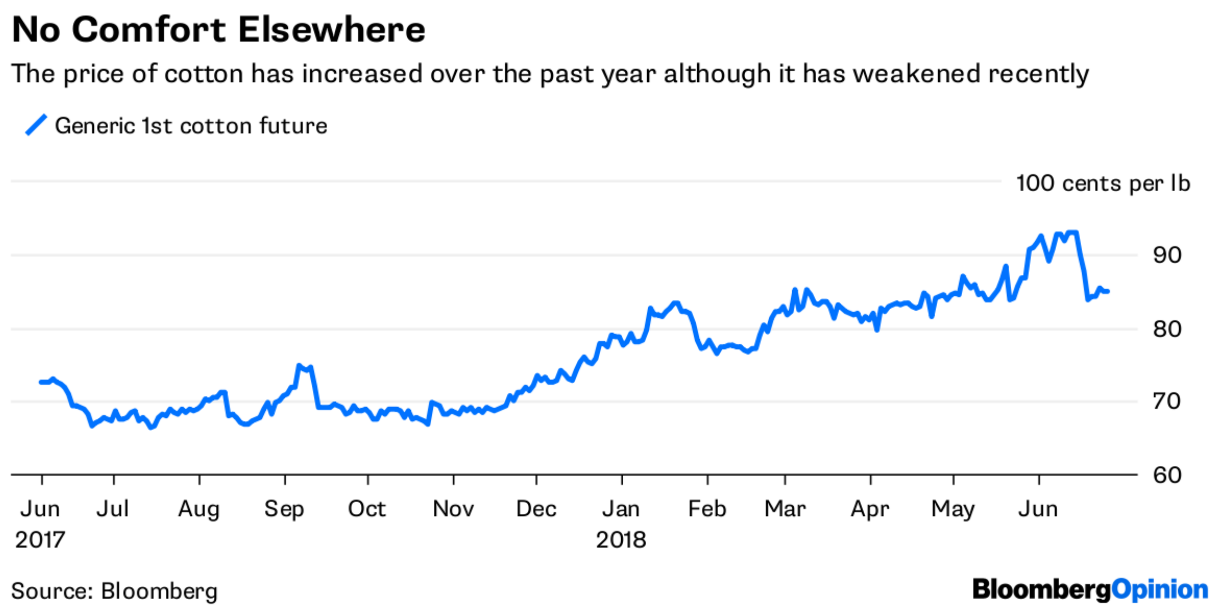
Other potential sources of supply include Cambodia, Indonesia, the Philippines and India. Africa is also developing its manufacturing base, including in Ethiopia, Kenya and countries in the north of the continent.

But China still accounted for 36.4 per cent of global clothing exports in 2017, according to the World Trade Organization.

It's possible US retailers that source direct from factories or suppliers that procure on their behalf could shift more manufacturing to centers outside of China. Indeed, many have already been doing so in order to offset higher labor costs.

There's a limit to how effective that strategy will be. For a start, there might not be enough capacity elsewhere to meet all the extra demand.

There's another reason why moving manufacturing out of China is such a headache: speed.



The developed infrastructure – fabric and other components are also made in the nation – means garments can be turned around more quickly. Moving further afield means longer lead times. Vietnam probably has the edge here: Supplies can be trucked in from its northern neighbor. Even so, Chu estimates that the lead time for apparel would typically be 45 to 90 days in Vietnam, compared with as little as 10 to 20 days in China.

So US retailers and their suppliers face a dilemma: try to alleviate the impact of tariffs by shifting sourcing to other countries, or wear the extra cost and have the latest looks in stores more quickly.

Speed to market is imperative. Spain's Inditex SA is the leader here. Its Zara chain is able to get the hottest trends to consumers within weeks. That's because the company makes about 60 per cent of its products close to its headquarters, in Spain, Portugal and Morocco.

Rivals on both sides of the Atlantic are taking note, and are trying to make their supply chains more efficient.

In theory, consumers should be prepared to pay more for the latest looks. What's more, having more fashion hits, and fewer misses, should mean less product being sold at a discount. That should mean more of a cushion to absorb higher duties.

But consumers have got used to ever cheaper clothing, and with low-priced European rivals such as Associated British Foods Plc's Primark forging into the US, that might not necessarily be the case.

Other options include trying to push the extra costs further down the supply chain, forcing manufacturers to share some of the pain. That won't be easy either. The cost of cotton has risen over the past year, while higher oil prices mean synthetic fabrics are more expensive.

Retailers will be hoping that speed to market does indeed win out, and consumers will prioritize the latest color or style over the bargain basement. Otherwise, a tricky tariff situation will become even more precarious.

Source: bloomberg.com- June 26, 2018

HOME

****

Retaliatory tariffs on US exports without justification under international rules, says the Trump administration

The retaliatory tariffs imposed by the European Union, China, India, Turkey, and other countries on US exports are "completely without justification" under international norms, the Trump administration said today.

The US has adopted a confrontational path with some of its major trading partners including India as it threatens to take all necessary steps to protect US interests.

After US President Donald Trump announced 25 and 15 per cent import tariffs respectively on steel and aluminium, retaliatory duties on US imports have been imposed by China (April 2), Mexico (June 5), Turkey (June 21), and the European Union (June 22). Canada has indicated that it may impose retaliatory duties on US imports. India, Japan, and Russia have notified the WTO of their proposed suspension of commitments under the Agreement on Safeguards.

"President Trump has taken actions on trade in steel and aluminium to protect our national security interests. These actions are wholly legitimate and fully justified, both as a matter of US law and WTO rules," US Trade Representative Robert Lighthizer said. "By contrast, the EU has concocted a groundless legal theory to justify immediate tariffs on US exports. Other WTO Members, including China, have adopted a similar approach," Lighthizer said after the EU, China and India announced new tariffs against the US.

"These retaliatory tariffs underscore the complete hypocrisy that governs so much of the global trading system. For months, the EU, China, and others have criticised the trade policy of the US, while claiming to champion the WTO.

But their recent tariffs prove that they simply ignore WTO rules whenever doing so is convenient," Lighthizer said. He cited Article XXI of the General Agreement on Tariffs and Trade, which, he said, gives broad authority to WTO Members to take action necessary to protect essential security interests.

For decades, the US has consistently held the position that actions taken pursuant to Article XXI are not justiciable by any panel of the WTO, he noted. “In other words, each sovereign country must have the power to decide, for itself, what actions are essential to its security. Any other reading of the Article would represent an unacceptable constraint on the freedom and independence of all WTO Members,” he asserted.

Lighthizer said Trump’s actions regarding steel and aluminium plainly fall within the legitimate scope of Article XXI. The USTR sought to justify the measures taken by America, saying they were implemented only after “long and careful” analysis.

While the US has acted responsibly here, the European Union and its followers have not, Lighthizer alleged. Rather than working with the US, they have retaliated with tariffs designed to punish US companies and workers, he charged. “In an effort to give cover to this blatant disregard for WTO rules, they claim to be acting in reliance on a narrow exception that applies only in response to a safeguard measure.

That exception does not apply here, however, because the US has not taken a safeguard measure,” Lighthizer said. He said when the EU and others “falsely” assert the US steel and aluminium duties are safeguard measures, and impose retaliatory duties under this pretence, they do “great damage” to the multilateral trading system.

“Indeed, they show that they are willing to distort WTO rules to mean whatever they want, whenever they want. Faced with these unjustified tariffs, the US will take all necessary actions under both US law and international rules to protect its interests,” Lighthizer said.

The tariffs became effective for some WTO members on March 23, and they became effective for others on June 1. Excess capacity, driven by China’s non-market economic policies, has made it impossible for US producers to make a decent return and the investments necessary to ensure their long-term viability, the USTR said in a statement.

Since 1947, the US Government has held the consistent view that any country can invoke Article XXI of the GATT (General Agreement on Tariffs and Trade) to take the action it considers necessary to protect its essential security interests, it noted.

The US duties, it said, were imposed by the President pursuant to Section 232 of the Trade Expansion Act of 1962, entitled “Safeguarding National Security”.

“This is a national security action, plain and simple,” the USTR said, asserting that the US is not invoking Article XIX of the GATT, permitting emergency safeguard actions, to justify its duties.

So any assertion that others’ retaliatory duties are a justified response to a US “safeguard action” is, on its face, “ridiculous,” he said.

China, Russia, the EU, India, and Turkey requested consultations with the US under the WTO Agreement on safeguards.

In response, the US explained that the duties imposed on imports of steel and aluminium are not safeguards action under GATT Article XIX, but rather duties imposed for reasons of national security under GATT Article XXI, the USTR said.

“Because the US has not invoked and does not seek to benefit from the right to take emergency safeguard action under Article XIX or the WTO Agreement on Safeguards, no WTO member has a right to retaliate with duties under an Agreement that does not even apply,” he said.

“Accordingly, the duties that have been announced on US exports are completely without justification under international rules,” Lighthizer said.

Source: financialexpress.com- June 27, 2018

HOME

****

China cuts tariffs on imports from South Korea, India and others as trade war with US looms

Beijing will slash duties on a long list of goods from five countries

China on Tuesday announced a long list of tariff cuts on imports from South Korea, India, Bangladesh, Laos and Sri Lanka that will take effect on July 1, amid an ongoing trade skirmish with the United States.

The cuts are part of China's commitments under the Asia-Pacific Trade Agreement signed by the members of a small regional trade bloc that China joined in 2001, before its entry to the World Trade Organisation. The six members agreed to the reduced tariffs in 2016 after a decade of negotiations.

Beijing's decision to put the agreement into effect next week – five days before US President Donald Trump will impose 25 per cent tariffs on US$34 billion worth of imports from China – comes as the Chinese government tries to rally support to fight "trade protectionism".

Under the Asia-Pacific deal, member countries including China agreed to slash import duties on more than 10,000 items by a third on average, according to official documents.

China's cabinet decided to remove tariffs on soybeans from India, South Korea, Bangladesh, Laos and Sri Lanka that were previously 3 per cent, according to a list published by the finance ministry and customs. Soybean meal, which had been subject to 5 per cent tariffs, will also be exempted.

Tariff cuts also apply to chemicals, agricultural products, medical supplies, clothing, steel, non-ferrous metals and liquefied petroleum gas – duties on LPG, for example, will be cut from 3 to 2.1 per cent.

The move is a sharp contrast to Beijing's tit-for-tat retaliation against Washington's punitive duties – it will slap 25 per cent tariffs on US$34 billion of American goods, from soybeans to gas, that will kick in on the same day, July 6.

But the move will have little real impact in terms of helping China's negotiations with the United States.

China is the world's biggest soybean importer, so diversifying its sources would reduce its reliance on America for the grain. But removing tariffs on soybeans from the five Asian countries may not make much difference – none of them have exported the grain to China in the past year.

India, a net exporter of soybeans, exported only 269,275 tonnes of soybeans last year, according to the data of US Department of Agriculture. That is equivalent to less than 1 per cent of China's soybean imports from the US last year.

Other products on the list include live eels, which will be subject to 6.7 per cent tariffs instead of 10 per cent, textile raw materials, down to 6.5 per cent from 10 per cent, and hot-rolled stainless steel plates, cut to 9.3 per cent from 10 per cent.

The pact was the first agreement to reduce tariffs that Beijing signed, but its significance for the country has weakened over the years as its members are not major trading partners with China.

Free-trade deals that overlap with the Asia-Pacific agreement also make it less important for China, for example with South Korea, as well as with Laos under the China-Asean free-trade pact.

Source: scmp.com- June 27, 2018

HOME

****

Bangladesh wants better prices for RMG exports

Bangladesh has demanded better prices for its apparel products considering the huge investments made by apparel manufacturers that have helped improve safety measures and the working environment.

Garment manufacturers say they have modernized readymade garment factories and ensured building and fire safety with an improved working environment in place. Though they have invested a lot in these areas prices of apparel products have not risen.

Brands are generally paying less for garments from Bangladesh today than they did before the Rana Plaza disaster. The price of cotton boys' and men's trousers going from Bangladesh to the US has fallen 13 per cent in the years since the disaster.

In the same period, the price paid for T-shirts exported to the European Union has fallen about five per cent. This happened even as cotton prices went up more than 20 per cent between 2015 and 2017.

The price drop over the last five years underscores the dynamics at play in the global garment supply chain. As clothing sales have become increasingly concentrated in the hands of massive multinational retailers who place gigantic orders, the buyer's power—and ability to get cents shaved off the cost of an item of clothing—has become increasingly concentrated too.

Source: fashionatingworld.com- June 26, 2018

HOME

****

Vietnam firms advised to penetrate into Middle East market

Besides traditional markets such as the US, EU and Japan, Vietnamese enterprises should make inroads into the Middle East market, according to experts.

The Middle East is a market with more than 400 million people and 16 countries. This region imports some 40 billion USD worth of food per year, which is projected to hit 70 billion USD by 2035.

Over the past few years, trade between the Middle East and Vietnam has grown to reach 8.06 billion USD in 2016 and 12 billion USD in 2017, with Vietnam exporting 9 billion USD and importing 3 billion USD worth of goods.

Vietnam mainly exported mobile phones, footwear, garment-textile, rice, pepper, wood and timber products, cashew nuts, fruits and vegetable and coffee.

According to the Ministry of Industry and Trade, Middle Eastern nations have big purchasing power with annual average gross domestic product per capita of 60,000 – 127,000 USD.

Consumption products and farm produce are the two main import products in the region.

Moreover, the Middle East is an entrepot to other markets in North Africa and Central Asia.

President of Intimex Group and Vice Chairman of the Vietnam Coffee and Cacao Association Do Ha Nam said the Middle East has big demand for rice, coffee, pepper and aquatic products.

He advised businesses to penetrate the market through Dubai because this is one of the most open economies and the gateway of goods to the region.

Businesses should participate in trade fairs in Dubai to meet with partners from the Middle East and neighbouring regions.

The Ministry of Industry and Trade suggested Vietnamese exporters study business customs as well as regulations and certificates to export to the Middle East.

Deputy head of the ministry's Asia-Africa Market Department Le Thai Hoa said the Middle East is known as a potential market with high import demand without strict quality requirements.

To enable domestic firms to boost exports to the region, the Vietnamese Government will simplify administrative procedures on tax and reduce time for customs at international ports, he said.

Recently, the Ministry of Industry and Trade abolished thousands of unnecessary administrative procedures to aid local exporters, he added.

Deputy Director of the Vietnam Chamber of Commerce and Industry (VCCI) branch in Ho Chi Minh City Nguyen The Hung said the agency has held a number of exchange programmes and survey tours for Vietnamese businesses to explore foreign markets.

To increase connectivity between Middle East and Vietnamese enterprises, the United Arab Emirates's Relam Investment and Vietnam's MIG Holdings signed a cooperation agreement to launch Trade Hub in Vietnam – a platform operating in many countries to connect online trade.

The Trade Hub is set to go into operation in July 2018, connecting manufacturers, services suppliers, financial organisations and investors.

Source: en.vietnamplus.vn- June 26, 2018

HOME

****

Trade fair to display best Vietnamese, Lao products

More than 120 businesses and units of ViệtNam and Laos will showcase their best products at the ViệtNam-Laos Trade Fair 2018.

The fair will be held in the Lao capital city of Vientiane from June 28 to July 2.

This was announced at a press conference held by the two countries' ministries of industry and trade and ministries of defence in Vientiane on Monday.

The fair, themed "Co-operation, friendship and development," will take place at the Lao International Trade Exhibition and Convention Centre. It will feature more than 200 booths, covering an area of 6,000sq.m.

Vietnamese firms are set to introduce high-quality and typical products, such as garment-textiles, leather and footwear, agro-forestry-seafood products, handicrafts, processed food, electrical and electronic equipment, mechanical and chemical products, construction material, fertilisers and animal food.

Additionally, an exhibition area at the event will display photographs of the Việt Nam People's Army reflecting the two countries' traditional friendship and economic activities.

As part of the trade fair, participating businesses will visit Luang Prabang Province of Laos and Udon Thani Province of Thailand to survey the local markets.

Meanwhile, the Department of Trade Promotion under the Lao Ministry of Industry and Commerce and the Vientiane and Hà Nội associations of women entrepreneurs will hold a business-to-business meeting to help Vietnamese and Lao companies boost trade, investment and business partnerships.

The organising board and enterprises will also give out aid to disadvantaged families and schools in Laos.

Việt Nam-Laos Trade Fair 2018, part of Việt Nam's national trade promotion programme, is an important economic, political and social activity aimed at strengthening the time-tested and special solidarity and friendship between the people and armies of the two countries.

It also looks to create a platform for enterprises to increase trade, investment and business cooperation, thus helping Vietnamese firms promote exports to Laos and other ASEAN markets.

Source: vietnamnews.vn- June 26, 2018

HOME

****

Egypt's ready-made garment exports hit $645M over past 5 months

The Ready-Made Garments Export Council (RMGEC) announced on Tuesday that exports of the sector increased by 12% during the first five months of the current year to reach 645 million dollars, compared with 575 million dollars during the same period in 2017.

In its monthly report, the council said that the exports of the sector to the US made an increase of 12% from January to May of 2018, recording 310 million dollars, against 276 million dollars during the same period in 2017.

With an increase of 16%, Egypt's exports to Europe registered 219 million dollars, compared with 189 million dollars in 2017.

Egypt's garment exports to African countries were notably up in the first five months of 2018 to reach 1.253 million dollars, against 855,000 dollars during the same period in 2017.

As for garment exports to Arab countries, they dropped by 16%, recording 30 million dollars in 2018, compared to 35 million dollars in 2017.

The report added that the top countries interested in the Egyptian garment exports are the US, Turkey, Spain, Britain, North Ireland, Germany, Italy, France, Saudi Arabia, Belgium and the Netherlands.

Source: egypttoday.com- June 26, 2018

HOME

****

Tanzania to boost earnings from cotton exports

Tanzania is set to increase earnings from cotton exports in the next two years, a senior official said on Tuesday.

Mary Mwanjelwa, the east African nation's Deputy Minister for Agriculture, told the National Assembly in the capital Dodoma that the plan is to increase cotton exports from the current 30 million U.S. dollars to 150 million U.S. dollars by 2020.

"We have a number of strategies that have been implemented since 2017 to ensure cotton production surpass the 600,000 tonnes mark," said Mwanjelwa, adding that the improved quality of the seeds also added value to the commodity.

She noted that the plan is a new blueprint adopted by the government and other stakeholders to improve the production of cotton in the country, and the government is working to re-establish some internal systems starting with the production of seeds.

Currently, there are 17 regions that grow cotton in the east African nation.

According to the deputy minister, during the forthcoming farming season in 2018, cotton farmers will be required to use improved seeds such as UKM08 seeds rather than the use of substandard seeds.

Source: xinhuanet.com- June 26, 2018

HOME

****

NATIONAL NEWS

With termination of export subsidies, is India overstaying its US welcome?

The US over last eight years made two allegations, one of them being India cannot provide export subsidies because it is no longer a low-income developing country.

In May 2018, the World Trade Organisation (WTO) set up a panel to investigate the US's allegations against certain export subsidy schemes in India.

The US has over the last eight years made two primary allegations – first, India cannot provide export subsidies because it is no longer a low-income developing country. And second, India is required to phase out its export subsidies in the textiles sector, in which it has achieved export competitiveness in 2010.

Do these allegations have merit and what is likely to be the fate of India's export subsidy regime?

What makes India special?

As a rule, subsidies contingent on export performance have trade-distorting effects and are prohibited under WTO law. At the same time, they play an important role in the economic development programmes of developing countries, especially at the initial stages.

A compromise between these ideas led to the genesis of Article 27 of the Agreement on Subsidies and Countervailing Measures (ASCM), which provides for special and differentiated treatment for developing countries.

Under this regime, India, along with twenty other low-income developing countries, belongs to a special category of "annex VII(b) countries".

These countries are permitted to retain their export subsidies so long as their gross national income ("GNI") per capita at constant 1990 dollars does not exceed $1000 for three consecutive years.

Further, if any Indian product achieves export competitiveness, i.e., its exports have a share in world trade of at least 3.25% for two consecutive years, export subsidies for that product must be gradually phased out over an eight-year period.

The year 2017 was a 12-month-period of reckoning for India's export subsidies – not only did it mark India's crossing of the $1000 threshold for the third consecutive year, but it also was the end of India's eight-year phase-out period following its export competitiveness in the textiles sector.

India crossing the $1000 GNI per capita threshold

In 2017, India officially "graduated" from the 'annex VII(b)' category. India now must get rid of its export subsidies – a fact that neither India nor US disagrees on. The only disagreement is about when.

India argues that it is entitled to an eight-year phase-out period starting 2017.

According to Article 27(2)(b) of the ASCM, developing countries, whose GNI per capita was above $1000 on the date of entry into force of the WTO Agreement, were given an eight-year period to phase out their export subsidies. It would seem reasonable to also extend this leeway to developing countries that cross the $1000 threshold after entry into force of the WTO Agreement, such as India.

There is only one problem with this claim – it has no basis in the text of the ASCM. Accordingly, US argues that India was required to end its export subsidies immediately upon its graduation from Annex VII(b). India tried to circumvent this requirement in 2011, when, along with five other developing countries, it proposed a clarification to Article 27, ASCM that the eight-year phase out period would apply equally to Annex VII(b) countries, once they graduate. However, other countries viewed this as a substantive amendment to the ASCM, which they were unwilling to accept.

State practice under the ASCM also seems to undermine India's claim. In 2001, the Committee on Subsidies and Countervailing Measures ("SCM Committee") allowed Annex VII(b) countries to seek ad-hoc extensions beyond the graduation date, if they reserved this right before 31 December 2001.

Four Annex VII(b) countries – Bolivia, Honduras, Kenya and Sri Lanka – made such a reservation. Arguably, these countries would not have considered such reservation necessary, if they believed they already had an eight-year phase out period. However, three out of the four countries making the reservation also supported the 2011 proposal clarifying that the eight-year phase out period applied to graduating Annex VII(b) countries. Thus, it is likely that their reservations were only taken in abundant caution and do not amount to an implicit acceptance that they had no right to an eight-year phase out period otherwise.

Regardless, the absence of a textual basis is an insurmountable obstacle for India's claim, especially given the WTO dispute settlement body's adherence to textualism and its reluctance to add to or diminish the rights of countries through the interpretation of WTO treaties.

In all likelihood, the WTO panel will conclude that India must dismantle its export subsidy regime immediately.

India achieving export competitiveness in the textile sector

In 2010, the WTO secretariat calculated that India's textile exports had crossed the 3.25% share in world trade for two consecutive years. Based on this, US made two claims – first, that India has taken no concrete action to phase out its export subsidies for textiles over an eight-year period till 2017 and second, that India has violated the standstill obligation in this phase-out period, by introducing new export subsidies, in the form of the Merchandise Exports from India Scheme, in 2015.

As to the first claim, India has an innovative response, hinged on an interpretative difficulty.

For calculating export competitiveness, Article 27.6 of the ASCM provides that "a product is defined as a section heading of the Harmonized System Nomenclature ("HSN")" (emphasis added).

Under the HSN, sections and headings are distinct levels of classification. It is unclear whether Article 27.6, by referring to "section heading", requires products to be defined at the narrower "heading" level or the broader "section" level of the HSN.

Admittedly, regardless of how "product" is defined in the textiles sector, India has crossed the 3.25% threshold for two years as of 2010. However, the definition of "product" will impact the number of items for which export subsidies will have to be phased out. For instance, in the textiles sector, if there are 60 items under the narrower heading level and 100 items under the broader section level, then India needs to know whether it must phase out subsidies on 60 items or all 100 items.

Until this interpretative difficulty about product classification is resolved, India refuses to commence the phasing-out process. Unfortunately, while taking this stance, India did not foresee that in exactly eight years it would graduate from the Annex VII(b) category. Thus, its product classification argument was rendered moot in 2017, since India lost the ability to have any export subsidies whatsoever.

This brings us to the second claim against India. Even if the phase out period started in 2010, India argues that there is no standstill obligation in Article 27.5 or 27.6 of the ASCM that prevents India from introducing new schemes. The only requirement is that these subsidies "be gradually phased out over a period of eight years." This can be contrasted with Article 27.4, ASCM which calls for the subsidies to be phased out in a "progressive manner".

The absence of a similar "progressive" requirement means that India does not violate any obligations by introducing new schemes, if all schemes are eventually done away with at the end of the period. Here, a textualist reading of the treaty, while unfavourable to India's claim for an eight-year phase out period after graduation, could be of some benefit.

Only a matter of time

India's export subsidy regime has provided fertile ground for some creative legal arguments and other not so creative ones. Unfortunately, its termination cannot be postponed any longer.

Perhaps the best indicator of India's lack of confidence in the strength of its own position is that it has already started working to replace its existing subsidy schemes with WTO-compliant incentive schemes.

Therefore, the question is not whether India's export subsidy regime has overstayed its welcome, but rather, what regime should take its place instead.

Source: business-standard.com- June 27, 2018

HOME

****

Short-term view negative for MCX-Cotton

Cotton prices have been under pressure the last couple of weeks. The futures contract on the Multi Commodity Exchange (MCX) made a high of ₹23,320 per bale on June 11 and has reversed sharply lower from there. The contract tumbled over 6 per cent from this high to make a low of ₹21,770 last week on Thursday and bounced slightly higher to trade at ₹22,190 per bale.

The short-term view is negative for the MCX-Cotton futures contract. The recent reversal from the high happened from a crucial long-term trend resistance level.

Though the contract has been consolidating around ₹22,000 over the last few days, any upmove in the near-term could be limited. Key resistances are poised between ₹22,350 and ₹22,650. An intermediate bounce to test these resistances in the near-term cannot be ruled out. But a strong break and a rally above ₹22,650 looks less probable.

A fall to ₹21,450, a key short-term support level, is likely in the coming weeks. A break below , though less likely, can drag the contract to ₹21,000. The region between ₹21,450 and ₹21,000 is a strong medium-term support level which could halt the current downtrend. A strong upward reversal from this ₹21,450-21,000 support zone will have the potential to take the MCX-Cotton futures contract higher to ₹23,000 levels.

Trading strategy

Short-term traders with high risk appetite can go short on rallies at ₹22,300 and at ₹22,500. Stop-loss can be placed at ₹22,700 for the target of ₹21,500. Revise the stop-loss lower to ₹22,100 as soon as the contract moves down to ₹21,850.

Note: The recommendations are based on technical analysis and there is a risk of loss in trading.

Source: thehindubusinessline.com- June 27, 2018

HOME

****

India, Bangladesh working on removing non-tariff barriers

India and Bangladesh are working on dismantling non-tariff and para-tariff barriers and could renew economic engagements, high commissioner of Bangladesh to India Syed Muazzem Ali recently said at a seminar in New Delhi jointly organised by the Federation of Indian Chambers of Commerce and Industry (FICCI) and the Bangladesh High Commission.

The renewal could be the result of Bangladesh recently graduating from 'least development category' (LDC) of the United Nations Committee for Development Policy, Ali said at the seminar on on 'Bangladesh's Graduation from LDC: New Frontiers and Horizons for India-Bangladesh Economic Engagement'.

Bangladesh seeks substantial Indian investment in three special economic zones of Mongla, Bheramara and Mirsarai to broaden its export base, a FICCT press release quoted Ali as saying.

Source: fibre2fashion.com- June 27, 2018

HOME

****

Over 120 million Indians likely to shop online in 2018

Over 120 million Indian consumers are likely to shop online, clocking annualised growth of 115 per cent in 2018 as the e-commerce platforms slug it out with discounts in a wide range of items including clothes, says a study. As many as 108 million consumers shopped online in 2017 even as phones are becoming the preferred choice of device for online sales.

Over 60-65 per cent of online shoppers would opt for placing their orders on mobile phones from the present 40-45 per cent, according to ASSOCHAM-Resurgent joint study projection.

As many as 89 per cent of the consumers covered in the study are heavy users of the internet. The respondents were across Delhi, Mumbai, Kolkata, Bangalore, Ahmedabad, Hyderabad and Pune among others.

"Since the base is still quite low, there is a huge scope for growth year on year for quite some time. With improvement in logistics and more and more delivery channels, the online shopping is bound to grow. No wonder, a huge amount of foreign investment is coming in the sector. It has become a multi-billion investment business. Investment in back end delivery channels, brand building, consumer research and building trade partners would be the key drivers," said ASSOCHAM secretary general DS Rawat.

Online ticket buyers were also seen to be more comfortable with the use of debit cards (23%), credit card (17%) and cash on delivery (58%). For regular internet users - cash on delivery was the most preferred mode of payment (74%), followed by debit card (18%) & credit card (5%), noted the study.

In terms of motivators to shop online, the consumers' highlighted cash back guarantee as the number one benefit, ability to give cash on delivery, fast delivery, great deals and access to branded products.

The consumers also highlighted some barriers that deter them from shopping online - the number one factor was inability to touch and try the goods before purchase, fear of faulty products, fear of posting their personal and financial details online and the inability to bargain were cited among the other reasons. Online apparel sales continue to capture a greater share of Indian retail e-commerce as a category along with the computer and consumer electronics sector, fuelling the overall market growth.

There is a surge in the number of people shopping on mobile across India with tier II and III cities displaying increased dominance. In fact, 50 per cent of the traffic is coming from mobile and a majority of them are first time customers, adds the paper, stated the study.

The year 2018 will see large scale growth in the Indian e-commerce sector with increased participation from people across the country. This industry will continue to drive more employment opportunities and contribute towards creating more entrepreneurs through the e-commerce marketplace model, according to the study.

Source: fibre2fashion.com- June 27, 2018

HOME

****

Why is the South lagging in Amazon India's global selling programme?

According to The Amazon Export Digest 2017, the retail giant's global selling programme has witnessed an aggressive uptick in East, West, and North India, but has not been able to see similar success in South India.

It has been three years since Amazon India launched its global selling programme, which allows Indian sellers to sell their wares across the globe. Since then, Amazon has been encouraging more sellers from across the country to be a part of this programme, and expand the "Made-in-India" product portfolio on its marketplaces internationally.

How has the platform been performing, especially at a time when exports are getting a boost from the rupee depreciation, and as the government has taken various proactive measures to promote exports?

The Amazon Export Digest 2017, titled "Taking Make in India to the World" gives insights on the performance of the global selling platform. The report said the platform saw a 224 percent growth in the number of Indian exporters and 500 percent growth in Indian products on Amazon's international marketplaces in 2017.

But there is a catch. The high growth in terms of export numbers for India was not proportionate across the geography of India. Amazon India's global selling programme is witnessing an aggressive uptick in East, West, and North India, but has not been able to see a similar level of success in the southern part of India.

The report pointed out that there was 271 percent growth in East India-based products, 563 percent growth in North India-based products, and 187 percent growth in West India-based products, but there was only 52 percent growth in South India-based products. Similarly, the growth in South India and East India-based exporters was lesser than the North and West. Neither the report nor

Amazon provided absolute numbers in terms of sellers based in various zones.

Slow in the South?

So why have sellers from South India not been able to capitalise on the platform?

Amazon defended the low numbers of sellers from South India by saying its global selling platform has more manufacturers in South India vis-à-vis North India where the platform has more re-sellers (who source from various manufacturers).

An Amazon India spokesperson said, "Our programme currently has a mix of manufacturers, resellers and aggregators selling their products globally. Typically, the selection listed by manufacturers is curated and customised as per the demand in the destination marketplace, hence the number of products listed by them (manufacturers) is relatively lower. On the other hand, resellers or aggregators source their products from multiple manufacturers and so the number of products listed by them is higher."

The spokesperson added, "Given that we have a higher number of manufacturers from South and East regions as compared to North and West, there is a variation in the seller spread. Furthermore, categories like home textile and leather goods majorly offered by South-based sellers, have lesser number of SKUs (stock keeping units) as compared to categories like apparel and jewellery, which have a larger selection and are dominated by North and West-based sellers. These factors are the major contributors to the dissimilarity in the number of sellers and products offered by regions across the country."

The report stated that the states with the maximum number of exporters on the platform are Delhi, Rajasthan, Maharashtra, Gujarat, and UP. The cities with the maximum number of international exporters are Delhi, Mumbai, Bengaluru, Hyderabad, and Kolkata. From the non-metro cities, Indore, Surat, Ahmedabad, Ghaziabad, and Pune featured as the cities with the most international exporters on the platform.

According to a joint Ficci and IIFT report last year, the revenue from cross-border trade in the B2C segment is likely to increase from the $500 million to $2 billion by 2020. Compared to domestic e-commerce market, the export market through e-commerce is minuscule.

Amazon India's global selling programme currently has more than 32,000 Indian merchants selling about 90 million products to customers across 11 countries. In April this year, Amazon also started B2B selling for its global selling programme to provide a platform to Indian sellers to export their merchandise to business customers outside India.

Source: yourstory.com- June 27, 2018

HOME

****

Time ripe for entrepreneurs to grab opportunities: Expert

India should prepare itself to make the most of the business opportunities that might come up as it has the fastest growing economy in the world and would rank among the top three by 2030, said Prashant Mohota, former vice-president of Vidarbha Industries Association, on Tuesday.

On the other hand, Chinese economy is showing signs of a slowdown in gross domestic product (GDP) growth due to increased labour costs and stringent environmental norms.

These factors might open doors of opportunities to India. Therefore, more number of entrepreneurs should jump on the bandwagon, he said.

Mohota was speaking at a workshop on 'Never a better time to be an industrialist', organized by Economy and Finance Forum of Vidarbha Industries Association (VIA), at Udyog Bhavan, Civil Lines.

The meet covered schemes and incentives offered by the government to industrial sector. The talk was aimed at motivating the aspiring entrepreneurs and promoting culture among the youths.

Having attained success in the textile business, Mohota has done extensive research and analysis about the Indian economy.

He said, “Streamlining business through Goods and Services Tax (GST), push for Make in India, easier labour laws, industry friendly policies and higher young population in India are the factors which can prove to be a win-win situation for most of the business ideas.”

Mohota highlighted the benefits of government initiatives like Packing Scheme of Incentives (PSI 2013), Special Policy for Women Entrepreneurs 2017, Start-up India, Pradhan Mantri Kisan Sampada Yojna and more to clear the doubts of those present. His talk was followed by a question-and-answer session where he resolved queries of a bunch of budding entrepreneurs.

Naresh Jakhotia, joint secretary of VIA, said, “Competition always exists in the market. There is no best time to dive in except now. Years later, you might look back and regret that maybe investing in 2018 would have helped garner profits.”

President of VIA Atul Pande said the process of framing policies has changed and the feedback of businessmen is now taken into account while formulating a new one.

Source: timesofindia.com- June 27, 2018

HOME

****