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IBTEX No. 65 of 2019 March 29, 2019

USD 69.07| EUR 77.58 | GBP 90.29 | JPY 0.62

Cotton Market		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
21148	44200	**81.39**
Domestic Futures Price (Ex. Warehouse Rajkot), April		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
21310	44538	**82.02**
International Futures Price		
NY ICE USD Cents/lb (May 2019)	75.87	
ZCE Cotton: Yuan/MT (May 2019)	15,075	
ZCE Cotton: USD Cents/lb	101.47	
Cotlook A Index – Physical	**86.30**	

Cotton Guide: The US Cotton Weekly Export sales data were released yesterday. For the year 2018/2019 - Net sales of 219,000 running bales (RB) were reported which is more than 75% as compared to the figure we had last week i.e 125,000 RB.

Export shipments were at 380,000 RB which were almost up by 10% as compared to the figure of the previous week. The primary destinations were Pakistan 88,200 RB, Vietnam 86,800, Turkey 50,000 Indonesia 37,500 China 32,700 RB.

Net sales of Pima for 2018-2019 summed up to 31,300 running bales which means an increase of 40% was noted as compared to the previous week. Destinations included China 19,200 and India 9,600 RB.

Despite the export sales being on the positive side, the market continued to head lower. The sentiments of the market in this current uptrend might soon turn bearish if the US Planting intentions (to be released) for cotton show greater numbers. In other words, the ICE May settled low at 75.87 cents/lb with a change of -108 points showing that the market is looking at a bigger crop for the next cotton year thus pushing prices downward. All the other ICE contracts also settled with massive low figures. The total futures volume at ICE were at 31,405 contracts as compared to the previous figure of 33,315 which is a decline of 1910 contracts. The Total Open interest fell by 169 contracts to 226,425 contracts.

Increases 2018-2019	Figure (RB)	Reductions 2018-2019	Figure (RB)
Vietnam	98,600	**Bangladesh**	20,200
Turkey	43,400	**Japan**	11,100
China	36,600	**El Salvador**	200
India	19,800		
Thailand	18,500		
Increases 2019-2020	**Figure (RB)**	**Reductions 2019-2020**	**Figure (RB)**
Bangladesh	118,800	**Pakistan**	1,200
China	32,700	**South Korea**	1,100
Indonesia	12,300		

We expect the international market to be consolidated today till the US Planting intentions are released.

The MCX contracts also were low drastically by almost 250 Rs. The MCX April contract 21,310 Rs/Bale with a decline of -290 Rs. The MCX May and MCX June contract settled at 21,600 and 21,920 respectively with a decline of -270 and -230 Rs.

The other reason why for cotton to settle lower was due to the strength in U.S. Dollar. A strong dollar pushes the cotton prices lower. The dollar index was up 0.4 percent. A stronger greenback makes commodities priced in dollars more expensive for the holders of other currencies. WTI crude is also set to touch 60 $/Barrel once again which can strengthen the bulls to elevate the prices to a certain extent.

ICE Cotton futures witnessed sharp decline towards the 13 day EMA at 75.90 after rallying almost levels of 78 during the week. Price is still trading in the upward sloping channel with lower band of the range is around 74.00 and higher end exists around 78.30 levels.

For the time being crucial support for the May futures exists around 75.29 (26 Day EMA) followed by 74.00 levels. RSI has dipped towards the mean level near 53 suggesting a phase of correction. So for the near term price is likely to remain in the range of 74.00 to 78.30 with sideways to positive bias. In the domestic market April futures is expected to trade in the range of 21000-21500.

Currency Guide

Indian rupee may witness mixed trade against the US dollar but overall bias remains weak. After days of rangebound movement, rupee depreciated by 0.7% yesterday. Emerging market currencies came under pressure amid financial crisis in Turkey. Also weighing on rupee is higher crude oil price and general gains in US dollar. Brent crude rescaled $68 per barrel as global economic uncertainty is countered by OPEC's production cuts and supply worries relating to Venezuela.

The US dollar rose against major currencies yesterday as disappointing GDP growth data was trumped by some positive comments from Fed officials, concerns about European economies and dovish tilt of other major central banks. New York Fed President John Williams said the economy was still on track for solid growth this year despite concerns in financial markets that it was heading for trouble.

However, supporting rupee is general upbeat outlook for domestic equity markets amid expectations of RBI's rate cut, continuing investor inflows and RBI measures to boost liquidity. According to news reports, India's central bank is set to lift a ban on exotic currency derivative products. Earlier this week, RBI raised investment limits for overseas funds. In coming FY, cap on foreign investment in securities issued by central government, state and corporate bonds shall be 6%, 2%, and 9% of outstanding stocks of securities respectively.

The general stability in global equity market amid positioning for US-China trade talks and another Brexit vote has also lent support to rupee. Rupee broke out of recent trading range and while mixed factors may result in choppiness, we could see some more weakness amid general strength in crude oil price and US dollar. USDINR may trade in a range of 69-69.6 and bias may be on the upside.

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

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INTERNATIONAL NEWS

US Apparel Imports from China Bounced Back in January Amid Overall Influx

Seemingly buoyed by a truce in the trade war with the U.S., importers upped their intake of apparel from China in January, bringing in $2.52 billion worth of goods, an 8.5 percent increase from a year earlier, according to the monthly report from the Commerce Department's Office of Textiles & Apparel (OTEXA).

The January uptick came on the heels of U.S. apparel imports from China increasing just 1.34 percent in value in 2018 to $27.37 billion compared to 2017. It also came as companies rushed to get goods out of China before Lunar New Year on Feb. 2 and resultant factory shutdowns.

The U.S. and China are still working on a deal to settle their trade dispute, which saw tariffs imposed by both countries on a range of goods in 2018, although mostly sparing apparel and textiles.

The U.S. international trade deficit decreased in January, according to the U.S. Bureau of Economic Analysis and the U.S. Census Bureau. The deficit was $51.1 billion in January compared to $59.9 billion in December.

The goods deficit fell $8.2 billion in January to $73.3 billion, while the services surplus increased $500 million to $22.1 billion. The goods deficit with China, which includes apparel, textiles and footwear, declined $5.5 billion to $33.2 billion in January.

As companies looked to stock up for spring, overall U.S. apparel imports were up 8.31 percent in January from a year earlier to a value of $7.57 billion, OTEXA reported. Vietnam's production momentum continued, with its shipments to the U.S. rising 15.13 percent to $1.27 billion.

Among other Asian manufacturing mavens, imports from Bangladesh rose 8.76 percent in January from a year earlier to a value of $535 million, India's shipments increased 10.94 percent to $382 million, and 8.31 percent, or $232 million, more apparel arrived from Cambodia. Also posting smaller gains were Indonesia, up 0.64 percent to $408 million, and Pakistan, with a 1.92 percent gain to $131 million.

Western Hemisphere free trade partner countries made up the rest of the top 10 suppliers in January.

El Salvador was the only one of the trio to see gains, with its shipments increasing 4.29 percent to $122 million worth of goods, while imports from Mexico fell 12.37 percent to a value of $241 million, and shipments from Honduras dipped 0.69 percent to $153 million.

Mexico had a rollercoaster year in 2018, ending it with imports to the U.S. falling 5.76 percent to $3.36 billion. Some of the decline was traced to the uncertainty of its duty-free status as the U.S., Mexico and Canada were renegotiating the North American Free Trade Agreement, which resulted in the trilateral U.S.-Mexico-Canada-Agreement signed in November and now pending legislative approval.

Elsewhere in the Western Hemisphere, and among the members of the Central American Free Trade Agreement, in addition to El Salvador and Honduras, imports from Guatemala rose 14.6 percent to $124.39 million in January year-to-year, shipments from the Dominican Republic gained 14.5 percent to $38.41 million, and imports from Nicaragua advanced 9.7 percent to $125.56 million.

Also operating under preferential trade pacts, imports from Haiti rose 17.1 percent to $61.57 million in value and Peru's shipments were up 26.5 percent to $65 million.

African countries continued to gain momentum as an alternative sourcing option as the year got started. Imports from Egypt increased 23 percent to $86.13 million worth of goods, Ethiopia's shipments jumped 162 percent to $14.43 million and Kenya's rose 31.2 percent to $44.05 million.

Source: sourcingjournal.com - Mar 28, 2019

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US Trade Team Back in Beijing as China Sees Much Still to Do

U.S. trade officials including Treasury Secretary Steven Mnuchin and Trade Representative Robert Lighthizer landed in Beijing Thursday for talks aimed at nailing down a deal with China, as an official there warned there are still many issues outstanding.

Arriving at the Westin hotel in Beijing's Chaoyang district, Mnuchin said he was "pleased" to be there and looked forward to "productive" meetings. Estimates of progress in the talks have veered in recent weeks between expectations of an imminent signing to pushing any finalization months down the line.

"There's still a lot of work to be done," Ministry of Commerce Spokesman Gao Feng said at a press conference in Beijing on Thursday. One of the biggest sticking points is still disagreement on enforcement, with the U.S. wanting assurances that China will deliver on any promises to change its practices around intellectual property protection.

The two sides will hold a working dinner Thursday evening with a full day of talks planned for Friday, Gao said. Chinese Vice Premier Liu He is then scheduled to travel to Washington next week.

The urgency of reaching a trade deal is being underscored by the dimming outlook for global commerce. Figures published Monday show trade fell 1.8 percent in the three months through January compared with the previous period. That's the biggest drop since May 2009.

Speaking Thursday, Chinese Premier Li Keqiang said China's domestic economy has showed signs of stability amid targeted stimulus support, despite threats arising from weakness in global demand.

"China's sound economic performance is not a result of quantitative easing or massive stimulus," Li said Thursday in a speech at the Boao Forum for Asia on the Chinese island of Hainan.

"Some fluctuations in economic growth from month to month or quarter to quarter are hardly avoidable. Nevertheless we'll carry on with our policies as long as the major economic indicators are kept within an appropriate range for the whole year."

The government this month unveiled a record 2 trillion yuan ($297 billion) tax cut and has worked since last year to improve the supply of credit to small businesses and the private sector. While signs of stabilization in the local economy continue to appear, the U.S.-China trade war remains a major source of uncertainty.

Li was upbeat on the domestic outlook, although he sounded a warning on the global economy. Concerns of a downturn are multiplying amid signs that trade is being hammered due to recession fears in Europe and China's own slowdown.

Lackluster global trade

"Global trade and investment are lackluster, and protectionism is on the rise," Li said. "The global economy is losing momentum. There are a lot of uncertainties, and market confidence has been impacted."

Li said that his government was now working to implement a new foreign-investment law passed this month, which seeks to address some of the concerns about access to the Chinese market that have fueled U.S. complaints. China planned to abolish all laws that contradict the new investment code, draft regulations on its implementation by year-end, he said, and work toward treating all companies, Chinese and otherwise, equally.

Less negative list

In addition, the government would continue shrinking the list of sectors foreign companies can't invest in, Li said.

"We'll only reduce items instead of increasing items" on the negative list, Li said. "We'll further open up sectors including modern services such as value-added telecom, healthcare, education as well as transportation, infrastructure, energy and resources.

Li also repeated promises that investors from Hong Kong, Taiwan and Macau wouldn't be adversely affected by the new investment law, comments that drew enthusiastic applause from the audience in Boao.

"We'll protect and maintain the consistency of the policies regarding Hong Kong, Macau and Taiwan investment," he said, promising both clear rules and that there would be no change to the favorable polices those firms have enjoyed until now.

"We'll ensure better protection of the rights of Hong Kong, Macau and Taiwanese companies, and allow them to prosper even more."

Source: sourcingjournal.com- Mar 28, 2019

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Global cotton output in 2018-19 to be above 5-yr average

World cotton production in 2018-19 is forecast at 118.9 million bales, 4 per cent below last season but above the 5-year average of 113.2 million bales. World harvested area in 2018-19 is estimated slightly lower than the year before at 33.1 million hectares (81.8 million acres), while the global yield is forecast at 782 kg per hectare (698 pounds per acre).

"Although returns for cotton were more favourable than those for many alternative crops— encouraging cotton plantings for 2018-19—weather issues in a number of countries, including the United States, increased abandonment and reduced harvested area," the Economic Research Service of the US department of agriculture (USDA) said in its latest 'Cotton and Wool Outlook' report.

Among major cotton producing countries, most of them are projected to harvest smaller crops in 2018-19, except for Brazil and China. In 2018-19, China is expected to become the leading cotton producer, as its crop is again estimated at 27.5 million bales.

Despite a slight reduction in area, China's national yield is forecast at a record 1,787 kg per hectare, as a larger share of the crop is produced in western China where yields are significantly better than in eastern China.

For India—the second largest producer—2018-19 cotton production is forecast at 27.0 million bales, 7 per cent below last season but equal to 2016-17; along with lower area, reduced pickings associated with limited monsoon rainfall are projected to lower the yield 5 per cent from 2017-18 to 480 kg per hectare and below the 5-year average of 517 kg per hectare, the USDA report said.

For Brazil, a 32-per cent increase in harvested area—to its highest since 1991-92—along with the second highest yield on record (1,640 kg per hectare) pushed the Brazilian cotton production estimate to a record.

The crop is forecast at 11.75 million bales, 27 per cent above 2017-18, as growing conditions have been favourable this season.

In contrast, Pakistan and Australia are expecting smaller crops in 2018-19.

For Pakistan, improved yields are projected to limit the effect of an 11-per cent reduction in area; with only 2.4 million hectares of cotton in 2018-19—the lowest there since 1985-86—Pakistan's crop is forecast at 7.7 million bales, equal to 2016-17 production and one of the lowest of the 2000s.

For Australia, a lack of rainfall in the cotton-producing regions reduced dryland area significantly and limited irrigation supplies for the remaining cotton.

As a result, harvested area in Australia is forecast at 300,000 hectares, the lowest in 4 years, while the yield is expected to be 8 per cent lower, the report said.

Source: fibre2fashion.com- Mar 29, 2019

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S African firms explore trade, investment in Ghana

Twenty-seven South African firms are exploring trade and investment opportunities in Ghana from March 24 to 30 as part of an outward trade and investment mission of the trade and industry department.

The mission, under the Export Marketing and Investment Assistance Scheme, comprises participation in a seminar, business meetings and site visits.

This investment-led trade approach is aligned with the Integrated National Export Strategy (INES), which aims to increase South Africa's capacity for exporting diversified and value-added goods and services to various global markets, said trade and industry minister Rob Davies.

The mission to Ghana will contribute significantly in strengthening trade relations between the two countries, a ministry press release quoted Davies as saying.

Trade between South Africa and Ghana increased considerably from around R4 billion in 2014 to R13 billion in 2018.

South Africa exported R4.4 billion worth of goods to Ghana in 2018 while imports were valued at R8.7 billion, thus registering a trade deficit of R4.3 billion with Ghana in 2019.

Over 180 projects by South African companies have been recorded between January 2006 and 2017 with an investment value of over $770 billion.

Source: fibre2fashion.com- Mar 28, 2019

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US lifts ban on Uzbek cotton

Uzbek cotton is no longer on the US list of banned products. The US had imposed a ban in 2010 over suspicion that Uzbek cotton was produced, or manufactured by forced child labor.

But now the US feels the use of forced child labor in cotton harvest in Uzbekistan has been significantly reduced.

For years, rights watchdogs have been accusing Uzbek authorities of forcing children to pick cotton, one of the Central Asian country's biggest exports.

Uzbekistan for decades has mobilized students as well as staff at schools and medical clinics and hospitals to pick cotton.

Uzbekistan is the fifth largest cotton producer in the world. It exports about 60 per cent of its raw cotton to China, Bangladesh, Turkey, and Iran.

Uzbekistan's cotton industry generates more than a billion dollars in annual revenue, or about a quarter of the country's gross domestic product.

Uzbekistan will deepen reforms in the textile industry to fully reprocess raw cotton domestically and increase the export potential of the country.

Stimulating measures will be provided for enterprises engaged in exports of textile products.

Traditionally, cotton has been Uzbekistan's most important cash crop.

But the country has been taking steps to develop its textile industry to produce value-added products rather than exporting raw cotton.

Source: fashionatingworld.com- Mar 28, 2019

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Bangladesh is top draw for Japanese companies interested in investing

Bangladesh is top destination for business expansion by Japanese companies in the next one or two years.

The country gets the top position among Asian and Oceania regions despite problems in quality control, deregulation and securing labor force.

The main reason why Japanese firms are willing to expand their business in Bangladesh is low production cost.

Bangladesh provides the lowest wage to manufacturing workers among 19 countries surveyed.

Next to Bangladesh, Japanese firms want expansion in India, Myanmar and in Vietnam in that order.

For Bangladesh out of total export earnings from Japan in the last fiscal, 74.8 per cent was from readymade garment sector. And apparel exports to Japan have seen a 13.73 per cent rise.

Meanwhile, Japan has shown a keen interest in hiring skilled labor from Bangladesh for its textile industry. S

ince the garment sector is growing fast in Bangladesh, foreign investors choose it as an investment destination.

Ready workforce at a reasonable wage, duty-free market access to major export destination, preferential location in the heart of the Asia-Pacific region and policy support are catalysts attracting foreign investment in the textile and apparel industry.

Source: fashionatingworld.com- Mar 28, 2019

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Cotton exports from Egypt up 45 per cent

Cotton exports from Egypt increased 45.1 per cent during September-November 2018 over the corresponding period of the previous year.

Consumption of cotton in the domestic market, however, fell 42.2 per cent year-on-year.

This was due to suspension of manufacturing activities by some textile factories in the country.

Egypt will promote products made of Egyptian cotton. A clear map of textile industries in Egypt will be drawn up to help define priorities to lure foreign investments and maximize the value added of Egyptian cotton.

A special unit will be formed to ensure the optimal use of the Egyptian cotton brand and to sign deals with international textile companies on that score under the agreement.

Egypt is eager on upgrading the system of cotton cultivation and the textile industry to better meet the demands of the local market and enhance exports.

Egyptian cotton fibers are considered by many to be the best because of their length, strength, and softness.

Egyptian cotton is the preferred option for towels and bedding among American consumers.

Egyptian cotton is also the name most people associate with quality and the cotton fiber they say they are prepared to pay a premium for.

Egyptian cotton's length, strength, firmness, color, trash count and maturity have all improved.

Source: fashionatingworld.com - Mar 28, 2019

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Armenian textile industry's exports doubled in 2018

Armenia has doubled the export of textile products in 2018 to $153.1 million, according to the Eurasian Economic Commission's data.

The National Statistical Service of Armenia says the country's textile exports and the textile products sent abroad totaled $225 million in 2018 accounting for a 65.4% growth.

According to the statistical report, the textile and textile products sent to the Eurasian Economic Union member countries dominates Armenia's textile industry's exports with 68%.

The country's textile industry enjoyed 77% growth in 2018 and accounted for the output amounting to AMD 1 147.6 million ($46.2 million), and the output of clothes .grew 40.8% to AMD 22 488.6 million ($46.2 million). ($1 – AMD 486.31).

Source: arka.em- Mar 28, 2019

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Bangladesh: Wide array of products, services at Thai Trade Fair

Thai Embassy in Dhaka and Commerce Ministry of Thailand jointly organized the four-day fair, which will end on March 30

Sixty Thai companies are participating in the ongoing Thai Trade Fair, exhibiting various products and services from Thailand.

Of a total of 77 stalls, the remaining 17 are Bangladeshi companies which import Thai products.

Thai Embassy in Dhaka and Commerce Ministry of Thailand jointly organized the four-day fair, which will end on March 30.

Director of the Thai Trade Centre in Dhaka Suebsak Dangboonrueng told the Dhaka Tribune: "Medicare services, cosmetics, beauty and wellness products, bedding accessories, spa, electrical appliances, stationery, household products, fresh fruits, food, textiles and fabrics, lingerie, handbag, jewelry, confectionery and decorative items including baby products are major products that are on high demand and being showcased in the fair."

Nattanaphat Chairin, export manager of Tropicana, said they were focusing on showcasing Thai cosmetics for women, such as organic cold pressed virgin coconut oil, hair care, body care, coconut body butter, lotions and other items.

Female customers at the fair complained about high prices of ornaments at brand outlets throughout the year but added that the ornaments and jewelry products at the fair were available at discounted prices or with special offers.

Shahadat Hossain, admin manager of Pentagon International Ltd, an importer of Kodomo baby products, said that prices of their products ranged between Tk50 and Tk1,000."

Faisal Khan, marketing officer of RR Marketing, said they imported Thai dry fruits, priced between Tk100 and Tk1,000.
"We sell honey plums, Sakura plums, dried kiwi, sweet tamarind, tamarind candy and Oreo biscuits, which are the top selling foods at the fair. During last year's fair, we sold Tk6 crore worth of products," he said.

Ittipon Sriittayajit, managing director of Winona International, said: "We sell children's non-toxic drawing items such as clay sands, stationery items, at a price starting from Tk150."

Thai fruits are also quick sellers at the fair, where yellow and green mangoes are sold at Tk550 per kg, as well as rambutan, avocado, kiwi, cherry mangoes, etc.

Gazi Faruk Hossain, marketing executive of Thai-Bimstec Ltd said: "We try to sell hygienic food items. We are getting good response from the customer so far and are hoping for huge turnouts during the weekends."

Suebsak Dangboonrueng further said: "Thai government wants to invest in Bangladesh's big and small industries, especially in food processing, service sectors like hospitals, light engineering and sanitary."

Nazmul Hossain, secretary of the Bangladesh Thai Chamber of Commerce and Industry (BTCCI), said: "We export knitwear, engineering products, agricultural products, woven garments, jute goods, home textiles, plastic and other products from Bangladesh to Thailand."

Products such as vehicles, aircrafts, vessels and transport equipment, wood pulps, stone articles, base metals and other products were exported to Thailand from Bangladesh, he added.

Source: dhakatribune.com- Mar 28, 2019

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Vietnam: Financial-monetary advisory council meets to assess growth

The National Advisory Council on Financial and Monetary Policies met on March 28 to assess the economic growth in Quarter 1 and determine factors that can affect growth in the remaining months of the year, including obstacles in the banking and financial sectors.

A report of the State Bank of Vietnam (SBV) showed domestic demand stayed stable in the first three months of the year, and consumption and foreign direct investment (FDI) maintained a good growth compared to the same period last year. Newly-registered and additional FDI capital rose by 82.6 percent while FDI disbursement picked up 6.2 percent on a yearly basis.

However, export growth has slowed down remarkably, with a 5.4 percent increase this year to March 15 compared to 26.5 percent in the same period last year, according to statistics of the General Department of Vietnam Customs. Low increases in the export of farm produce, aquatic products, minerals, and phone-electronics-computers and parts have affected the growth of industrial production.

The SBV estimated the GDP growth rate in the first quarter at 6.3-6.5 percent, which is lower than the unprecedented level of 7.45 percent in Quarter 1 last year but still higher than the Q1 figures of other years since 2009.

Deputy Minister of Industry and Trade Tran Quoc Khanh said the growth in foreign trade value is lower than expectation, estimated at 4.7 percent. However, he was still confident that the targets set by the National Assembly could be achieved as there is big room for growth in such sectors as steel, automobile, thermal energy, leather-footwear, textile-garment and agro-forestry-fisheries. The targets set for this year included a 9-10 percent growth in industrial production and 8-10 percent growth in exports.

The advisory council's members shared the view that the domestic economy has remained stable, and there is no need to revise solutions specified in the Government's Resolution 01 on key tasks and measures to carry out the socio-economic development plan and state budget estimate. They said ministries and sectors have run proactive and flexible monetary policies in close coordination with fiscal policies and others to keep inflation stable, contributing to stabilizing the macro economy and supporting economic growth.

They agreed that the currency's value and the inter-bank interest rate have been kept stable, and total means of payment went up 2.67 percent compared to the end of 2018, thus helping control inflation.

The council's members recommended pushing ahead with measures specified in the Government's Resolutions 01 and 02 while keeping watch of developments in the domestic and world situations for timely adjustments.

Many members suggested that the Government work to remove bottlenecks in the Law on Planning and early complete the adjustment of the Law on Public Investment.

The council also urged the Government to accelerate the disbursement of public investment, especially for big-scale and major projects.

Source: vietnamplus.vn- Mar 28, 2019

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NATIONAL NEWS

India's goods, services export to touch about USD 540 bn this fiscal: Prabhu

India's merchandise and services export would touch USD 540-billion mark this fiscal, Commerce Minister Suresh Prabhu said Thursday.

He said exports are growing at a healthy pace and shipments of goods would reach over USD 330 billion.

Similarly, services exports would touch about USD 200 billion, according to Prabhu.

In total, both "merchandise and services exports put together will reach about USD 540 billion" by the end of this fiscal, the minister said here at a function.

During April-February 2018-19, the goods exports grew by 8.85 per cent to USD 298.47 billion.

Talking about the stalled negotiations for a free trade agreement between India and European Union, the minister said India is keen to resume the talks.

"We are really keen to have this FTA with EU. India will work to find a workable deal," he said.

The negotiations for the pact, officially dubbed as the Bilateral Trade and Investment Agreement (BTIA), have been held up since May 2013 and have witnessed many hurdles.

The negotiations for the pact were launched in 2007.

Source: business-standard.com- Mar 28, 2019

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Synthetic textile manufacturers plan to expand capacity in 3 years

The industry saw nearly 300,000 tonnes of new capacity across the entire value chain in the past two to three years

With the central government clearing some bottlenecks, synthetic textile manufacturers are planning a cumulative 500,000 tonnes of capacity addition, at an investment of about Rs 70,000 crore, over the next two to three years.

FACT FILE

Capacity and production of manmade fibre textiles in India

	Capacity in '17-18	Production in '17-18	*% of operation of the capacity*
Manmade fibres (mn kg)	2,623	1596	*61*
Manmade filament yarn (mn kg)	6,819	3550	*52*
MMF spun yarn (mn kg)	---	553	
MMF fabrics (mn sq mtr)	47,000	28,000	*60*

Note: For fabrics it is taken based on existing 150,000 power looms operating in the country, which produce 60 metres cloth per day/per machine on an average with a capacity to operate at 100 metres per machine/per day

Source: Synthetic & Rayon Textile Export Promotion Council

The industry saw nearly 300,000 tonnes of new capacity across the entire value chain in the past two to three years. Overall capacity of the synthetic textile value chain is now 5 million tonnes a year; China's is 55 million tonnes.

The central government in September 2018 started releasing input tax credit, a big blocker of working capital for the entire industry. Further support in terms of a uniform tax structure and high import duty would help, says the industry.

"As against 73 per cent of polyester and 27 per cent of cotton blend in textiles globally, India continues to have a lower percentage of polyester use, of just 40 per cent in the overall textile sector.

The capacity additions planned now, of around 0.5 million tonnes in the next two-three years, will meet domestic demand and help in higher export," said a senior industry official.

Leading synthetic yarn manufacturer Filatex India plans to raise its capacity by 300 tonnes per day to 1,050 tonnes a day with an investment of Rs 275 crore.

The new capacity is coming at Dahej (Gujarat) and orders for machinery have been placed. The project is scheduled to commence commercial production in the coming financial year.

“Polyester is the fibre of the future and we will continue to expand our capacity, based on the demand. The demand for polyester fibre is increasing as the demand for sports and yoga wear is increasing across the world,” said Madhu Sudhan Bhageria, chairman.

The company’s capacity rose last year from an annual 237,000 tonnes to 328,000 tonnes. Export contributes to a fifth of its revenue. The current capacity expansion would mean another Rs 600 crore of revenue a year. Another manufacturer, Bhilosa Industries, plans to add 700 tonnes a day, taking its capacity to 2,300 tonnes a day. Well known Polyester has expanded over the past few years to 1,100 tonnes a day. Other manufacturers have similar plans, to meet global demand.

Data compiled by the Synthetic & Rayon Textiles Export Promotion Council (SRTEPC) showed the average of 60 per cent capacity utilisation in 2017-18 had slightly increased this year. With increased focus on polyesters or synthetic textiles, Vietnam had export of $34 billion in calendar 2018, with a target of $36 billion in 2019. Of this, $10 billion was of synthetic textiles blended with viscose or cotton.

“To boost export, the government needs to make a uniform tax structure of five per cent in the synthetics sector, similar to the cotton value chain. Also, the import duty of five per cent needs to be raised to 10 per cent or even higher, to restrict import from China, Bangladesh and even Vietnam,” said the official quoted earlier.

Former SRTEPC chairman Sri Narain Aggarwal said substantial growth in import inot India of manmade fibre and manmade staple fibre and textiles was not a good sign for the industry. The government needs to act with remedial and protectionist measures, he added.

Source: business-standard.com - Mar 29, 2019

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'Trump should delay decision on terminating India from GSP programme'

"India was the largest beneficiary of the programme in 2017 with $5.7 billion in imports to the US given duty-free status"

President Donald Trump should delay his decision to terminate the preferential trade status granted to India till the general elections in the country are over, several influential United States (US) lawmakers, including Democratic presidential aspirant Tulsi Gabbard, said on Wednesday.

Trump this month informed the US Congress about his intent to terminate the designation of India as a beneficiary developing country under Generalised System of Preferences(GSP) programme that facilitates duty free import of certain products from underdeveloped countries to help grow their economies.

Under the US GSP programme, nearly 2,000 products including auto components and textile materials can enter the US duty-free if the beneficiary developing countries meet the eligibility criteria established by the Congress.

India was the largest beneficiary of the programme in 2017 with $5.7 billion in imports to the US given duty-free status, according to a Congressional Research Service report in January.

My hope is that we can delay, the termination of these GSP preferences until after the elections in India so that we can have a non-political conversation that is very focused on how we collectively can move forward together, Gabbard, the first Hindu US lawmaker, said at a conference on The US-India Partnership: Economic, Immigration & Strategic Issues.

Speaking at the conference organised by the US-India Friendship Council, Gabbard acknowledged that bilateral relationship was facing a challenge in the field of trade.

We have some trade challenges that we need to resolve as well as trade opportunities. I think that we have to make sure that cooler heads prevail as we deal with some of the differences that exist, she said.

Obviously each country (is) advocating for what is in their interest, but recognising that we have great potential and opportunity in many different areas, the announcement to terminate the GSP preferences for India, I think speak to some of those differences, Gabbard said.

Republican Congressman George Holding, who is Co-Chair of the Congressional India Caucus, agreed with Gabbard, saying that India has been in the generalized system of preferences for three decades and it's just not the right time to address that.

India, he said, is no longer that underdeveloped country when GSP was first granted. There has been a lot of changes in the country since then.

We do probably need to revisit that. But we don't need to revisit it right before a general election, he said.

Swadesh Chatterjee, chair of US-India Friendship Council, said that Trump's decision to terminate GSP for India would impact the country's export of about $5.6 billion. This is more than 10 percent of the total goods and services between the US and India and this suspension of GSP will definitely create some issues between the two countries.

Senator Thom Tellis from North Carolina, praised the contribution of Indian Americans in the economy and development of the United States.

I developed a greater appreciation for their culture, their dedication to education and their dedication to excellence, he said.

Referring to the growing defense ties between India and the US, Indian-American Congressmen Ami Bera underscored the need of the two countries to work in areas like artificial intelligence.

We'd like to authorize the Department of Defense (DoD) to assist India in reducing purchases from countries that we may mutually view as adversaries and certainly that we may view as adversaries, Bera said.

He said that Indo-US partnership in the area of defence is critical and the two countries have been conducting major defense and naval exercises together.

We would like to require the DoD to conduct regular military engagements and dialogue with India, particularly in the Western Indian Ocean region. We recognize that India strategically has a vital role in protecting the Indian Ocean region and in keeping those lanes of commerce open, he said.

We'd like to require the State Department to advance India's membership into the Asia Pacific Economic Cooperation Forum or APEC, because we think this is an important vehicle by which India can continue to seek it's free and open trade across the Asia, Bera said.

Source: thehindubusinessline.com - Mar 28, 2019

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Textile industry hails reduction in hank yarn obligation

Chairman CITI, Sanjay Kumar Jain welcomes the Government's decision to reduce the Hank Yarn Obligation (HYO) from 40% to 30% of the total weaving yarn produced for domestic consumption.

This step would remove the anomaly of excessive obligation of hank yarn and save the ailing spinning industry from the extra burden, he said.

He stated that this is an historical step, as the industry was facing this extra burden for more than a decade now. He specifically thanked the Hon'ble Union Minister of Textiles, Smt. Zubin Irani for this historic announcement.

Jain stated that HYO provision had compelled the textile mills to produce a minimum of 40% of the Weaving Yarn for domestic consumption as Hank Yarn, which was inhibiting the growth of the industry.

The actual cotton hank yarn requirement by the handloom sector is less than 15% of the total as per the estimate based on the Handloom Census 2009-10 data. It is estimated that now the requirement for hank yarn would have fallen to about mere 10% of the total weaving yarn produced for domestic consumption.

Mills were under severe stress to meet this obligation as there was not sufficient demand for hank yarn in the country.

He further stated that he is very thankful to the Government for considering the long standing demand of the industry.

This will help the spinners bring down the cost and improve their competitiveness, thereby enabling Ease of Doing Business for the entire cotton textile industry.

Last time, this obligation was reduced was in 2003 from 50% to 40% and the industry had to wait for about 15 years for the next round of reduction despite actual requirement percentage reducing every year, he said.

Source: smetimes.in- Mar 28, 2019

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India looking at flat apparel exports

India's apparel exports are expected to remain flat during this financial year and the first half of next year. Exports to key markets have fallen due to a decline in demand especially in the United Arab Emirates.

The problem is further compounded by increasing competition from other exporting nations like Cambodia or Bangladesh that enjoy low labor costs that India cannot compete with.

Tech upgrade incentivisation, market diversification, and innovation are good starting points to help India's apparel exports regain their upward growth.

As India cannot compete on lowering labor costs, the focus could be on expanding schemes for tech upgrades and introducing more policies that incentivise apparel exporters to upgrade technology.

The search for new markets is on. Four new markets with high potential for future growth include the UK, Chile, Israel and Japan.

By identifying products with high growth potential, and leveraging individual strengths like tech innovation, exporters can start to push their profits and efficiency margins.

India's apparel exports which were expected to grow steadily, maintained a CAGR of 12.06 per cent to touch $82 billion by fiscal '21.

The relative stability of apparel vis-a-vis other exports created the perception of strength in the sector, but issues are clearly there.

Source: fashionatingworld.com- Mar 28, 2019

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Farmers reluctant to grow cotton, dept lowers target

After falling short by over 25 per cent last year, the Agriculture Department has set a target area of 3 lakh hectares for cotton cultivation in the state this year. The area under cotton had touched 2.84 lakh hectares last year as against the target area of 4 lakh hectares.

Experts attribute the shortfall to various factors like canal water shortage in the sowing season, constant threat of diseases to the crop, lack of "remunerative prices" and no purchase by government agencies. Ashok Kapur, former president, North India Cotton Association, said, "The cotton prices have crossed the Rs 6,000 per quintal mark at the fag end of the season, which is benefitting only a small section of farmers who had the holding capacity.

A vast majority of the farmers sold their produce when the prices were hovering between Rs 5,000 and Rs 5,500 per quintal. The farmers expect better yield and prices every year. However, they get disillusioned when the prices don't increase in proportion to their input costs."

He said the cotton farmers were also deprived of the assured prices nowadays, as the government agencies were keeping away from the market for the last couple of years. In this scenario, they were left at the mercy of private traders, he added.

Farm experts also feel that the farmers no more see cotton as a "paying crop", as it is fraught with the risk of pest attacks and rate variation. Besides, it is highly dependent on the weather conditions.

They say there is every possibility that a section of cotton farmers may shift to basmati, which recorded a good yield and fetched remunerative prices last year. They say they have even appealed to the farmers not to go for basmati in large numbers, as the move may backfire too.

Farmer leader Shangar Singh Mann said the canal water shortage in sowing season took a toll on the area under cotton cultivation, forcing farmers to opt for paddy. He said the government must ensure proper canal water supply, the availability of seeds and assured prices of crop to the farmers, if it intended to increase the area under cotton.

On the other hand, Parminder Singh, Joint Director, Agriculture, said he wasn't aware of the last year's target area, but they always made an effort to increase the area under cotton cultivation. He claimed that the crop witnessed a good yield and the farmers got remunerative prices of their produce last year, while expressing hope that the crop would find more takers in the coming season.

The Cotton Corporation of India (CCI) had offered to make direct purchase of cotton last year, but the farmers were reluctant to bypass the arhtiyas with whom they share a long-time association. The farmers chose to sell cotton to private traders instead of the CCI at a price below the MSP of Rs 5,350 per quintal.

Reasons

- Experts attribute the shortfall to various factors like canal water shortage in the sowing season, constant threat of diseases to the crop, lack of remunerative prices and no purchase by government agencies
- The area under cotton had touched 2.84 lakh hectares last year as against the target area of 4 lakh hectares

Source: tribuneindia.com - Mar 27, 2019

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Battlelines are drawn around shut dyeing units in Karur

Candidates vying to win over voters in the Karur Lok Sabha constituency will have their task cut out this time coming up with a viable solution to the textile industry's decade-long woes. Few politicians or outfits have addressed the travails of the industry which has been the mainstay of the region.

Karur constituency, which falls between the western and central region of the state, is known for its dynamic textile industry with a considerable share of handlooms, apart from the large agrarian community. Located centrally along Cauvery and Amaravathi rivers, Karur district emerged as a textile hub following the example of Tirupur and Erode in the last few decades.

While a large population switched to textiles from farming, the industry is now going through a tough phase mainly because many dyeing units were shut. Severe water crisis is another major issue that is common to the six assembly segments.

"The over 1,000 dyeing units functioning till the previous decade have been reduced to less than 10 following a policy decision to close them," said a member of Karur Weaving and Knitting Factory Owners Association. "The proposal for a dyeing park to ensure effective management of effluents from the units too remains on paper," said the member.

Executive member of Karur textile manufacturing and export association R Stiffen Babu said there were facilities to create a dyeing park but neither the ruling dispensation nor the local representatives pushed for it. An integrated bus stand and government medical college at Karur were also yet to see the light of the day.

The voting trend so far shows that the traditional votebank of major political parties in the constituency remains intact. Gounders dominate Karur, Aravakurichi and Krishnarayapuram while arunthathiyars also command almost equal clout in these segments. Apart from them, there is a sizeable mutharaiyar population in Manapparai while kallars are in majority in Viralimalai. All said, Karur has been an AIADMK turf ever since it wrested the seat from the Congress in 1989, except on a couple of occasions when the Tamil Manila Congress and arch rival DMK won in 1996 and 2004 respectively.

Outgoing MP Thambidurai, a four-time member of parliament from the seat, counts on AIADMK's traditional votes to see him through. He can also count on the DMDK votes which are considerable in three assembly segments. On the other hand, Congress candidate S Jothimani was nominated after tough infighting. With DMK's backing, she is confident of regaining the seat for her party.

The election will also be a test of clout for local heavyweights like V Senthil Balaji, district in-charge of DMK, and his friends-turned-foes in AIADMK like transport minister M R Vijayabhaskar and M Thambidurai. Since this is the first election after he joined DMK and was made the district in-charge, Senthil Balaji has much to prove. On the other hand, M R Vijayabhaskar will put all his mite to defeat his arch rivals to stay relevant.

Source: timesofindia.com - Mar 29, 2019

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