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IBTEX No. 241 of 2018 November 27, 2018

USD 70.88| EUR 80.38 | GBP 90.85 | JPY 0.62

Cotton Market		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
20987	43900	**79.02**
Domestic Futures Price (Ex. Gin), November		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
21480	44931	**80.88**
International Futures Price		
NY ICE USD Cents/lb (Dec 2018)		78.58
ZCE Cotton: Yuan/MT (Jan 2019)		14,485
ZCE Cotton: USD Cents/lb		**80.46**
Cotlook A Index – Physical		**85.55**

Cotton Guide: In last two weeks no major change has happened to the price of cotton. It has continued to trade sideways. However, the December 18 contract at ICE has now got into its 1st notice period while March 19 is the most active contract. The spread between December and March is continued to trade near or less than 1 cent per pound. Going forward we shall now discuss the March 19 contract as part of trade study and strategies.

The start of the week Cotton future for March 19 contract moved higher to end the session at 78.58 cents per pound up by 136 points from the previous close. Since December has moved into its expiration notice period the March contract is currently holding open interests around 0.134 million contracts whereas the aggregate open interests around

0.222 million contracts. This means major part of the trade is now on March which should cover the most part of 2018-19 crop seasons across the globe where major trade, hedge and arbitrage positions are likely to take place. However, the aggregate open interests have dropped significantly in last one week or so.

Published after the market close, the USDA US Crop Progress report for the week ended November 25th was released. It showed the total US at 70% harvested versus the 5-year average of 77%.

On the technical front, prices remain in a 9-week trading range of roughly 7650 to 8150. There is an expectation that the eventual resolution of that trading range should precipitate a good move. On a short-term basis, a broadening formation illustrates a recent uptick in volatility that could be an early warning that a decisive move is about to occur.

With the bulk of the work ‘down,’ the odds would seem to favor a decisive move to the downside. But in our opinion, this pattern merely indicates that traders should be alert for significant technical events such as resolution of a trading range or the violation of strong support or resistance. In other words, all but aggressive short-term traders should stand aside, if possible, and await resolution of the 9-week trading range.

On the domestic front Shankar-6 price has declined sharply to trade near Rs. 44000-44400 per candy ex-gin. Daily seed cotton arrivals are estimated at almost 150,000 lint equivalent bales (170 kgs), including 45,000 in Gujarat, 32,000 in Maharashtra and 28,500 in the Northern Zone.

With the Indian rupee appreciating near 71 per one US dollar the equivalent value is around 79.70 cents per pound. Likewise, Punjab J-34 has also moved down to Rs. 4400 per maund around 75.90 cents per pound. On the futures front the MCX cotton contract for November has declined last week from Rs. 22500 to currently trading at Rs. 21500 per bale. We think lower domestic spot price amid higher arrivals, steady ICE and stronger Indian rupee is putting pressure on domestic future price. For the day cotton is expected to trade in the range of Rs. 21350 to Rs. 22650 per bale.

Further on the domestic fundamental front recently concluded Cotton Advisory Board meeting suggested production from the 2018-19 crop is placed at 36.1 million bales (170 kgs) and imports at 1.5 million. Consumption (including non-mill use) is estimated at 31.7 million, and exports at 6.5 million. The projected net result is a reduction in stocks, from 4.712 million bales at the start of the season to 4.112 million by September 30, 2019.

On the macro front the ongoing story related to US-China trade worries continues in the market. It is expected that the import tariff on 200 billion USD will be imposed. The USD index is rising gradually amid expectation of safe haven. The currency in India has appreciated against the US dollar.

FX Update:

Indian rupee has opened weaker by 0.15% to trade near 70.99 levels against the US dollar. Rupee weakened on some stability in crude oil price after testing 1-year low. Brent crude trades near $60 per barrel after yesterday's 2.9% gain. Market expectations that OPEC and allies may cut output to rebalance global market have lent some support to crude.

The US dollar also gained support from safe haven buying amid uncertainty about US-China trade talks. As per reports, US President Donald Trump said he'll likely push forward with plans to increase tariffs on $200 billion of Chinese goods, indicating he would also slap duties on all remaining imports from China if negotiations fail to produce a trade deal.

Also weighing on rupee is choppiness in equity market amid US-China trade uncertainty. Market players are also cautious ahead of outcome of state elections in Rajasthan, Madhya Pradesh and Chhattisgarh. Rupee appreciated sharply in last few days on back of crude oil correction but we are seeing some choppiness amid lack of fresh cues. Rupee may however remain on the firmer side as crude oil outlook still remains weak. USDINR may trade in a range of 70.7-71.15 and bias may be on the downside.

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

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INTERNATIONAL NEWS

WTO Reports Say Trade is Losing More Momentum Thanks to Protectionist Policies

Protectionism has grown rapidly around the world and could have a serious impact on consumer prices and economic growth, a new World Trade Organization (WTO) report warned.

The WTO's 20th monitoring report on G20 trade measures showed the amount of trade covered by new import-restrictive measures reached a new high of $481 billion from mid-May to mid-October. This is more than six times larger than recorded in the previous reporting period and the largest since the measure was first calculated in 2012.

At the same time, the WTO's latest World Trade Outlook Indicator (WTOI) released Monday—which calculates growth—had a reading of 98.6, the lowest since October 2016 and reflected declines in all component indices. That's below the previous value of 100.3 and falls under the baseline value of 100 for the index. Readings of 100 indicate growth in line with medium-term trends, while readings greater than 100 suggest above-trend growth and those below 100 indicate the opposite.

The WTOI report said the new results indicate that trade growth is likely to slow further into the fourth quarter and into 2019.

Continued moderation was driven by the steady decline in the export orders index (which carried a value of 96.6), which remained below trend and is nearing the weakest point recorded in 2012 during the Eurozone crisis, it noted. Indices for automobile production and sales (96.9), electronic components (93.9) and agricultural raw materials (97.2) have moved from on trend to below trend, while international air freight (100) and container port throughput (101.2) have dipped, thought they remain on trend.

The latest results are consistent with the WTO's downgraded outlook for global trade issued in September amid escalating trade tensions and tighter credit conditions in important markets. The revised forecast anticipated trade expansion to slow to 3.9 percent in 2018 and 3.7 percent in 2019 from 4.7 percent in 2017.

The G20 report covering the world's top 20 economies said new import-facilitating measures of $216 billion also rose significantly during this period, though they came in less than half that of what trade-restrictive measures cost.

WTO Director-General Roberto Azevêdo warned the report's findings constitute a source of serious concern that will demand immediate action to de-escalate the situation.

"The report's findings should be of serious concern for G20 governments and the whole international community," Azevêdo said. "Further escalation remains a real threat. If we continue along the current course, the economic risks will increase, with potential effects for growth, jobs and consumer prices around the world. The WTO is doing all it can to support efforts to de-escalate the situation, but finding solutions will require political will and it will require leadership from the G20."

A total of 40 new trade-restrictive measures were applied by G20 economies during the review period, including tariff increases, import bans and export duties. This represents an average of eight restrictive measures per month compared to the six measures recorded during the previous review period from mid-October 2017 to mid-May 2018.

G20 economies also implemented 33 new measures aimed at facilitating trade during the review period, including eliminating or reducing import tariffs and export duties. This is in line with the trend between 2012 and 2017. In addition, liberalization associated with the 2015 expansion of the WTO's Information Technology Agreement (ITA) continued to feature as an important contributor to trade facilitation, the report noted.

The continued expansion of trade-restrictive actions and the uncertainty created by them could place economic recovery in jeopardy, the WTO noted, saying, "Further escalation would carry potentially large risks for global trade, with knock-on effects for economic growth, jobs and consumer prices around the world."

Source: sourcingjournal.com- Nov 26, 2018

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USA: Slower economic growth, excess supply combined with tariffs raise 2019 cotton concerns

Economist Dr. Robinson provides insight for growers as to how to remove downside price risk.

Cotton production losses and their effect on U.S. production estimates from Hurricanes Michael and Florence have yet to be realized. A booming economy and a surplus of cotton leave growers wondering about the cotton market risks going into the 2019 season.

Texas A&M Economist Dr. John Robinson examined these supply and demand issues along with risk management considerations, in a recent webinar produced by the University of Arkansas System Division of Agriculture.

Demand

But the main concern with supply and demand lies on the demand side: “Is demand slowing or are we in a temporary lull?” Robinson asked.

“The demand for grain crops has been largely unaffected by things that affect cotton demand,” he says, “mainly because there’s a growing class of people who are becoming wealthy in some of the developing countries. The first thing they do is improve their diets, eating grains and meats — grain fed meat — which has led to a major expansion, an upward trend in per capita of grain consumption.”

But that’s not true of cotton. As the economy goes, so goes cotton consumption. “Cotton is more of an industrial crop and it’s related to retail purchases of apparel and home furnishings. They’re discretionary items, and they go up and down with the economy.”

And while U.S. economic growth has increased more than 3 percent in the last two years, and the stock market was up until a few months ago, Robinson says today the U.S. is not in a boom time and the long-term projections suggest slower economic growth.

“So, I’m not looking for a major boom in economic growth and in people’s wealth to stimulate large purchases of more cotton than we were expecting.”

Historically, when the U.S. is in a recession, per capita cotton consumption drops. “When people tighten their belts, they don’t have to buy new clothes. They don’t have to buy new towels and sheets, but they do have to buy gas. We put food on the table and gas in the car, so people prioritize,” says Robinson.

Exports

From January through June of 2018, U.S. export sales were “unusually large,” adding to the bullish market sentiment, says Robinson. “At the same time, a major drought was going on in Texas, Oklahoma and New Mexico and in other parts of the Cotton Belt, so, between concerns about supply and rather strong sustained, robust export sales, things were looking pretty good and that’s when we had prices rally steadily all spring, all through the first and second quarter of the year on up into the '90s.”

But since June, those unusually large export sales have become somewhat stale. “It’s slacked off. We’ve been at a recent pattern of somewhat anemic export sales,” Robinson says.

The culprit? Along with several other factors, Robinson points to tariff uncertainty with China and issues in Turkey. “They (Turkey) have political upheaval; their currency has collapsed; their trade has been disrupted and that’s probably curtailed what otherwise would have been normal sales of U.S. cotton to them. Then the problems with the crop and the uncertainty of quality supplies may have put a damper on U.S. exports.”

Speculators

The most influential factor when it comes to upward and downward movement of cotton future prices, is speculators. “If they think the market’s going down, they’ll sell it trying to take advantage of that trend, and if they think the market’s going up, they’ll buy it. Speculators tend to be a catalyst and a sort of self-fulfilling prophecy influence.”

Since 2016, the U.S. has had varying, but large, positive amounts of net buying by hedge fund buyers, but during 2018, the rise in prices during the first and second quarters of the year, combined with the peak in prices in the mid-90s has resulted in a major buildup of hedge fund longs.

“And consequently, when those people down-shifted out of that peak position, prices came back down into the 80s and then below 80 cents to where they are today, 77 cents per pound.

“So, they’re a major influence,” says Robinson, who adds that the last major downshift in the market was associated with the recent announcements about tariff retaliations between the U.S. and China. “I think it had something to do with the mindset of these speculators and getting out of that uncertain situation, which contributed to a decline in prices.”

Retaliatory tariffs

When retaliatory tariffs were announced this spring, as has been the pattern for the last five years when China distorts markets, cotton export sales typically do not decrease but are only rerouted to countries like Vietnam, Indonesia, Bangladesh and Pakistan for spinning and then shipped to China duty-free.

“That was what I expected to happen,” says Robinson. “But in the last round of tit-for-tat announcements back in September, the U.S. imposed a large round of tariffs on selected Chinese imports and they included apparel. China’s responsible for about 40 percent of the apparel imports into the United States and about 30 percent of the cotton-dominated apparel imports into the United States.

“So, if we impose tariffs on Chinese imports in the short run, we’re probably making it more expensive for U.S. consumers to buy cotton-dominant apparel. We’re raising the price of it, which in theory would reduce the quantity demanded of it. And that may work its way back down the supply chain to reduce Chinese demand for cotton in general, not just for U.S cotton.”

An indirect effect of the tariffs on the cotton futures market is with hedge funds downshifting out of their long positions because of uncertainty about the impact of this whole ordeal, adds Robinson.

Bottom line, U.S. tariffs slow growth, whether on China, Canada or Mexico. “Tariffs are a tax on consumers, which ultimately results in slower growth to the extent that the GDP is lower and cotton consumption is lower.”

Supply

The main situation Robinson says colors his outlook of 2019 is the "very big" cotton supply.

"I think we're going to plant just as much if not more cotton in 2019. And that's because grain prices are lower relative to cotton prices — it favors cotton over wheat and cotton over feed grains. Soybean prices have collapsed and that may increase cotton plantings as a substitute in the Mid-South and in the Southeast."

Excess soil moisture this fall, along with El Niño conditions forecast, which usually means rainier, wetter weather during the spring into summer, will likely result in lower abandonment, higher yields, potentially excess production, he says.

"I'm worried about a supply response, which is economic code for weak prices as a result of excess supplies," Robinson explains.

Reducing Risk

Should the above scenarios play out, Robinson recommends growers consider ways to remove downside price risk.

"While prices are still good — we have futures in the upper 70s — I would ask growers to consider forward contracting a reliable amount, a portion of their expected production or their guaranteed production; they could use their APH's, and forward contract at these levels."

Robinson also encourages growers to take advantage of rallies in the market to do some pricing. "At the same time, you can forward contract a portion. You could also consider just hedging a portion and hedging earlier than you're used to but either using a hedge selling futures, which has its risks, or using put options strategies, but I would consider hedging a portion, especially if there's a rally in the market, or using put option strategies at a given level of prices would only get a little bit cheaper and be ready to act."

Source: southwestfarmpress.com - Nov 26, 2018

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Chinese cotton sector got $4.3 bn subsidies in 2017-18

The Chinese government is estimated to have provided total subsidies of $4.3 billion (33 cents per pound) to the cotton sector in 2017-18, up from $3.3 billion in 2016-17 (30 cents per pound), according to International Cotton Advisory Committee (ICAC). In addition to direct subsidies, border protection benefits are enjoyed by producers in China.

The government of China supports cotton production by controlling cotton import volumes and values and by applying border protection measures based on quotas and sliding scale duties, with an effective tariff of 40 per cent on cotton imported without a quota, says the report prepared by ICAC secretariat in Washington DC.

The Chinese government also maintains a strategic reserve of cotton, serving as a national buffer stock, which is managed by the China National Cotton Reserve Corporation (CNCRC). China releases cotton to the market from the reserve through a system of auctions when there is a shortage, and replenishes the reserve in times of abundance, thus supporting prices.

However, since 2014-15 there have been no purchases by the government into the reserve. Instead, the government paid direct subsidies to cotton growers, in addition to the border protection benefits enjoyed by producers in China, says the report titled “Production and trade subsidies affecting the cotton industry”.

Since 2015-16, China restricted imports by issuing only the tariff-rate-quota (TRQ) import quotas, with the objective of reducing government stocks. As a result of government interventions and quotas, domestic cotton prices in China have exceeded international prices during the past three seasons, the ICAC report said.

The ICAC Secretariat uses the difference between domestic and imported cotton prices to estimate the border protection support to Chinese cotton resulting from government interventions.

The price differential between the CC index (an index of mill-delivered cotton in China) and the FC Index L (an index of imported cotton arriving in China’s main ports) adjusted to include value- added tax, port charges and transportation to mills, is used in calculations.

The estimated benefit (subsidy) received by producers in China as a result of the government border protection increased from $1 billion (9 cents per pound) in 2016-17, to $1.5 billion (12 cents per pound) in 2017-18.

“In addition to the higher price differential between domestic and imported cotton, increased production during the 2017-18 season also contributed to a larger cumulative border protection benefit,” the report said.

Moreover, through seasons 2014-15, 2015-16 and 2016-17, the Chinese government provided direct subsidy payments to cotton producers in Xinjiang based on the difference between a target price set for the season and an average market price. For 2017-18 and the next two years, the target price was set at the 2016-17 level of 18,600 yuan/tonne (about 130 cents per pound at the average seasonal exchange rate).

Using the difference between the target price and the average CC index (domestic cotton price), it is estimated that direct subsidies paid to producers in Xinjiang totalled $2.1 billion (20 cents per pound) in 2017-18, up from $1.6 billion (20 cents per pound) in 2016-17. In other provinces, a direct subsidy of 2,000 yuan/tonne was provided to producers during both seasons. It is estimated that these direct subsidies totalled $340 million (14 cents per pound) in 2017-18, down from $380 million (13 cents per pound) in 2016-17.

“Total direct subsidy payments provided to producers in China, in addition to border protection support, are estimated at $2.4 billion in 2017-18, up from $2 billion in 2016-17. The increase is attributed to higher production during 2017-18, while the difference between the target and the market price remained almost unchanged,” mentions the report.

In addition, the government of China pays growers a subsidy amounting to about $150 million a year for using high-quality seeds, although small-holder farmers do not benefit significantly from this policy. During the past several seasons, China provided subsidies estimated at about $150 million per year for the transportation of cotton from Xinjiang to mills in eastern and southern China.

Source: fibre2fashion.com- Nov 27, 2018

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Trump Signals US Likely to Go Ahead With China Tariff Increase

President Donald Trump said he'll likely push forward with plans to increase tariffs on $200 billion of Chinese goods, indicating he would also slap duties on all remaining imports from the Asian nation if negotiations with China's leader Xi Jinping fail to produce a trade deal.

Trump, in an interview with the Wall Street Journal published Monday, said he's prepared to impose tariffs on a final batch of $267 billion of Chinese shipments if he can't make a deal with Xi when they meet at the Group of 20 meeting in Argentina, which starts Nov. 30. The rate could be either 10 percent or 25 percent, Trump said.

Trump said that Apple Inc.'s iPhones and laptops imported from China could be hit by new tariffs. Americans could "very easily" handle a 10 percent duty, he said.

Read More: Apple Shares Fall as Trump Suggests 10% Tariff on IPhones

The only deal the U.S. will accept is for China to open up its economy to allow American companies to compete fairly, Trump said.

"The only deal would be China has to open up their country to competition from the United States," the president said, according to the newspaper. "As far as other countries are concerned, that's up to them."

In September, the Trump administration plunged deeper into a trade war with China by imposing a 10 percent tariff on $200 billion of Chinese goods, and said the rate will rise to 25 percent on Jan. 1.

The U.S. is unlikely to accede to demands from Beijing to refrain from increasing the tariff, Trump said.

The U.S. already imposed tariffs on $50 billion on Chinese products earlier this year, which Beijing retaliated against on a dollar-for-dollar basis. China has since added retaliatory duties on an additional $60 billion of American products.

Chinese officials have said their key outcome from the Trump-Xi meeting is to convince the U.S. to hold off from the tariff increase, the Wall Street Journal reported, without identifying the officials. Trump told the Journal that his advice to American companies caught up in the trade conflict is to build factories in the U.S. and make their products domestically.

Source: sourcingjournal.com- Nov 26, 2018

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Trump Says Brexit Deal Could Mean UK Can't Trade With US

President Donald Trump said U.K. Prime Minister Theresa May's Brexit agreement could jeopardize the country's ability to trade with the U.S.

"Right now as the deal stands she may not—they may not be able to trade with the U.S. and I don't think they want that at all, that would be a very big negative for the deal," Trump said Monday as he departed the White House for campaign rallies in Mississippi.

European Union leaders approved the Brexit accord at a meeting in Brussels on Sunday, stressing that the deal is the best possible one available and that negotiations would not be reopened if it is rejected in London.

Trump called the agreement "a great deal for the EU," an economic bloc he has frequently accused of unfair trade practices.

May will put the deal to Parliament for a decisive vote on Dec. 11, but after her plan was savaged from all sides, signs are she's on course to lose.

The vote will mark the moment when British politicians decide whether to accept the contentious divorce terms May has struck with the European Union—or put the country on course to crash out of the bloc with no agreement in place.

Source: sourcingjournal.com- Nov 26, 2018

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Tariffs, Supply Chain Issues Could Create Greater Uncertainty Than Analysts Thought

Trade has grown increasingly tenuous in recent weeks, and the hope ahead of the G20 Leaders' Summit in Buenos Aires later this week, is that leaders can come to a sort of ceasefire on the trade wars.

But so far, the scenario doesn't seem a likely one as both President Trump and Chinese President Xi Jinping—the two powerhouses behind the lion's share of current global trade troubles—have shown no signs of standing down. And according to a new report from the World Trade Organization, the amount of trade covered by import-restrictive measures—including things like tariffs—has increased six-fold since 2012.

Members of the G20, a collection of the world's most advanced economies, including the U.S., China, Canada, the U.K. and European Union, will meet this week to discuss economic, financial and political cooperation. Representing 85 percent of global GDP, 75 percent of international trade and 66 percent of the world population, the group could make substantial moves to collaborate were its participants so inclined.

According to analysts at Cowen and Company, what becomes of tariffs at the G20 meeting will likely be the biggest driver of performance for the coming year.

In light of the currently in place 10 percent tariffs on certain imports from China and the threatened increase to 25 percent in just 36 days (Jan. 1), plus the price increases those tariffs purport, there's a host of variables that could add to market uncertainty in the coming months.

"We suspect tariff and supply chain issues could create uncertainty over initial guidance for 2019 across the entire sector, which is likely to limit near-term valuation multiple expansion and create volatility," Cowen and Company said in a note released Monday. "Additionally, modeling supply chain disruptions, 'inspections' and potential fines on American brands operating in China adds another layer of complexity."

And how things shake out will depend largely on companies' exposure to China sourcing.

Companies like Carter's, which sources 33 percent of its product from China, G-III Apparel Group, which sources 65 percent from China, and Skechers, which still brings in 60 percent of its product from China, face the most risk.

Nike, VF Corp., Hanesbrands and Under Armour, however, "are much less exposed to China sourcing," Cowen said.

Talk of the G20 and what could result from it was enough to overshadow talk of Black Friday sales at retail.

"G20 meeting and tariff outcome outweighs weekend sales banter given the implications for sentiment, uncertainty and initial 2019 guidance," Cowen said.

Source: sourcingjournal.com- Nov 26, 2018

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"Crazy Rich" Southeast Asia Is the Next Big Market for Luxury Brands

ASEAN is getting richer and luxury brands would be best served to pay close attention.

In Beyond the "Crazy Rich": The Mass Affluent of Southeast Asia, a study conducted by Boston Consulting Group (BCG), researchers found that around 136 million affluent consumers will live in the Association of Southeast Asian Nations (ASEAN) region—which includes Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam—by 2030.

ASEAN nations reached a combined GDP of $6.5 trillion in 2017, according to the report. Were the region under one flag, it would be close to India in terms of the size of its economy, and it would be the world's third most populous country, according to BCG.

It's a "megamarket," really, that is relatively overlooked compared to China, the United States and the EU.

However, the main indicator that this market will grow increasingly favorable to luxury brands is the fact that 136 million consumers in the region will be considered "affluent" by 2030, displacing the middle class as the region's primary growth category.

"As the mass-affluent class replaces the middle class as the driver of growth, the dynamics of Southeast Asia's consumer market will fundamentally change," researchers said. "Categories such as passenger cars, cosmetics, and restaurant dining will become hot growth segments, replacing categories such as household appliances, baby products, and ready-to-eat foods; similar shifts occurred when China experienced a comparable demographic shift."

The study defines affluent as "consumers with the incomes and intent to sharply increase their acquisition of premium and luxury products" and, as it stands, roughly 5 percent to 10 percent of the population in each ASEAN country is affluent, according to BCG. However, that small segment of the population holds up to 40 percent of the region's household wealth and is expected to increase to 21 percent of the region's population by 2030.

And, as BCG suggests, the affluent in ASEAN nations are in the process of upgrading their lifestyles to luxury standards, meaning most are actively seeking higher quality wardrobes, appliances and vehicles.

The "mass-affluent" income segment is growing faster than any other in the region, according to BCG, especially in the four most populous nations in ASEAN—Indonesia, the Philippines, Thailand and Vietnam. The segment is expected to grow by 8 percent per year leading up to 2030. By comparison, the middle class could grow at half that rate, or 4 percent per year.

"Despite the region's immense cultural and economic diversity, we found that the mass affluent have strikingly similar views on lifestyle topics and attitudes toward work," BCG researchers said.

"By margins ranging from 80 percent to 90 percent, for example, the affluent consumers we surveyed in Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam agreed that they want to buy products and have experiences that differentiate them from others."

As a group, this new generation of affluents is composed of young professionals who are digitally savvy and who primarily seek exclusivity in their luxury purchases—and who also account for roughly half of all luxury spending in categories like travel, watches, apparel and cars.

BCG says more than 90 percent of the group are newly rich and have acquired their wealth through salaried work or as business owners at some point in the last decade, rather than through inheritance. Roughly two-thirds are below the age of 40 and were previously members of the middle class.

Researchers say this means brands outside of the heritage luxury segment also have a chance to capitalize on the demographic change, due to the segment's propensity to remain price-conscious despite an increase in wealth.

"As the mass affluent replace the middle class as the driver of growth, the dynamics of Southeast Asia's consumer market will fundamentally change," said Aparna Bharadwaj, the head of BCG's Center for Customer Insight. "This enormous market is important to virtually all consumer product companies, not only luxury brands."

Source: sourcingjournal.com- Nov 26, 2018

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Japan keen on investing in Bangladesh RMG sector

The Japanese are keen on investing in Bangladesh. Around 70 per cent of Japanese companies in Bangladesh want to expand their business as their confidence has improved.

They also are pulling back their investments from China due to the high wages and production costs. Wages in the garment sector in China are four times higher than they are in Bangladesh.

Wages in the country are the lowest among Asian and Oceania countries as well as one of the lowest in the region.

About 270 Japanese companies are operating in Bangladesh.

Out of the export earnings from Japan in the last fiscal year, 74.8 per cent came from the readymade garment sector. And apparel exports to Japan have seen a 13.73 per cent rise.

Bangladesh is seeking FDI from Singapore, India, Japan, China, Thailand and other countries. There has been a huge jump in FDI inflows. This can be attributed to the development of 100 economic zones in Bangladesh.

Since the garment sector is growing fast in Bangladesh, foreign investors choose the country as an investment destination in the textile sector.

Duty-free market access to major export destination, preferential location in the heart of the Asia-Pacific region and policy support have acted as a catalyst to attract foreign investment in the textile and apparel industry.

Source: fashionatingworld.com- Nov 26, 2018

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Sri Lanka's investment board signs pacts worth $60.86 mn

Sri Lanka's Board of Investment (BOI) recently signed $60.86 million worth investment agreements with local and foreign investors in apparel, logistics, plant tissue culture and packaging sectors.

The largest such project was signed with W U S Logistics (Pvt) Ltd to set up a logistics city in Negombo with a committed investment of $49.8 million.

The logistics city will include warehousing facilities, cold room facilities, in-house value addition and multi country consolidation services, auditorium, business communication centre, exhibitions centre, logistic education centre and research & development facility, according to Sri Lankan media reports.

The BOI also signed a $3.5-million agreement with First Steps Babywear Lanka (Pvt) Ltd to set up a plant in Modarawila Industrial Estate, Panadura, to manufacture garments and other textile products, especially baby wear, for export.

Y.C.G Packaging (Pvt) Ltd signed an agreement worth $7.6 million to manufacture garment accessories like hand tags, price tickets, over riders bands, body card, colour bands, body bands, label PVC, satin labels, size labels, booklets and packaging boxes.

Source: fibre2fashion.com - Nov 27, 2018

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Pakistan allows cotton imports from Central Asia via land

Pakistani cabinet's Economic Coordination Committee (ECC) recently approved import of cotton from Afghanistan and central Asian countries through the land route to meet its shortfall in the textile sector.

The ECC decision followed a proposal submitted by the ministry of commerce and textile during a meeting presided over by the finance minister Asad Umar.

The import is allowed through the Torkham border with the condition that imported cotton should meet Pakistan's sanitary and phytosanitary regulations, according to media reports in Pakistan.

Pakistan is a net cotton importer with the textile industry consuming 12 to 15 million bales per annum. Pakistani cotton is of short to medium staple length and therefore extra long staple cotton has to be imported for production of finer yarn counts.

Source: fibre2fashion.com- Nov 27, 2018

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Myanmar to host int'l textile, garment expo in Yangon in December

An international textile and garment expo hosted by Myanmar will take place in Myanmar's largest city Yangon from Dec. 6-9, according to the event organizer Monday.

More than a dozen countries are expected to join the 7th Myanmar International Textile and Garment Industry Exhibition, jointly organized by the Myanmar Garment Manufacturers' Association and the Myanmar Textile Manufacturers' Association.

The four-day expo at the Yangon Convention Center will showcase over 130 top brands from China, Germany, China's Hong Kong Special Administrative Region, Japan, India, Malaysia, Myanmar, Singapore, among others.

Displayed at the exhibition will be clothing, textile, modern machinery such as embroidery machines, sewing machines, printing machines and flat knitting machines.

The expo aims to build an efficient communication platform for the domestic market, said the event organizer, adding that Myanmar now has more than 400 garment factories employing about 400,000 workers and earning more than 2 billion U.S. dollars annually from foreign markets.

Source: en.brinkwire.com- Nov 26, 2018

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Sri Lanka: Jute is now decidedly upmarket it was a poor man's fabric in the past

Typically associated with the crude 'gunny bag' used in the bazaars of the Indian sub-continent, jute is now very much up-market with an amazing variety of fashionable products being turned out from the fiber.

This was evident at the Bangladesh stall in the Xmas Charity Bazaar held at Galle Face Hotel in Colombo on Sunday.

"In just four hours most of the articles on display were sold out," remarked Riaz Hamidullah, High Commissioner of Bangladesh.

"Exported mostly to the West, even Bangladeshis may not have seen these high quality products," he said as he pointed to a wide range of bags, rugs, containers and household decorative products on display. They were colourful, and soft and intricate even as they were tough.

One was amased to hear that there are now 'jute saris.' Western fashion designers are now using jute as a fabric. They are used for furnishing in passenger jets and automobiles made in France and Germany, and in homes as rugs, bags and containers.

A Bangladeshi designer has developed the 'Sonali Bag' or the Golden Bag, which ought to replace the environmentally unfriendly polythene bag, because it is biodegradable, Hamidullah said.

Bengalis in the Indian State of West Bengal and in Bangladesh, had discovered the virtues of jute long before the rest of the world. The traditional Bangladeshi 'Satranji' mats are made of jute.

"Jute curtains are used to beat the heat because jute is a heat insulator. The military can use it to make camouflage jackets as they look like grass. The Bangladesh jute industry has identified 250 industrial and commercial applications of jute," Hamidullah said.

Known as the 'Golden fiber', jute is grown in West Bengal and Bangladesh, but mostly in Bangladesh. Rangpur, Bogra, Tippera, Pabna, Dhaka, Faridpur, Rajshahi, Jessore, Nadia (10%) and Dinajpur districts in Bangladesh and Hughli district in West Bengal (India) are known for jute cultivation.

Jute is said to be the cheapest and the most economical vegetable fiber after cotton. It is obtained from the skin or bast of the jute plant's stem. Literature on it says that jute is a recyclable, 100% biodegradable and eco-friendly product which has low extensibility and high tensile strength.

Grown during the monsoon, the jute crop rotates with rice to restore soil fertility. The leaves of the jute plant enrich the fertility of the soil. Use of jute sticks as fuel and fencing material as substitute for wood prevents deforestation. Given the increasing global concern for the environment, the future prospects for jute are high, Hamidullah said.

Jute's Hoary Past

In medieval Mughal era in India, jute was the poor man's dress material. In ancient Bengal, jute was used to make ropes and twines, and in China, it was used to make paper.

Prior to the establishment of the first jute mill in India in 1855, handloom weavers used jute fiber to make twines, ropes, coarse fabrics for the poor, and also for fishing and for mooring vessels.

Jute became a commercial product only in the 17th Century, when Europeans recognized its value. The British East India Company (EIA) which established itself in the Indian sub-continent, first as traders and then as rulers, made jute a major item of international trade.

The EIC began by trading in raw jute. The first consignment of jute was exported to England in 1793. In Scotland, flax spinners were trying to find out if jute can be mechanically processed. Flax, also known as linseed, is a food and fiber crop cultivated in cooler regions of the world. Textiles made from flax are known in the West as linen, and are used as bed sheets, underclothes, and as table cloth.

In 1830, flax spinners in Dundee spun jute yarn by transfiguring their power driven flax machinery.

The British also found out the means to soften the hard and brittle nature of jute fiber by adding oil and water. This made the fiber more pliable and easily separable, and resulted in the production of a usable thread.

This led to an increase in the production and export of raw jute from Bengal which at that time was the sole supplier of raw jute.

First Jute Factory In India

George Acland from Dundee in Scotland set up the first power driven jute weaving factory in India at Rishra on the River Hooghly near Calcutta in year 1855. As coal was mined nearby, power was available.

By 1869, five mills had been set up with almost 1000 looms. And by 1910, there were 38 companies with 30,685 looms, rendering more than a billion yards of cloth and over 450 million bags. Come 1939, there were 68,377 looms on the banks of the River Hooghly near Calcutta. Their products ranged from coarse bags to finer fabrics known as hessian or burlap.

In 1900-1, the export value of jute manufactures accounted for nearly a third of the entire export from Bengal. Half the industrial workforce in Bengal was in the jute industry.

In sixty years between 1880 and 1940, the number of mills increased five times, that of looms by 14 times, of spindles by 19 times, and of persons employed by 11 times.

Historical Factors

In 1838, the Dutch Government wanted bags made of jute instead of flax for carrying coffee from the East Indies (now Indonesia) to Europe. When the Crimean War of 1854-56 led to the stoppage of flax supplies from Russia, Dundee factories were forced to look for substitutes. The American Civil War (1861-65) gave further impetus to the jute trade, as supplies of American cotton had dwindled. World War I and II kept the industry up in the 20 th.Century.

Calcutta and Dundee became "jute cities". The owners of the jute mills in Dundee came to be known as "Jute Barons" and the British-owned newspapers in Calcutta came to be known as the "Jute Press" because they were funded by money made in the jute industry.

Growth After Independence

When India and Pakistan gained independence in 1947, (Bangladesh was known as East Pakistan then), the British jute barons yielded place to the Marwari community in India and to West Pakistan-based businessmen like the Bawanis, Adamjees, Dauds and Ispahanis in East Pakistan.

After East Pakistan separated from Pakistan to become an independent Bangladesh in 1971, the West Pakistanis abandoned their factories and fled. The new Bangladesh government had to take over the factories, though they were privatized later.

By June 1981, the state-run Bangladesh Jute Mills Corporation (BJMC) had 74 mills under it. These mills employed 165,000 workers and 27,000 managerial and office staff. In 1982, the industry was privatized, and with World Bank aid, began to make profits.

Despite diversification, jute is still the backbone of the Bangladesh economy. Nearly 15 million farmers are involved in growing jute and several million more, perhaps another 15 million, are involved in the processing, transportation, conversion of the crop into useful products, for both domestic use and export to the upmarket outlets in the West.

Source: dailymirror.lk- Nov 26, 2018

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Uzbekistan, Poland expand cooperation in textile industry

Uztextileprom is exploring the possibility of exporting textile products from Uzbekistan to EU countries, in particular to the Polish market.

The delegation of the Association "Uztextileprom" and representatives of the textile and garment-knitwear enterprises visit the Republic of Poland on November 19-25, 2018, press service of the Association "Uztextile" reports.

At the Embassy of Uzbekistan in the Republic of Poland, a meeting was organized between representatives of textile and garment and knitwear enterprises of the Uztekstilprom Association with the leadership of Polish textile companies on November 20.

The meeting with the participation of more than 40 managers and representatives of leading Polish textile companies was initiated by the Uzbek Embassy in Poland.

During the conversation, the sides exchanged information on the current state of cooperation plans for the future between Uzbekistan and Poland in the textile industry, investment activities of Polish companies, as well as cooperation in research and development.

Then the meeting was held in the QA form and the participants were able to get answers to all their questions.

The Uzbek side provided information on the development of the textile industry of the Republic of Uzbekistan for the years of Independence, the adopted programs for the development of industry and the prospects for the short and long term, as well as implemented and implemented investment and social projects in the textile industry.

In addition, the Uztextileprom Association made a number of proposals to optimize the export of domestic textile products to the Republic of Poland.

Following the talks, the parties reached an agreement on taking measures to implement the most favorable conditions for the export of textile products to the Polish market. Agreements are planned to be signed on November 24 following the results of the International Textile Exhibition “Fast Textile 2018”, which is the most important event of the Polish textile industry.

This year, “Fast Textile 2018” will be held from 22 to 24 November in Poland, the city of Nadazhin, near Warsaw, in the new exhibition complex Ptak Warsaw Expo.

The 25th anniversary of the establishment of diplomatic relations between Uzbekistan and Poland was celebrated in 2017. The trade turnover between Poland and Uzbekistan is characterized by some stability.

The structure of Polish exports is dominated by supplies of live animals and animal products (about a third of total exports), chemical products (24 percent), various machinery, equipment, and motor vehicles (more than 20 percent).

Poland imports from Uzbekistan mainly cotton and its products (more than 45 percent), mineral products (25 percent), chemical products (20 percent).

Currently, 25 enterprises with Polish capital are operating in Uzbekistan. In 2017, two joint ventures were created in country and one representative office of a Polish company was opened in the fields of energy, textiles, pharmaceuticals and solid waste.

Source: azernews.az- Nov 26, 2018

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NATIONAL NEWS

RCEP: India in talks with China for a balanced pact

Next round of meeting on the mega deal in February, Ministerial meet in April

With the Regional Comprehensive Economic Partnership (RCEP) deal deferred to next year, India can breathe easy for now but with the next meetings scheduled for February and April, New Delhi will have to come to quick bilateral understandings on dismantling tariffs with challenging partners like China.

“The pressure is still on India to improve its goods offers to RCEP members, including China. The going will be tough for us in 2019 as members don’t seem ready for a low ambitions pact,” an official told BusinessLine.

Indian negotiators are positive about the extra year that they have got to seal the deal as they hope to get a better deal on services and cover all sensitive areas in goods in the best manner possible, another official said.

The next RCEP round is in Indonesia in February and the meeting of Trade Ministers in Bangkok in April.

While with members such as the ASEAN, Japan and Korea, with which India already has free trade agreements (FTA), it will have to dismantle tariffs on over 90 per cent of the items, for China, New Zealand and Australia (non-FTA countries), tariffs have to be eliminated on about 80 per cent items.

“India’s main concern is about dealing with China as the Indian industry is already struggling to cope with an influx of goods from the country and the bilateral trade deficit is widening every year,” the first official said. China’s trade surplus with India was over $60 billion last year.

To get around the problem, New Delhi is trying to negotiate a long phasing out period spanning 20 years with China so that the Indian industry gets time to adjust to competition. “For very sensitive items, India is trying for a 25-year phase-out period,” the second official said.

However, the number of products on which tariffs have to be eliminated at once and the sequencing of the tariff elimination of other items have to be negotiated. “India already has had several rounds of negotiations with China on the issue. There is another meeting that is scheduled later this month,” the official said.

It will also be difficult to decide on the list of sensitive items with Australia and New Zealand as in the absence of a bilateral FTA, most items at present have tariff protection. “The trouble is that although we have bought more time, the tricky issues in goods remain. We also need to get better offers from members in the area of services. There is no time to sit on our laurels and we have to keep negotiating wisely,” the official said.

The Commerce Ministry has initiated an internal detailed study on the existing tariff structure with RCEP members, including China, and what tariff eliminations would actually mean in terms of giving additional market access to the partner countries.

“We will have that study with us very soon and it will give a clearer picture on the negotiations to all stakeholders,” the second official said.

Source: thehindubusinessline.com- Nov 26, 2018

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India welcomes EU’s policy paper on deepening bilateral ties

India on Monday welcomed the release of a policy document by the European Union, outlining the bloc's roadmap to significantly scale up ties between the two sides in a range of areas like trade, investment, defence and security.

The Ministry of External Affairs Ministry (MEA) said India looked forward to engaging with the EU not only on a robust bilateral agenda, but also on regional and global issues of shared concern.

“The report recognises India’s consistent economic growth, demographic dynamism and modernisation drive and calls for greater India-EU political, security and defence cooperation,” the MEA said.

It further said the EU document refers to India as an emerging global power that plays a key role in the current multi-polar world and a factor of stability in a complex region. India's engagement with the EU has substantially intensified since the establishment of strategic ties in 2004.

India-EU cooperation now spans over 30 dialogue mechanisms, covering foreign policy and security issues, trade and investment and sustainable development among others. The strategy paper, released last week, said the EU has an "interest" in strengthening its political, economic and defence cooperation with India as a strong partnership with New Delhi was key for a balanced EU policy towards Asia as a whole.

"India looks forward to engaging with the EU not only on a robust bilateral agenda, but also on regional and global issues of shared concern and for reforming the multilateral system and institutions to better reflect contemporary global realities," the MEA said.

Source: financialexpress.com- Nov 26, 2018

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Cotton output may dip 2% to 361 lakh bales, says CAB

The Cotton Advisory Board meeting has estimated that output will be 2 per cent lower in the 2018-19 crop season at 361 lakh bales (of 170 kg each) against 370 lakh bales logged in during the same period last year.

The decline is being attributed to lower crop expectation in Gujarat and Maharashtra.

The Agriculture Ministry, in its first advance estimate on September 26, had cut the crop forecast to 324 lb, 7 per cent less than the previous year.

Overall supply this year is expected to be 423 lakh bales against 430 lakh bales logged last year despite higher opening stock of 47 lakh bales (44 lb) and imports of 15 lb (15.80 lb), said the CAB, after its first meeting under the Chairmanship of Sanjay Sharan, Textile Commissioner, Ministry of Textiles.

The output in Gujarat is expected to drop by 12 per cent to 92 lb against 104 lb logged last year; in Maharashtra it will be down to 81 lb (85 lb).

In the northern region production will rise to 60 lb (56 lb) largely driven by higher output in Haryana at 27 lb (22 lb).

The output in the south will drop to 97 lb (99 lb) due to lower production in Telangana.

Overall demand is expected to be stable at 382 lb against 382.44 lb, with mill consumption increasing marginally to 278 lb (276 lb) and exports pegged at 65 lb (68 lb).

Source: thehindubusinessline.com- Nov 26, 2018

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GIM: textile sector unlikely to attract major investments

Ten units to come up at the processing park proposed in Cuddalore

The textile sector in Tamil Nadu, which has production facilities across the textile value chain, is unlikely to attract major investment commitments at the Global Investors' Meet to be held in Chennai next year.

Requiring more push

Tirupur knitwear	
■ Number of units (MSMEs)	15,000
■ Annual turnover (domestic and exports)	₹45,000*
Jobworking powerloom (Tirupur and Coimbatore districts)	
■ Number of units	35,000
■ Number of looms	1.9 lakh
Spinning mills (Tamil Nadu)	
■ Number of units - about	2,000
■ Spindles -	24 million
■ Annual turnover - Over	₹40,000*

* IN CRORES

Construction of individual units at the Cuddalore processing park might commence if the Government makes arrangements for water supply. Ten units will come up at the park at an investment of ₹1,000 crore.

These units might sign MoU at the GIM, say industry sources. If the park is commissioned, it might encourage stitching units to set shop nearby, triggering more investments in future.

Lukewarm response

With regard to spinning mills signing agreements at GIM, just a couple of individual units have come forward so far, the sources say.

Raja Shanmugam, president of Tirupur Exporters' Association, said that every year the Tirupur knitwear units invested approximately ₹1,000 crore towards minor expansion works. This year too that investment would come in.

But, the GIM might not attract major investment in the garment sector because of the downward trend faced by the sector over the last couple of years.

The Government should have made preparations to push for sectoral expansions. For instance, for textile processing units to expand, there should be adequate infrastructure, he said.

According to M. Senthil Kumar, Chairman and Managing Director of Palladam Hi-Tech Weaving Park, the Technology Upgradation Fund Scheme that provided subsidy to textile investments has slowed down.

Subsidy available for powerloom units under the scheme has reduced. "So, major new investments at GIM from the powerloom sector is difficult."

Incentives needed

Further, the State Government is yet to announce a textile policy. The Government should provide incentives for automation to encourage investments, he said.

The job working powerloom units say the segment faces several challenges and, hence, is not expected to make major investments now.

Source: thehindu.com- Nov 26, 2018

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India keen on free trade pact with UK

India's trade talks with the United Kingdom scheduled in December are expected to offer impetus to a free trade pact. India is likely to discuss areas of sensitivity in trade relations after Brexit takes effect in March 2019 when Indian commerce minister Suresh Prabhu meets UK secretary of state for international trade Liam Fox, due to visit India next month.

About 800 Indian firms that enter the European Union (EU(using the United Kingdom as a gateway are keen to continue their ties post Brexit, according to Indian media reports.

Nearly half of India's investments to the EU goes to the United Kingdom. Annual trade between both nations stands at $24 billion.

India is reportedly keen on deals facilitating the export of software, the movement of information technology and healthcare professionals, and offering a greater access for generic drugs and pharmaceutical firms. India's textile and garment sectors are also extremely keen on a trade pact.

India is also said to be unhappy over its trade rivals Bangladesh, Cambodia, Vietnam and Pakistan receiving benefits of preferential agreements or quotas in garments. Indian export of garments to Europe attracts a 9.6 per cent duty, making such products uncompetitive.

Source: fibre2fashion.com- Nov 26, 2018

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Gujarat signs MoUs with IAAI, CMAI to promote textile industry

Gujarat government Monday signed two memorandum of understandings (MoUs) with the Intimate Apparel Association of India (IAAI) and the Clothing Manufacturers Association of India (CMAI) to promote garment and apparel sectors in the state.

The MoUs were signed here during a roadshow for an investment summit, Vibrant Gujarat 2019, in the presence of chief minister Vijay Rupani.

The summit, to be held from January 18-20, 2019, in Gandhinagar, would be the ninth edition of the event.

"We are expecting good response this year. We expect delegates from 110 countries this year," Rupani told reporters after the event.

He said more than 30,000 delegates from 100 countries participated in the last summit.

In the eighth edition of Vibrant Gujarat last year, the state signed around 25,000 MoUs in sectors such as MSME, chemical, pharma, engineering and IT, among others.

In the 2019 edition of the summit, the state expects 25,000-30,000 number of MoUs to be signed, according to a state government official.

Source: india.com- Nov 26, 2018

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Buttermilk-based bioformulation helps in cotton disease control

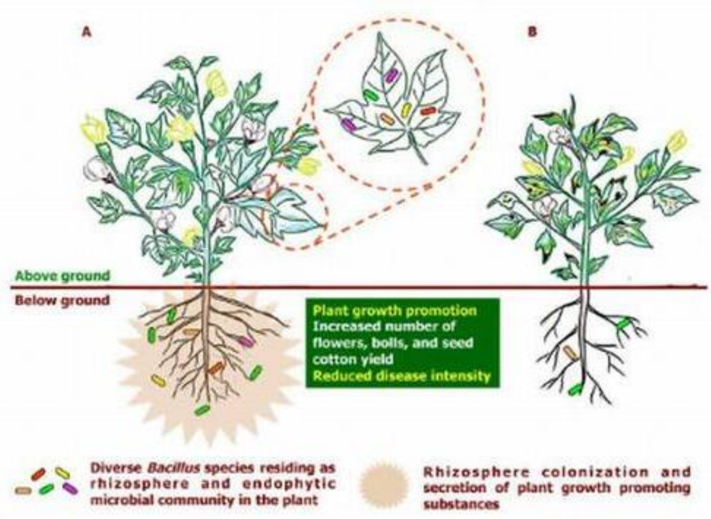
Scientists at Coimbatore-based Tamil Nadu Agricultural University (TNAU) have found that a plant growth promoting rhizobacteria called Bacillus amyloliquefaciens can be used to fight Tobacco Streak Virus (TSV) in cotton crop.

The formulation, prepared in buttermilk, was tested against the plant virus and found effective. The use of buttermilk for its antimicrobial activity in humans and plants has been a traditional practice.

Many milk proteins are known to have shown antiviral activity, by inhibiting reverse transcriptase enzyme of viruses. In the new study too, buttermilk base alone could reduce virus concentration but was more effective when used in combination with Bacillus formulations.

TSV causes cotton necrosis disease and is a major problem for cotton farmers. The virus gets transmitted to cotton plants through insect vector, thrips.

TSV produces multifarious symptoms. Farmers are generally unaware of these symptoms and end up applying insecticides indiscriminately to control the vector. Scientists have, therefore, been looking for an eco-friendly management method.



A few studies have reported the possibility of antiviral activity of bacteria against cotton leaf curl, cucumber mosaic virus and tobacco mosaic virus. Taking the cue, researchers collected rhizospheric and endophytic bacteria from both healthy as well as infected cotton plants. They cultured the bacteria and assessed their antiviral efficiency. They found that a rhizobacterium called Bacillus amyloliquefaciens was showing promising results.

Experiments were conducted during 2015 and 2016 in two different locations in Tamil Nadu to assess the efficacy of Bacillus species and phyto-antiviral principles against TSV infecting cotton. A High yielding hybrid, RCH659 was selected for the study.

Buttermilk was used as a carrier base for application of bacterial inoculation. It was found to effectively colonize rhizosphere and phylloplane of cotton plant and produce anti-microbial peptides and fatty acids, which curbed the virus.

“The formulations of plant growth promoting rhizobacteria suspended in buttermilk not only reduced the disease incidence but also promoted plant growth and yield. More studies are needed to develop formulation into a user-friendly product. There is also a need to test it in other cotton growing areas in the country,” said S. Vinodkumar, a member of the research team, while speaking to India Science Wire.

Source: thehindubusinessline.com- Nov 26, 2018

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Only 40% of RCEP items finalised: official

‘Long way to go yet, but 2019 deadline gives space to manoeuvre’

With just about 40% of the agenda items having been resolved, there is still a long way to go before the Regional Comprehensive Economic Partnership (RCEP) talks are concluded, according to officials in the Commerce Ministry. They added that it was agreed during the recently-concluded Singapore Ministerial meeting that the deadline for an agreement be shifted to 2019.

Diplomatic points

The officials said that India had scored big diplomatic points at the Singapore meeting on November 12-13 by getting the countries gathered to omit the phrase 'significant conclusions' from the leaders' statements.

The RCEP grouping would include the 10 ASEAN countries, along with its six free trade agreement partners — Australia, China, India, Japan, South Korea, and New Zealand. “Before the Singapore meeting, just 5 of 16 chapters for discussion were settled,” a senior official in the Commerce Ministry said.

“During the meeting, two more chapters were resolved, taking the total to seven. However, the core of the talks are about market access for goods, services and investment, and those talks are still ongoing.”

A key issue was the terminology used to define the progress made. Some major economies such as China and Japan felt that the phrasing should be that “substantial conclusions” had been achieved. India strongly opposed this.

“India discovered that in some countries’ trade parlance, ‘substantial conclusions’ is a legal terminology,” the official explained.

“Adopting the term would have implied that discussions on market access were over, and that those countries would have to disclose the discussions to their Parliaments, and to their public. This has serious implications because only five out of 16 chapters had been concluded, and after the meeting in Singapore only seven had been concluded,” the official added. “None of the [7 chapters settled] had to do with market access, discussions on which would have been seriously jeopardised.”

After India pointed this out, several other countries such as Philippines, Indonesia, Malaysia, Vietnam, and Australia also took up the issue and supported India's position on the matter.

"One impact of this was that Japan also realised the importance of what we were saying and that India was not just making a technical point and that it was serious about the issue and so they also started supporting us. The rest of the talks will now go into 2019, which gives lots of space to manoeuvre," the official said.

Finally, the term India suggested be used instead—'substantial progress'—was adopted in the statements made by the leaders following the Singapore meeting.

Source: thehindu.com- Nov 27, 2018

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CONCOR to launch coastal shipping services from January

Picks Vishwa Samudra as exclusive service partner

The state-run Container Corporation of India Ltd (CONCOR) has picked Vishwa Samudra Coastal Lines Ltd to launch coastal shipping services from January, seeking to benefit from the impetus given by the government to the waterway mode to decongest the road and rail network.

Vishwa Samudra Coastal placed the lowest per voyage rate of Rs 2.49 crore in a tender issued by Concor to select a service provider, at least two persons briefed on the outcome of the tender said, asking not to be named. Seaport Cargo Logistics Pvt Ltd, a unit of the CVR Group that runs Krishnapatnam Port in Nellore district of Andhra Pradesh, holds a 60 per cent stake in Vishwa Samudra Coastal, with Hyderabad-based Vm Logistics Consulting LLP holding the balance stake in the joint venture company.

India's biggest rail hauler of containers is discussing the possibility of reducing the lowest per voyage rate quoted by Vishwa Samudra Coastal, one of the sources, said.

CONCOR declined to comment.

The 10-year contract involves deploying two coastal ships capable of carrying as much as 700 twenty-foot equivalent units or TEUs with maximum gross weight of 21,000 tonnes (cargo plus container weight).

Vishwa Samudra Coastal will exclusively haul bulk/ break-bulk cargo and loaded and empty containers between Deendayal Port Trust (formerly Kandla Port Trust) in Gujarat and New Mangalore Port Trust, Cochin Port Trust and V O Chidambaranar Port Trust (formerly Tuticorin Port Trust).

The contract includes a revenue share concept for containers/ non-containerised cargo loaded at the originating port (Deendayal Port Trust), which will be applicable only if the contractor deploys higher capacity ships. The contractor will be permitted to carry other containers in excess of 700 TEUs and/ or bulk/ break-bulk cargo (both domestic as well as export-import containers) after 700 TEUs have been loaded by CONCOR. However, the contractor should do the extra bookings through CONCOR only.

Domestic container traffic movement shall be done according to the CONCOR tariff, while the contractor will be free to fix the tariff for non-containerised cargo and EXIM containers with the approval of CONCOR.

The sea voyage revenue (total revenue minus port handling charges and other cargo related charges) earned by carrying cargo/ containers in excess of the 700 TEUs capacity will be shared in the ratio of 10 per cent to CONCOR and 90 per cent to the contractor for domestic containers and 5 per cent to CONCOR and 95 per cent to the contractor for non-containerised cargo and EXIM containers, according to the contract terms. However, if less than 700 TEUs with a gross weight less than 21,000 tonnes is loaded by CONCOR, then the revenue share arrangement will be subject to certain conditions.

Any container or break-bulk cargo loaded en-route, that is, at New Mangalore to Cochin/ Tuticorin or from Cochin to Tuticorin and in the return direction (from Mangalore/ Cochin/ Tuticorin to Kandla) by CONCOR/ contractor in the same vessel (either vessel of 21,000 tonnes gross weight carrying capacity or of higher capacity) will also be eligible for the revenue share subject to certain conditions.

Source: thehindubusinessline.com- Nov 26, 2018

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