

IBTEX No. 134 of 2018

June 29, 2018

USD 68.62 | EUR 79.93 | GBP 89.97 | JPY 0.62

Cotton Market		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	Rs./Candy	USD Cent/lb
22063	46150	85.77
Domestic Futures Price (Ex. Gin), June		
Rs./Bale	Rs./Candy	USD Cent/lb
22260	46563	86.53
International Futures Price		
NY ICE USD Cents/lb (Dec 2018)		83.55
ZCE Cotton: Yuan/MT (Jan 2019)		15,965
ZCE Cotton: USD Cents/lb		93.15
Cotlook A Index - Physical		93.4
<p>Cotton guide: Cotton market posted a sharp drop in the price on Thursday. December settled lower at 83.55 cents down by 132 from previous close. This is the lowest settlement in last 6 weeks and the June month loss is now around 9 cents.</p> <p>No major reason for price drop except that US- China trade worries continue to weigh on market. Cash sales have been low and activities are sluggish both at cash and derivatives market.</p> <p>Trading volumes are less than 20K contracts since last 20 days and the aggregate open interests are reducing on a daily basis from 0.325 million contracts to around 0.560 million bales. This is the clear evidence of long liquidation out of fear while bulls are still away from the market.</p> <p>The major concern is price has breached 50-day moving average after several weeks is now becoming challenge for the bulls to come back to the market so quickly.</p>		

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Another negative close below 50 day moving average shall confirm a fresh bear move towards 80 cents. The same view can now be sensed at ZCE cotton which is also suggesting price could drop by another few percent in the near term.

Further on the fundamental front USDA US Weekly Export Report was pretty good released last evening, other than it had cancelations of 128,300 bales. For the week ended June 21st, combined net sales for 2017-18 and 2018-19 were 236,500 bales (upland 177,300 & pima 58,700). Vietnam was the biggest buyer with 143,100 bales. However this data had no effect on price on Cotton per se.

Post the market closed (ICE) the weekly CFTC on call purchase/ sale report was released. Total unfixed on-call sales were down 15,586 contracts to 140,899 contracts, the smallest since the week ended February 16th. The Weekly CFTC On-Call Cotton Report for the week ended June 22nd was released after the close. Total unfixed on-call sales were down 15,586 contracts to 140,899 contracts, the smallest since the week ended February 16th.

Coming to domestic market in India the spot price for S6 improved marginally this week and traded around Rs. 45900 to Rs. 46K per candy ex-gin. The both domestic and export demand is keeping cotton price firm. The daily arrivals have dropped below 17K bales on Thursday.

However the cotton future has been majorly moving online with the ICE future and on Thursday it settled at 22260 per bale. For the day market might remain sideways and the trading range should be 21070 to 22390 per bale.

Indian rupee- Indian rupee has appreciated by 0.2% to trade near 68.66 levels against the US dollar. Rupee has gained some ground after hitting record low level of 69.095 in intraday trade yesterday. A general correction in US dollar against major currencies has benefitted rupee as well. The US dollar index has come off 1-year high on disappointing GDP data. Euro has benefitted from reports of agreement over immigration issues.

Reflecting optimism about Indian economy, global rating firm Moody's has said India is among the least vulnerable to currency pressures because of its low reliance on external capital inflows. However, weighing on rupee is firmness in crude oil price, concerns about US led global trade war and general upbeat outlook for US dollar on Fed's rate hike expectations. Rupee has fallen sharply in last few days and some rebound is possible however weakness will continue unless we see significant correction in crude oil or improvement in risk sentiment. USDINR may trade in a range of 68.35-68.9 and bias may be on the upside.

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

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INTERNATIONAL NEWS

Spain's apparel and textiles imports up six per cent

Spain's textile and apparel imports have increased by six per cent during the last five years. Spain is the world's sixth largest apparel importer.

Apparel is the largest imported category in apparel and textile making up 78 per cent, followed by manmade textiles, cotton textiles and others with a share of 10 per cent, eight per cent and three per cent respectively.

China is the largest textile and apparel supplier to Spain, with a 21 per cent share of Spain's imports, followed by Bangladesh and Turkey with a share of 11 per cent each. India's exports to Spain have grown at three per cent year on year.

India is the seventh largest supplier of textile and apparel products to Spain. Apparel is the largest category, with a share of 77 per cent in India's textile and apparel exports to Spain. This is followed by cotton textiles and manmade textiles having a share of 13 per cent and six per cent respectively.

Countries like Bangladesh and Turkey have increased their share in Spain's textile and apparel imports over the last few years, owing to their market access arrangements with the European Union.

The Spanish apparel industry is expanding fast with the growth of fast fashion brands like Zara and other clothing retailers like Desigual and Mango.

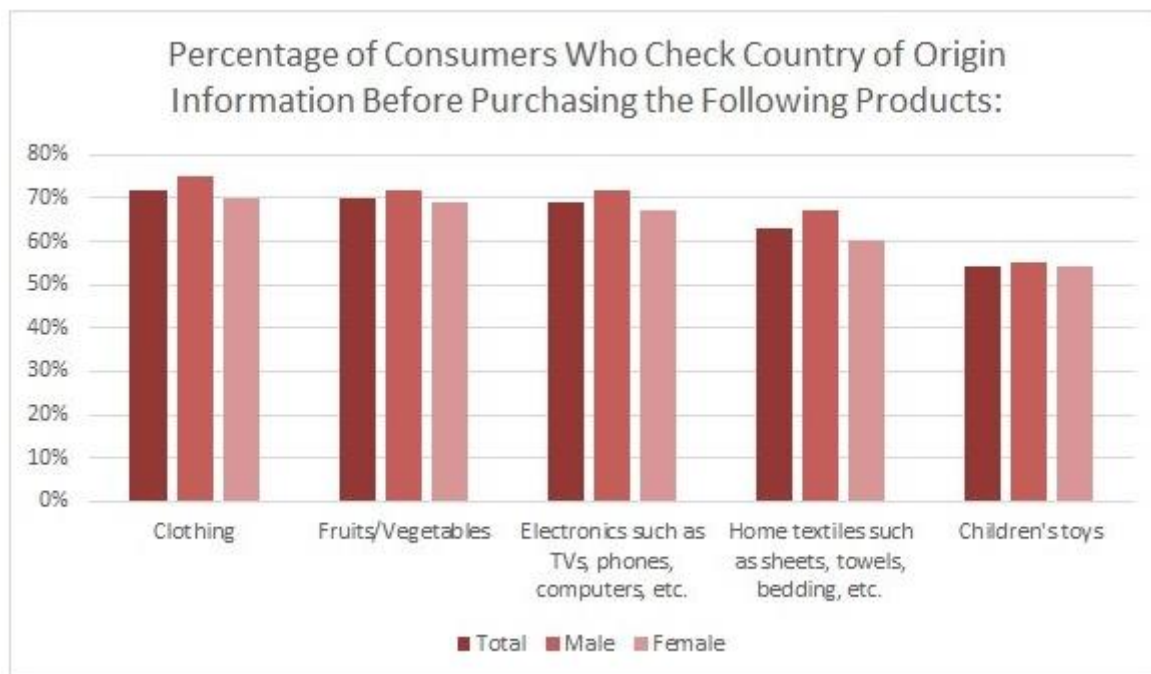
Source: fashionatingworld.com- June 28, 2018

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Consumers Still Care About Made in USA Clothing—Down to the Raw Materials

Among restaurants, the farm-to-table movement has become so pervasive it’s hard to find a menu or chalkboard that doesn’t tout a local farmer, fisher or baker. While the apparel industry isn’t as impacted with quite that amount of passion regarding the origin of their clothes, there are growing signs that Americans want to do more than just wave the Red, White & Blue on July 4th.

They want to celebrate what the country has to offer, including clothes that are Made in the USA of homegrown, natural materials.



Raleigh Denim’s co-founder and designer Victor Lytvinenko says the fact that the collection is U.S.-made is “absolutely” important to the company.

“We love making things ourselves in America, and that will always be the heart of our brand,” Lytvinenko says.

The majority of consumers (52 percent) say it’s important to them that the clothes they buy are made in the USA, according to the Cotton Incorporated Lifestyle Monitor™ Survey. Men and consumers over the age of 25 are significantly more likely than their counterparts to feel this way.

When purchasing various products, more than seven in 10 consumers (72 percent) check the country of origin information before purchasing clothes, followed by fruits/vegetables (70 percent) and electronics (69 percent), according to Monitor™ research.

Additionally, more than six in 10 consumers (63 percent) check the country of origin info before buying home textiles.

While young people are often closely associated with authentic product and local movements, the Monitor™ finds consumers under the age of 25 (60 percent) are significantly less likely than their older counterparts (76 percent) to check the country of origin before making purchases of clothes, produce, electronics, or home textiles.

Males are significantly more likely than females (67 percent versus 60 percent) to do so.

American Giant is a San Francisco-based apparel company that began in 2012 with “the audacious idea that innovation and enterprise belong to all of us. Not just Silicon Valley.” The company asserts it is investing in technology and engineering to produce “the best of American-made classics” while reigniting “manufacturing towns with new jobs along the way.”

More than seven out 10 consumers (73 percent) say it’s important to buy made in the USA apparel because it supports the U.S. economy, according to Monitor™ research. That’s followed by the sentiment that clothes made in the U.S. are better quality (55 percent) and manufacturing here is more environmentally friendly (32 percent).

American Giant’s Bayard Winthrop, founder and CEO, says producing at scale was the hardest part of growing the business.

“Getting there requires a lot of unglamorous work in sample rooms and on factory floors,” he says. “But once you have scale, you can control and mitigate inventory risks dramatically, allowing you to charge a much fairer retail price. You begin to unlock efficiencies that we believe can reset assumptions in the industry about the competitiveness and effectiveness of American-made product.”

The country's apparel and footwear makers were spared somewhat when the Trump administration recently put tariffs on \$50 billion in Chinese imports. Most of the Chinese equipment and machinery used by American apparel companies to make product domestically were removed from the tariff list.

The American Apparel & Footwear Association's Rick Helfenbein, president and CEO, said a tariff on this equipment and machinery would have increased costs for domestic manufacturers across the industry, leading to higher prices and lower sales.

However, according to Helfenbein, cotton farmers will feel the pinch.

"China previously identified almost \$1 billion worth of American cotton exports to China as a target, which will hurt American farmers and U.S. textile manufacturers, and add costs to our supply chains," Helfenbein said. "Any new tariffs present an immense burden for the American people."

Further, China has already made clear that it will retaliate swiftly. Ramping up tariffs doesn't help bilateral trade talks reach a successful conclusion. It's hard to see how anyone benefits from this."

Besides manufacturing in the U.S., American Giant and Raleigh Denim also use domestic cotton in their apparel lines, as does Chicago-based Dearborn Denim. Dearborn began in 2016, and all the products, including jeans, tees and shorts, are cut, sewn and crafted at its Windy City factory.

Nearly two in three consumers (65 percent) are interested in buying apparel made with cotton that is grown in the United States and then manufactured here, too, according to Monitor™ research. Among those consumers over the age of 35, roughly three of four (74 percent), significantly more than their younger counterparts (51 percent), say they are interested in buying U.S.-made clothes produced with domestically grown cotton.

At Raleigh Denim, Lytvinenko says not only is everything made in the U.S., but also most of the denim and the majority of the button-down shirts are made in North Carolina. The company is currently celebrating its 10-year anniversary. It's grown from a team of two—Lytvinenko and his co-founder and wife Sarah Yarborough—to a 40-member firm.

“Producing in the U.S. is a beautiful adventure and challenge. There are always obstacles to overcome...it is hard to say if it is easier or harder now than before,” Lytvinenko says, recalling how 10 years ago, he and Yarborough did all the running, designing and manufacturing themselves.

Now, the company has a retail space called The Curatory at the front of its downtown Raleigh, NC, workshop, and product is sold in 100 doors across North America. “In the beginning, building our factory—hunting for, finding and rebuilding the vintage machines—and training our jeansmiths took some time. Ten years later we are a lot better at making, but it is harder to find raw materials.”

Lytvinenko is referring to the difficulty in attaining American-made denim. White Oak Cone Mills closed in December. It was preceded by Denim North America and Swift Galey. For makers looking for U.S.-made denim, that leaves only Mount Vernon Mills in Mauldin, SC.

But 62 percent of consumers are interested in buying denim jeans that are both made with U.S.-grown cotton and domestically manufactured, according to the Monitor™. Likewise consumers would like to see “homegrown” T-shirts (69 percent), underwear (67 percent), bed sheets (65 percent), and active tops (61 percent).

Raleigh Denim’s customers appreciate the effort the company has made to stay homegrown and local.

“We feel we have some of the most loyal customers, who get excited as much as we do when we launch new products and styles,” Lytvinenko says. “Sarah, myself, and our entire team love hearing from the community that not only do they appreciate our designs but also the importance we place on being U.S.-made.”

Source: sourcingjournal.com- June 28, 2018

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Iran bans import of over 1,300 goods, textiles is one of them

Iran is banning imports of over 1,300 products, preparing its economy to resist threatened US sanctions, amid rare public protests against the plunge of its currency to record lows.

The prohibited imports include home appliances, textile products, footwear and leather products, as well as furniture, healthcare products and some machinery.

The government is justifying its latest imports ban by citing economic security. The ban would prevent an outflow of \$10 billion of foreign currency.

The IMF estimated in March that the government held \$112 billion of foreign assets and reserves, and that Iran was running a current account surplus. These figures suggested Iran might withstand the sanctions without an external payments crisis.

But as US pressure constricts Iran's access to the international banking system, its ability to deploy some of those resources may have suffered.

India is planning to revive a rupee trade mechanism to settle part of its oil payments to Iran, fearing foreign channels to pay Tehran might close.

Source: fashionatingworld.com- June 28, 2018

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Sri Lanka's April exports flat, car imports help widen trade gap

Sri Lanka's trade deficit widened in April 2018 from a year ago as export earnings growth was flat while imports rose sharply driven by a big rise in imports of cars, the central bank said.

“However, tourist earnings and workers' remittances continued to record a healthy growth during the month,” a statement said.

“The deficit in the trade account expanded in April 2018 reversing the deceleration observed in the previous month,” it said. “This expansion was largely driven by the increase in expenditure on imports while earnings from exports remained stagnant.”

In April 2018, merchandise export earnings remained unchanged at 795 million US dollars when compared with April 2017 while expenditure on imports increased almost 12 percent to 1,794million US dollars.

“In terms of the current account, the trade deficit expanded in April 2018 as import expenditure increased at a higher pace while export earnings remained subdued,” the central bank said.

Textiles and garments exports fell 3.4 percent to 338.6 million dollars, declining for the first time since June 2017, while tea exports were almost flat at 110 million dollars.

Vehicle imports rose 180 percent to 158 million dollars and refined petroleum products by 26 percent to 257 million dollars.

“Import expenditure on personal vehicles, categorised under consumer goods, contributed mainly to the overall growth in imports due to the substantial increase in imports of small engine capacity vehicles, hybrids and electric vehicles,” the statement said.

Expenditure on textiles and textile articles reduced marginally driven by lower fabric imports in April 2018.

“Machinery and equipment mainly contributed to the growth in import expenditure of investment goods while expenditure on the import of transport equipment also increased driven by commercial vehicles such as buses and tractors.”

Source: economynext.com- June 28, 2018

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Brexit 'no deal' to hike clothing prices

The cost of clothing and textile imports could rise by 7% if the UK fails to find a friction-less agreement from the Brexit negotiations the British Retail Consortium has said.

Analysis from BRC has found that even if tariffs remain at zero, there are 405 non-tariff controls in place on a range of products entering the European Union including clothing and textiles.

The checks cover rules of origin and dangers to human health, as well as checking if the correct levels of taxation have been placed on goods.

The BRC states that “as members of the EU customs union and single market the UK is not currently subject to any of these controls. However, if we leave the EU without a deal, that will change.

”This will lead to a significant increase in administration for most goods and a risk of substantial delays at borders.”

Helen Dickinson, chief executive of the BRC, said: “It is imperative that we avoid a no-deal Brexit and have an agreement between the UK & EU that maintains frictionless trade, otherwise the cost of importing everyday items will go up. This will inevitably lead to higher prices for consumers and will add to the cost burden on retailers at a challenging time for the industry.”

Source: drapersonline.com- June 28, 2018

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Pakistan: Trade war to benefit Pakistan's cotton

“The Force is on Pakistan’s side”, we often hear in politics. There finally seems to be some grain of truth in it, at least for the time being. The trade war between US and China may leave both economic giants at an economic loss, but it is expected to benefit Pakistan’s textile sector.

China is the second largest buyer of US raw cotton, as per trademap.org, an online repository of international trade by International Trade Centre. As China imposed 25 percent retaliatory duty on US goods and commodities, global commodity prices for cotton have been on a downward trend.

US is one of the largest producers of cotton and imposition of tariffs is expected to put downward pressure on its raw cotton export. Already, cotton prices have declined by 75 cents per pound during last week’s future trading.

The obvious beneficiaries of supply glut are net importers such as Bangladesh, Turkey and Vietnam who continue to rely heavily on imported long staple cotton for higher thread count yarn.

Exporters like India will also gain some benefit, as Chinese textile manufacturers look elsewhere for raw material. Cotton Association of India has raised its FY18 estimate for annual cotton export by an additional million ton to 6.5 million tons, based solely on orders booked over the past one month.

Back at the home turf, cotton cultivation has suffered during current Kharif season as Sindh province’s output is expected to decline by 15 percent over last year.

Sowing in Sindh has suffered badly on account of shortage of water and changing climate pattern, and experts predict that crop quality will suffer as a result.

It is in this context that US-China trade war has come as a boon to Pakistani textile exporters as despite poor crop quality and lower domestic cotton production, the garment manufacturers are expected to benefit from lower prices of imported cotton.

Already, domestic textile value add sector is enjoying a bonhomie on the back of Pak Rupee depreciation and resultant price competitiveness of Pakistani manufactured goods in the global market.

On the import side, the increased cost of import of raw cotton due to higher USD rates is expected to be more than offset by the lower commodity price in the global market. This is in addition to the 4 percent customs duty and 5 percent sales tax on import of raw material withdrawn by ECC during the last months of PML-N government.

Commodity prices are not something to be relied upon, especially when they are a result of a trigger-happy US president who is prone to reverse his decisions. Poor cotton cultivation and missed production targets are a cause of grave concern for the textile sector in the medium to long term. However, domestic textile sector's turnaround in fortunes has been a longtime in waiting. Exporters should enjoy it while it lasts!

Source: breccorder.com- June 28, 2018

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Turkey to annul anti-circumvention duty on Nepalese yarn

Turkey has agreed to annul the 17 per cent anti-circumvention duty on import of Nepali yarn, which it had initiated last year alleging Nepali traders were exporting foreign yarn under domestic brand names.

However, the official letter from the Turkish side over the issue is yet to be received. Turkey earlier provided duty-free access to Nepalese yarn.

Alleging that Nepal was exporting Chinese yarn, Turkey had suspended the generalised system of preferences (GSP) benefit on export of yarn from Nepal in January this year.

It had cited a considerable growth in export from Nepal — around 190 per cent between 2011 and 2017 — without a reliable domestic production base as the reason for suspending the facility.

Following complaints by Nepalese exporters, a Nepal Government team had visited Turkey last March to clarify the country's position on the issue.

The development followed the visit by a team of Turkish Government officials to factory sites in Nepal this month, a popular Nepalese daily quoted Rajendra Singh, deputy director of Trade and Export Promotion Centre (TEPC), as saying.

Nepal exports polyester and viscose blend yarn worth around 4 billion Nepali rupees to Turkey every year.

Source: fibre2fashion.com- June 28, 2018

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Bangladesh yarn industry loses out to cheap Chinese, Indian substitutes

As per the Bangladesh Textile Mills Association (BTMA), the sudden deluge of low-cost Chinese and Indian substitutes in local markets has resulted in over Tk 25,000 crore worth of domestic yarn and fabrics remaining unsold in the last five months.

The majority of demand is being met by the Chinese and Indian yarn and fabrics, which are imported under bond licences and illegally sold in the domestic market by a section of unscrupulous traders enabled by the lax monitoring by the customs department.

These yarns and fabrics are used to make saris, salwar suits, bed sheets, scarves, lungis, the local yarn makers and weavers sell Tk 25,000 crore to Tk 30,000 crore worth of products ahead of Eid-ul-Fitr and Eid-ul-Azha.

The goods imported under bond licences are not allowed to be sold in the local market as those are imported duty-free for exporting to different countries after processing in factories.

Source: fashionatingworld.com- June 28, 2018

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Vietnam: Textile industry expects high growth rate

The textile and apparel industry was defined as a field with one of the highest growth rates over the next 12 years.

It's expected the business will grow by 14 percent over the next two years and a further 10 percent up to 2030.

Speaking at the 4th Vietnam Textile Summit 2018 held in Hanoi on June 27, Dr. Tran Du Lich said he believed the future would be bright.

“Garment and textile is a key economic sector in terms of employment creation and contribution to exports. It creates 20 percent of jobs in Vietnamese industry,” said Lich.

This sector has the second highest export turnover and occupies the fifth position in the world. Last year saw goods worth more than 31 billion USD, exported, representing 10.23 percent year-on-year increase.

The rapid growth rate was expected to continue this year with an estimated turnover of 33 billion USD.

In addition to maintaining traditional markets such as the US, Europe, Japan and the Republic of Korea, Vietnamese garment and textile firms have been expanding to new areas such as China, Russia and Cambodia.

It also promotes the development of the cotton fiber industry; petrochemical industry and other textile supporting industries as well as trading, services, and fashion industry.

“The textile industry contributes to the success of FDI attraction policy. FDI accounts for about 60 percent of apparel and textile export turnover,” he said adding that in the economy industrialisation strategy, the industry played an important role in the economic structure of Vietnam.

However, he said the Government policies played an important role to help businesses develop. Vietnam's vocational training policies in the industry had not been effective and would need further support.

In addition, the Government should encourage enterprises to mobilise capital on the stock market. The application of the Decree No 111/ND-CP on supporting industries should be promoted and be included in research budgets, application of new technologies and reduction of corporate income tax.

The Government should also encourage the linking of value chains by supporting small and medium enterprises under the Law on the promotion of small-and-medium sized enterprises (SMEs).

Tran ThanhHai, Deputy Head of the Department of Export and Import under the Ministry of Industry and Trade said new Free Trade Agreements (FTAs) which Vietnam signed or negotiated would benefit the country's garment and textile sector.

“In the 2018-22 period, the export tax of some products would be reduced to zero, creating new opportunities for the country to increase export added value and promoting the economic growth,” Hai said.

On the other hand, the competitive labour costs and preferential policies would continue to help Vietnam become one of ideal destinations for investors in the sector.

However, Vietnam should continue to compete to maintain competitiveness with countries such as Bangladesh, Sri Lanka, Myanmar and Cambodia.

Sharing the ideas, Ven Tran, Director of Vietnam Office of Weave Services Limited said Vietnam had experienced strong growth in textile manufacturing thanks to three key advantages as trade barriers are gradually removed.

In addition, Vietnam ranked second lowest in the regions, after Bangladesh. Its global position made it an ideal choice for investors who want to leave China.

However, there were still three main challenges to sustain this strong growth including low productivity, environmental regulation and long lead time, he said.

Long lead time means retailers and manufacturers fail to meet customers' expectation and managing raw materials is key to speeding up productivity.

Material accounts for a half of total lead time and it can even be 70 percent when it comes to overseas supply.

He suggested the solutions were to set up a common language with supply methods while factoring in risk.

The event co-organised by ECV International and Vietnam Cotton and Spinning Association (VCOSA) aimed to better understand the market, as well as mitigate risks and identify new opportunities.

Meanwhile, the summit can also act as a platform for exchanges, communication and mutual assistance.

Source: en.vietnamplus.vn- June 28, 2018

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NATIONAL NEWS

Technical textiles to grow at 20%: Textile Commissioner

The technical textiles industry is projected to grow at 20 per cent year-on-year and the segment's potential is largely untapped in the country, a senior government official said here.

"We see huge growth potential for the technical textile industry in India. With 12 segments of technical textiles and a market size of Rs 1,16,000 crore it is projected to grow 20 per cent per annum," Textile Commissioner Kavita Gupta said here.

India only accounts for 3 per cent of global technical textile production. As compared to countries like Germany where technical textile contributes 50-60 per cent, In India, this contribution is only 12 per cent, she said.

After inaugurating TECHNOTEX 2018 - an International Exhibition and Conference on Technical Textiles jointly organised by FICCI, Gupta said that technical textiles are being promoted at the highest level by the government so that full potential of this critical segment could be realised.

She said that ministry needs the support of industry to promote usage of technical textiles.

Shishir Jaipuria, chairman, FICCI Textile Committee and chairman and managing director of Ginni Filaments in his welcome address said, "Government has special focus on technical textiles and has announced various flagship schemes and future looks promising. We want to pass on the benefits to the consumers."

Nearly 168 exhibitors from 39 countries including China, Taiwan, South Korea, Vietnam and USA are participating in Technotex.

A total of 225 international buyers will be taking part in reverse buyer-seller meet and 7000 visitors are expected at the two-day event.

Source: business-standard.com- June 28, 2018

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Trading places: A cheaper currency to offer limited relief to exporters

Exporters from sectors ranging from the labour-intensive garments to engineering goods said a sustained depreciation in the rupee could help India sustain a near-double-digit growth in 2018-19, as in the last fiscal.

The rupee's drop to a fresh low of 69 against the dollar in intra-day trade on Thursday will provide limited relief to exporters, thanks to a fall in the currencies of emerging market peers, an escalation of a global trade war, the absence of credible domestic reforms to cut huge logistics costs and high import intensity in some key segments like petroleum and gems and jewellery.

Exporters from sectors ranging from the labour-intensive garments to engineering goods said a sustained depreciation in the rupee could help India sustain a near-double-digit growth in 2018-19, as in the last fiscal. However, persistent volatility in the movement of the domestic currency, unless managed, could make it difficult for exporters while firming up contracts, they felt.

Ravi Sehgal, who exports a lot of engineering goods and is also the chairman of the Engineering Export Promotion Council (EEPC), said the rupee's slide will help the engineering goods segment — which accounted for a fourth of total merchandise exports last fiscal — achieve 13-14% growth in 2018-19, higher than the rise in overall goods exports.

He said the weakening of the rupee helps exporters the most in the short term. "Over the medium term, overseas buyers also tend to renegotiate supply contracts, citing the weakening of the rupee," he said. Nevertheless, the weak rupee will help exporters beat a rise in other costs.

Gautam Nair, managing director of one of the country's biggest garment exporters, Matrix Clothing, said: "While the depreciation in recent months should help us, it has also made yarn exports from India more lucrative. So we have to buy yarn at a higher price as well. Nevertheless, the depreciation helps unless there is no sharp volatility."

FIEO director general Ajay Sahai said the falling rupee will help exports of services more than those of goods. This is because overall merchandise exports also have an average import intensity of as much as 60%, with limited value addition in many segments. For instance, the gems and jewellery segment has an import intensity of 95%, while petroleum products and some electronic goods have as high as 80%.

Dhiren Sheth, a large cotton exporter and the president of the Cotton Association of India, said cotton exports may exceed 70 lakh bales in the 2017-18 marketing year through September, against around 60 lakh bales in the previous year, aided partly by the weak rupee.

However, in the medium term, various other factors, including the benchmark crop prices, will be critical in driving exports, he indicated.

According to the real effective exchange rate (REER) index of the Reserve Bank of India, despite the recent depreciation, the rupee was still over-valued by close to 18% in May, although it was over 21% a year earlier. Exporters called for a carefully considered strategy and a more pragmatic approach to ensure the fair value of the rupee in overall interest of exports and employment generation.

The rupee's fall came at a time for Indian exporters when some developed markets, especially the US, are turning more protectionist. In the absence of any reform to make the transportation and logistics costs — which account for roughly 15-16% of consignment value — the rupee's fall alone is unlikely to help exports substantially, said exporters..

Source: financialexpress.com- June 29, 2018

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Indian envoys, Rajasthan govt discuss investment opportunities

Indian diplomats posted in various countries engaged in dialogues with Rajasthan government officials here today to discuss opportunities of investment and export and for enhancing ties of the desert state with other countries.

Ambassadors/High commissioners posted in nine countries held a meeting with Chief Secretary D B Gupta and other officers to discuss the potential of the state in the areas of export and investment.

The diplomats suggested the officials to promote Rajasthan, which is known for tourism, as a destination of medical tourism and education hub.

They said the state has huge potential of export in sectors like marble, granite, pharmaceutical, jewellery, textile and yarn among other.

Gupta said Rajasthan is a leading state in areas of textile, gems and jewellery, minerals and grains production and now the state is emerging as a leader in solar energy production, according to a release.

Additional Chief Secretary Industries Rajeeva Swarup informed the envoys that Rajasthan State Industrial Development and Investment Corporation (RIICO) has developed 3,044 industrial areas in the state.

He said 52 Japanese companies are successfully running their operations in the dedicated Japanese zone (in Alwar) and second Japanese zone is also being developed.

Swarup said factors like availability of manpower and resources, law and order condition have made Rajasthan a preferred destination for investment.

Officials from other departments informed about the schemes and programme of the state government.

Indian Ambassador Monika Kapil Mohta (Sweden), Rahul Kulshreshth (Turkey), Vijay Thakur Singh (Ireland), Narinder Chauhan (Serbia), Satibir Singh (Algeria), Sanjay Rana (Azerbaijan), Rajesh Agrawal (Niger), Pradeep Rajpurohit (Iraq) and Indian high commissioner to Malta Rajesh Vaishnaw

also discussed possibilities for enhancing ties and cooperation of Rajasthan with these countries.

Industry commissioner Krishna Kunal informed that the diplomats will visit various industrial, handicrafts exports units here tomorrow.

Source: business-standard.com- June 28, 2018

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Apparel exports fall for 8th month in row

GST glitches and global competition to blame for

Apparel exports from the country dwindled for the eighth month in a row giving tough time to exporters based in Punjab, Haryana and UP. The three states contribute 40 per cent of the total apparel exports from the country.

The sector has been witnessing a downward trend since October last. In dollar terms, the exports declined by over 16 per cent in May 2018. There are around 800 exporters in these states.

According to a data, total readymade garment exports in May this year was around \$1.34 billion while it was \$1.6 billion in the same month last year. In rupee terms, exports in the month was Rs 9,040.63 crore, a decline of 12.6 per cent over Rs 10,343 crore during the corresponding period last year.

Exporters say apparel exports, particularly from Punjab, Haryana and Uttar Pradesh, have seen a steep decline due to high input costs, delay in GST refund and stiff competition from Bangladesh, Vietnam, Pakistan and China.

The input costs in Punjab, Haryana and UP is higher compared to other regions, thus affecting the industry, said Harish Dua, MD of Ludhiana-based KG Exports. In such a scenario, exporters in Punjab are pinning hope on the Drawback Committee constituted by the Finance Ministry to provide incentives in a time-bound manner.

The continued backlog in the GST and the remission on state levies are affecting the business sentiments. “The exports are dwindling because of weak economic sentiments globally.

However, with dollar strengthening, we expect that things will improve by September,” said Apparel Export Promotion Council Chairman HKL Magu.

Source: tribuneindia.com- June 28, 2018

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India, US working to sort out looming tariff war

Trade officials from both the sides to meet in Washington next month

India is hopeful of resolving the issue of higher import tariffs imposed by the US on its steel and aluminium which could lead to a possible roll-back of its proposed retaliatory tariffs on American goods after a three-day intense meeting between senior trade officials from both countries in New Delhi.

“We are hopeful that we will be making a headway on the issue of duties imposed on Indian aluminium and steel by the US on national security grounds and reach some agreement that will satisfy India’s requirements. We hope to do this before August 4, when the retaliatory tariffs are to be implemented,” a government official said on Thursday.

The team from the USTR that participated in the bilateral meeting, which concluded on Thursday, was led by Assistant USTR Mark Linscott.

Both sides also decided to come up with a white paper on how to expand trade on both sides. While the US outlined the possibility of greater exports of civil aircraft, oil and gas and education services, India’s focus was on food and agriculture, engineering goods and automobile & auto components.

“The list of items discussed at the meeting is by no means exhaustive. The idea is to identify a whole list of products and then look at ways to increase cooperation,” the official said. A team of officials from the Commerce Ministry, and possibly from some other Ministries and Departments, will visit Washington next month to take forward the dialogue.

“Both sides are serious about sorting out their respective concerns in the short and medium term and boosting trade in the long term. More progress will be made in the next meeting,” the official added.

The positive feelers from the India-US trade dialogue have come despite USTR Robert Lighthizer issuing a statement on Wednesday threatening further action against trading partners who have imposed retaliatory tariffs on US goods, specifically China and the EU, and stressing that the actions on trade in steel and aluminium by the US were legitimate.

Last week, India notified retaliatory tariffs on 29 items imported from the US in response to Washington imposing higher duties of 10 per cent on aluminium and 20 per cent on steel imported from India citing security concerns. New Delhi, however, deferred implementation of the tariff hike to August 4 to have some room to sort out the matter with Washington.

Source: thehindubusinessline.com- June 28, 2018

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MCX inks pact with Maharashtra govt to empower cotton farmers

The Multi Commodity Exchange of India (MCX) today said it has signed an agreement with the Maharashtra government to empower cotton farmers in the Vidarbha region.

Under the memorandum of understanding (MoU), MCX will partner with the Maharashtra's agriculture department and other government agencies to work closely with Farmer Producer Organisations (FPOs) and help them to connect to the exchange's organised market network and enable them to build their capacities, a release said.

It aims to create a value chain with final market linkages to support thousands of cotton farmers in Akola, Amravati and Wardha.

"Commodity exchanges greatly influence a large section of society due to the trading of various agro commodities, base metals and bullion. They can play a key role for inclusive growth and development of commodity markets and market infrastructure," Maharashtra chief minister Devendra Fadnavis, who was present on the occasion, was quoted as saying in the release.

He said MCX's assistance in creating a value chain with a final market linkage will help the farmers in planning their crop as well as demanding the right value in the market for their produce.

“Under ‘Cotton Mission’, the exchange will work with the government to identify and create farmer groups, and work towards equipping these groups to access regulated markets that will enable them to participate in a transparent price discovery mechanism and sell their produce in a national market for better price realisation,” said Mrugank Paranjape, managing director and chief executive, MCX.

MCX already has accredited warehouses in Yavatmal and Jalna, according to the release. To further facilitate delivery of cotton in the region, the exchange plans to provide delivery facilities in three or more new locations in Vidarbha.

Source: thehindubusinessline.com- June 28, 2018

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Tirupur Exporters Assn thanks TN CM for taking up sector's

Tirupur Exporters' Association (TEA) today thanked Tamil Nadu Chief Minister K Palaniswami for including issues related to Tirupur's knitwear sector in the representation sent to the Union Commerce Minister.

In the representation, Palaniswami has requested commerce minister Suresh Prabhu for his personal intervention to address the issues to protect the textile industry and also have a level playing field, TEA president, Raja Shanmugham said in release.

"We hope the issue would get addressed and pave way for the development of Tirupur knitwear export sector and also increase employment," he added. "The continuous support and encouragement given to the industry from the Tamil Nadu government headed by you will certainly uplift the industrialisation in our state and contribute more for TN economy," Raja Shanmugham said in the letter thanking the chief minister.

Source: business-standard.com- June 28, 2018

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Asia the bright spot in the global economy as it works for open trade: Heng Swee Keat

Singapore's finance minister Heng Swee Keat said negotiations for the Regional Comprehensive Economic Partnership (RCEP) would hopefully be concluded by the end of the year, noting it would be a "concrete show" of commitment to open trade at a time of growing protectionism.

RCEP is a free trade agreement that is being negotiated between the 10 members of the Association of Southeast Asian Nations (Asean) and India, China, Australia, New Zealand, South Korea and Japan.

While India has been hesitant about giving wider market access, Prime Minister Narendra Modi recently highlighted his country's commitment to concluding the negotiations.

"The completion of the RCEP will be a concrete show of our commitment to open trade and investment and to the continued growth and development of our economies and provide more opportunities for our people," said Mr Heng at The Singapore Symposium, a signature event of the Institute of South Asian Studies.

In his talk, Mr Heng called Asia the "bright spot in the global economy".

"This is part of a broader shift of the economic centre of gravity back to this region. Against a backdrop of slower growth in the developed economies, India is expected to grow by 7.8 per cent in 2019 while Asean by 5.3 per cent," he said.

He said that Singapore would continue to work with India and the rest of the region to realise the full potential of Asia.

India and Singapore share close ties, with Singapore, one of its top foreign investors, helping India broaden its engagement with South-east Asia and establish links with Asean.

The two countries also collaborate in a variety of areas including in skills training and the creation of smart cities.

India has tapped Singapore for solutions on urban renewal, for instance involving Singapore companies in building Andhra Pradesh's new capital city of Amaravati from scratch.

Mr Heng said India and Singapore could work on the "four connectivities" of trade, infrastructure, air and digital technology.

Singapore in particular has been pushing for closer aviation links between India and South-east Asia.

Mr Heng also noted there was potential to do much more between India and Asean and that Singapore would continue to champion India in Asean, including serving as a "good gateway" for Indian companies to access Asean markets.

He also noted that Singapore supported Prime Minister Modi's commitment towards a rules-based order for the region which upholds the sovereignty and equality of all nations.

"We must strengthen our collaboration and an open, balanced and inclusive regional architecture so that we can complement one another and progress together," he said.

Mr Heng is on a visit to India and was in Mumbai for the Asian Infrastructure Investment Bank (AIIB) annual meeting on June 25 and 26.

Source: straitstimes.com- June 28, 2018

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Traders urge Finance Ministry to review GST-related issues

As the goods and services tax (GST) approaches one year of implementation, traders have requested the finance ministry to review issues like filing of multi-returns, refunds from the department, awareness about the unified tax regime and its compliances.

The Confederation of All India Traders (CAIT), in a letter written to the ministry today, has suggested that instead of monthly returns, quarterly returns should be prescribed on Form 3B to make return filing simpler.

Asking for the refunds to be automatically credited to traders' bank accounts, it has called for one registration number for traders to be allowed across India, instead of taking registrations in every state for doing business.

Further, the body suggested that the HSN Code should be made applicable only on the manufacturers and not traders. It has also appealed for assistance to traders to equip them with computers, in order to encourage e-compliance.

“A comprehensive incentive scheme should be given to traders who adopt digital payments for complying tax obligations and use digital payment in their day to day business by allowing rebate in tax,” it further said.

Also, it is necessary that pending amendments in GST Act should be done as early as possible, the letter read.

Other suggestions include no input credit should be denied on pretext of invoice matchmaking, traders should be allowed to edit the returns, the classifications of goods should be made easier, inter-state supplies should be allowed in composition scheme and a GST Lokpal should be constituted for fair and transparent redressal of grievances.

CAIT has also said that reverse charge mechanism should be deferred till March next year. It has also urged the ministry to constitute a joint committee of traders and senior officials at district level to take GST down the line.

The GST, which was implemented on July 1, 2017, replaced over a dozen indirect taxes levied by the Centre and state governments.

Source: financialexpress.com- June 28, 2018

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