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IBTEX No. 126 of 2019 June 29, 2019

SD 68.95| EUR 78.53 | GBP 87.53 | JPY 0.64

Cotton Market (28/06/2019)		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
21531	45000	**83.08**
Domestic Futures Price (Ex. Warehouse Rajkot), July		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
21500	44935	**82.96**
International Futures Price		
NY ICE USD Cents/lb (December 2019)	66.09	
ZCE Cotton: Yuan/MT (September 2019)	13,945	
ZCE Cotton: USD Cents/lb	90.42	
Cotlook A Index – Physical	**77.20**	

Cotton Guide: The export sale figures were on the lower end as expected which pulled down the International and MCX future contract prices. For the week ended June 20, US Export sales of upland cotton for the year 2018/2019 crop year summed up to 72,000 running bales, including cancellations of 5,500 running bales. For the year 2019/2020, the export sales summed up to 45,300 running bales while export shipments were reported at 322,600 running bales. We expect jittery markets today with the release of the USDA June planting intentions.

We need to keep track of Total Volume figures seen at ICE which were very low at 13,145 contracts. This means that the market participants are eagerly waiting for some geopolitical news. There is a buzz going around that the meeting will be a successful one thus bringing in some positive results for the market participants. This is thus currently enforcing a lag in trade which is expected to remain the same until the exact confirming news is out.

Country	Running Bales
Turkey	19,900
Vietnam	11,200
Indonesia	11,100
India	10,400
Pakistan	6,800
Table 1: Net Upland Export Sales 2018/2019	
Reductions were seen for China 2,700 Running bales and Japan 2,600 Running bales	

Country	Running Bales
Mexico	18800
Indonesia	13200
Thailand	8400
Vietnam	2200
Table 2: Net Upland Export Sales 2019/2020	
Reductions were seen for China 1,300 RB	

Country	Running Bales
India	75,200
Vietnam	57,100
Turkey	44,500
Indonesia	31,400
China	27,000
Table 3: Upland Export shipments	

With the release of the weekly export sales, the ICE December contract settled at 66.09 cents/lb with a change of -30 points. All the ICE Contracts were seen to show a decline in the range of -16 and -50 points with the ICE July contract being the most volatile contract. The ICE December contract traded in the range of 65.78 and 66.86 cents/lb having a difference of 110 points between the high and the low figures. The open interest is still at a very low figure, similar to that of the past few days which is a 4 year low.

The MCX contracts on the other hand traded downwards with a range of -220 Rs and -280 Rs. The MCX June contract settled at 22,150 Rs/bale with a change of -170 Rs. The MCX July contract settled at 21500 Rs/bale with a change of -220 Rs. A -270 Rs change was seen for the MCX August contract which settled at 21,180 Rs/Bale. Total volumes at MCX were still lower in the 3000 lot range where the OI is also almost unchanged.

The cotlook index A is adjusted towards the positive end at 77.20 cents/lb with a change of 0.75 cents/lb. The Cotlook Forward index A is adjusted at 76.45 cents/lb with a change of 0.65 cents/lb. Prices of Shankar 6 are unchanged at 45,000 Rs/Candy.

For today we still favor the consolidated range bound movement, in the international futures as was seen in the previous 3 weeks. Whereas for MCX we can are bearish and we expect the inverse spread between June and July contract to drastically reduce or even be at par.

On the technical front, ICE Cotton is trading within a downward sloping channel & have restricted its momentum within a range, prices have held 65.40 from the past week & with EMA (5, 9) at (66.05, 66.09) being the supports for the price. However, a move below the support would witness a move till the lower end of the channel.

The immediate resistances for the price is at 67.80, which coincides with higher end of the channel & 23.6% Fibonacci retracement level. Momentum indicator RSI is at 42 bounced from the oversold zone suggesting sideways bias for the coming sessions. For the today’s session we expect the prices to trade within a range of 67.80-65.40. However, a breach in the either direction would give the price momentum. In the Domestic market MCX Cotton June may trade in the range of 21900-22500.

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

USA: The Week Ahead: Tariffs, The RealReal, July 4 Retail Sales

Tariffs will be front and center next week.

That's because U.S. President Donald Trump has tweeted that he'll know what he wants to do about tariffs soon after a meeting with Chinese President Xi Jinping at the two-day G-20 Summit in Osaka beginning on Friday.

Tariffs and Trade: Both Trump and Xi are expected to meet Saturday morning. Talks were ongoing between the two countries Friday, with U.S. Trade Representative Robert Lighthizer meeting in Osaka with China's top trade dealmaker Vice Premier Liu He. But there's still much debate over whether Trump and Xi will find enough common ground to call a truce to the trade war. But if there's even a hint of progress, Trump could decide to go ahead with a 10 percent tariff on Tranche 4 goods instead of the planned 25 percent tax.

Meanwhile, the extended public hearings at the U.S. Trade Representative's Office ended this past Tuesday, and the requisite seven-day rebuttal period ends next week. That means that a decision on tariffs should be forthcoming–it's just a matter of what will Trump decide to do.

The RealReal: With The RealReal raising $300 million in its initial public offering, any firm looking to test the public markets later this year is going to be keeping a close eye on how this newly listed fashion stock performs this summer. They'll want to know if the momentum in investor receptivity continues so they too can join the party. The RealReal joined e-commerce platform Revolve, Levi Strauss & Co. and VF Corp. spinoff Kontoor Brands as the fashion names that went public so far this year.

Online fashion marketplace Poshmark is said to be considering a possible IPO this fall. Also possibilities this year are J. Crew's Madewell and Gap's spinoff of Old Navy. And the possible wild card is StockX, which just closed on a $110 million funding round. While one venture capitalist said an IPO is probably further down the road, companies also have been known to up their timing if they think there's a chance the IPO window could be in danger of closing.

Retail Sales: In the U.S., the July 4th Independence Day holiday is next week. While many families and friends will be sharing some fun and sun at a holiday picnic or BBQ–and maybe even catch some fireworks displays to boot–retailers are hoping they'll head to the stores over the long, four-day weekend to take advantage of sales and deals for summer apparel and outdoor gear. And if they do, that'll be a plus for second-quarter earnings results.

Source: sourcingjournal.com- June 28, 2019

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Trade-War Winner Vietnam Is Now a Target for Trump's Tariffs

Vietnam's recent fame as a big winner of the U.S.-China trade war may be bringing it unwanted attention from President Donald Trump.

When asked in an interview with Fox Business Network if he wanted to impose tariffs on Vietnam, Trump said: "Well, we're in discussions with Vietnam. Vietnam is almost the single worst—that's much smaller than China, much—but it's almost the single worst abuser of everybody.

"Just last month, the U.S. Treasury added Vietnam to a watchlist of countries it's monitoring for possible currency manipulation. The nation's benchmark VN Index slumped 1.7 percent Thursday, to the lowest since Feb. 12.

Vietnam has benefited from a surge in exports and foreign investment as businesses look to scale back their China operations or relocate to avoid higher U.S. tariffs. But it's also fighting claims that Chinese exporters are routing their goods via Vietnam and slapping fake labels on their products to bypass the tariffs.

Greater scrutiny from the Trump administration could be uncomfortable for trade-dependent Vietnam. Its trade surplus with the U.S. has exceeded $20 billion since 2014, reaching $39.5 billion last year for the highest in records going back to 1990, according to U.S. Census Bureau data.

"There is a risk to Vietnam," said Nestor Scherbey, a licensed U.S. customs broker and consultant based in Ho Chi Minh City. "Thirty percent of Vietnam's imports are Chinese material and components used for manufacturing in final products that are then exported. That's an area of risk."

The Southeast Asian nation has been taking steps to avoid U.S. ire. Vietnam said earlier this month it will impose higher penalties on Chinese goods transferred to the country and illegally relabeled as made-in-Vietnam for export to the U.S.

Vietnam's Ministry of Foreign Affairs didn't immediately respond to questions seeking its view on Trump's comments.

Source: sourcingjournal.com- June 28, 2019

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China's textile capital Suzhou was struggling before the trade war tariffs rises, now factories are closing their gates

On what would normally be a busy day, with waves of machinery noise echoing off the walls, Suzhou Jinzhu Air Jet Weaving Company remains eerily quiet, with only two staff members in their brown overalls sweeping the ground and flattening soil near the factory gate.

The 60 machines that would normally be producing cotton fabrics have been sitting idle for three days since the company sent its staff home for a one month "holiday", according to a company notice dated less than two weeks earlier. The notice also explained that the holiday could be extended further.

A popular saying in China's textile industry suggests manufacturers should focus their attention on foreign trade in the first half of the year and on domestic demand in the second, meaning exports normally prop up business before July.

But since June, Suzhou Jinzhu has not received a single order, which it blames on the US-China trade war. The woven fabric that makes it is included on the list of US$200 billion worth of Chinese goods which has been covered by a 10 per cent tariff since September and a 25 per cent tariff since

May, although the company declined to comment on its level of exposure to the US market.

"The textile industry is facing an unprecedented situation, and our production and operations have become difficult," the company notice explained.

"As for future orders, it depends on whether the US is sincere about engaging in fair negotiations. We need to split the [cost from the] additional 15 per cent tariff with our clients, but it will take a while to negotiate that."

Source: scmp.com- June 28, 2019

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USFIA protests against 301 tariffs on clothing, home textiles and footwear

USFIA has sought an exemption against the US government's retaliatory tariffs on clothing, home textiles and footwear. These items are currently taxed more than $15 billion per year.

These tariffs are likely to hurt American brands, retailers and wholesalers as higher prices and lower sales will threaten jobs. USFIA also supported the Made in USA campaign and manufacturing in the U.S. However, there is not enough capacity to make apparel in the United States today.

In USFIA's 2019 Benchmarking Survey, which will be released in July, not a single respondent said that they had found the capacity for production to return to the U.S. Some respondents also expressed concerns that the China tariffs will increase costs for their Made in USA products and exports.

USFIA also noted that these tariffs on imports of clothing, home textiles and footwear will instead of punishing China for its intellectual property and technology transfer practices harm American fashion brands and retailers as well as consumers of their products.

Source: fashionatingworld.com- June 28, 2019

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Rules of Origin Could Make or Break African Continental Free Trade Area

Rules of origin could make or break the African Continental Free Trade Area (AfCFTA) that entered into force in May, according to a new report from the United Nations Conference on Trade and Development (UNCTAD).

The organization's "Economic Development in Africa Report 2019" notes that the rules of origin–the criteria needed to determine the made-in label for a product–could make the difference for the agreement in helping to boost the economic well-being of the continent provided they are simple, transparent, business friendly and predictable.

"The AfCFTA is a landmark achievement in the continent's history of regional integration and is expected to generate significant gains," UNCTAD secretary-general Mukhisa Kituyi said. "But it is the rules of origin that will determine whether preferential trade liberalization under the AfCFTA can be a game changer for Africa's industrialization."

Currently intra-continental trade makes up just 15 percent of commerce in Africa, compared to around 47 percent in the Americas, 61 percent in Asia and 67 percent in Europe, according to UNCTAD data for 2015 to 2017, but the AfCFTA could radically change that, the report said. If the agreement is fully implemented, the gross domestic product (GDP) of most African countries could increase by 1 percent to 3 percent once all tariffs are eliminated, according to UNCTAD estimates.

The AfCFTA is expected to boost intra-African trade 33 percent once full tariff liberalization is implemented, attracting additional intra-African investments and creating market opportunities to foster Africa's industrialization through regional value chains, according to the report. However, many of these gains could be undermined if rules of origin are not appropriately designed and enforced to support preferential trade liberalization.

Rules of origin have proven to be a sticking point in trade agreement negotiations—and their ensuing success—over the years, including the North American Free Trade Agreement and Central American Free Trade Agreement.

"Rules of origin are the cornerstone for the effective implementation of preferential trade liberalization, the critical policy tool needed to make any FTA operational and are of vital importance in creating opportunities for African LDCs to boost trade," Kituyi said.

The rules of origin negotiations have at times involved a clash between two contrasting views, the report noted. On the one hand, some economists argue that rules of origin should not be used as a protectionist or policy tool and should be confined to the simple role of authenticating the origin of goods.

"On the other hand, rules of origin negotiations have often departed from orthodox economic stances, showing the lack of progress in rules of origin convergence, and typically been inundated by lobbying and protectionist pressures," the report said.

"In this context, the risk of regulatory capture is exacerbated by the increasingly technical and often opaque nature of rules of origin negotiations, as well as by well-known asymmetric information problems, with results that might derail well-intentioned efforts to deepen regional integration and enhance the development of productive capacities."

The best way to approach this dilemma, according to the report, is to leverage the AfCFTA "as an opportunity to enhance the consistency of trade policy with industrial policy objectives and the continent's transformation agenda." UNCTAD said, "Rules of origin are not an industrial policy tool and should not be crafted as such, nor should they be used as a protectionist tool to build non-tariff barriers around regional suppliers."

By granting each other trade preferences, AfCFTA member countries would source more intermediate and final goods among themselves rather than import from abroad. By doing so, more trade would be created within the AfCFTA, serving as a base to support the development of regional value chains and the building of manufacturing capacities in Africa.

But whether companies within the AfCFTA utilize trade preferences depends in great part on the way rules of origin are designed and implemented, UNCTAD noted. The report warns that if rules of origin are made too costly or complex, firms could choose to trade with partners outside the AfCFTA.

Another option is that companies might stick to trading only within existing regional economic communities, with few incremental gains arising from consolidating the regional market.

The rules of origin should also take into account production capacities and infrastructure across the broad set of countries, including the Least Developed Countries (LDCs) that face challenges in making use of preferential tariffs and implementing origin requirements. The report shows that some African LDCs and non-LDCs are largely unable to make use of preferential treatment for their exports.

Source: sourcingjournal.com- June 28, 2019

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USDA Acreage Report: 3% Drop in 2019 Planted Cotton Acres

The USDA Acreage report for 2019, issued June 28, shows U.S. cotton planted acreage is estimated at 13.7 million acres – down 3% from 2018 reported acres.

The report showed upland cotton acres at 13.4 million – also down 3% from 2018 – while planted Pima area increased 10% to 275,000 acres.

In its Prospective Planting report released on March 29, USDA projected a total of 13.8 million cotton acres for 2019.

Among the 17 cotton producing states included in the report, ten states – Arkansas, California, Florida, Kansas, Louisiana, Mississippi, Missouri, North Carolina, Tennessee and Virginia – showed slight to moderate acreage increases for 2019. Arizona, Georgia, New Mexico, Oklahoma and Texas reported acreage declines for the year, while Alabama and South Carolina numbers were unchanged from 2018.

The statistics also showed that 98% of all cotton planted in the U.S. in 2019 included biotech traits for insect and/or herbicide resistance. That’s a 4% increase over 2018 and reflects increased plantings of stacked gene varieties this year.

The entire report shows all state-by-state information for cotton and other crops.

Among other major crops, the report showed a 3% increase in corn acres, a 10% drop in soybean acres and a 5% decrease in wheat acres for 2019, as well as reductions for sorghum, rice and peanuts.

Source: cottongrower.com- June 28, 2019

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USDA projects global cotton trade to rise 6% in 2019-20

Global cotton trade is forecast higher and expected to approach 44.8 million bales in 2019-20, which would be six per cent above the 2018-19 estimate and the highest since 2012-13, according to the US department of agriculture (USDA). Increased exportable supplies for the US and Brazil are expected to support higher shipments from the two largest exporters.

While US cotton exports are expected to rise 15 per cent to 17.0 million bales in 2019-20, shipments from Brazil are forecast to increase 41 per cent to a record 8.2 million bales, the Economic Research Service of the USDA said in its ‘Cotton and Wool Outlook’ report of June 2019.

Exports from India are forecast at 4.8 million bales (+600,000 bales) in 2019-20, while shipments from Australia are projected to decrease significantly (-2.4 million bales) to 1.8 million bales as supplies decline dramatically due to production shortfalls, the report said.

Meanwhile, higher import projections for most of the leading importing countries are forecast for 2019-20. China—the leading importer—is expected to import 10.5 million bales of raw cotton, 20 per cent above the 2018-19 level and the highest since 2013-14. As sales from the national reserve have slowed, the growth in cotton mill use has prompted the need for increased imports.

Similarly, imports by Bangladesh and Vietnam are expected higher in 2019-20, as textile industries in these countries expand as well. For Bangladesh, cotton imports are forecast at 8.3 million bales (+300,000 bales) in 2019-20, while Vietnam’s imports reach 7.6 million bales (+500,000 bales).

In contrast, imports for Turkey and Pakistan are projected to decrease slightly in 2019-20 due mainly to larger crops.

Source: fibre2fashion.com- June 29, 2019

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S. Korea's industrial production, investment fall in May on weak export

Both industrial production and facility investment in South Korea fell for the first time in three months on weak export, caused by the U.S.-initiated trade dispute, a government report showed Friday.

The seasonally adjusted production in all industries, which exclude agriculture, forestry and fishery industries, slipped 0.5 percent in May from a month earlier, according to Statistics Korea.

It was the first decline in three months after growing 1.2 percent in March and 0.9 percent in April respectively.

The reduction came from the continued fall in export, which kept sliding for six straight months through May. The U.S.-initiated trade dispute hit hard the South Korean economy, which depends on export for about half of its gross domestic product (GDP).

The country's real GDP, adjusted for inflation, retreated 0.4 percent in the first quarter from the previous quarter.

Output in the mining and manufacturing sectors diminished 1.7 percent in the month, with the production among builders skidding 0.3 percent.

The diminutions were offset by the services industry, of which production grew 0.1 percent in May from the previous month. Output in the public administrations sector increased 0.5 percent.

Production among manufacturers contracted 1.5 percent in the month on slump in the oil-refining, metal-processing and food and beverage sectors.

The average capacity ratio in the manufacturing sector declined 1.3 percent last month amid the reducing outbound shipment.

The ratio of inventory to shipment for manufacturers gained 2.6 percentage points over the month to 118.5 percent in May, marking the highest in over 20 years since September 1998.

Hit by the weak export and the lower production, facility investment retreated 8.2 percent in May from the previous month. It was the first fall in three months after expanding 10.1 percent in March and 4.6 percent in April.

However, retail sales, which gauge private consumption, rose 0.9 percent in the month on the government's efforts to narrow income gap by raising earnings among the low-income bracket.

The sale of non-durable goods such as food and beverage declined last month, but the sales of semi-durables and durable goods, including clothing and electronic products, advanced in the month.

Machinery orders declined 4.2 percent on lower demand in the private sector that offset a surge in demand from the public sector.

Completed construction fell 0.3 percent in May from a month earlier, while construction orders tumbled 36.6 percent last month on a yearly basis.

The cyclical factor for leading indicators, which measure outlook for future economic conditions, shed 0.2 points in May from a month earlier, but the figure for coincident indicators added 0.2 points last month.

Amid the economic slowdown, the government submitted a supplementary budget plan to the National Assembly, but the parliamentary session had yet to be opened amid the political wrangling over the revised election law.

Expectations emerged for the country's central bank to cut its benchmark interest rate from the current 1.75 percent in the near future to tackle the economic slump.

Source: xinhuanet.com- June 28, 2019

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Vietnam says committed to 'free and fair' trade after Trump tariff threat

Hanoi said it is committed to "freedom and fairness" in its trade ties with the United States, after President Donald Trump threatened to impose tariffs on goods from Vietnam, a major exporter to America.

Vietnam has seen a leap in exports to the US this year as the US-China trade war simmers, prompting businesses to migrate from China to safer, and cheaper, manufacturing hubs like Vietnam.

Trump has already escalated tariffs on $200 billion worth of Chinese goods, and this week singled out Vietnam as "the single worst abuser of everybody" threatening to slap levies on their exports too.

But on Friday Vietnam tried to row back tensions, saying it is committed to "economic trade, and investment relations in the direction of freedom and fairness, on the basis of mutual benefits", according to a statement from the foreign ministry.

It added that it has made "great efforts to improve the trade balance between the two countries", which hit nearly $40 billion last year, compared to China's nearly USD 420 billion.

Trump has long complained about the gaping trade deficit with Vietnam, urging its former war foe to buy more American weapons and goods to narrow the gap.

Despite Trump's earlier tough language, he smiled and posed for photos with Vietnam's Prime Minister Nguyen Xuan Phuc on Friday in Japan at the G20 summit where global trade rows topped talks.

Vietnam has been cautious to brand itself as a winner in the US-China trade spat, even as firms like Brooks Running Company, Haier washing machines and sock maker Jasan Group, which supplies Adidas and Puma, have shifted business into the cheap labour market.

The US is one of Vietnam's main exports markets, and exports to America spiked 40 per cent in the first three months of the year compared to 2018.

The foreign ministry also said it would act against companies attempting to export Chinese goods illegally labelled as "Made-in-Vietnam" in order to dodge US tariffs.

This week Hanoi said it was looking into claims that Vietnamese electronics firm Asanzo had illegally exported incorrectly labelled Chinese-made TVs from its shores.

Analysts say that short-term gains from the US-China trade spat for countries like Vietnam may soon drop off if the ongoing row between the world's two biggest economies drags global growth.

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

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Uzbek to engage in complete cotton processing by 2020

As per official estimates, Uzbekistan will engage in complete processing of cotton fiber by 2020. The country will also increase its global share of finished products from 40 per cent to atleast 60 per cent.

As a result of the creation of new capacities and organisation of cluster activities in 2019, as many as 78 per cent of the harvested cotton fiber will be processed in the country, which is twice as much as in 2017.

According to the State Statistics Committee, in January-May 2019, total exports of textile products amounted to $653.7 million and increased by 21.9 percent compared to the same period of 2018, which is 10.2 percent of total exports. Russia is the main consumer of textile products from Uzbekistan. The country consumed over 38 percent of Uzbekistan's textile exports during January-May 2019.

Over the past three years, Uzbek textiles exports to China more than doubled, from $90.9 million in January-May 2017 to $190.3 million in the same period of 2019.

Turkey is also one of the largest consumers of textile products from Uzbekistan. From the beginning of the year, products worth $63.6 million were shipped to Turkey.

The main share in the structure of textile exports is taken by cotton yarn (58.6 percent), as well as finished knitwear and garments (22.4 percent). Since the beginning of the year, more than 336 types of these goods have been exported to 50 countries.

Source: fashionatingworld.com- June 28, 2019

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Countries lobby against GSP+ withdrawal from Pakistan

India, Bangladesh, Turkey and some other states are lobbying against Pakistan and pushing the EU to withdraw the GSP+ facility from Pakistan. Unfortunately, this time circumstances are not favourable for Pakistan.

In 2013, Pakistan lobbied with support of the United Kingdom (UK) and this time the UK's position is not the same in the EU. The EU has also shifted its focus towards the Central Asia and targeted on low- and middle-income countries for concessions.

It is currently negotiating agreements with Tajikistan and Uzbekistan. The EU in 2013 granted GSP+ status to Pakistan with 406 votes, giving Pakistani products a duty free access to the European market till 2017.

Reports suggest, 406 members of the European Parliament expressed their support for Pakistan while 186 lawmakers had voted against it.

The GSP Plus status allows almost 20 per cent of Pakistani exports to enter the EU market at zero tariff and 70 per cent at preferential rates.

According to Punjab Governor Chaudhry Muhammad Sarwar, Pakistan has earned $15 billion due to the GSP Plus since 2013.

Source: fashionatingworld.com- June 28, 2019

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Vietnam's exports rise 7.3 pct in H1

Vietnam reaped export turnovers of over 122.7 billion U.S. dollars in the first half of this year, a year-on-year increase of 7.3 percent, while seeing import turnovers of nearly 122.8 billion U.S. dollars, up 10.5 percent, the General Statistics Office said on Friday.

Specifically, Vietnam gained 23.5 billion U.S. dollars from exporting phones and components, up 4 percent; 15.5 billion U.S. dollars from electronic goods, computers and components, up 14.3 percent; 15 billion U.S. dollars from garments and textiles, up 9.9 percent; and 8.8 billion U.S. dollars from footwear, up 14.2 percent.

Between January and June, the United States remained Vietnam's biggest importer with turnovers of 27.5 billion U.S. dollars, tailed by the European Union with 20.6 billion U.S. dollars, and China with 16.8 billion U.S. dollars, said the office.

In the same period, Vietnam spent 24.3 billion U.S. dollars importing electronic appliances and components, up 20.9 percent; 17.9 billion U.S. dollars on machines, equipment and spare parts, up 14.8 percent; 6.7 billion U.S. dollars on cloth, up 7.6 percent; and 5 billion U.S. dollars on iron and steel, up 0.8 percent.

Meanwhile, China was Vietnam's largest exporter with turnovers of 36.8 billion U.S. dollars, up 21.8 percent, followed by South Korea with 22.9 billion U.S. dollars, up 1 percent, and the ASEAN (the Association of Southeast Asian Nations) with 16.3 billion U.S. dollars, up 6.4 percent, according to the office.

Vietnam recorded export turnovers of over 243.5 billion U.S. dollars in 2018, up 13.2 percent against 2017, and import turnovers of 236.7 billion U.S. dollars, up 11.1 percent, with a trade surplus of 6.8 billion U.S. dollars.

Source: xinhuanet.com- June 28, 2019

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Vietnam: EVFTA opportunity for textile sector to grow by leaps and bounds

Vietnam's textile and garment exports to the EU could rise ten-fold to $40 billion after the EU-Vietnam Free Trade Agreement takes effect.

"Vietnam could be exporting as much as $40 billion worth a year to the EU after the deal comes into force. The potential figure is $100 billion," said Truong Van Cam, vice chairman of the Vietnam Textile and Apparel Association (VITAS).

The EVFTA will be signed in Hanoi on June 30 after nine years of negotiations, and immediately afterwards 70.3 percent of Vietnamese products exported to the EU would be free of tariffs.

Textiles and garments are currently subject to an average tariff of 9.6 percent in the EU, but it would gradually reduce to 0 percent over seven years.

The EU is the second largest importer of Vietnamese textiles after the U.S. and its imports from Vietnam are growing by 7-10 percent a year. Last year they were worth $4.16 billion, accounting for 15 percent of Vietnam's total textile exports, according to the General Statistics Office.

Securities firm Viet Dragon Securities said in a new report that major textile companies such as Saigon, TNG, May 10 and Viet Tien Garment will see orders increase dramatically when the trade deal comes into force.

Than Duc Viet, deputy general director of May 10, said his company plans to link up with domestic suppliers in the yarn-forward supply chain in order to comply with proof of origin rules and take advantage of the trade agreement.

Pham Hong Hai, general director of HSBC Vietnam, expects Vietnam's GDP to increase by 0.1 percentage point a year because of EVFTA trade advantages. Besides, the high quality standards that are mandatory under the deal would boost Vietnam's pace of reform and international integration, he added.

But Nguyen Thi Thu Trang, director of the WTO and Integration Centre at the Vietnam Chamber of Commerce and Industry said grasping the opportunities arising from the EVFTA would not be easy since the tariff breaks are only for goods that meet quality standards and rules of origin. Domestic value must account for at least 40 percent of the final product, according to EVFTA rules.

Stimulating growth in Vietnam's weak raw materials and feedstock sector could be a problem, but the trade deal should bring more foreign investment in Vietnam's supporting industries, Trang said.

Hai of HSBC also expressed concern about the fact that the textile industry imports most of its inputs, and only large local and foreign companies are able to meet the domestic percentage requirement.

"Vietnam needs to realize that it is necessary to build a truly domestic textile industry to take full advantage of these benefits."

Cam of VITAS said small and medium-sized enterprises must link up to form domestic supply chains, ensuring final products meet origin requirements.

They also need to familiarize themselves with the professional ways of the world's most modern market, he added.

Source: e.vnexpress.net- June 28, 2019

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Tajikistan and Belarus ink agreement on strategic cooperation

Tajikistan President Emomali Rahmon and Belarus President Aleksandr Lukashenko have signed an agreement on strategic cooperation between Tajikistan and Belarus.

The document was signed on June 28 in Minsk, where Rahmon arrived with an official visit.

Belarus and Tajikistan will step up efforts to implement a cooperation roadmap, Lukashenko said during his talks with Rahmon earlier in the day, BelTA news agency reported.

“We will take measures to intensify a roadmap of our relations, discuss closer cooperation between Tajikistan, Belarus and third countries, especially Afghanistan. You suggested that we engage Afghanistan in this cooperation,” the Belarusian leader said.

The Belarusian president also expressed concern over a decrease in the volume of his country’s trade with Tajikistan. “The Ministries of Foreign Affairs and the governments should rectify trade between the two countries. We also need to step up efforts to promote joint products on the markets of third countries,” Lukashenko said.

In 2018 Belarus-Tajikistan trade totaled $37.4 million, down by nearly 13%. Belarus' export made up $33.4 million, import stood at $4 million. Since the beginning of 2019, the bilateral trade has been experiencing a downturn. In January-April the bilateral trade shrank to $12.1 million, which was 83.2% as of the same period a year before.

Belarus' main exports to Tajikistan included tractors, automobiles, sugar, chipboards, carpets, refrigerators, and tires. Belarus imported from Tajikistan fruits, nuts, dried fruits, cotton fiber, cotton yarn, and textile apparel.

An enterprise assembling Belarus’ MTZ tractors operates in Hisor, Tajikistan. Work is in progress to set up a joint Tajik-Belarusian dairy enterprise in Dushanbe.

Source: timesca.com- June 28, 2019

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Pakistan: Textile exports: dismal performance

The textile sector has not been happy lately with the decision of the government to remove the zero-rated status granted to the industry. But the government has lost patience with hoping for textile exports to record any meaningful increase.

The recently released textile export numbers by the Pakistan Bureau of Statistics (PBS) will have only reassured the government that exports cannot be increased on the back of government incentives alone.

Far from registering growth, textile exports for the 11MFY19 period have remained stagnant around the $12.3 billion mark and the full year numbers will likely be around the same that they were a year in FY18.

Many believed the currency depreciation would result in an increase in exports and they were not entirely wrong. Looking at the quantity of exports, almost all value added segments registered double digit growth. Readymade garments saw the most increase in quantity in 11MFY19, recording an increase of 33 percent as compared the same period last year.

Knitwear and bed wear also saw their quantity exported go up by 18 percent for the 11MFY19 period. However, the depreciation has meant a reduction in the selling price of textile articles, which explains the lacklustre increase in value of exports despite an increase in quantity.

There has also been a reduction in the prices due to the slowdown in global demand on the back of the US-China trade war and intense competition from Bangladesh and Vietnam.

Textile Exports (Value)

USD (Mn)	May-19	May-18	YoY	Apr-19	MoM	11MFY19	11MFY18	YoY
Cotton yarn	106,746	130,250	-18%	105,614	1%	1,048,079	1,247,893	-16%
Cotton cloth	167,312	191,680	-13%	178,572	-6%	1,941,766	2,015,305	-4%
Knitwear	273,961	250,076	10%	242,058	13%	2,670,581	2,453,576	9%
Bed wear	188,342	200,028	-6%	180,832	4%	2,088,550	2,055,568	2%
Towels	72,550	69,214	5%	70,676	3%	731,326	737,151	-1%
Readymade garments	253,013	222,771	14%	231,347	9%	2,440,138	2,342,714	4%
Total	1,187,031	1,195,301	-1%	1,138,827	4%	12,315,315	12,326,913	-0.1%

Source: PBS

Textile Exports (Quanity)

Quantity	May-19	May-18	YoY	Apr-19	MoM	11MFY19	11MFY18	YoY
Cotton yarn (M.T)	42,065	48,006	-12.4%	41,492	1.4%	403,685	476,547	-15.3%
Cotton cloth (Th.Sqm)	198,179	248,682	-20.3%	210,067	-5.7%	2,531,205	2,131,239	18.8%
Knitwear (Th.Doz)	12,830	9,303	37.9%	11,390	12.6%	113,750	96,337	18.1%
Bed wear (M.T)	32,397	32,468	-0.2%	30,212	7.2%	374,933	342,530	9.5%
Towels (M.T)	16,975	16,659	1.9%	16,634	2.1%	175,600	187,657	-6.4%
Readymade garments (Th. Doz)	5,036	3,554	41.7%	4,474	12.6%	48,252	36,182	33.4%

Source: PBS

While the zero-rating removal might pose some liquidity concerns for the textile sector, there is no danger of it impacting textile exports. In fact the government is sure to fetch decent revenue on the domestic sales of the sector, which are sizable. (Read: “Textile’s crocodile tears” published on 24 Jun, 2019

But even for the liquidity problem, the FM Hafeez Sheikh has assured exporters that a reliable and prompt refund mechanism is soon to be set up. The aim is to automate refunds with refund payment orders (RPSOs) being sent to the central bank immediately.

The electricity and gas tariffs for the exporters are also likely to be increased with a recent ECC decision to withdraw Rs3 per unit subsidy on electricity tariffs to export industries excluding peak hours.

It is time now for textile exporters to up their game with regards to product diversification, improving productivity as well as coming up with a game plan for improving local cotton output.

Policymakers have rightly lost patience with subpar performance despite government incentives and any further request for incentives should not be entertained in the absence of any demonstrated performance.

Source: brecorder.com- June 28, 2019

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Pakistan: Crop-based exports: adapt or die?

Pakistan’s status as a low-value commodity exporter is at best a misnomer. Over the past decade, consolidated share of crop-based exports has remained fairly stable at 17 of total commodity exports.

Yet, that stability has come about due to a concomitant contraction in value-added exports, and not due to a growth in agri-exports.

In fact, since FY13 when crop-based exports peaked at $4.4 billion, the sector has witnessed a secular decline with a CAGR of negative 0.8 percent over past eight years – touching a new bottom of $3.9 billion in FY19 on annualized basis.

While it is correct that prices of major grains and cereals have ebbed over the past decade, the purported “backbone” of the economy failed to usher in a volume growth in quantities exported. Just to showcase volume of basmati rice export, pride of Pakistan’s cereals, has declined to almost half since FY11.

The fate of raw cotton has during this period has been just as abysmal. Once a net exporter, the country became a net importer during the 2000s with the textile boom of Musharraf-era – an acceptable trade-off considering the re-exports were hoped to offset the exchange loss.

Ever since, not only have textile exports remained stuck at average $12 billion throughout past decade, raw cotton exports have climbed down from $0.4 billion in FY11 to almost barely twelve thousand dollars. Given how cotton production has been performing, readers should not be surprised if the country records nil cotton exports in the coming fiscal year.

Which brings us to the why part. The fact is, just as industrial and services sectors of the economy, Pakistan’s crop-based out equally consumption centric. Of the four major crops – wheat, cotton, cane and paddy, only rice has a significant export share out of total domestic production. Whereas, the state of wheat and sugarcane is not even worth a comment, with erratic years of exports largely function of government subsidy in years of extreme supply glut.

Moreover, if the decline in demand for Pakistani grains a function of international commodity prices that further cements the argument that local crop’s lack of competitiveness is becoming increasingly unsustainable. Afterall, total global demand continues to expand, only to be fulfilled by economies such as China and India with higher yield and improved returns per dollar invested.

A sector that employs nearly forty percent of labour force and directly & indirectly sustains two-thirds of households in the country can survive on government protection only for so long. If Pakistan’s economy is to break through the cycle of subpar growth, Pakistan’s crop sector needs to usher in a revolution, and fast.

Source: brecorder.com- June 28, 2019

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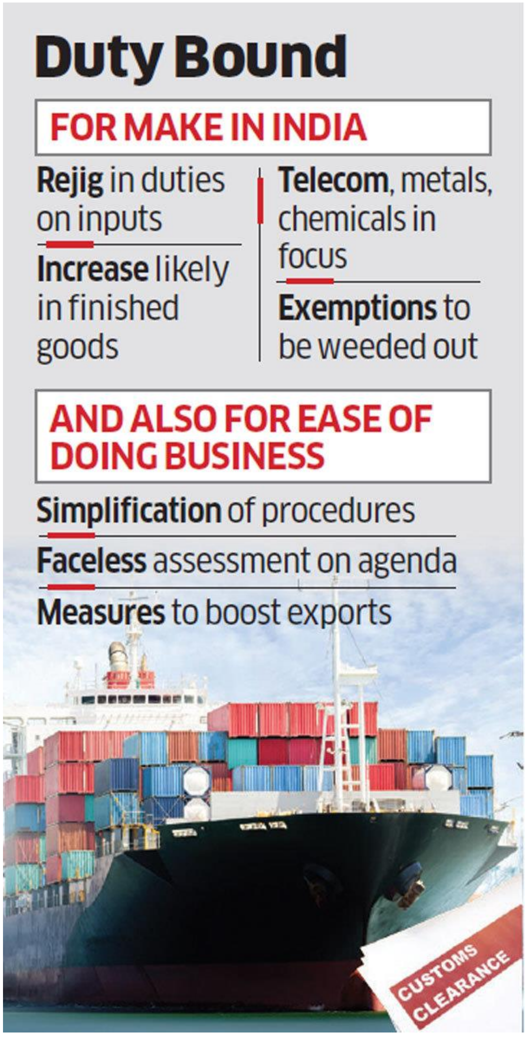
NATIONAL NEWS

Government could soon revamp its customs duty regime with focus on exemptions and inverted duty structures

India is likely to revamp its customs duty regime, weeding out some exemptions and correcting inverted duty structures to give a boost to the government's Make in India manufacturing initiative as well as exports.



It is also considering easing of procedures for industry such as anonymous assessments and speedier clearances, while taking steps to curb evasion.

Some of these measures could be announced in the budget for FY20 on July 5 as India looks to take advantage of companies wanting to diversify their global production and set up base in the country.

"There will be a review in respect of encouraging domestic manufacturing," said a government official.

Policymakers are of the view that some exemptions on commodities and other items should be weeded out.

Sectors such as telecom, metals, batteries and chemicals for electric vehicles could see changes. The government had earlier imposed and enhanced duties on smartphones and telecom equipment.

It is now expected to undertake a comprehensive review that could lead to reduction of duties on some critical inputs used in the manufacture of phones while raising it on finished products to further encourage domestic manufacture of handsets.

Vietnam has been able to woo a number of telecom companies from China and policymakers feel that now may be the right time to offer a conducive tax regime to such investors to set up shop in the country.

While a number of companies have established assembly lines, the government wants the entire manufacturing chain to be located in India.

Experts say any increase in duties would negate the impact of free trade agreements that levy zero duty on many products.

“Realigning exemptions to encourage Make in India is a step in right direction,” said Rahul Shukla, executive director, PwC. “However, imports under FTAs (free trade agreements) continue to have an impact on domestic industry.” Trade Facilitation Tops Agenda The government is also eyeing simplification of procedures for exporters and importers.

The move to anonymous assessment is aimed at greater efficiency and transparency in functioning.

Ease of doing business weighs high on the government’s agenda. The country jumped 23 points in the World Bank’s last ease of doing business ranking to 77 and a push is on to enter the top 50.

Single-window clearance has already been put in place for traders. Measures to boost exports, including tax refunds, are also on the anvil. While enhancing facilitation, the government is also looking at tightening some provisions to check tax evasion.

“Proposed faceless assessment in customs, hopefully, will increase the processing efficiencies and remove the physical interface and associated hassles,” said Shukla.

An inverted structure is one in which the import duty on finished goods is lower than that on the materials or parts that go into making such a product, thus acting as a disincentive for local manufacture.

Source: economictimes.com - June 29, 2019

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India 2018-19 cotton imports seen 15% below view as local rates down

Total imports of cotton in the current year ending September may fall 10-15% below the latest industry estimates of around 3.1 mln bales (1 bale= 170 kg) on the back of a slowdown in the momentum of imports in Apr-May, trade officials said.

"Imports have slowed down as premium of Indian prices over global rates has trimmed to 3 cents a pound from over 5 cents, discouraging traders and mills to import the fibre," said an official of a north Indian textile major and a regular importer of the fibre.

Domestic prices have softened on month by 500-600 rupees per bale, encouraging mills to procure their raw materials locally, said Gurusamy Rathakrishna, president of Coimbatore Cotton Association.

In global terms, Indian-origin cotton is being offered at 83-85 cents a pound, compared with 88 cents per pound in Apr-May, even as rates for the US and West African varieties, preferred by Indian traders, continue to hover at 80-82 cents.

Imports are not likely to gain pace again as new shipments will reach Indian shores only by Oct-Nov, when local harvesting would have already commenced, said Arun Seksaria, managing director of Mumbai-based DD Cotton, adding the country's imports could be around 2.7 mln bales.

A senior official of leading industry body the Cotton Association of India said it has noted the recent slowdown in imports and it may reflect in lowering of the import forecast in the monthly estimate, to be published next week, to 2.5-2.7 mln bales.

So far, India has signed import deals for around 2.5 mln bales in the current year. Of this, 1.1 mln bales have already arrived, and the remaining is being shipped for Jul-Sep deliveries, trade officials said.

Though imports are expected to be lower than trade estimates, it could still be 12-15% higher than the revised estimate of 2.2 mln bales given earlier this month by the Cotton Advisory Board.

The board, in its first estimate in November, had pegged cotton imports at 1.5 mln bales, but revised it sharply higher in the latest estimate.

Imports may gain pace again only if monsoon progress in India remains significantly weak in July as well, as it could threaten the domestic kharif crop, which largely depends on monsoon rainfall.

Source: cogencis.com - June 28, 2019

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Budget: industries demand reduction of duties, infrastructure

Industries in Coimbatore in various sectors have sought announcements in the Union Budget related to reduction of duties, development of infrastructure here, and support to promote renewable energy.

R. Ramamurthy, president of Coimbatore District Small Industries Association (CODISSIA), said in a memorandum that the government should permit self-declaration by the MSMEs, treat the units as priority sector, and permit the MSMEs to use warehouses of National Small Industries Corporation to store goods at a subsidised rate.

The Association appealed to the government to provide complete exemption for job working units from GST. Right now, the engineering job working units pay 18 % tax.

Earlier, under Central Excise Rules, before introduction of GST, job working units were totally exempted and tax was paid by the sender of the raw material. This system should be adopted now too as it will not lead to any revenue loss for the government.

Regarding the defence procurement policy, the CODISSIA said that all the existing defence suppliers should be recognised as Indian Offset Partner and a corpus should be set up for MSME offset partners.

The fund can be lent to the units at the same rate that the priority sector gets. “This will accelerate indigenisation of defence equipment,” Mr. Ramamamurthy said.

The Association also demanded better air connectivity for Coimbatore, speedy expansion of Coimbatore airport, and night trains between Coimbatore and Bengaluru.

The Kovai Power Driven Pumps and Spares Manufacturers Association has pointed out that earlier pump sets and spare parts attracted 5 % duty. It is now 18 % to 28 %. The Association sought total exemption for the micro and small units from GST.

According to the Indian Wind Power Association, the SME sector had invested in 5.4 GW of wind energy in the country in 2017 when there was 80% accelerated depreciation and generation based incentive. Fresh installations has come down to 1.7 GW in 2017 - 2018 and 1.4 GW in 2018 - 2019.

The country should look at installation of nearly 10 GW a year. “We Indian Wind Power Association, the Association of small and medium investors based in this country, who can make investment, could not afford to invest in 2017-18 and 2018-19 in the absence of 80% Accelerated Depreciation and generation based incentive. We SMEs appeal to the Uniokn Finance Minister to restore 80 % Accelerated Depreciation and generation based incentive.”

The Confederation of Indian Textile Industry and Southern India Mills Association have said that the Indian spinning sector faces severe crisis due to many factors.

Import of viscose spun yarn from China and Indonesia has been growing exponentially due to low incidence of duty in the pre-GST regime. This is hurting the domestic units.

The government should also remove 5 % import duty on man made fibre. The domestic man made fibre is expensive 23 % to 30 % compared to international prices.

Further, the government should announce a Technology Mission on Cotton and should create a cotton price stabilisation fund. Through this fund, it should provide 5 % interest subvention, reduce margin money from 25 % to 5 % and increase credit limit to nine months from three months for cotton purchases by mills.

Source: thehindu.com - June 29, 2019

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Additional discount given by a company to a dealer will attract GST, says Finance Ministry

Additional discount given for special reduced price to augment the sales will be liable to GST

The Finance Ministry on Friday said the additional discount given by a company to a dealer in certain cases will be liable to Goods & Services Tax (GST).

The GST Policy Wing of the Central Board of Indirect Taxes & Customs (CBIC) under the Finance Ministry issued a clarification on various doubts related to treatment of secondary or post-sale discounts for applicability of indirect tax. It said where the discount is linked to specific activities to be done by the dealer such as advertisement, exhibition, etc, it would qualify as a supply by the dealer to the company and the dealer would have to pay GST.

Similarly, additional discount given for special reduced price to augment the sales will be liable to GST. According to the circular, where any reduction in prices are allowed by supplier to dealers with the condition of the same being passed on by the dealers to the end customer, it would be added to the value of supply of dealer to consumer for payment of GST.

Customers, if registered, will be eligible to claim ITC (Input Tax Credit) of the tax charged by the dealer only to the extent of the tax paid by the said customer to the dealer.

Abhishek Jain, Tax Partner at EY, said the clarification on input tax credit being eligible for the full GST charged even where adjustments in value are made through financial/commercial credit notes is a welcome one for businesses.

However, on other clarifications like “taxability of discounts linked with performance incentives, applicability of GST on discounts offered by manufacturers to dealers with condition of these being passed on, would obligate businesses to relook at their current tax positions and legally re-evaluate the GST positions."

The circular further said that there will be no reduction in ITC in case of financial / commercial credit notes. The dealer will not be required to reverse ITC attributable to the tax already paid on such post-sale discount received by him through issuance of financial / commercial credit notes.

According to chartered accountant Pritam Mahure, it has already been a matter of debate whether the additional discount provided post-supply to a dealer / distributor is a discount or incentive/ commission. The circular will open a Pandora's Box for various FMCG, textile, pharma companies etc as "they will have to determine whether each discount is against certain activity or generic discount (eligible for deduction)."

Source: thehindubusinessline.com - June 28, 2019

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Retail loan growth slows to 17% in May, reflects slowdown in economy

The outstanding credit in retail category stood at Rs 22.14 trillion in May 2019 as against Rs 19.93 trillion in May 2018 The pace of retail credit moderated to 16.9 per cent in May 2019 from 18.6 per cent in May 2018, reflecting slowdown in economy.

The declaration was more prominent in vehicle loan segment. The year-on-year (YoY) growth dipped to 5.7 per cent in May 2019 from 10.4 per cent in May 2018 in auto segment, according to Reserve Bank of India data, on sectoral deployment of credit.

Bankers said this moderation in credit disbusal was keeping with slump in demand in auto sector covering two wheeler, cars and commercial vehicles in the last few months.

For credit cards, the credit slowed to 26.1 per cent in May 2019 from 33.1 per cent. The pace of credit in housing segment bucked the trend. The home loans growth improved to 18.7 per cent in May 2019 from 15.5 per cent a year ago.

The outstanding credit in retail category stood at Rs 22.14 trillion in May 2019 as against Rs 19.93 trillion in May 2018. On YoY basis, non-food bank credit increased by 11.4 per cent in May 2019 as compared with an increase of 11.1 per cent in May 2018.

Credit to agriculture & allied activities increased by 7.8 per cent in May 2019 as compared with an increase of 6.4 per cent in May 2018. Credit to industry rose by 6.4 per cent in May 2019 as compared with an increase of 1.4 per cent in May 2018.

Credit growth to 'infrastructure', 'chemical & chemical products', 'vehicles, vehicle parts & transport equipment' accelerated. However, credit growth to 'basic metal & metal products', 'textiles', 'food processing' and 'petroleum, coal products & nuclear fuels' decelerated/contracted.

Credit growth to the services sector decelerated to 14.8 per cent in May 2019 as compared with 21.9 per cent in May 2018.

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

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India received USD 1.81 bn FDI from China during Apr'14-Mar'19: Goyal

India has received USD 1.81 billion (around Rs 12,474 crore) foreign direct investment from China during April 2014 to March 2019, Parliament was informed Friday.

The sectors which received maximum inflows from China during the period include automobile industry (USD 876.73 million), electrical equipment (USD 152.5 million) and services sector (USD 127 million).

The information was provided by Commerce and Industry Minister Piyush Goyal in a written reply to the Rajya Sabha.

He also said the trade deficit (difference between imports and exports) declined to US 53.57 billion in 2018-19 from USD 63 billion in 2017-18 with China.

Moreover, India received FDI worth USD 13.62 billion during the period from the US.

The sectors which received maximum inflows from the US include computer software and hardware, automobile industry and services sector.

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

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Reduce licenses, simplify registration processes: DPIIT says in draft national policy on ease of doing business

Aiming to break India into top 50 in the global Ease of Doing Business ranking, the Department for Promotion of Industry and Internal Trade (DPIIT) has proposed a series of reforms including reduction in licenses, simpler registration processes and removal of renewal requirements.

The proposals are part of a draft cabinet note on a national policy on ease of doing business that the department has circulated.

The note on the overarching policy, sent for inter-ministerial consultations, includes inspection reforms and assessing requirement of licences, and cost of regulation.

“The government is working on a policy and a draft note has been floated,” said an official in the know of the development.

The proposed policy also talks of removal of renewal requirements. It is in line with the government’s agenda of further improving India’s rank in ‘Ease of Doing Business’ ranking as outlined in the BJP’s sankalp patra in its vision for India.

India jumped 23 points in the World Bank’s ease of doing business ranking to 77th place, becoming the top-ranked country in South Asia for the first time and third among the BRICS nations last year.

In the last two years, the country has climbed 53 notches in the index that ranks 190 nations. However, inward flows of foreign direct investment declined in 2018-19, for the first time in six years, with a steep decline in telecom, pharmaceuticals and power.

FDI equity inflows into India fell 1% to $44.4 billion in 2018-19 from a record $44.8 billion in the previous year.

The policy has also proposed norms about regular stakeholder consultation on the issue, grievance redressal mechanism; and creation of sector specific single point mechanism to promote domestic and foreign investment.

The government has already chosen dix districts in Maharashtra, Bihar, Uttar Pradesh, Andhra Pradesh, and Himachal Pradesh for district-level ease of doing business.
Source: economictimes.com - June 27, 2019

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Is the Indian textile and apparel industry reinventing itself?

India feels the adverse social and environmental impact of 'fast fashion'; however, this may change soon.

India is a global manufacturing hub for textiles and apparel, coping with growing international and domestic demand. The global textiles market is projected to reach $1.3 trillion by 2025.

Similarly, the domestic market for apparel is estimated to reach $59.3 billion by 2022 and that for textiles to grow to $223 billion by 2021. The industry is also critical in terms of income and employment generation, contributing to 5 percent of India's current GDP.

Yet, there is a serious cause for concern. 60 percent of Indian textiles are cotton based, and cotton cultivation consumes 25 percent of the world's pesticides. The wet processing of textiles generates an enormous quantity of waste sludge and chemically polluted waters. In addition, textile is the third biggest contributor of dry waste in most Indian states.

However, with rising awareness of these challenges, globally and in the Indian context, brands and manufacturers are willing to make a shift to circularity. But what does this mean and what steps are being taken towards it?

Indian brands, manufacturers and retailers are increasingly willing to join the global circularity movement

A new level of ambition among global industry leaders is preparing for the end of 'fast fashion'. Tragedies like Rana Plaza in Bangladesh in 2013, where over 1,100 factory workers died, have raised global awareness. An increasing number of consumers are also pushing for change with their buying behaviour.

Hence, forward-looking industry players are preparing themselves for 'self-disruption' to build a 'Circular Fashion Industry' globally. This would mean building a fashion industry that can phase out substances of concern, increase clothing utilisation, improve recycling and efficiently use resources, according to the New Textiles Economy report by the Ellen MacArthur Foundation. This trend has led to an increasing number of industry-led initiatives such as the Sustainable Apparel Coalition, a group of leading brands, retailers, manufacturers, non-governmental organisations, academic experts, and government organisations who developed the Higg Index.

Simultaneously for the Indian industry, the local environmental challenges coupled with a globally dispersed value chain embracing circularity, has brought them to the brink of circular innovation. Hence, organisations have started experimenting and innovating towards the circular textile economy goals.

Embracing innovation is fundamental to making this transition

Indian corporations committing to circularity have begun to view startups as inspiration for new technologies and business practices. India has also become a hotbed for circular startups, where innovations range from alternative materials to innovative retail models.

Mumbai based Boheco is trying to reduce and replace the use of cotton in textiles with hemp fiber, while Chennai based Trustrace is using blockchain technology to improve transparency and traceability in the supply chain. Lionise and Kiabza are two startups innovating with new retail models of rental and second-hand clothing respectively. These innovative enterprises,

along with others, have had a significant impact on the circularity agenda already.
Corporate-startup partnerships are becoming more commonplace as both stakeholders begin to see the benefits of collaboration. While corporations require large-scale organisational innovation to make an impact, startups are agile and can respond to challenges with individual or small scale innovation.

Early movers in the Indian fashion industry are already taking active steps to engage with a pool of circular innovators

A consensus is emerging that to make an impact on the circularity agenda, it is essential to accelerate collaboration between corporations and startups. Enablers having access to entrepreneurs and other innovation pools are identifying and driving 'unlikely alliances' between the two.

This is a strong indication that the textile industry is beginning to embrace the circular economy through serious intent and not just an ephemeral sentiment. The movement is set to remarkably influence and shape the core value system of the industry over the coming years.

Source: forbesindia.com- June 28, 2019

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Textile industry needs support: MP

The textile and clothing industry in Coimbatore and Tiruppur districts are waiting for payment of ₹1,000 crore subsidy arrears under the Technology Upgradation Fund Scheme (TUFS), said K. Shanmuga Sundaram, Member of Parliament for Pollachi.

Mr. Shanmuga Sundaram raised two major issues related to the industry during the question hour in Parliament on Friday. One was the pending subsidy for beneficiaries under the TUFS and another was including yarn and fabric for benefits under Remission of State and Central Taxes and Levies (RoSCTL) scheme.

He told The Hindu over phone that 25,000 units were covered under TUFS and ₹10,000 crore was the arrears to be paid under the scheme to these units in the country.

It included ₹1,000 crore for units in Coimbatore and Tiruppur districts. The disbursement had not been regular for the last two years. Even the existing beneficiaries, who were receiving the subsidy under the scheme, were not getting it properly now. This was causing financial stress in the industry.

Under the RoSCTL scheme, the export benefit was available only for garments and made-ups. It should be extended to yarn and fabric too, he said. It would encourage export of value added yarn and fabrics and would not affect the domestic industry. Hence, the government should extend the scheme, which included remission of embedded taxes, for yarn and fabric too.

Source: thehindu.com- June 28, 2019

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Amazon to sell tribal products from Trifed on global marketplace

Amazon said on Friday it will make products from the Tribal Cooperative Marketing Development Federation of India (Trifed) available on its global marketplace. Trifed products were earlier available only on Amazon's India marketplace.

The Amazon Global programme, under which Indian sellers can sell on Amazon's 11 other global marketplaces, has generated $1 billion in e-commerce exports sales from India, according to Abhijit Kamra, Head, Global Trade, Amazon India. The company aims to reach $5 billion by 2023.

Trifed's 'Tribes India' brand will initially sell products such as table mats, decorative items, necklaces, earrings, and cotton and silk saris, and will expand its portfolio going forward.

Global demand

"International customers value hand-made, artisanal products," Kamra told BusinessLine, adding that Tribes India's success on the Indian marketplace gave them the conviction to take it global. Based on the success of the brand on the amazon.com marketplace, the company will evaluate taking it to its other marketplaces.

"Since their launch on Amazon.in, Trifed has been continuously getting a good response from our customers and, through this global expansion, we look forward to enabling thousands of tribal entrepreneurs associated with Trifed to also establish their businesses outside the country," Kamra said.

Trifed has already begun selling using the 'fulfilled by merchant' mechanism (where the merchant is responsible for shipping), and will soon also sell under 'fulfilled by Amazon', wherein it will stock its products in Amazon's warehouses in the US. Trifed's shipment will reach Amazon's US warehouses in a couple of days, the company said.

Fulfilment service

Amazon charges sellers a fee for using its warehouses and fulfilment service, which can be variable on a daily basis. This fee depends on the number of items stocked in the warehouse, space taken, and the number of days the items are stocked in the warehouse.

Amazon also provides partners for shipping if the merchants decide to ship their products overseas themselves. Merchants are paid in Indian rupee after the sale has been made via Amazon platforms.

Textiles, apparels, leather and jewellery products, along with sports goods, are some of the segments from Indian sellers that are in demand overseas, Kamra added.

Source: thehindubusinessline.com- June 28, 2019

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BRICS leaders call for transparent, inclusive international trade

India and four other BRICS nations on Friday called for rules-based multilateral trading system, as embodied in the WTO, to ensure transparent, non-discriminatory, open and inclusive international trade, amid growing protectionism.

Prime Minister Narendra Modi, Russian President Vladimir Putin, Chinese President Xi Jinping, South African President Cyril Ramaphosa and Brazil President Michel Temer met here on the sidelines of the G-20 Summit and exchanged views on international political, security and global economic-financial issues, as well as challenges facing sustainable development.

In a joint press statement after the meeting, the five leaders noted that the world economic growth appears to be stabilising and is generally projected to pick up moderately later this year and into 2020.

However, the strengthening of growth remains highly uncertain, with rising trade and geopolitical tensions, commodity price volatility, inequality and insufficient inclusive growth, and tighter financial conditions adding to the risk, it said.

"Global imbalances remain large and persistent and require thorough monitoring and timely policy responses.We further stress the importance of a favourable global economic environment for sustained growth of international trade," it said.

In this scenario, it said, projections indicate that BRICS will continue to account for more than half of global economic growth through 2030.

"Continued implementation of structural reforms will enhance our growth potential. Balanced trade expansion among BRICS members will further contribute to strengthening international trade flows," it said.

Amid the ongoing trade war between the US and China, the leaders expressed their commitment to transparent, non-discriminatory, open, free and inclusive international trade.

Protectionism and unilateralism run counter to the spirit and rules of the World Trade Organisation (WTO), they observed.

"We reaffirm our full support for the rules-based multilateral trading system, as embodied in the WTO, to ensure transparent, non-discriminatory, open and inclusive international trade.

"We express our common readiness to engage in frank and result-oriented discussions with other WTO members with a view to improving the functioning of the WTO," they said.

The leaders also emphasised that it is imperative that the WTO negotiation agenda be balanced and be discussed in an open, transparent and inclusive manner.

Observing that the WTO dispute settlement mechanism is an indispensable pillar of the multilateral trading system, the statement said the Appellate Body is essential for the proper and effective functioning of the Organisation. "We remain committed to the preservation of a functioning two-stage binding adjudication system for disputes in the WTO. Recalling the urgency of solving the impasse in the appointment of members of the WTO Appellate Body, we urge that the Appellate Body selection process be initiated immediately," they said.

Leaders expressed their commitment to a strong, quota-based and adequately resourced International Monetary Fund (IMF) at the centre of the Global Financial Safety Net and the conclusion of the 15th General Review of Quotas should take place during 2019 Annual Meetings.

Appreciating the role of the New Development Bank (NDB) in infrastructure financing and sustainable development, it said, the bank will continue its efforts in building a strong, balanced and high-quality portfolio of projects.

"We emphasize the importance of a focused effort to address the backlog in critical infrastructure investments in member countries. The NDB will be strengthened by the establishment of regional offices.

We welcome the NDB's commitment to mobilise resources in the domestic currencies of all its members, starting in China, as well as the upcoming bond programmes in South Africa and Russia," it said.

Leaders highlighted the importance of the BRICS Contingent Reserve Arrangement (CRA) as a mechanism to forestall short-term balance of payment pressures in member countries.

"Following the successful test run conducted in 2018, we commit to further more complex test runs to ensure its operational readiness to respond to a call on resources, if needed. We welcome the functioning of the CRA System of Exchange in Macroeconomic Information (SEMI)," it said.

Welcoming efforts to establish the BRICS Local Currency Bond Fund, it said they look forward to starting its operation. "We also support cooperation between the CRA and the IMF," it said.

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