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INFORMATION BUREAU TEXPROCIL

TEXTILE INTELLIGENCE CENTRE

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IBTEX No. 103 of 2019 May 29, 2019

USD 69.62| EUR 77.90 | GBP 88.29 | JPY 0.64

Cotton Market

Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm

Rs./Bale	Rs./Candy	USD Cent/lb
22010	46000	**84.04**

Domestic Futures Price (Ex. Warehouse Rajkot), May

Rs./Bale	Rs./Candy	USD Cent/lb
22130	46252	**84.50**

International Futures Price

NY ICE USD Cents/lb (July 2019)	69.47
ZCE Cotton: Yuan/MT (September 2019)	13,570
ZCE Cotton: USD Cents/lb	89.07
Cotlook A Index – Physical	**79.50**

Cotton Guide: The ICE contracts settled high with substantial changes. The ICE July contract settled at 69.47 cents/lb with a change figure of +108 points. It ended towards its high figure of 69.50 cents/lb. The ICE December contract also settled at substantially high with +92 points therefore settling at 68.47 cents/lb.

The spread between the two future contracts has now widened by around 1 cent. The trend is now moving towards the positive side with volumes confirming it. The total volumes were up at 37,671 contracts up by 11,466 contracts. The total OI has decreased by 214,852 contracts. ICE July interest increased by 10 contracts to 98,476 contracts while ICE December interest Decreased by 42 contracts to 89,221.

The MCX Contracts on the other hand, showed mixed figures but the trend still considered to be positive. The MCX June contract settled at 22,130 Rs/Bale with a change of -100 Rs. The MCX July and the MCX August contract settled at -40 Rs and +70 Rs respectively at 22280 and 22370 Rs/Bale. The total volumes were good at 8072 lots.

The cotlook Index A has been adjusted towards the north with a change figure of +1.00 cents/lb and now is at 79.50 cents/lb. The Cotlook 2019/2020 A index is at 77.75 cents/lb with a change +0.75 cents/lb. The prices of Shankar 6 are up at 46,000 Rs/Candy. The spot market has now seen a change of Rs +1000 per candy in a span of 3 days and we expect this trend to continue in the domestic markets. Punjab J-34 has moved higher to Rs 4,960 per maund.

The adverse weather in the United States is one of the reason why the prices have seen a rise of around a cent. There has been storms reported in West Texas and Oklahoma whereas there has been excruciating heat reported in the Southeast.

The swelling of grain prices especially corn (which posted a one year high) also have pushed the prices of cotton up. Whereas in India, lower stock in the market coupled with an expectation of Higher MSP from the Modi Government has escalated the prices. For today our outlook is positive on both the markets.

The most recent Commitment of traders report indicated that speculators were holding a substantial net short position. In the recent sessions they sold around 12,000 contracts. With this substantial amount of shorts, the buying could increase.

Mill demand have been lower this week. In the earlier week there were some kind of enquires which have now declined. In the Beginning of May, many mills have already covered their requirements especially with the US and African Franc Zone cottons.

Later, US President Donald Trump's statement of him not being ready for a deal with his counterpart can strengthen the bears in the coming days.

On the technical front, Prices made a bullish belt hold candlestick and closed above the Dema(5,9)=(68.59,68.40) indicating the Short term positive bias. Immediate resistance is around 70.16(38.2% Fibonacci retracement of selloff) and the support is at 68.40(9 day EMA). Relative strength index (RSI) is at 44.91 suggesting the sideways bias. For the day we expect the prices to trade in the range of 68.40-70.20. Closing below the 68.40 will invite bears to resume its downtrend. In the Domestic market MCX Cotton June may trade in the range of 22050-22400.

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-China Trade War: Who Will be Asia's Winners and Losers?

2018 was filled with aggressive posturing regarding trade protection by the US and China. Recently, this was escalated further. Discussions have apparently not taken place since the Trump administration ratcheted up its scrutiny of Chinese telecom companies.

An agreement on trade is at risk since the negotiations between the US and China appear to have stalled as both sides dig in after disagreements earlier this May. Undoubtedly for investors, a protracted dispute between the world's two largest economic superpowers will surely impact Asian markets. But in what way?

Asia's open economies

Asia has some of the most open economies in the world and a trade war between the US and China will certainly jolt financial markets in the region. Though the situation appears grim, most multinational companies are fleet-footed and there are companies, industries, and economies that stand to benefit from the ongoing trade war.

Laymen observers might suggest the US is winning the trade war since its stock market continues to make gains. Meanwhile, the Chinese stock market has felt the heat and companies operating out of China are being forced to redraw their supply chain maps. Simply put, if the companies unable to manufacture goods in China, they will likely move operations to Thailand, Vietnam or Indonesia.

Winners and losers

As reported by the Economist Intelligence Unit (EIU), Asia stands to be the biggest beneficiary when manufacturers move out of China. The report stated that:

"We expect the trade war to escalate further in the coming months, ultimately covering finished consumer products including mobile phones, laptops and other electronic goods, as well as apparel".

Additionally, a strong network of free trade agreements in many Southeast Asian nations exists, which makes it easy for them to jump on the bandwagon. The recent Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) trade pact, that includes countries such as Malaysia, Singapore, and Vietnam, is a prime example of this trend.

Who stands to gain?

President Donald Trump announced tariffs on USD $200 billion worth of Chinese goods last week, escalating the US-China trade war. The US Trade Representative removed almost 300 products from an initial list released in July. But 5,745 Chinese goods will still get hit.

Keeping this in mind, there are two channels of potential benefit from the fallout of this trade war: import substitution in the short term and production relocation in the middle term.

These two channels are conduits of gain for different Asian countries. It is highly likely that Malaysia will be the largest beneficiary of import substitution by companies in the US and China. It is followed by Japan, Pakistan, Thailand, and the Philippines respectively.
Import and manufacturing beneficiaries

Of all the Asian countries, India, Bangladesh, and South Korea seem to be the least likely to gain from import substitution. Malaysia can benefit from electronic integrated circuits, communication apparatus and liquefied natural gas, Japan from automobiles, Pakistan from cotton yarn, Thailand from units of automatic data processing while the Philippines could stand to gain from electronic integrated circuits.

If there is a prolonged US-China trade standoff, it would, over time, encourage multinationals to divert production to factories situated in other countries or even relocate whole manufacturing processes in a bid to escape tariffs. In the middle term, Vietnam benefits the most, followed by Malaysia, Singapore, India, and Thailand.

Despite any positive substitution effects, most Asian countries happen to be suppliers of parts and components to China where they are in turn assembled into exports destined largely for the US and Europe.

All Asian economies may be indirectly negatively impacted by higher US import tariffs on Chinese goods. As a region, Asia stands to lose if a full-blown US-China trade war comes about.

Where do we go from here?

It is probably going to take at least a few years for the drama (and repercussions) of the trade war to completely play out.

Worldwide organizations will require time to draft new global and territorial procedures, find new accomplices, explore diverse lawful frameworks and secure the required licenses. And according to the EIU, even under the most hopeful situation the advantages for Asia's champs in the trade war are probably not going to be seen before 2020.

Source: nasdaq.com- May 28, 2019

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USA: Can the Apparel Industry Sustain Sustainability?

As far as buzzwords go, sustainability has been enjoying a long moment in the sun, and that is undoubtedly a good thing.

We do, indeed, need to ensure we manufacture, source and consume our products in a manner that will not compromise the ability of future generations to likewise do the same (this is my favorite definition of sustainability).

However, the prevailing take on sustainability is one that tends to focus almost purely on the environmental consequences of our activities, looking only at things like water and energy and carbon emissions, and how to ameliorate negative impacts arising with respect to those. I believe this approach is flawed in two significant respects.

First, while the choices we make regarding how we source and process raw materials as part of our supply chains is undoubtedly a key issue when it comes to sustainability and the impact on our planet, it is not the only one.

Often lost in the discussions around sustainability is the human element itself–the way workers are treated in those supply chains. Just as a factory operating with energy supplied entirely by un-renewable sources is an unsustainable one, so too is a factory operating with a workforce toiling in unsafe conditions and/or not being suitably compensated.

The realm of social audits does not get adequate recognition for the important role it plays related to sustainability; validating socially compliant sourcing practices is as much a key part of sustainability as ensuring environmentally compliant sourcing practices.

The second, and more fundamental, flaw has to do with a lack of understanding of the definition of sustainability itself, which I will rephrase here as follows: in order for a practice to be sustainable, it has to be something that can be done by future generations in much the same way that it is being done today.

By definition, sustainability is inherently a long-term proposition. As such, a proper understanding of it must include the incorporation of another critical element: economics.

There are endless projects being conducted in the name of sustainability that are themselves not sustainable from an economic point of view. Examples are particularly abundant in the field of agriculture.

If a practice is not environmentally sustainable, then we must certainly look for alternatives; just as certain, however, is the fact that while an alternative practice may be desirable from a purely environmental (or social, for that matter) perspective, if implementing it is not economically viable, then it is not sustainable.

As a result of these two flaws in the current approach to sustainability, we often actually set back the causes meant to be served, because proposed solutions end up not working in the long run, due either to missing an important piece (the first flaw) or to being unsustainable economically (the second flaw).

This is what contributes to sustainability being seen as just a fad in some quarters. In order for this to change, the collective approach to sustainability has to evolve beyond the current focus on environmental impact and be true to the core definition of the term. In other words, activities done to promote sustainability have to themselves be sustainable.

The good news is that we are starting to see this take shape.

Part of this is simply a natural result of folks learning from past errors and retooling their approaches to ensure methods are consistent with goals (in that both are sustainable over the long run). Another–and very significant–part is the increasing involvement of the socially responsible investing community in the broad human rights/sustainability landscape.

As custodians tasked with a fiduciary responsibility to safeguard and grow their investors' wealth, they have a strong understanding of the reality that ensuring the economic viability of a desired enterprise is critical, or else any benefit to be derived from it, whether monetary, social or environmental, will fail to materialize.

In the end, we must return to that core definition of sustainability–ensuring that we manufacture, source and consume our products in a manner that will not compromise the ability of future generations to likewise do the same, and reiterate that in order to truly work, sustainability needs to itself be sustainable.

As such, whenever we evaluate the sustainability of any proposed activity, we should make sure to incorporate into the calculus, in addition to environmental elements, both the human and economic.

Source: sourcingjournal.com- May 28, 2019

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Thailand likely to gain from US tariffs on PRC imports

Thailand is likely to gain more than lose if the United States imposes tariffs of up to 25 per cent on an additional list of Chinese imports worth $300 billion, says a Thai commerce ministry study. If US import tariffs are raised, Thailand is expected to gain from raised exports to the United States worth $200 million-$1 billion, said a top Thai official.

Pimchanok Vonkorpon, director-general of the Trade Policy and Strategy Office, said a fresh round of US tariff hikes on Chinese goods would mostly cover daily-use products, food, utensils, garments, shoes and ornaments, which are not a part of the supply chain of Chinese exports to the United States. US consumers themselves will be hard hit, she said.

Pimchanok said Thailand will have more opportunity to export 725 items to the United States, including food and seasonings like herbs, sunflower oil, coconut oil, peanuts, pine nuts, sugar cane, sugar, fruit juice, ginger, green tea, garment and textiles, shoes, sports components, ornaments (especially pearls and watches), ceramics and glass, according to a leading Bangkok daily.

Global trade is volatile and measures to boost Thai exports are needed in short order, she said.

She said the commerce ministry plans to meet representatives from more than 20 industrial sectors on May 29 to discuss export strategies to cope with the deepening US-China trade war and adjust export plans. Results of the meeting will be submitted to the International Economic Policy Committee chaired by Prime Minister Prayut Chan-o-cha on June 11.

Thailand's shipments to the US market rose continuously between 2016 and 2018, fetching $24.5 billion in 2016, $26.5 billion in 2017 and $26.6 billion in 2018. For the first three months of this year, exports to the United States rose 32 per cent year on year from the same quarter of last year to $8.78 billion.

The top five export products were machines, electric appliances, rubber, tractors and pearls.

Earlier, the commerce ministry study reported that Thailand lost an estimated $780 million worth of export revenue from the trade spat in the 12 months ended March 31.

Shipments to the United States fell by $316.5 million during the period, mainly from the toll on solar cells, washing machines, steel products and aluminium.

Lower shipments were offset by higher exports to the United States of cars and parts, garments, jewellery and ornaments, computer parts and electrical circuits, electric appliances, and processed food, considered substitutes for Chinese products. These shipments totalled $637 million in the period.

Source: fibre2fashion.com- May 29, 2019

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Swedish textile machinery keeps getting better

Swedish textile machinery manufacturers focus on customer service, aligned with the drive to constantly innovate. They are doing well in major markets such as Europe, China, India and the US.

They are displaying an even higher degree of real time monitoring of processes, automation, flexible customisation, and the incorporation of robots into production lines.

Gruppen has a new robotic pillow filling system. This has the ability to fill and finish some 3,840 pillows per eight-hour shift, which is a considerable improvement on what is currently possible with existing systems, resulting in significant savings in both labor and energy for busy home textile businesses.

Eton has concepts for fully automated work flows in finished garments and textile-based products. Eton has a complete material handling solution with advanced software providing real-time information covering every aspect of the process.

Eltex is achieving considerable success with its yarn fault detection and tension monitoring systems across a range of sectors, including the tufting of carpets, the creeling of woven materials and even the production of woven reinforcements for the composites industry.

Unlike scanning inspection systems, Eltex monitors each individual yarn position in real time. As a consequence, it has concentrated on the further miniaturisation of its sensors.

Source: fashionatingworld.com- May 28, 2019

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Supply chains shift to Vietnam

Strong foreign direct investment flows from China and Hong Kong into Vietnam are a possible sign of regional supply chain reshuffling. In the first four months of this year, FDI from China and Hong Kong has outstripped investment from all other major investors year-to-date, as well as the same period last year.

China's investments in Vietnam include sectors such as energy, construction, manufacturing, and property. Nearly 40 companies explicitly stated plans to shift production from China to Vietnam since January 2017.

Trade tensions between the United States and China may have prompted supply chain shifts to Vietnam. Supply chain shifts so far have mainly taken the form of using or expanding existing facilities and adding capacity, instead of greenfield investment or acquisitions.

There has been greater interest from US companies in outsourcing to Vietnam, especially in sectors such as apparel and furniture. It's unclear though whether the cushion from supply chain shifts will be sufficient to offset the negative impact from the trade war or a weak semiconductor recovery.

Vietnam also has low domestic value-added in exports, with limited spillovers from FDI. Also, Vietnam might be most at risk of being labeled a currency manipulator by the US as a pretext for trade tariffs.

Source: fashionatingworld.com- May 28, 2019

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Sri Lanka: Imports dip 19.3% in 1Q

Imports dropped a steep 19.3% in the first quarter of 2019, even though export earnings increased by 5.6% year-on-year as the trade deficit contracted to $ 1,661 million from $ 2,982 million recorded in the first quarter of 2018, the Central Bank said yesterday.

Releasing the latest External Sector Performance Report, the Central Bank said imports had declined for five straight months, with March seeing a 12.6% drop, on a year-on-year basis, to $ 1,729 million. The Central Bank attributed the drop to policies aimed at discouraging imports and said that an import pick-up may take place in the second quarter as these policies were reversed. All imports other than fuel saw a decline as economic activity slowed.

In March 2019, the deficit in the trade account narrowed to $ 592 million, compared to $ 871 million in March 2018. The considerable reduction in the trade deficit in March 2019 was due to a notable decline in import expenditure by 12.6% (year-on-year) which was further supported by the increase of export earnings by 2.6% (year-on-year), the report said.

The financial account was further strengthened in March with the proceeds of the International Sovereign Bonds (ISBs) amounting to $ 2.4 billion and net inflows of foreign investments to the Government securities market during the month, although some net outflows were observed from the Colombo Stock Exchange (CSE).

Along with the significant reduction in the trade deficit and significant inflows to the financial account, the Sri Lankan Rupee appreciated against the US Dollar by 3.8% by end March 2019 compared to end 2018. Despite the marginal depreciation of the rupee in the aftermath of the Easter Sunday bomb attacks, it recorded an appreciation of 3.8% during the year up to Tuesday.

On 13 May, the Executive Board of the International Monetary Fund (IMF) completed the Fifth Review under Sri Lanka's Extended Fund Facility (EFF) approving the disbursement of the sixth tranche amounting to SDR 118.5 million (approximately $ 164.1 million). The Executive Board also approved an extension of the arrangement by one year, until June 2020, and rephased the remaining disbursements.

The country's gross official reserves stood at $ 7.6 billion, which was equivalent to 4.3 months of imports at end March 2019. The deficit in the trade account narrowed significantly in March this year in comparison to March 2018 due to record high export earnings and considerable reduction in imports.

Expenditure on imports continued to decline due to the policy measures adopted by the Central Bank and the Government. On a cumulative basis, the deficit in the trade account contracted significantly during the first three months of 2019 in comparison to the corresponding period of 2018.

Terms of trade, which represent the relative price of imports in terms of exports, deteriorated by 3.3% (year-on-year) in March due to the decline in export prices at a higher rate than the decline in import prices. Meanwhile, on a cumulative basis, terms of trade deteriorated marginally during the first three months of 2019 in comparison to the corresponding period of 2018.

"Merchandise exports recorded the highest-ever monthly earnings of $ 1,137 million in March 2019 registering a moderate growth of 2.6%, due to the higher base in March 2018. The growth in exports was driven by the improved performance in industrial and mineral exports while agricultural exports declined," the report said.

Under industrial exports, earnings from textiles and garment exports increased notably in March 2019, recording the highest-ever monthly earnings which surpassed $ 500 million for the first time. This growth was mainly due to higher demand for garment exports from traditional markets, namely the USA and the EU, as well as non-traditional markets such as Canada, Australia and China. Export earnings from textiles and other textile articles also increased in March.

Earnings from petroleum exports increased in March, reversing the declining trend observed during the past three months, led by an increase in both volume and prices of bunker and aviation fuel. Export earnings from base metals and articles increased driven by iron and steel articles and aluminium articles. Export earnings from food, beverages and tobacco increased during the month owing to the improved performance in all sub categories except vegetables, fruit and nuts preparations.

Printing industry products, and chemical products also contributed towards the increase in industrial exports in March. However, earnings from machinery and mechanical appliances, gems, diamonds and jewellery, rubber products, leather, travel goods and footwear, and transport equipment exports declined in the period concerned.

Earnings from agricultural exports declined in March, mainly driven by subdued performance in tea, minor agricultural products, natural rubber and unmanufactured tobacco exports. Although the volumes of tea export increased in March, export earnings from tea declined due to lower average export prices. However, earnings from coconut exports increased due to the increase in export of both coconut kernel and non-kernel products. Earnings from spices, seafood and vegetable exports also rose marginally during the month.

Export earnings from mineral exports, which account for about 0.4% of total exports, rose mainly driven by export of titanium ores.

The export volume index in March 2019 increased by 10.6% while the export unit value index decreased by 7.2%, implying that the growth in export earnings was solely driven by the increase in volumes. Expenditure on merchandise imports declined considerably in March 2019 by 12.6%, on a year-on-year basis, to $1,729 million, recording a decline for the fifth consecutive month.

This reduction was mainly due to the effect of the policy measures implemented by the Central Bank and the Government to discourage certain non-essential imports and the significant depreciation of the currency. However, considering the favourable developments in the external sector and measures introduced in Budget 2019, such policy measures were withdrawn in March 2019. Low expenditure on intermediate and consumer goods contributed to the decline in imports during March 2019, while expenditure on investment goods increased. Total imports, excluding fuel, also declined significantly.

Import expenditure on intermediate goods declined in March 2019 mainly driven by gold imports which continued to be stagnant following the imposition of customs duty on gold in April 2018. Expenditure on wheat and maize declined owing to the lower import volume of wheat. Plastic and articles, food preparations and vehicle and machinery parts imports also contributed to the decline in intermediate goods.

In contrast, expenditure on fuel imports increased in March owing to higher import volume and prices of crude oil despite a reduction recorded in refined petroleum and coal imports. In addition, expenditure on fertiliser imports increased in March 2019 mainly driven by higher import volumes when compared with March 2018. Further, import expenditure on textiles and textile articles led by fabrics, base metals led by iron and steel and mineral products led by cement clinkers increased during the period concerned.

Reflecting lower imports of most items in both food and beverages and non-food consumer goods, import expenditure on consumer goods declined significantly in March. Expenditure on personal motor vehicle imports declined significantly in March, continuing its year-on-year declining trend observed since December 2018. However, imports of personal motor vehicles recorded an increase in comparison to the previous month.

Policy measures on motor vehicle imports were changed with the withdrawal of margin requirements against letter of credits (LCs) and upward revision of excise duties on motor vehicles. In addition, import of rice declined with lower import volumes as there was sufficient domestic production of rice in the market while sugar and confectionery imports reduced due to lower import volumes and prices.

In addition, expenditure on most non-food consumer goods such as clothing and accessories, telecommunication devices, home appliances and household and furniture items declined during the month. However, expenditure on dairy products, cosmetics and toiletries, printed materials and stationery imports increased in March.

Import expenditure on investment goods increased in March, driven by higher imports of building material and machinery and equipment. Reflecting higher imports of cement and articles of iron and steel, import expenditure on building material increased. Import expenditure on machinery and equipment increased during the month, mainly due to imports of cranes. In contrast, expenditure on transport equipment declined in March due to lower expenditure incurred on the importation of tankers and bowsers and buses compared with the corresponding period of 2018.

Import volume and unit value indices decreased by 8.9% and 4.1%, respectively, in March, indicating the decline in import expenditure during the month was driven by the reduction in both volumes imported and price, in comparison to the corresponding period of 2018.

Along with the proceeds of the ISBs, as at end March, gross official reserves were estimated at $7.6 billion, equivalent to 4.3 months of imports. Total foreign assets, which consist of gross official reserves and foreign assets of the banking sector, amounted to $ 10.5 billion as at end March, equivalent to six months of imports.

Source: ft.lk- May 28, 2019

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Bangladesh set to be denim giant

The global denim fabric market presents huge opportunities for Bangladesh. Last fiscal year, Bangladesh exported denim goods worth $3 billion. Globally, the denim fabric market has been mainly driven by growing demand for clothing, household items and other fields.

With the fashion effect of denim, downstream application industries will need more denim fabrics. So denim fabric has huge market potential for Bangladesh. Denim fabric is used for many purposes such as traditional trousers and shirt making.

Denim fabric is used for almost all fashions, both for male and female customers. With the change of fashion worldwide, denim fabrics are used for making jackets as well.

Envoy Textiles in Bangladesh produces 4.5 million yards of fabrics a month. Two years ago, it used to produce three million yards and increased output to cope with the demand.

Like Envoy Textiles, many other domestic producers have also increased their production capacity. So there are many suppliers in the market and prices are going down.

At present, Bangladesh has 30 denim mills with a capacity to produce 150 million yards of fabrics a month.

Global denim sales are growing by 4.7 per cent. Global denim fabric sales are growing by 3.2 per cent.

Source: fashionatingworld.com- May 28, 2019

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Vietnam's goods exports to US surge

Vietnam was one of the fastest-growing import sources of the US in Asia in the first quarter of 2019, according to Bloomberg.

The Southeast Asian country could leapfrog Italy, France, the UK and India to rank seventh in the top exporters to the US if its pace of growth can be sustained for a full year, Bloomberg said, forecasting Vietnam's exports to the US could hit nearly 69 billion USD this year.

It cited data from the US Census Bureau which showed that imports from Vietnam jumped 40.2 percent year-on-year in the first three months of 2019.

Vietnam has become a standout in a region where the world's export engines are heavily hurting amid the trade-war tensions between China and the US, and a slowing electronics cycle, according to Bloomberg.

Exports of Japan, the Republic of Korea, Singapore, and Taiwan all saw declines in April, while in the same month Vietnam's exports gained 7.5 percent from a year earlier.

Bloomberg said Vietnam offers low-cost labor and an improving business climate alongside boasting one of the fastest growth rates in the world.

According to the General Department of Vietnam Customs, in the first four months of this year, the US continued to be the biggest importer of Vietnamese goods, buying 4.42 billion USD worth of garment-textile, up 9.1 percent year-on-year; 2 billion USD worth of footwear, up 13.5 percent; 1.3 billion USD worth of machinery, equipment, and spare parts, up 54 percent; and 1.42 billion USD worth of wood and timber products, up 34.7 percent.

Source: en.vietnamplus.vn- May 28, 2019

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Sri Lanka signs port deal with India, Japan to develop container terminal

The three countries will jointly build the East Container Terminal at the Port of Colombo

Sri Lanka on Tuesday signed a deal with India and Japan to develop a deep-sea container terminal in the country that has seen increasing forays by China which has taken a strategic port on a 99-year lease that has worried New Delhi.

The three countries will jointly build the East Container Terminal at the Port of Colombo. Sri Lanka's Port Authority (SLPA) said that around 70 per cent of Colombo Port's transshipment business is India related while Japan had cooperated since the 1980s to develop the port's container terminals.

SLPA retains 100 per cent ownership of the East Container Terminal. The Terminal Operations Company (TOC) conducting all East Container Terminal operations is jointly owned; Sri Lanka retains a 51 per cent stake, and the joint venture partners purchase a 49 per cent stake.

"As a hub of the Indian ocean, the development of Sri Lanka and openness of its ports are of great importance. Colombo port is the leading port in region.

This joint project reflects the long standing goodwill and cooperation among the three countries," the SLPA said. The three countries are to work out details of the deal at joint working group meetings to be held inn the future.

The involvement of India and Japan is the project is being seen as a big development aimed at neutralising the growing influence of China, which has poured money into the South Asian island nation under its mammoth Belt and Road Initiative (BRI) infrastructure plan.

Sri Lanka has been one of the countries which became part of the China's Belt and Road Initiative, an ambitious plan announced in 2013 by President Xi Jinping to build an estimated USD 1 trillion of infrastructure to support increased trade and economic ties and further China's interests around the globe.

However, China's politically controversial investments in Sri Lanka became an election issue in 2015 and fuelled infighting between politicians in the capital. India, the US and several other countries have been highlighting the concerns over the BRI projects which may leave a number of smaller countries in debt traps. The concerns grew louder after China took over Sri Lanka's Hambantota port on a 99-year lease.

India's involvement in the latest project also became a reason for political infighting in the country.

In September last year, Sri Lankan President Maithripala Sirisena's reported opposition to India being given a stake in the East Container Terminal had created a political uproar. During a heated argument with Prime Minister Ranil Wickremesinghe in the Cabinet, Sirisena had argued against partnering India on the basis that it would be lucrative for Sri Lanka to do it themselves.

Sirisena was backing his Freedom Party accusations against his coalition partner Wickremesinghe's government of selling state assets.

The dispute was one of the reasons which led to Sirisena's sacking of Wickremesinghe late October. Wickremesinghe was reinstated in December.

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

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Pakistan: Govt pays Rs62bn to textile sector under PM exports enhance package

The government has so far paid Rs 62.5 billion to the local textile industry under Prime Minister's Exports Enhancement Package since July 2017, to help boost exports from the country, senior official in the ministry of textiles and industry told APP here on Tuesday.

During the last 10 months, the ministry paid Rs 20.5 billion to the textiles industry while it intends to pay more incentive in the coming month, the official said.

During the upcoming year, the government would pay further Rs 40 billion to the textile sector for value addition, which the official said would boost country's external trade.

The Exports Enhancement Package was aimed at bridging gap between exports and imports by encouraging the export oriented industry and incentivizing the industrial sector for introducing the innovative, modern and cost cutting technologies, particularly in the textile industry.

Replying to a question, he said that so far State Bank of Pakistan (SBP) has received the Rs 27 billion refund claims under the package, which he said would be processed accordingly.

He said in last seven months, the government had paid Rs 62 billion in terms of outstanding claims, adding that pending liabilities of Rs 20 billion would be paid off in coming months.

"The government is committed for the execution of PM export enhancement package for development and growth of the textiles sector for increasing country's export," the official added.

He further said that increasing the country's exports and creating job opportunities for the people were the top most priorities of the government.

Source: dunyanews.tv - May 28, 2019

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Pakistan: Insipid conditions on cotton market

The cotton market remained dull and dreary on Tuesday as spinners remained absent. The Karachi Cotton Association however increased its spot rate by Rs50 at Rs8,750.

Cotton experts said that as the Eidul Fitr holidays near, trading activities will stop in the next few days and it will be difficult to find transport to move the commodity.

While spinners are not showing any interest, ginners are also not ready to sell the commodity on the prices being offered by mill owners, experts added.

They said that both mill owners and ginners are adopting the wait and see policy. There are reports that the government is going to increase duty on imports besides imposing sales tax on textile products and this has demoralised investors, experts said.

Investors who used to invest in textile sector – particularly yarn stockists – are avoiding entering in any deals at a time when new cotton season is nearing. This situation will add to farmers' worries.

According to industry sources, cotton crop could be damaged due to the recent heat wave in cotton growing areas.

Trading on the ready counter remained restricted and the following deals were finalised: 400 bales, Rahim Yar Khan were, at Rs9,000; 370 bales (low quality), Vehari, at Rs7,700; 400 bales, Ahmedpur East, at Rs8,625; and 200 bales, Jalalpur Pirwala were, at Rs8,500.

Source: dawn.com- May 29, 2019

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Apparel waste is big business in Bangladesh

Apparel waste is a growing business in Bangladesh. There are two categories of waste, one from woven fabric, another from knit fabric. One factory, Simco Spinning and Textiles, has the capacity to produce 15 tons of yarn a day from cotton clips that are cut out during the garment stitching process.

The idea is to turn the scraps into materials demanded in the fashion world. And simultaneously, dealing with two purposes: business growth and the hazardous issue of waste management. These wastes are recycled for making new yarns or re-manufacturing garments.

Around 50 lakh people have their livelihood in this business, with more women workers than men. They annually produce 18 crore to 20 crore pieces of garments, mostly T-shirts, which are exported to India, Malaysia, and Bhutan.

The key source of raw material in the entire business comes from leftover fabrics and other accessories of export-oriented garment factories. The regenerated yarn has a good market in developed parts of the world, with people becoming more sensitive to environmental impacts caused by industrial pollution.

Waste factories have to face some challenges also. One of those is the increasing prices of waste resulting from a monopoly on the business by a syndicate. Also, small hosiery traders do not get soft loans or cash credit loans and have to borrow money from other sources at high-interest rates.

Source: fashionatingworld.com- May 27, 2019

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NATIONAL NEWS

FDI inflows record first decline in six years this fiscal

FDI inflows in telecommunication, construction development, pharmaceuticals and power sectors declined significantly in 2018-19

Foreign direct investment (FDI) in India declined for the first time in the last six years in 2018-19, falling by 1 per cent to $44.37 billion as overseas fund inflows subsided in telecom, pharma and other sectors, official data showed.

According to the latest data of the Department for Promotion of Industry and Internal Trade (DPIIT), FDI in 2017-18 was a record $44.85 billion.

Last time it was in 2012-13 when foreign inflows had registered a contraction of 36 per cent to $22.42 billion compared to $35.12 billion in 2011-12.

Since 2012-13, the inflows had been continuously growing and reached a record high in 2017-18.

According to the data, FDI inflows in telecommunication, construction development, pharmaceuticals and power sectors declined significantly in 2018-19.

Foreign direct investment in telecommunication dropped to$2.67 billion in 2018-19 from $ 6.21 billion in 2017-18, in construction development to $213 million ($540 million), in pharmaceuticals to $ 266 million ($ 1 billion) and in the power sector to $1.1 billion ($1.62 billion).

Sectors that recorded a growth in FDI includes services ($9.15 billion), computer software and hardware ($6.41 billion), trading ($4.46 billion), and automobile ($2.62 billion).

Further, Singapore has replaced Mauritius as the top source of foreign investment into India in the last fiscal, accounting for $16.22 billion inflows. India has received $ 8 billion FDI from Mauritius.

The other major investors in the country includes Japan, the Netherlands, the United Kingdom (UK), the United States (US), Germany, Cyprus, the United Arab Emirates (UAE) and France.

FDI is important as India would require huge investments in the coming years to overhaul its infrastructure sector to boost growth.

Decline in foreign inflows could put pressure on the country's balance of payments and may also impact the value of the rupee.

Source: thehindubusinessline.com- May 28, 2019

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SIMA asks new government to release ₹9,000-cr pending TUF subsidy

'Will generate more investments, create jobs, boost exports'

The Southern India Mills' Association has appealed to the new government at the Centre to resolve the TUF issue, boost job creation and textile exports.

P Nataraj, Chairman, SIMA, has in a communication, reiterated the need for resolving issues in the TUF (Technology Upgradation Fund) Scheme by fast-tracking the release of the pending TUF subsidy of ₹9,000 crore.

Resolving the TUFS issues would help bring huge investments, create jobs and boost exports as well.

"Special export garment package and enhanced RoSTCL benefits would yield the desired results only when the TUFS issues are resolved," the SIMA Chairman said

The TUF, a flagship programme of the Textiles ministry, has attracted over ₹3.75-lakh crore investment over the past two decades, created jobs for over 10 million people apart from enabling the textile industry become globally competitive and increase its exports manifold.

The scheme was effective and industry-friendly till 2007 when the Scheme was open ended, but as many complications cropped up, ₹9,000-crore in TUF subsidies piled up, and started to severely impact new investors in textiles.

This stalled the growth potential, forex earning opportunities besides affected job creation on account of new investment.

In its bid at making the sector globally competitive, the NDA government, which launched the TUF scheme in 1999, later extended the scheme up to March 2022 by allocating ₹17,822 crore.

This budget allocation included ₹12,671 crore for committed liabilities of Modified Technology Upgradation Fund Scheme (M-TUFS), Revised Technology Upgradation Fund Scheme (R-TUFS) and ₹5,151 crore for Amended Technology Upgradation Fund Scheme (A-TUFS), the SIMA chief said.

Source: thehindubusinessline.com- May 28, 2019

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Focus Africa: Why India needs to accord high priority to relations with world's second biggest continent

India's bid to further deepen and stepping up its engagement with Africa will be the top priority of the new government led by Prime Minister Narendra Modi. Between 2014-18, there were 25 high-level bilateral visit from India to Africa — a clear indication of a major build-up in India's relations with the resource-rich continent.

Sources have confirmed to Financial Express Online, "Prime Minister Narendra Modi has been focusing on intensifying and deepening our engagement with Africa. The next India-Africa Forum Summit will take place in New Delhi later this year where almost 40 heads of state are expected to participate. "

India has been reinforcing its relations with Africa in an effort to reclaim lost ground, focussing on lines of credit and capacity building, including skilling the local people.

India's development partnership currently with Africa includes implementation of $ 11 billion worth 180 Lines of Credit in over 40 African countries.

In 2015, India Africa Forum Summit, New Delhi had committed a concessional Line of Credit (LOC) of $ 10 billion and $ 600 million in grant assistance.

According to Prof Ajay Dubey, of JNU, "Asia-Africa Growth partnership will be the most important Prime Minister Modi's agenda. There are several projects including the India-Africa growth corridor projects; energy supply from Africa; Harvesting ocean resources."

In viewing of the growing Chinese presence, working together with the African nations in keeping the Indian Ocean as free navigation zone and working with African and other power presence in the region up to Djibouti is very critical, Dubey explains.

According to the Institute of Defence Studies and Analysis (IDSA), "The Indian Ocean is a natural bridge connecting India with the African continent. Therefore maritime cooperation is an important aspect of the relationship.

This includes maritime surveillance, anti-piracy operations and humanitarian and disaster relief. However, despite these steps, there is still room for realizing the full potential of the partnership."

With several coastal nations, the relationship between the two sides are increasingly seeking to harness the benefits of Blue Economy in a sustainable manner.

"Issues including the importance of multilateral cooperation with Africa under different groupings like BRICS, IBSA, UN Security Council seats, climate change negotiations, and WTO negotiations will be the focus when leaders of both sides will meet," Dubey adds.

Last YEAR, the government had announced that 18 new embassies will be opened in the African continent between 2018 and 2021.

So far Indian companies have invested over $ 54 billion in Africa and India's trade with the continent is now over $ 62 billion, which is over 21 percent more than in the previous year. Africa's exports to India is growing too.

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

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Bangladesh garment exports, a challenge

The Indian Texpreneurs Federation (ITF) has appealed to textile brands and retailers to focus on local sourcing to support domestic manufacturers, as this would create enormous job opportunities in the Indian sector.

Speaking on the increasing trend of import of textile products, convener of ITF, Prabhu Damodharan said, “Bangladesh's overall exports to India during July-April of the current fiscal, 2018-19, has increased by an astounding 53 per cent to touch US $1.07 billion. Data from the Export Promotion Bureau (EPB) shows, Bangladesh earned $ 701.56 million during the same period of the last financial year.”

According to him, a major contributor to this has been from the readymade apparel sector. He said, "India has lost nearly Rs 7500 crore worth of garment business to its neighbour. It would have created an additional 6,000 jobs in the spinning sector, 500 jobs in the processing sector, one lakh jobs in the garment sector and another 40,000 jobs in the printing and embroidery sector of the textile value chain."

While the Indian textile industry is already facing sluggish demand in domestic markets, it is also witnessing stagnant exports, and the prospective job losses would be approximately 1.5 lakh. It will make a severe impact on the textile manufacturing sector," he rued.

Mr Damodharan said, "as per industry experts, Western retailers with outlets in India, as well as Indian local brands are sourcing their goods from Bangladesh. It is paradoxical because our Central government is making efforts to promote "Make in India", "Skill India" and incentivizing job creations in the textile industry, he pointed out.

He noted that considering the situation of the Indian textile industry and India's job creation challenge, the ITF urges all brands and retail chains operating in India to explore possibilities of partnerships with garmenting hubs of the country like Coimbatore, Tirupur, Karur, Erode ,Surat and Ludhiana.

"Indian clusters can better serve the sourcing needs of both Western and Indian brands with quality and competitive pricing , than products sourced from either Bangladesh, Sri Lanka or Indonesia," he added.

Source: deccanchronicle.com- May 29, 2019

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100-day agenda: Commerce ministry pushes for separate logistics department

Official estimates put the size of the Indian logistics market at $100-125 billion and growing at about 5% annually

In a bid to bring all regulatory powers over the logistics sector under its wing, the commerce and industry ministry has pushed for the creation of a separate department for logistics.

Submitted to the Cabinet, the proposal is part of the ministry's 100-day agenda, and has the support of the Prime Minister's Office (PMO), sources said. However, the move may find opposition from other ministries such as road transport and shipping, if they feel their marquee schemes are being handed over to another ministry.

Case in point, the series of logistics parks envisaged under the broader Bharatmala scheme of the road transport ministry may now be implemented by Udyog Bhavan, which has championed the plan to reduce high logistics costs (estimated 14 per cent of gross domestic product) to less than 10 per cent by 2022, and is also finalising a dedicated policy for the sector.

Official estimates put the size of the Indian logistics market at $100-125 billion and growing at about 5 per cent annually.

According to the government, logistics services and infrastructure remain highly concentrated in just 15 states and Union Territories, which account for 90 per cent of the total exports by value.

To spread services, the National Highways Authority of India (NHAI) has prepared the detailed project reports (DPRs) for these warehousing and storage hubs, to give fillip to the logistics industry, in Guwahati (Assam), Surat (Gujarat), Dabaspet (Karnataka), Indore (Madhya Pradesh), and Mumbai.

According to a senior official, "The NHAI is ready with the DPRs, but the states have to come on board in terms of providing land for these projects. Once that is done, the execution agency for these hubs will be decided." However, it is learnt that the commerce and industry ministry is also in discussion with other government agencies for the implementation of these projects.

Last year, the PMO had picked up on the idea to create a single entity for streamlining the logistics sector, reduce wait time at ports and cut costs. Subsequently, a separate division under the commerce department was created in July 2017 under a special secretary-ranked officer.

The division is currently putting finishing touches to a logistics portal set to boost logistics infrastructure, optimise processes, and aid in monitoring and tracing. The data tool will combine data from a wide range of sectors, mapping industrial clusters and infrastructure like highways, railway lines, and waterways. It will also collect trade data from major ports and compute the logistics flow of major commodities such as coal, steel, and cement.

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

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Amazon targets $5 billion e-commerce exports from India by 2023

Online marketplace Amazon on Tuesday said it expects e-commerce exports from India to reach $5 billion by 2023 under its global selling programme.

"Amazon launched the global selling programme in India four years ago, aligning with this vision. Over the next five years, 'India to Global' has the potential to become huge," Amazon India Country Head Amit Agarwal said in a statement.

He said the firm is confident that the "global selling programme will hit the $5-billion mark by 2023 fuelling the growth of lakhs of Indian manufacturers, exporters and small enterprises".

The programme started with just few hundred sellers in 2015 and has now crossed $1-billion export mark from India with 50,000 exporters.

Amazon in second edition of its annual 'Export Digest' said there has been a growth of 56% in the number of global sellers from India in 2018.

It said Amazon's international marketplaces saw a rise of 55% in the selection of Indian products offered globally and 71% growth in sellers.

"The Annual Exports Digest showcases top Indian states and cities with international exporters and most popular product categories abroad. Delhi, Rajasthan, Maharashtra, Gujarat, Uttar Pradesh and Haryana emerged as the leading states with most international exporters on Amazon in 2018," the statement said.

It added that books, apparel, jewellery, kitchen and health & personal care products witnessed a huge demand from international customers across ethnicities.

Source: livemint.com- May 28, 2019

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Lending to MSME sector to get a fillip

Public sector banks seem to be ceding ground to private sector banks and non-banking finance companies when it comes to lending to the micro, small and medium enterprise (MSME) sector.

This is one sector of the economy on which the Modi-led NDA government set great store due to its potential for self-employment/ employment generation and ensuring socio-economic development.

However, a host of factors, including rising bad loans given under the government's flagship Mudra loan scheme, which is aimed at extending affordable credit to micro and small enterprises; the one-time restructuring of existing MSME loans (permitted by the RBI from January 1, 2019 and to be implemented by March-end 2020) that are in default but 'standard' as on January 1, 2019; and capital constraints have slowed down credit flow from PSBs to MSMEs.

Lending by private banks

According to a Kotak Securities report, which is based on a MSME study by TransUnion CIBIL, majority of the year-on-year growth in MSME lending in the third quarter (October-December) of FY19 came from private banks and NBFCs with market shares increasing by about 400 basis points (bps) and about 300 bps, respectively, at the expense of PSBs.

PCA framework

"PSBs are still the majority provider of credit to MSMEs (40 per cent share), but this has consistently reduced in the last five years (from 58 per cent in 3QFY14).

However, going forward, we expect this trend to moderate as more PSBs come out of the PCA (prompt corrective action) framework and the impact of liquidity issues shows up in the numbers for NBFCs," the report said.

That PSBs have turned conservative vis-a-vis MSME lending is underscored by the fact that State Bank of India reported a 7 per cent year-on-year increase in March 2019, recording the slowest growth among all segments of domestic lending.

The share of MSME sector in SBI's gross domestic credit has declined from 15.45 per cent in March 2018 to 14.50 per cent in March 2019.

With the NDA government getting re-elected, banking experts feel that its flagship programmes such as Mudra loan scheme and Start-Up India may be overhauled so that PSBs are encouraged to lend more to MSMEs.

Also, these banks are likely to be asked to step up their activity on online platforms such as 'psbloansin59minutes.com' and Trade Receivables Discounting System.

Source: thehindubusinessline.com- May 28, 2019

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Surat textile traders place new demands before state

Textile traders in Surat have placed a new set of demands before the state government.

The demands include developing a garment hub near the south Gujarat city as well as redressal of issues related to the goods and services tax (GST).

The garment hub would organise the industry and make it competitive not only within the country but also in international markets. Another point that the government needs to consider is GST.

The current GST on yarn is 12 per cent. This should be reduced to 5 per cent.

The implementation of GST has badly impacted textile production in India which has plummeted from 4 crore metre per day to 2.5-3 crore. The government should remove GST on units whose turnover is below Rs 5 crore.

Another hurdle the textile industry is facing is the limit on cash transactions.

Currently, the limit is Rs 10,000 per day which should be at least Rs 25,000, so that traders can manage their expenses in proper manner and also get rid of unnecessary accountancy-related procedures.

Source: fashionatingworld.com- May 28, 2019

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Farmers to defy ban on use of HTBT cotton: To plant genetically modified variant publicly on June 10

On June 10, these farmers will openly plant HTBT cotton seeds at Akot in Akola district of Vidarbha.

In Maharashtra, farmers have been illegally growing HTBT cotton for the past couple of years.

A section of the country's farmers is gearing up to defy the ban on the cultivation of genetically modified crops like Bt brinjal and herbicide resistant Bt (HTBT) cotton, without caring for legal action. On June 10, these farmers will openly plant HTBT cotton seeds at Akot in Akola district of Vidarbha.

In April, anti-GM activists had exposed a plot of illegally planted Bt brinjal in Haryana. While that crop has been destroyed by the administration, farmer organisations have been demanding compensation. Members of the Shetkari Sangathan from Maharashtra, who have been demanding "freedom to use technology", had visited their counterparts in Haryana to express solidarity.

"Last year, we had appealed farmers to plant HTBT cotton and assured them security. However, they were afraid of government action. This year, we will openly plant HTBT cotton in Akola," said Ajit Narde, head of the technology cell at the Shetkari Sangathan.

In Maharashtra, farmers have been illegally growing HTBT cotton for the past couple of years. This year so far, the state government has seized more than one tonne of HTBT cotton seeds worth Rs 65 lakh from 10 places. "The extent of HTBT is about 10% in districts like Chandrapur and Yawatmal," said an official at the agriculture department.

There are other farmers who want their peers to follow the law of the land. Ajay Vir Jakhar, chairman of the Bharat Krishak Samaj, said: "If the law of the country doesn't allow use of Bt brinjal seeds, then farmers should follow that rule. Strict action should be taken against those who do not follow the rule."

Refusing to comment on whether the government should change the law to allow farmers plant GM crops, Jakhar said, "As a farmer organisation, we do not have the means to judge the long-term impact of the technology.

There is a tendency to overestimate the impact and underestimate the unintended consequences of new technologies. I will like to trust the decision my government takes in this regard."

Source: economictimes.com- May 28, 2019

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